



**ZEDER**

INVESTMENTS LIMITED

ANNUAL REPORT 2017

# ZEDER IS AN ACTIVE INVESTOR

**IN THE BROAD AGRIBUSINESS INDUSTRY,  
WITH A SPECIFIC FOCUS ON THE FOOD  
AND BEVERAGE SECTORS.**

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VIEW THIS REPORT ONLINE AT [WWW.ZEDER.CO.ZA](http://WWW.ZEDER.CO.ZA).

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# INVESTMENT PORTFOLIO

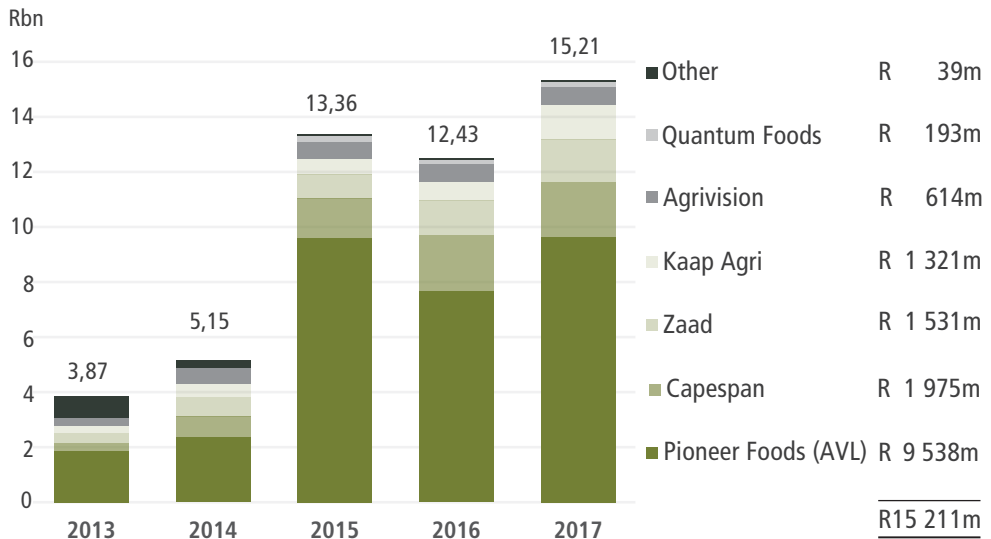
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Our portfolio consists of strategic interests in leading companies that provide us with an attractive diversified exposure across the agribusiness spectrum, ranging from strategic agri-inputs to fast-moving consumer goods.

**TOTAL VALUE OF INVESTMENTS**  
AS AT 28 FEBRUARY 2017

**R15 211m**

**VALUE OF INVESTMENTS**





# BOARD OF DIRECTORS

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Zeder leverages the wealth of knowledge, experience and expertise of its directors to optimally allocate capital and provide strategic assistance to portfolio companies.

## EXECUTIVE

**N (Norman) Celliers (43)<sup>1, 2</sup>**

CHIEF EXECUTIVE OFFICER

BEng (Civil), MBA (Oxon), Dip Soc (Oxon)

Appointed 23 July 2012

**JH (Johann) le Roux (42)<sup>1, 2</sup>**

FINANCIAL DIRECTOR

BAcc (CTA), CA(SA), HDip (Tax)

Appointed 8 September 2016

## NON-EXECUTIVE

**JF (Jannie) Mouton (70)<sup>1, 2, 5</sup>**

NON-EXECUTIVE CHAIRMAN

BCom (Hons), CA(SA), AEP

Appointed 21 August 2006

**WL (Wynand) Greeff (47)<sup>1, 2</sup>**

FINANCIAL DIRECTOR – PSG GROUP

BCompt (Hons), CA(SA)

Appointed 21 May 2009

**PJ (Piet) Mouton (40)<sup>1, 2</sup>**

CHIEF EXECUTIVE OFFICER – PSG GROUP

BCom (Mathematics)

Appointed 30 April 2012

## INDEPENDENT NON-EXECUTIVE

**GD (George) Eksteen (75)<sup>3, 4, 5, 6</sup>**

FARMER AND DIRECTOR OF COMPANIES

Appointed 1 September 2009

**ASM (Mohammad) Karaan (49)<sup>4</sup>**

DIRECTOR OF COMPANIES

BSc Agric, BSc Agric (Hons), MSc Agric

Appointed 6 April 2016

**NS (Nonhlanhla) Mjoli-Mncube (58)<sup>3</sup>**

DIRECTOR OF COMPANIES

MA (City and Regional Planning), Executive leadership qualifications (Harvard and Wharton, USA), Postgraduate Certificate: Technology Management (Warick, UK)

Appointed 1 June 2016

**CA (Chris) Otto (67)<sup>2, 3, 4, 5</sup>**

DIRECTOR OF COMPANIES

BCom, LLB

Appointed 21 August 2006

<sup>1</sup> Member of executive committee<sup>2</sup> Member of social and ethics committee<sup>3</sup> Member of audit and risk committee<sup>4</sup> Member of remuneration committee<sup>5</sup> Member of nomination committee<sup>6</sup> Lead independent director

# CHAIRMAN'S LETTER

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We are satisfied with the results achieved during the year and are confident that Zeder will continue to deliver attractive returns to our shareholders.



## INTRODUCTION

Zeder is an active investor in the broad agribusiness industry with a specific focus on the food and beverage sectors. Our investment portfolio is valued at approximately R15bn and comprise strategic interests in leading companies. The overall business environment and macro conditions have been particularly challenging during the past year, largely due to the severe drought experienced across many of our regions. Fortunately, our companies are well managed and capitalised and they delivered a constrained but stable operating performance that should improve given the change in conditions. We remain positive about Zeder and its prospects.

## PERFORMANCE REVIEW

From an intrinsic value point of view, it has been a pleasing year for Zeder as the value of our underlying investments increased by 22% during the period largely due to a recovery in the share price of Pioneer Foods, our largest investment. As at 28 February 2017, the sum-of-the-parts ("SOTP") value was R14,71bn in aggregate representing R8,53 per share.

The shareholder concerns with regards to the PSG Management Agreement were successfully addressed through its internalisation ensuring that no further fees will be paid in terms hereof. This transaction, combined with the aforementioned underlying performance, ensured that Zeder's market capitalisation increased by 58% in aggregate and by 39% on a per share basis during the financial year and closed on R7,44 per share on 28 February 2017.

With regards to earnings, the current cycle of macro-economic challenges prevailed and exerted downward pressure in the short-term profit performance of portfolio companies. At a consolidated level however, we managed to deliver like-for-like earnings with recurring headline earnings increasing by 0,5% from 42,4 cents per share to 42,6 cents per share. While we are satisfied with these results given the broader context, our focus remains to resume sustainable growth in this regard over the medium to longer term and have made investments accordingly.

## TOTAL SHAREHOLDER RETURN

The company listed on the Johannesburg Stock Exchange on 6 December 2006 and the financial results contained in this annual report represent our 10th full financial year since listing. It is therefore appropriate to reflect while reporting our results. Zeder's SOTP value has increased from R1,29bn (R2,25 per share) on 28 February 2007 to R14,71bn (R8,53 per share) as at 28 February 2017. During the same 10-year period Zeder's market capitalisation and share price increased from R1,63bn (R2,85 per share) to R12,88bn (R7,44 per share) respectively. This ensured that a total shareholder return of 16% has been delivered since listing with the past five years, from 2012 to 2017, delivering an accelerated total shareholder return of 25%. We are particularly pleased with this performance.

## CURRENT INVESTMENTS

Following the extensive portfolio rationalisation and rebalancing process completed in 2015, our number of core investments has remained unchanged during the past year. The purpose of the rationalisation was to reduce our number of smaller investments where we had limited strategic influence while at the same time increasing our position in strategic companies where we could play a more active role in repositioning and driving these organisations towards sustainable growth.

Our strategic drive of "Project Internal Focus" was therefore maintained during the year as we dedicated our resources to existing investee companies. Attention was given to internal strategies, longer term growth plans and optimal capital allocation. We are pleased with the progress made in this regard and believe that we achieved our objectives.

Our portfolio is now valued at approximately R15bn and consists of strategic interests in leading companies that provide us with an attractive diversified exposure across the agribusiness spectrum, ranging from strategic agri-inputs to fast-moving consumer goods.

**Pioneer Foods (CEO – Phil Roux)**

Our direct interest in Pioneer Foods is 27,1% and this remains our largest investment valued at R9,54bn, as at 28 February 2017. Pioneer Foods is one of South Africa's leading food companies and boasts a basket of products that include many leading and heritage food and beverage consumer brands. Its performance during the past financial year was resilient amidst very challenging conditions as they reported an increase of 6% in adjusted headline earnings per share for the period ended 30 September 2016. Current short-term performance is expected to be negatively impacted by the drought effects, but should recover well given the changes in this regard. The group continues to deliver on operational and efficiency improvements while also reviewing strategic adjacent opportunities to complement growth in the future.

**Capespan (CEO – Tonie Fuchs)**

We increased our investment in Capespan during the year following a R206m rights issue to fund Capespan's growth plans. The value of our investment is R1,98bn, as at 28 February 2017, and represents a 98,1% interest therein. Capespan is a globally recognised group and South Africa's largest fruit exporter that continues to expand its business, both locally and internationally. Volumes and profits from non-South African operations already represents more than 40% of the total while recent associate investments in China, Germany, India and Hong Kong should facilitate access and distribution in key international consumer markets. During the year Tonie Fuchs was appointed as the new group CEO following the early retirement of Johan Dique due to medical reasons. We thank Johan for his contributions over the years while congratulating Tonie with his appointment.

**Zaad (CEO – Antonie Jacobs)**

The value of our investment in Zaad is R1,53bn, as at 28 February 2017, representing an effective interest of 91,4%. Zaad provides Zeder with valuable exposure to the attractive global agricultural seed market as it has controlling interests in companies with a broad basket of agricultural seed and related intellectual property. Through its wholly-owned subsidiaries (Agricol, Klein Karoo Seed Marketing and Bakker Brothers) it has a history spanning more than 50 years of developing and owning leading seed genetics in South Africa and the Netherlands. During the year Zeder invested a further R57m into Zaad as we followed our rights in terms of rights issues to fund further growth and investments.

**Kaap Agri (CEO – Sean Walsh)**

The investment in Kaap Agri is our only remaining interest in any of the traditional South African agricultural co-operatives. As at 28 February 2017, the value of our investment was R1,32bn and represented an interest of 39,8%. This business is well established and expanded its model in recent years. Today, it is increasingly a retail services group that supplies a variety of products and services to both the agricultural sector and the general public. It generates revenue across 190 operating points in South Africa and Namibia and managed to continue delivering encouraging profits despite the severe drought in southern Africa. Kaap Agri's strategy of diversification has delivered credible results over the past few years and should bode well going forward. Kaap Agri has announced its intention to list on the Johannesburg Stock Exchange during the 2017 calendar year. We wish them well in this new chapter of corporate evolution and growth.

**Agrivision (Group managed by Zeder; Zambia CEO – Stuart Kearns)**

Zeder is the controlling shareholder in Agrivision Africa with an interest of 55,6%. Agrivision Africa continues on its journey to become a leading regional grain-related staple food producer in select African markets and we are proud of the significant development completed since inception. During the past year, however, limited additional expansion was undertaken as the business focused only on its existing operations and investments in Zambia. The operational performance across divisions was encouraging and Agrivision Africa managed to deliver its maiden profit during the year. We remain confident that a solid foundation has been established. Together with our partners, Norfund, the IFC and management, the intention remains to expand into other African markets in future.

**Quantum Foods (CEO – Hennie Lourens)**

Our 26,7% interest in Quantum Foods was obtained following its unbundling from Pioneer Foods in October 2014. Since its separate listing, the company has repositioned itself and is today focused on its three core divisions of animal feeds, live birds and eggs. It is following a strategy of addressing operational efficiencies in its established operations while growing organically and acquisitively inside South Africa but also in select African markets. It is widely recognised that Quantum Foods will not be immune to the negative effects of the drought and correspondingly high raw material costs but the recent rains and current commodity outlook should ensure that it enters a more favourable cycle.


**THE YEAR AHEAD**

Looking ahead (and putting politics aside), we are anticipating an improvement in the broader operating environment for most of our portfolio companies as the challenging conditions associated with the severe drought gives way to a normalised environment. This should bode well for Zeder over the medium term having regard for the fact that short-term financial results may still reflect these negative conditions due to the lagged reporting and accounting effect. We will continue to focus on our existing portfolio as we believe these companies provide us with a strong platform for additional growth and investments at investee levels. We continuously evaluate new investment opportunities and are confident that Zeder will deliver attractive results to our shareholders going forward.

**APPRECIATION**

Being an investment holding company, Zeder's performance ultimately depends on that of its underlying investments. We are fortunate to have ambitious and talented management teams in place who continue to deliver on strategy. I would therefore like to express my sincere appreciation to the leaders and employees of all our portfolio companies for their hard work and dedication.

I would like to extend a special word of thanks to Norman Celliers, our CEO, his team, my fellow directors and the Zeder Exco for their valuable contributions during the past year and for everyone's efforts to establish a stronger foundation for growth in the coming years.



**Jannie Mouton**  
*Chairman*

## OUR TRACK RECORD

Year ended February	2007	2008	2009	2010
SOTP – pre mgmt liability (Rbn)	1,29	1,31	1,17	2,07
SOTP – post mgmt liability (Rbn)	1,11	1,13	1,01	1,79
Mgmt fee liability (Rm)*	175	178	160	281
Mgmt fees paid – base (Rm)	(8)	(26)	(36)	(45)
Mgmt fees paid – performance (Rm)				
Market capitalisation (Rbn)	1,63	1,57	0,89	1,83
Recurring headline earnings (Rm)	137	119	196	208
Headline earnings/(loss) (Rm)	137	207	153	152
Dividend (Rm)	11	30	43	39
<b>Number of shares:</b>				
Issued shares ( <i>net of treasury</i> ) (m)	571	605	611	978
Weighted shares (m)	490	583	609	881
<b>Per share:</b>				
SOTP – pre mgmt liability (R)	2,25	2,16	1,92	2,11
SOTP – post mgmt liability (R)	1,95	1,87	1,65	1,83
Share price (R)	2,85	2,60	1,46	1,87
Recurring headline earnings (cents)	27,8	21,0	32,2	23,6
Headline earnings/(loss) (cents)	27,8	35,4	25,2	17,3
Dividend (cents)	2,0	5,0	7,0	4,0

SOTP – *Sum-of-the-Parts*

Mgmt – *Management*

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

^ Represents *see-through SOTP*

2011	2012	2013 <sup>^</sup>	2014 <sup>^</sup>	2015	2016	2017
2,68	3,09	4,26	5,16	13,26	12,23	<b>14,71</b>
2,31	2,67	3,68	4,46	11,45	10,56	<b>14,71</b>
365	420	580	703	1 808	1 667	
(53)	(48)	(59)	(59)	(118)	(155)	<b>(75)</b>
			(59)	(118)		
2,56	2,51	3,33	4,01	10,97	8,15	<b>12,88</b>
265	273	251	300	414	632	<b>691</b>
185	300	196	260	257	545	<b>(770)</b>
39	39	39	44	79	137	<b>190</b>
978	978	978	980	1 444	1 523	<b>1 725</b>
978	978	978	980	1 172	1 490	<b>1 622</b>
2,74	3,15	4,35	5,26	9,18	8,03	<b>8,53</b>
2,37	2,73	3,76	4,54	7,93	6,93	<b>8,53</b>
2,62	2,57	3,40	4,09	7,60	5,35	<b>7,44</b>
27,1	27,9	25,7	30,6	35,3	42,4	<b>42,6</b>
18,9	30,7	20,1	26,6	22,0	36,5	<b>(47,5)</b>
4,0	4,0	4,0	4,5	5,5	9,0	<b>11,0</b>

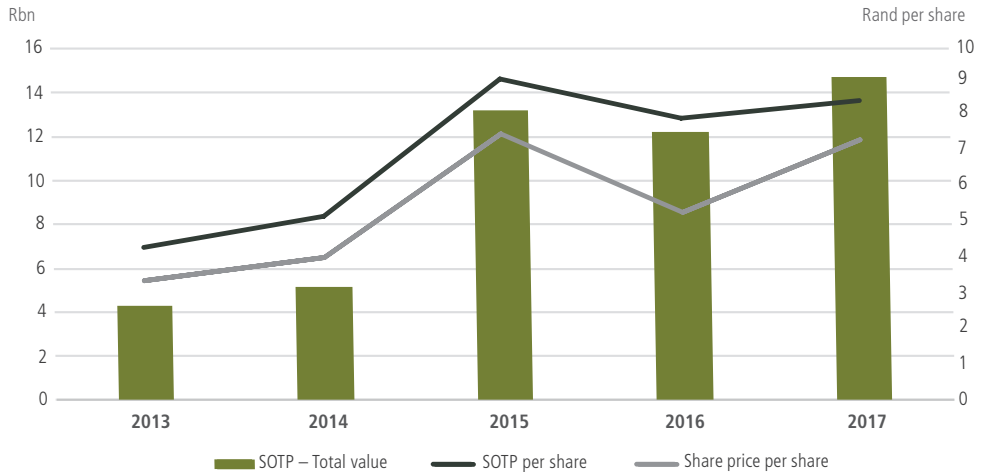


# REVIEW OF OPERATIONS

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We are proud of our investments and remain confident that they will continue to perform well.

## INTRINSIC VALUE



Year ended February	2013	2014	2015	2016	2017
SOTP (Rbn)	3,68	4,46	11,45	10,56	<b>14,71</b>
SOTP per share (R)	3,76	4,54	7,93	6,93	<b>8,53</b>
Market capitalisation (Rbn)	3,33	4,01	10,97	8,15	<b>12,88</b>
Share price (R)	3,40	4,09	7,60	5,35	<b>7,44</b>
Recurring headline earnings (Rm)	251	300	414	632	<b>691</b>
Recurring headline earnings per share (cents)	25,7	30,6	35,3	42,4	<b>42,6</b>
Headline earnings/(loss) (Rm)	196	260	257	545	<b>(770)</b>
Headline earnings/(loss) per share (cents)	20,1	26,6	22,0	36,5	<b>(47,5)</b>
Dividend (Rm)	39	44	79	137	<b>190</b>
Dividend per share (cents)	4,0	4,5	5,5	9,0	<b>11,0</b>

## OVERVIEW

Zeder is an investor in the broad agribusiness industry, with a specific focus on the food and beverage sectors. Its underlying investment portfolio was valued at R15,21bn on 28 February 2017. Zeder's 27,1% interest in Pioneer Foods remains its largest investment, representing 62,7% (2016: 60,9%) of the portfolio.

## STRATEGY

Zeder is a long-term investor that owns large, strategic interests in companies and plays an active role therein. It assists with the determination of appropriate long-term strategies, optimal allocation of capital and ongoing measurement and monitoring of performance. During the year under review, Zeder maintained its strategy of "Internal Focus" and dedicated most of its efforts to existing investments. This strategic focus has delivered satisfactory results and will be maintained, as Zeder seeks to drive for additional growth from its existing investment platform. New opportunities are evaluated on an ongoing basis and will be pursued when appropriate.

## INTERNALISATION OF PSG GROUP 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. PSG Group's shareholding consequently

increased from 34,5% to 42,1%, with no further management fees payable to PSG Group in terms of this agreement with effect from 1 September 2016. The base management fee payable to PSG Group for the six months to 31 August 2016, calculated as 1,5% p.a. of Zeder's volume weighted average market capitalisation, amounted to R75m (Feb 2016: R155m). The rights to the PSG Group management agreement so acquired, valued at R1,45bn, did not meet the recognition criteria for intangible assets in terms of International Financial Reporting Standards ("IFRS"), and was consequently accounted for in the income statement as a non-recurring headline expense. It should be noted that this was a once-off charge, with Zeder benefiting from the related cost savings thereafter.

This transaction should yield positive results for Zeder shareholders as free cash flow will improve significantly, while the large historical discount between Zeder's share price and sum-of-the-parts ("SOTP") value per share has already narrowed as anticipated. 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. PSG Group remains the largest shareholder in Zeder.

## FINANCIAL RESULTS

The two key benchmarks which Zeder believes to measure performance by are *SOTP value* per share and *recurring headline earnings* per share.

### Sum-of-the-Parts

Zeder's *SOTP value* per share, calculated using the quoted market prices for all JSE-listed investments, and market-related valuations for unlisted investments, increased by 23,1% during the reporting period to R8,53 as at 28 February 2017.

Company	28 Feb 2015		29 Feb 2016		28 Feb 2017	
	Interest %	Rm	Interest %	Rm	Interest %	Rm
Pioneer Foods	27,3	9 533	27,2	7 574	27,1	9 538
Capespan	71,1	1 463	96,6	2 027	98,1	1 975
Zaad	92,0	885	92,3	1 246	91,4	1 531
Kaap Agri	37,9	629	39,4	758	39,8	1 321
Agrivision	76,5	563	55,9	614	55,6	614
Quantum Foods	26,4	231	26,4	168	26,7	193
Other		52		44		39
<b>Total investments</b>		13 356		12 431		15 211
Cash		338		118		173
Other net liabilities		(439)		(324)		(678)
<b>SOTP value pre mgmt fee liability</b>		13 255		12 225		14 706
Mgmt fee liability*		(1 808)		(1 667)		
<b>SOTP value post mgmt fee liability</b>		11 447		10 558		14 706
<b>Number of shares in issue (net of treasury shares) (million)</b>		1 444		1 523		1 725
<b>SOTP value per share post mgmt fee liability (rand)</b>		7,93		6,93		8,53

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

Note: Zeder's live SOTP is available at [www.zeder.co.za](http://www.zeder.co.za).



### Recurring headline earnings

Zeder's consolidated *recurring headline earnings* is the sum of its effective interest in that of each of its underlying investments. The result is that investments in which Zeder holds less than 20% and are generally not equity accountable in terms of accounting standards, are included in the calculation of consolidated *recurring headline earnings*, whilst once-off (i.e. *non-recurring*) income and expenses are excluded. This provides management and investors with a more realistic and transparent way of evaluating Zeder's earnings performance.

Audited	28 Feb 2015 Rm	29 Feb 2016 Rm	Change %	28 Feb 2017 Rm
<b>Recurring headline earnings from investments</b>	541	805	2	<b>821</b>
Management (base) fee	(118)	(155)		<b>(75)</b>
Net interest, taxation and other income and expenses	(9)	(18)		<b>(55)</b>
<b>Recurring headline earnings</b>	<b>414</b>	<b>632</b>	<b>9</b>	<b>691</b>
<b>Non-recurring headline earnings</b>				
Management fee internalisation charge				<b>(1 449)</b>
Management (performance) fee	(118)			
Other	(39)	(87)		<b>(12)</b>
<b>Headline earnings/(loss)</b>	<b>257</b>	<b>545</b>	<i>n/a</i>	<b>(770)</b>
Non-headline items	(15)	237		<b>(26)</b>
<b>Attributable earnings/(loss)</b>	<b>242</b>	<b>782</b>	<i>n/a</i>	<b>(796)</b>
<b>Weighted average number of shares in issue (net of treasury shares) (million)</b>	<b>1 172</b>	<b>1 490</b>		<b>1 622</b>
<b>Recurring headline earnings per share (cents)</b>	<b>35,3</b>	<b>42,4</b>	<i>0,5</i>	<b>42,6</b>
<b>Headline earnings/(loss) per share (cents)</b>	<b>22,0</b>	<b>36,5</b>	<i>n/a</i>	<b>(47,5)</b>
<b>Attributable earnings/(loss) per share (cents)</b>	<b>20,6</b>	<b>52,5</b>	<i>n/a</i>	<b>(49,1)</b>

The modest 0,5% increase in *recurring headline earnings* per share for the year under review resulted from the higher number of shares in issue following the aforementioned internalisation of the PSG Group management agreement as well as the tough trading conditions experienced at Pioneer Foods, Capespan and Quantum Foods in particular, offset by commendable results from Kaap Agri, Zaad and Agrivision.

Following the once-off management fee internalisation charge of R1,45bn to the income statement, Zeder's headline earnings per share and attributable earnings per share decreased significantly from a 36,5 cents per share and 52,5 cents per share profit in the prior year, to a loss of 47,5 cents and 49,1 cents per share in the current year, respectively.

### Pioneer Foods

Pioneer Foods reported a 6% increase in adjusted headline earnings per share from continuing operations for the year ended 30 September 2016. While the core divisions reported satisfactory results from a volumes, revenue and market share perspective, the impact of rising costs because of the rand weakening and high commodity prices were evident in declining margins. Pioneer Foods has confirmed the continued impact of these factors in a SENS trading statement dated 4 May 2017, and cautioned that its earnings for the six months ended 31 March 2017 were expected to decrease significantly compared to the corresponding period in the previous financial year. However, management emphasised that they anticipated earnings to recover during the second half of the financial year. Pioneer Foods is one of the leading food companies in South Africa and is well positioned to benefit from the growing demand for food and beverages, both in South Africa and select international markets.

Pioneer Foods is listed on the JSE and further information is available at [www.pioneerfoods.co.za](http://www.pioneerfoods.co.za).

### Capespan

Capespan is an unlisted group with a history spanning more than 70 years. Its core business activities are focused on the production, procurement, distribution and marketing of fruit worldwide, while it also owns and operates several strategic logistical and terminal assets in southern Africa. For its financial year ended 31 December 2016, Capespan reported a 45% decline in recurring headline earnings per share following the negative impact that El Niño and corresponding drought conditions had on fruit volumes in most procurement territories, the negative impact of which was not recoverable through higher market pricing. In most of Capespan's production areas the volume of fruit on trees decreased by more than 30% as a result. The group continues to reposition itself in order to achieve its long-term growth objectives. During the past year, Zeder invested an additional R206m in Capespan to fund further growth. Capespan's summarised financial information is set out below:

Summarised income statement Key metrics	Dec 2014 Rm	Dec 2015 Rm	Dec 2016 Rm
Revenue	7 392	7 688	8 311
EBITDA	227	299	250
<i>EBITDA margin</i>	3,1%	3,9%	3,0%
EBIT	169	220	155
<i>EBIT margin</i>	2,3%	2,9%	1,9%
Net finance costs	(3)	(38)	(39)
Income from associates	61	72	42
Recurring headline earnings	159	171	98
Headline earnings	97	136	90
WANOS (m)	321	323	338
Recurring HEPS (R)	0,49	0,53	0,29
Net asset value per share (R)	4,62	6,26	5,39

Summarised statement of financial position Key metrics	Dec 2014 Rm	Dec 2015 Rm	Dec 2016 Rm
<b>Total assets</b>	3 018	4 189	3 937
Non-current assets	1 486	2 372	2 486
Current assets	1 532	1 817	1 451
<b>Total liabilities</b>	1 461	2 107	1 986
Non-current liabilities	324	727	720
Current liabilities	1 137	1 380	1 266
<b>Total equity</b>	1 557	2 082	1 951

**Summarised cash flow information**  
**Key metrics**

	Dec 2014 Rm	Dec 2015 Rm	Dec 2016 Rm
Cash flow from operating activities	71	249	113
Cash flow from investing activities	(443)	(592)	(398)
Cash flow from financing activities	90	253	209
Net decrease in cash and cash equivalents	(282)	(90)	(76)

**Zeder shareholding**

	Feb 2015	Feb 2016	Feb 2017
	71,1%	96,6%	98,1%

The group follows an operationally integrated model with regards to its core business activities and has complementary associate investments in companies that operate in strategic links of the value chain. This assists the group with market access and efficient operations where required. The divisions are summarised and explained below:

**Farming**

The farming division has been established over the past five years to complement the group's historical core fruit procurement and marketing activities. The objective of this division is to provide the group with primary production expertise and access to select fruit commodities during specific production periods as required to optimally service our customers around the world. The farming assets range from greenfield projects to large established commercial farming and packing enterprises and the group has positioned itself as a leading commercial grower in a relatively short period. At present, our direct farming investments and operations are located primarily in South Africa and Namibia and comprise 946 hectares of grapes, 334 hectares of citrus and 627 hectares of pome fruit respectively. Numerous investments have been made in expanding production that will contribute to results over the medium to longer term as the biological assets mature.

	Dec 2014 Rm	Dec 2015 Rm	Dec 2016 Rm
Revenue	456	524	642
EBITDA	67	96	86
EBIT	46	66	50
Assets	689	1 119	1 364

**Fruit and associate investments**

The fruit division consists of fruit procurement and marketing teams across Europe, Asia, Africa and North America that procure fresh fruit from predominantly southern hemisphere producers to market and sell to predominantly formal retail customers in northern hemisphere markets. During the past year, the fruit division traded 38m cartons of fruit with 52% originating in South Africa and Namibia and 48% from non-South African production countries. While a broad basket of fruit is procured to fill the shoulder-periods, the core focus is on citrus, grapes and pome fruit and these three commodities represent more than 80% of total volumes traded. To complement the fruit marketing activities, strategic minority interests have been obtained through equity investments in China, Germany, Hong Kong and India. The largest investment in this regard is the group's 11% interest in Joy Wing Mau, one of China's fastest growing distributors of fresh fruit to formal retail customers.

	Dec 2014 Rm	Dec 2015 Rm	Dec 2016 Rm
Revenue	6 681	6 909	7 455
EBITDA	46	69	87
EBIT	40	56	65
Assets (exclude investments in associates)	1 429	1 737	1 285
Number of associate investments	2	5	8
Share of associate's recurring headline earnings	61	54	45
Total investment in associates	325	767	745

### Logistics

The logistics division largely represents the group's investments and operations related to port-based terminals in South Africa and Mozambique. It consists of large strategic key side facilities in the ports of Cape Town, Port Elizabeth and Durban with complementary infrastructure and services in Maputo as well as the border crossing between South Africa and Mozambique near Komatipoort. The group and related facilities were historically equipped and licensed to only handle fresh produce but have been expanded and adapted over the past 24 months to include general cargo, break-bulk and agri-bulk offerings. In addition to its core business of handling fresh produce in port terminals, it is now positioned to handle a broader range of cargo including manganese, cement and agricultural commodities.

	Dec 2014 Rm	Dec 2015 Rm	Dec 2016 Rm
Revenue	508	523	511
EBITDA	152	172	122
EBIT	122	136	84
Assets	492	488	476

### Zaad

Zaad operates in the specialised agri-inputs industry and currently owns, develops, imports and distributes a broad range of agri seeds in Africa, Europe and other international emerging markets. Through Agricol, Klein Karoo Seed Marketing and Gebroeders Bakker, it has a proud history spanning more than 50 years and currently exports to more than 90 countries. Its portfolio, product and geographic mix have been structured to mitigate agri cyclicity. The specialised agri-inputs market, and particularly the proprietary hybrid seed segment, remains attractive and Zaad is well positioned to benefit from it.

Zaad reported a 13% increase in recurring headline earnings per share for its financial year ended 31 January 2017. In the past year, Zeder invested an additional R57m in Zaad to fund growth, which should yield positive results in the medium to long term. Zaad entered the agri-chemical market having acquired a 49% equity investment in Farm-AG, which in recent years has established itself as one of the largest South African-owned formulators and distributors of crop protection chemicals, selling both locally and internationally.

On 31 March 2017, Zeder announced that Zaad would be acquiring a 35% equity interest in May Seed, the largest private sector breeder, producer and distributor of agricultural seed in Turkey. The numerous potential synergies between Zaad and May Seed should yield additional attractive returns.

Zaad's summarised financial information is set out below:

<b>Summarised income statement</b>	<b>Feb 2015<sup>#</sup></b>	<b>Feb 2016<sup>#</sup></b>	<b>Jan 2017*</b>
<b>Key metrics</b>	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
Revenue	947	1 226	1 349
EBITDA	142	232	219
<i>EBITDA margin</i>	15,0%	18,9%	16,2%
EBIT	120	197	185
<i>EBIT margin</i>	12,7%	16,1%	13,7%
Recurring headline earnings	77	105	133
Headline earnings	74	105	131
WANOS (m)	17	20	22
Recurring HEPS (R)	4,44	5,33	6,04
Net asset value per share (R)	29,00	37,73	40,47

<b>Summarised statement of financial position</b>	<b>Feb 2015</b>	<b>Feb 2016</b>	<b>Jan 2017*</b>
<b>Key metrics</b>	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
<b>Total assets</b>	1 277	1 793	2 060
Non-current assets	412	548	793
Current assets	865	1 245	1 267
<b>Total liabilities</b>	716	976	1 131
Non-current liabilities	185	180	243
Current liabilities	531	796	888
<b>Total equity</b>	561	817	929

<b>Summarised cash flow information</b>	<b>Feb 2015</b>	<b>Feb 2016</b>	<b>Jan 2017*</b>
<b>Key metrics</b>	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
Cash flow from operating activities	(6)	33	22
Cash flow from investing activities	(115)	(114)	(274)
Cash flow from financing activities	135	(30)	190
Net increase/(decrease) in cash and cash equivalents	14	(111)	(62)

\* Zaad changed its year-end from February to January and restated for a 12-month comparative

# Prior year financial figures restated

<b>Zeder shareholding</b>	<b>Feb 2015</b>	<b>Feb 2016</b>	<b>Feb 2017</b>
	92,0%	92,3%	91,4%

Zaad's investment and operations are structured to participate in the strategic inputs industry. At present the focus is on agricultural seed and chemicals.

In terms of the seed strategy, the group imports, produces and distributes seeds for sale in more than 90 countries. A core focus is the further development of proprietary seed genetics and significant investment continues to be made in related research and development. Owning its own seed genetics provides a distinct competitive advantage and a high barrier to entry with the ability to improve operating margins over time.

In terms of the chemicals strategy, apart from being a formulator and distributor of crop protection chemicals, the group owns and develops various chemical registrations that ensures high barrier to entry and enables the business to compete in local and international markets. The primary objective is to complement our seed division in emerging markets where regular access to chemicals is challenging for farmers.

### **Kaap Agri**

Kaap Agri is an unlisted retail, trade and services group that supplies a variety of products and services to the agri sector and the general public. It has been in existence for more than 100 years with 190 operating points throughout South Africa and Namibia. Despite a challenging macro environment, the group delivered encouraging results for its financial year ended 30 September 2016, with headline earnings per share having increased by 15%. Its strategy of product and geographic diversification bodes well, while its recent focus on adding non-agri income streams and improving efficiencies has gained traction. Kaap Agri recently announced its intention to list on the main board of the JSE during 2017. Kaap Agri's results can be viewed at [www.kaapagri.co.za](http://www.kaapagri.co.za). Kaap Agri's summarised financial information is set out below:

<b>Summarised income statement</b>	<b>Sept 2014</b>	<b>Sept 2015</b>	<b>Sept 2016</b>
<b>Key metrics</b>	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
Revenue	4 875	5 341	<b>5 653</b>
EBITDA	263	311	<b>368</b>
<i>EBITDA margin</i>	<i>5,4%</i>	<i>5,8%</i>	<i><b>6,5%</b></i>
EBIT	243	291	<b>338</b>
<i>EBIT margin</i>	<i>5,0%</i>	<i>5,4%</i>	<i><b>6,0%</b></i>
Headline earnings	158	183	<b>210</b>
WANOS (m)	70	70	<b>70</b>
Recurring HEPS (R)	2,24	2,59	<b>2,99</b>
Net asset value per share (R)	15,83	17,81	<b>19,95</b>

<b>Summarised statement of financial position</b>	<b>Sept 2014</b>	<b>Sept 2015</b>	<b>Sept 2016</b>
<b>Key metrics</b>	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
<b>Total assets</b>	<b>2 370</b>	<b>2 686</b>	<b>3 133</b>
Non-current assets	530	654	<b>808</b>
Current assets	1 840	2 032	<b>2 325</b>
<b>Total liabilities</b>	<b>1 255</b>	<b>1 430</b>	<b>1 727</b>
Non-current liabilities	31	31	<b>30</b>
Current liabilities	1 224	1 399	<b>1 697</b>
<b>Total equity</b>	<b>1 115</b>	<b>1 256</b>	<b>1 406</b>

<b>Summarised cash flow information</b>	<b>Sept 2014</b>	<b>Sept 2015</b>	<b>Sept 2016</b>
<b>Key metrics</b>	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
Cash flow from operating activities	139	107	100
Cash flow from investing activities	(103)	(158)	(214)
Cash flow from financing activities	(33)	53	107
Net increase/(decrease) in cash and cash equivalents	3	2	(7)

<b>Zeder shareholding</b>	<b>Feb 2015</b>	<b>Feb 2016</b>	<b>Feb 2017</b>
	37,9%	39,4%	39,8%

### **Agrivision**

Agrivision currently owns and operates two large-scale commercial farming operations and a milling business in Zambia. It has developed extensive irrigated productive farmland since 2011, and is continuously evaluating expansion opportunities. After rapid expansion, the focus during the past 18 months has been on achieving acceptable operational efficiencies, while navigating a volatile and challenging phase in the macro and business cycle. This strategy has yielded positive results with Agrivision having reported a R40m recurring headline profit for its financial year ended 31 December 2016, as opposed to a R60m recurring headline loss in the previous year. Agrivision's summarised financial information is set out below:

<b>Summarised income statement</b>	<b>Dec 2014*</b>	<b>Dec 2015*</b>	<b>Dec 2016</b>
<b>Key metrics</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Revenue	32 532	31 711	39 718
EBITDA	3 576	2 199	7 326
<i>EBITDA margin</i>	11,0%	6,9%	18,4%
EBIT	5	(955)	4 305
<i>EBIT margin</i>	n/a	(3,0%)	10,8%
Recurring headline (loss)/earnings	(3 385)	(3 615)	1 306
Headline (loss)/earnings	(4 016)	(5 955)	3 645

<b>Summarised statement of financial position</b>	<b>Dec 2014*</b>	<b>Dec 2015*</b>	<b>Dec 2016</b>
<b>Key metrics</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Total assets</b>	99 233	79 119	117 002
Non-current assets	69 606	44 671	86 296
Current assets	29 627	34 448	30 706
<b>Total liabilities</b>	58 364	42 294	35 792
Non-current liabilities	27 437	15 238	16 434
Current liabilities	30 927	27 056	19 358
<b>Total equity</b>	40 869	36 825	81 210

<b>Summarised cash flow information</b>	<b>Dec 2014*</b>	<b>Dec 2015*</b>	<b>Dec 2016</b>
<b>Key metrics</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Cash flow from operating activities	10	(8 786)	989
Cash flow from investing activities	(36 510)	(7 999)	(3 164)
Cash flow from financing activities	26 601	25 994	(3 641)
Net (decrease)/increase in cash and cash equivalents	(9 899)	9 209	(5 816)

\* Prior year financial figures restated

<b>Zeder shareholding</b>	<b>Feb 2015</b>	<b>Feb 2016</b>	<b>Feb 2017</b>
	76,5%	55,9%	55,6%

The group is positioned to operate as a vertically integrated grain-related staple food supplier in the northern Zambian markets. At present, its operations are structured as a farming division consisting of two commercial business units and a milling division consisting of a maize and wheat milling operations. During November 2016 a comprehensive valuation exercise was completed by third party valuers, indicating the net asset value of the group being US\$102m. The divisions are summarised and explained below:

<b>Farming</b>	<b>Dec 2014</b>	<b>Dec 2015</b>	<b>Dec 2016</b>
<b>Key metrics</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Total land owned (ha)	16 920	19 219	19 219
Total hectares developed for commercial agriculture (ha)	5 416	6 811	6 811
Of which is equipped for full irrigation by centre pivot	4 548	4 721	4 721
Revenue <sup>^</sup>	26 294	24 417	35 301
EBITDA	5 803	10 060	10 502
EBIT	2 934	7 587	8 073

<sup>^</sup> Includes fair value adjustment



<b>Milling Key metrics</b>	<b>Dec 2014 US\$'000</b>	<b>Dec 2015 US\$'000</b>	<b>Dec 2016 US\$'000</b>
Maize milling – capacity (tons)	60 000	60 000	<b>60 000</b>
Maize milling – milled (tons)	38 460	49 182	<b>50 563</b>
Wheat milling – capacity (tons)	24 000	24 000	<b>24 000</b>
Wheat milling – milled (tons)	12 625	15 988	<b>16 074</b>
Revenue	23 012	21 140	<b>21 797</b>
EBITDA	1 923	1 641	<b>125</b>
EBIT	1 510	959	<b>(255)</b>

### **Quantum Foods**

Quantum Foods is a diversified feeds and poultry business providing quality animal protein to select South African and African markets.

Quantum Foods is listed on the JSE and its results can be viewed at [www.quantumfoods.co.za](http://www.quantumfoods.co.za).



# **CORPORATE GOVERNANCE**

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Zeder Investments Ltd ("Zeder", "the company", or "the group") is committed to the principles of transparency, integrity, fairness and accountability as also advocated in the King Code of Governance Principles ("King III"). Accordingly, Zeder's corporate governance policies have in all material respects been appropriately applied during the year under review. The board does not consider application of all the principles contained within King III appropriate for Zeder. Where specific principles of King III have not been applied, explanations for these are contained within this section of the annual report. A detailed analysis of the group's compliance with King III is available at [www.zeder.co.za](http://www.zeder.co.za). Zeder will adopt the King IV Code™ of Governance Principles in the next reporting period.

## BOARD OF DIRECTORS

The board met four times during the past financial year as set out in the table below. Mrs NS Mjoli-Mncube and Mr JH le Roux were appointed to the board on 1 June 2016 and 8 September 2016, respectively. Mr JF Mouton fulfils the role of non-executive chairman, Mr N Celliers that of chief executive officer, Mr JH le Roux that of financial director, and Mr GD Eksteen that of lead independent director. Previously the role of financial director was fulfilled by Mr WL Greeff, but subsequent to the internalisation of the management agreement and the appointment of Mr JH le Roux, Mr WL Greeff resigned as financial director, but continues to serve as a non-executive director. Details of Zeder's directors are provided on page 5 of this annual report.

BOARD ATTENDANCE	11 Apr 2016	18 Jul 2016	5 Oct 2016	30 Jan 2017
JF Mouton (chairman)	√	√	√	√
N Celliers	√	√	√	√
GD Eksteen	√	√	√	√
WL Greeff	√	√	√	√
WA Hanekom	√	n/a	n/a	n/a
AE Jacobs	√	n/a	n/a	n/a
ASM Karaan	X	√	√	√
JH le Roux	n/a	n/a	√	√
NS Mjoli-Mncube	n/a	√	√	√
PJ Mouton	√	√	√	√
CA Otto	√	√	√	√

√ – Present

X – Absent with apology

n/a – Not applicable (Messrs JH le Roux, ASM Karaan and Mrs NS Mjoli-Mncube were appointed during the year and Messrs WA Hanekom and AE Jacobs resigned during the year)

The Zeder Nomination Committee considers and recommends appropriate appointments of directors to the board. The appointment of new directors to the board is a matter for the board as a whole and is conducted in a formal and transparent manner. The induction of directors is not conducted through a formal process. This has not been necessary to date as new appointees have been familiar with the group's operations and the environment in which it operates. Consideration will be given to an induction programme for future appointees to the board, should this become necessary.

Executive directors are appointed by the board, with the assistance of the nomination committee, for periods as the board deems fit, and on such further terms as are set out in their letters of appointment.

Zeder's memorandum of incorporation requires a minimum of one third of the non-executive directors of the company, as well as non-executive directors having served three consecutive years without rotating, to retire by rotation and to offer themselves for re-election by shareholders at the annual general meeting. In addition thereto, the appointment of new non-executive directors should be confirmed by shareholders at the first annual general meeting following their appointment. In accordance with the company's memorandum of incorporation, Messrs GD Eksteen, JF Mouton and PJ Mouton will retire and offer themselves

for re-election by shareholders. In accordance with the company's memorandum of incorporation, the appointment of Mr WL Greeff and Mrs NS Mjoli-Mncube will be presented to shareholders for confirmation. Summarised curricula vitae for these directors are included from page 57 of this annual report.

The board does not conduct regular appraisals of its members and committees. However, the efficiency of the board and its committees is continuously assessed by the Zeder Nomination Committee.

Zeder is an investment holding company with most operations residing within investee companies. There is a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making, with the majority of directors being non-executive.

King III recommends that the majority of non-executive directors be independent. Although only certain of the non-executive directors are independent as defined by King III, all of the non-executive directors are independent of thought and action. Having considered the matter, the board is accordingly satisfied, as stated previously, that its current composition ensures a balance of power and authority.

The board's key roles and responsibilities include, inter alia, the following:

- Promoting the interests of stakeholders;
- Formulation and approval of strategy;
- Retaining effective control; and
- Ultimate accountability and responsibility for the performance and affairs of the company.

The board has appointed the following committees to assist it in the performance of its duties:

- Executive committee;
- Remuneration committee;
- Nomination committee;
- Audit and risk committee; and
- Social and ethics committee.

## EXECUTIVE COMMITTEE

The Zeder Executive Committee ("Zeder Exco") responsible for the management of Zeder comprises five Zeder directors, namely Messrs PJ Mouton (chairman), N Celliers, JH le Roux, WL Greeff and JF Mouton. Messrs JA Holtzhausen (PSG Group executive) and Chemus Taljaard (tax advisor) attends the Zeder Exco as permanent invitees, while there is a standing invitation for non-executive directors to attend. This committee meets regularly and is primarily responsible for the allocation and investing of the company's resources, including capital.

The major operating subsidiaries and associated companies all operate on similar principles.

## REMUNERATION COMMITTEE

The remuneration committee comprises Messrs CA Otto (chairman), GD Eksteen and ASM Karaan. These members are all independent non-executive directors. The remuneration committee met once during the past year on 22 February 2017 and a quorum was present.

Executive directors' remuneration is set out on page 36 of this annual report.

Due to the limited number of individuals employed at group level, disclosure of the remuneration of the three highest paid employees who are not directors is not deemed to be appropriate as such information is sensitive to peer review and adds no value to stakeholders.

Zeder's remuneration policy set out in Annexure A to the Notice of Annual General Meeting on page 66 will be presented to shareholders for a non-binding vote.

## NOMINATION COMMITTEE

The nomination committee comprises Messrs JF Mouton (chairman), GD Eksteen and CA Otto, all being non-executive directors, with the majority being independent. The nomination committee meets when required and, as previously stated, is responsible for assisting the board with the appointment of directors by making appropriate recommendations in this regard. The nomination committee met once during the past year on 30 January 2017 and all members were present.

In identifying suitable candidates for appointment to the board, the nomination committee will consider candidates on merit against objective criteria and with due regard for the potential benefits of gender diversity at a board level. Mrs NS Mjoli-Mncube was appointed to the board on 1 June 2016, and the nomination committee will continue to discuss and annually agree all measurable targets for achieving gender diversity on the board.

## AUDIT AND RISK COMMITTEE

The audit and risk committee consists of three independent non-executive directors, namely Messrs CA Otto (chairman), GD Eksteen and Mrs NS Mjoli-Mncube. Mr GD Eksteen has been a member for the past seven and a half years, Mr CA Otto for the past three years and Mrs NS Mjoli-Mncube was appointed on 1 June 2016.

The committee met twice during the past financial year.

AUDIT AND RISK COMMITTEE ATTENDANCE	11 Apr 2016	5 Oct 2016
CA Otto (chairman)	√	√
GD Eksteen	√	√
NS Mjoli-Mncube	n/a	√
WA Hanekom	√	n/a

√ – Present

n/a – Not applicable (Mrs NS Mjoli-Mncube was appointed during the year and Mr WA Hanekom resigned during the year)

A report by the Zeder Audit and Risk Committee has been provided on page 32 of this annual report. The audit and risk committee operates in accordance with a board-approved charter, which is available from the company secretary for inspection. Once a year, the members of the audit and risk committee attend a training course regarding any new legal, regulatory and/or financial developments which may affect their roles and responsibilities as members of the audit and risk committee.

## SOCIAL AND ETHICS COMMITTEE

The Zeder Social and Ethics Committee, which comprises the members of the Zeder Exco and Mr CA Otto (chairman), is responsible for monitoring the company's activities, having regard to any relevant legislation, legal requirements and prevailing codes of best practice with matters relating to inter alia:

- Social and economic development;
- Good corporate citizenship;
- The environment, health and public safety;
- Consumer relationships; and
- Labour and employment.

The Zeder Social and Ethics Committee is satisfied with the social and ethical matters relating to Zeder and its subsidiaries.

## COMPANY SECRETARY

Zeder Corporate Services is the company secretary of Zeder. The company secretary acts as conduit between the board and the group. The company secretary is responsible for board administration, liaison with the Companies and Intellectual Property Commission and the JSE. Board members also have access to legal and other expertise, when required and at the cost of the company, through the company secretary.

The company secretary has to date maintained a professional relationship with board members, giving direction on good governance and independent advice, as and when required. The audit and risk committee has reviewed, through discussion and assessment, the qualifications, experience and competence of the individuals employed by the company secretary and has noted that the company secretary performed all formalities and substantive duties timeously and in an appropriate manner. The board is satisfied that an arm's length relationship exists.

The certificate that the company secretary, being represented by Mrs L van der Merwe, is required to issue in terms of section 88(2)(e) of the Companies Act is on page 33 of this annual report.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

The board acknowledges that it is accountable for the process of risk management and the system of internal control of the group. Each group company has its own board of directors who is responsible for the risk management and internal control of that company and its business.

Detailed risk assessments and management plans have been implemented throughout the group to ensure that risk is properly managed. The board, on recommendation by the audit and risk committee, concluded that the system of internal control and the risk management process were effective for the financial year under review. The group operates in a highly regulated environment. Compliance officers have been appointed at each of the group's key operating subsidiary and associated company levels to ensure compliance with legislation and codes that govern the group's day-to-day operations.

## **INTERNAL AUDIT**

On the recommendation of the audit and risk committee, the board has decided not to establish an internal audit function at group level given that the board has satisfied itself that, where appropriate, subsidiary and associated companies have their own internal audit departments and that the current systems of internal control and risk management for the group are effective.

## **GOVERNANCE OF INFORMATION TECHNOLOGY**

Zeder has an outsourced information technology ("IT") manager who is responsible for IT governance at group level. All the major subsidiary and associated companies are responsible for IT governance in their respective business environments.

As IT does not play a significant role in the sustainability of our business at a group level due to its nature and size, the investment and expenditure in IT at group level are immaterial. The board is accordingly satisfied that the current system of IT governance at group level is appropriate.

## **INTEGRATED REPORTING AND DISCLOSURE**

Part of the philosophy of Zeder is to invest in companies with strong management. Zeder therefore relies on them to apply the principles of King III in regards to integrated reporting and disclosure, to the extent appropriate to their business.

Zeder applies the principles of integrated reporting at group level to the extent that such are considered appropriate.

## **SUSTAINABILITY**

### **Financial reporting and stakeholder communication**

Zeder subscribes to the principles of objective, honest, timeous, balanced, relevant and understandable communication of financial and non-financial information to stakeholders. Zeder has a dedicated team addressing enquiries from stakeholders.

Zeder has identified its two major stakeholders as its shareholders and investment companies. Ongoing communication and engagement are therefore focused on these groups, as detailed below. Financial reports are provided to shareholders twice a year. Details regarding significant transactions undertaken are reported as required by the JSE Listings Requirements.

Communication with investment companies is done on an ongoing basis. The annual general meeting serves as platform for interactive communication with stakeholders. The company's communication officer's contact details are available on Zeder's website should stakeholders wish to direct queries to the company.

The group acknowledges the task and responsibility of regulators, and our relationships with them are maintained in a businesslike manner – frank, open and with mutual respect.

### **Safety, health and environment**

Zeder is committed to ensuring that employees work in a safe, healthy and clean environment. Our activities do not have an adverse effect on the environment.

We encourage all our people to live healthy lifestyles and act responsibly at all times.

### **Social responsibility**

Zeder also subscribes to the philosophy of black economic empowerment (“BEE”) and encourages its investee companies to undertake BEE initiatives. Zeder has participated in and facilitated various BEE transactions and has a strategic and trusted BEE partner, which it introduces to its investments.

### **Human resources**

Zeder regards its people as the most important element of its business. It is therefore important to make the best use of the human capital we have available.

All employees are encouraged and motivated to better themselves through training and study. Training programmes initiated by companies in the group are regarded as an essential element of Zeder’s investment in human capital.

### **Employee participation**

In order to retain and attract entrepreneurs, the group has a philosophy of encouraging management and key employees in the group to acquire a meaningful interest in the group and/or its underlying businesses. A significant percentage of employees are shareholders in Zeder and participants in the share incentive schemes. Employees are co-owners of the business and are treated as such, with transparent communication being a priority.

### **Employment equity**

The group is representative of all the people in South Africa. Zeder subscribes to the principle of equal opportunity. Group companies have set their own targets and specific action plans.

### **Ethics**

Zeder’s code of ethics commits the group to maintaining high ethical and moral codes of conduct in its professional and social dealings. This is ingrained in the culture of the group.

### **Products and product development**

Zeder acts as investor for own account and as financier for the group. Subsidiary and associated companies develop their own specialist service and product ranges within the food and related business industry.

### **Distribution**

Each underlying company has its own distribution channel. These channels are based on one-to-one or one-to-many networks according to its products and client profile.

A significant volume of cross-selling into the various client bases is already taking place and continues to be a priority for growth.

# **SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS**

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These summarised consolidated financial statements comprise a summary of the audited consolidated annual financial statements of Zeder Investments Ltd ("Zeder") for the year ended 28 February 2017.

The consolidated annual financial statements, including these summarised consolidated financial statements, were compiled under the supervision of the group financial director, Mr JH le Roux, CA(SA), and were audited by Zeder's external auditor, PricewaterhouseCoopers Inc.

The annual consolidated financial statements, including the unmodified audit opinion, are available on Zeder's website at [www.zeder.co.za](http://www.zeder.co.za) or may be requested and obtained in person, at no charge, at the registered office of Zeder during office hours.

The audit and risk committee ("the committee") reports that it has considered the matters set out in the Companies Act, and is satisfied with the independence and objectivity of the external auditor, PricewaterhouseCoopers Inc. The committee has considered and recommended the fees payable to the external auditor and is satisfied with the extent of non-audit related services performed.

This committee also acted as the statutory audit committee of those public company subsidiaries that are legally required to have such a committee.

The committee has satisfied itself that the financial function, including the financial director, has the appropriate expertise, experience and resources, and is satisfied that the internal financial controls of the company are working effectively.

A board-approved audit and risk committee charter stipulating, inter alia, the committee's composition, duties and responsibilities, has been adopted. The committee is satisfied that it complied with the responsibilities as set out in the audit and risk committee charter as well as relevant legal and regulatory responsibilities.

Based on the information and explanations given by management and discussions with the independent external auditor regarding the results of their audit, the committee is satisfied that there was no material breakdown in the internal financial controls during the financial year under review.

The committee has evaluated the annual financial statements of the company and group for the year ended 28 February 2017, as well as these summarised consolidated financial statements and, based on the information provided to the committee, considers that the company and group companies complies, in all material respects, with the requirements of the Companies Act and International Financial Reporting Standards.



Chris Otto  
*Chairman*

10 April 2017  
Stellenbosch

The directors are responsible for the maintenance of adequate accounting records and to prepare annual financial statements that fairly represent the state of affairs and the results of the company and group. The external auditor is responsible for independently auditing and reporting on the fair presentation of the annual financial statements. Management fulfils this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. Such controls provide assurance that the company and group's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable. The annual financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS"); the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the requirements of the Companies Act; and the JSE Listings Requirements, and incorporate full and reasonable disclosure. Appropriate and recognised accounting policies are consistently applied.

These summarised consolidated financial were derived from the consolidated annual financial statements and do not contain all the disclosures required by IFRS and the requirements of the Companies Act. Reading these summarised consolidated financial statements, therefore, is not a substitute for reading the consolidated annual financial statements of Zeder Investments Ltd.

The audit and risk committee meets regularly with the external auditor, as well as senior management, to evaluate matters concerning accounting policies, internal control, auditing and financial reporting. The external auditor has unrestricted access to all records, assets and personnel as well as to the audit and risk committee.

The annual financial statements are prepared on the going concern basis, since the directors have every reason to believe that the company and group have adequate resources to continue for the foreseeable future.

The annual financial statements, including these summarised consolidated financial statements set out on pages 34 to 55 were approved by the board of directors of Zeder Investments Ltd and are signed on its behalf by:



**JF Mouton**  
*Chairman*

10 April 2017  
Stellenbosch



**N Celliers**  
*Chief executive officer*



**JH le Roux**  
*Financial director*

#### DECLARATION BY THE COMPANY SECRETARY

We declare that, to the best of our knowledge, the company has lodged with the Registrar all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



**Zeder Corporate Services (Pty) Ltd**  
**Per L van der Merwe**  
*Company secretary*

10 April 2017  
Stellenbosch

## OVERVIEW

Zeder is an investor in the broad agribusiness industry with a specific focus on the food and beverage sectors.

## OPERATING RESULTS

The operating results and state of affairs of the group is set out in the attached summarised consolidated income statement and summarised consolidated statements of financial position, comprehensive income, changes in equity and cash flows, as well as the notes thereto.

### Earnings performance

- The modest 0,5% increase in *recurring headline earnings* per share for the year under review to 42,6 cents (2016: 42,4 cents) resulted from the higher number of shares in issue following the internalisation of the PSG Group management agreement (refer to Corporate actions below) as well as the tough trading conditions experienced at Pioneer Foods, Capespan and Quantum Foods in particular, offset by commendable results from Kaap Agri, Zaad and Agrivision.
- Following the once-off management fee internalisation charge of R1,45bn to the income statement, Zeder's headline earnings per share decreased significantly from a 36,5 cents per share profit in the prior year, to a loss of 47,5 cents per share in the current year.
- As a result of the management fee internalisation charge, the loss for the year amounted to R742m (2016: profit of R788m), while the loss attributable to equity holders of the group amounted to R796m (2016: earnings of R782m).

### Sum-of-the-Parts ("SOTP")

- Zeder's *SOTP value* per share, calculated using the quoted market prices for all JSE-listed investments, and market-related valuations for unlisted investments, increased by 23% during the reporting period to R8,53 compared to a like-for-like R6,93 per share as at 29 February 2016, following predominantly a 26% increase in Pioneer Food Group Ltd's share price.

### Corporate actions

- 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. PSG Group's shareholding consequently increased from 34,5% to 42,1%, with no further management fees payable to PSG Group in terms of this agreement with effect from 1 September 2016. The base management fee payable to PSG Group for the six months to 31 August 2016, calculated as 1,5% p.a. of Zeder's volume weighted average market capitalisation, amounted to R75m (2016: R155m). The rights to the PSG Group management agreement so acquired, valued at R1,45bn, did not meet the recognition criteria for intangible assets in terms of International Financial Reporting Standards, and was consequently accounted for in the income statement as a non-recurring headline expense. It should be noted that this was a once-off charge, with Zeder benefiting from the related cost savings thereafter. This transaction should yield positive results for Zeder shareholders as free cash flow will improve significantly, while the large historical discount between Zeder's share price and *SOTP value* per share has already narrowed as anticipated. 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. PSG Group remains the largest shareholder in Zeder.
- Furthermore, the group invested R262m in cash in Capespan Group Ltd ("Capespan") and Zaad Holdings Ltd, all companies forming part of Zeder's existing core investments, in order to fund further growth.

## STATED CAPITAL

During the year under review, the company issued 207 661 758 (2016: 79 008 905) ordinary shares as part of asset-for-share transactions (mostly notably the aforementioned Management Fee Internalisation transaction) and thereby increased its total number of ordinary shares in issue to 1 730 514 648 (2016: 1 522 852 890).

Together with the aforementioned management fee internalisation transaction, Zeder constituted the Zeder Group Share Incentive Trust, in order to incentivise senior management of Zeder, to align their interests with those of Zeder Shareholders and to ensure continuity of senior management. Zeder acquired 7 892 310 Zeder ordinary shares (treasury shares) in order to enable the Zeder Group Share Incentive Trust to fulfil any obligations to participants in terms of the initial share options that were awarded to and accepted by the participants, prior to 28 February 2017 when the participants were still employees of PSG Corporate Services (Pty) Ltd ("PSGCS") under the aforementioned management agreement. Details regarding the treasury shares are disclosed in the notes to the consolidated annual financial statements.

	Number of shares	
	2017 '000	2016 '000
<b>Audited</b>		
In issue (gross of treasury shares)	1 730 515	1 522 853
Held by share incentive trust	(5 837)	
Held by a company controlled by a director through loan funding advanced	(2 636)	
<b>In issue (net of treasury shares)</b>	<b>1 722 041</b>	1 522 853

## DIVIDENDS

On 10 April 2017, the company declared a final dividend of 11 cents (2016: 9 cents) per share from income resources in respect of the year ended 28 February 2017, which is payable on 8 May 2017.

## EVENTS SUBSEQUENT TO THE REPORTING DATE

Zeder, through its subsidiary, Zaad Holdings Ltd, has concluded agreements for the acquisition of a 35% stake in the Turkish seed company May-Agro Tohumculuk Sanayi ve Ticaret Anonim Sirketi ("May Seed"), subject to the fulfilment of certain conditions precedent.

The directors are, except for the above, unaware of any matter or event which is material to the financial affairs of the group that have occurred between the reporting date and the date of approval of the consolidated annual financial statements.

## DIRECTORS

The directors of the company at the date of this report are set out on page 5.

## DIRECTORS' EMOLUMENTS

### Cash-based remuneration:

Directors' emoluments (excluding Mr AE Jacobs' emoluments) were paid by PSGCS in terms of the aforementioned management agreement until 31 August 2016. As a result of the management fee internalisation transaction directors' emoluments were paid by the Zeder group, effective from 1 September 2016.

Audited	Basic salary R'000	Company contributions and allowances R'000	Performance-related R'000	Fees R'000	Total 2017 R'000	Total 2016 R'000
<b>Executive</b>						
N Celliers <sup>1</sup>	2 784	33	3 432		6 249	5 900
JH le Roux <sup>1,2,4</sup>	793	9	1 284		2 086	
<b>Non-executive</b>						
GD Eksteen				131	131	123
ASM Karaan <sup>2</sup>				50	50	
NS Mjoli-Mncube <sup>2</sup>				68	68	
CA Otto <sup>3</sup>				25	25	
JF Mouton <sup>3</sup>					–	
PJ Mouton <sup>3</sup>					–	
WL Greeff <sup>3</sup>					–	
WA Hanekom <sup>2</sup>				63	63	123
AE Jacobs <sup>1,2,5</sup>	567	99	750		1 416	1 846
	<b>4 144</b>	<b>141</b>	<b>5 466</b>	<b>337</b>	<b>10 088</b>	<b>7 992</b>

<sup>1</sup> Performance-related emoluments were paid in respect of the 2017 financial year, except for Mr AE Jacobs, where it was paid in respect of the 2016 financial year.

<sup>2</sup> Messrs JH le Roux, ASM Karaan and Mrs NS Mjoli-Mncube were appointed during the year and Messrs WA Hanekom and AE Jacobs resigned during the year.

<sup>3</sup> These directors do not receive any emoluments for services rendered to the company, as the Zeder group were managed by PSGCS in terms of a management agreement. These directors only receive emoluments from PSGCS for services rendered to PSG Group Ltd and its investee companies (including the Zeder group). Effective from 1 September 2016, when the aforementioned management agreement was internalised, the Zeder group pay a strategic fee to PSGCS for services rendered to the company and in addition, a non-executive directors fee to Mr CA Otto.

<sup>4</sup> The basic salary and company contributions received by Mr JH le Roux relates only to the period which he served as an executive director, except for the performance-related emoluments paid during that period, that related to the full 2017 financial year.

<sup>5</sup> The basic salary and company contributions received by Mr AE Jacobs relates to his employment as chief executive officer of Zaad Holdings Ltd, a subsidiary, only for the period which he served as a non-executive director, except for the performance-related emoluments paid during that period, that related to the 2016 financial year.

The members of the Zeder Executive Committee ("Exco") are regarded as being the prescribed officers of the company. The Exco comprises Messrs PJ Mouton (Chairman), N Celliers (Chief executive officer), JH le Roux (Financial director), WL Greeff and JF Mouton. Messrs N Celliers and JH le Roux's remuneration are included above and the other Exco members' remuneration is disclosed in PSG Group Ltd's annual report available at [www.psggroup.co.za](http://www.psggroup.co.za).

### Equity-based remuneration:

Audited	Number of share options		Market price per share on vesting date R	Vesting price per share R	Date granted	Number of share options as at 28 Feb 2017
	as at 29 Feb 2016	Number of share options during the year Granted      Vested				
<b>Zeder Investments Ltd share options granted by the Zeder Group Share Incentive Scheme Trust</b>						
N Celliers	875 487	(437 743)	7,08	2,57	20/04/2012	437 744
	675 675	(337 838)	7,44	3,33	28/02/2013	337 837
	3 745 426	(1 248 476)	7,44	4,10	28/02/2014 <sup>5</sup>	2 496 950
	525 292	(131 323)	7,44	7,71	28/02/2015	393 969
	789 990			4,97	29/02/2016	789 990
		1 792 402		7,29	28/02/2017	1 792 402
	6 611 870	1 792 402 (2 155 380)				6 248 892
JH le Roux	914 634	(304 878)	7,44	4,10	28/02/2014	609 756
	129 702	(32 426)	7,44	7,71	28/02/2015	97 276
	373 113			4,97	29/02/2016	373 113
		1 787 037		7,29	28/02/2017	1 787 037
	1 417 449	1 787 037 (337 304)				2 867 182
<b>Total</b>	<b>8 029 319</b>	<b>3 579 439 (2 492 684)</b>				<b>9 116 074</b>
<b>PSG Group Ltd share options granted by the PSG Group Ltd Supplementary Share Incentive Trust</b>						
N Celliers	7 913	(7 913)	251,43	47,39	29/02/2012	
	12 194	(6 098)	251,43	61,50	28/02/2013	6 096
	6 082	(2 028)	251,43	83,23	28/02/2014	4 054
	9 866	(2 467)	251,43	136,84	28/02/2015	7 399
	7 341			178,29	29/02/2016	7 341
	43 396	– (18 506)				24 890
JH le Roux	3 467			178,29	29/02/2016	3 467
<b>Total</b>	<b>46 863</b>	<b>– (18 506)</b>				<b>28 357</b>

<sup>5</sup> Included in the 28 February 2014 share option allocation is a once-off allocation of 4 500 000 Zeder Investments Ltd share options, which was made to appropriately incentivise the aforementioned director. Retention of the director's services are considered key to Zeder Investments Ltd's continued success. During the year under review, 25% (2016: 25%) of these share options vested.

## DIRECTORS' SHAREHOLDING

Audited	Beneficial Indirect	Non- beneficial Indirect	Total shareholding 2017		Total shareholding 2016	
			Number	%	Number	%
N Celliers	6 815 370		6 815 370	0,394	4 659 990	0,306
JH le Roux	647 682		647 682	0,037		
GD Eksteen	6 683 585	250 000	6 933 585	0,401	6 933 585	0,455
NS Mjoli-Mncube	48 983		48 983	0,003		
CA Otto		80 000	80 000	0,005	80 000	0,005
JF Mouton	80 000		80 000	0,005	80 000	0,005
WL Greeff	80 000		80 000	0,005	80 000	0,005
AE Jacobs			–	–	70 000	0,005
	<b>14 355 620</b>	<b>330 000</b>	<b>14 685 620</b>	<b>0,850</b>	<b>11 903 575</b>	<b>0,781</b>

The following changes occurred in the directors' shareholding between the end of the reporting period and the date of this report:

- On 21 April 2017, Mr N Celliers acquired 437 744 Zeder Investments Ltd ordinary shares through the exercise of options in terms of the Zeder Group Share Incentive Scheme Trust.

Also refer to the shareholder analysis in note 11 to the summarised consolidated financial statements.

### SECRETARY

The secretary of the company is Zeder Corporate Services (Pty) Ltd. Please refer to the administration section of this report for its business and postal addresses.

### AUDITOR

At the date of this report, PricewaterhouseCoopers Inc. held office in accordance with the Companies Act.



## OPINION

The summarised consolidated financial statements of Zeder Investments Ltd, set out on pages 40 to 55 of the Annual Report, which comprise the summarised consolidated statement of financial position as at 28 February 2017, the summarised consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated annual financial statements of Zeder Investments Ltd for the year ended 28 February 2017.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated annual financial statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

## SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated annual financial statements and the auditor's report thereon.

## THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated annual financial statements in our report dated 10 April 2017. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated annual financial statements of the current period.

## DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE's requirements for summary financial statements, set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated annual financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements

*PricewaterhouseCoopers Inc.*

PricewaterhouseCoopers Inc.

Director: D de Jager

*Registered Auditor*

10 April 2017

Stellenbosch

**SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 28 FEBRUARY 2017

	2017 Rm	2016 Rm
<b>Assets</b>		
<b>Non-current assets</b>	<b>9 835</b>	9 182
Property, plant and equipment	1 640	1 562
Intangible assets	666	657
Biological assets (bearer plants)	364	279
Investment in ordinary shares of associates and joint ventures	6 833	6 456
Loans to associates and joint ventures	80	
Equity securities	46	50
Loans and advances	111	65
Deferred income tax assets	58	70
Employee benefits	37	43
<b>Current assets</b>	<b>3 336</b>	3 722
Biological assets (agricultural produce)	122	127
Inventories	1 319	1 291
Debt securities		23
Trade and other receivables	1 414	1 575
Loans and advances	36	2
Current income tax assets	23	20
Cash, money market investments and other cash equivalents	422	684
<b>Total assets</b>	<b>13 171</b>	12 904
<b>Equity and liabilities</b>		
Ordinary shareholders' equity	8 291	8 251
Non-controlling interests	407	442
<b>Total equity</b>	<b>8 698</b>	8 693
<b>Non-current liabilities</b>	<b>1 320</b>	1 474
Deferred income tax liabilities	94	102
Borrowings	1 015	1 166
Derivative financial liabilities	94	65
Employee benefits	117	141
<b>Current liabilities</b>	<b>3 153</b>	2 737
Borrowings	1 958	1 276
Trade and other payables	1 092	1 328
Current income tax liabilities	37	62
Employee benefits	66	71
<b>Total liabilities</b>	<b>4 473</b>	4 211
<b>Total equity and liabilities</b>	<b>13 171</b>	12 904
Net asset value per share (cents)	480,6	541,8
Tangible net asset value per share (cents)	442,0	498,6

	2017 Rm	2016 Rm
Revenue	10 209	9 318
Cost of sales	(8 546)	(7 759)
<b>Gross profit</b>	<b>1 663</b>	<b>1 559</b>
<b>Income</b>		
Change in fair value of biological assets	224	244
Investment income	67	47
Net fair value losses	(7)	(53)
Other operating income	29	51
<b>Total income</b>	<b>313</b>	<b>289</b>
<b>Expenses</b>		
Management fees (note 2)	(75)	(155)
Management fee internalisation charge (note 2)	(1 449)	
Marketing, administration and other expenses	(1 562)	(1 430)
<b>Total expenses</b>	<b>(3 086)</b>	<b>(1 585)</b>
<b>Net income from associates and joint ventures</b>		
Share of profits of associates and joint ventures	629	569
Net (loss)/profit on dilution of interest in associates (note 3)	(8)	258
<b>Net income from associates and joint ventures</b>	<b>621</b>	<b>827</b>
<b>(Loss)/profit before finance costs and taxation</b>	<b>(489)</b>	<b>1 090</b>
Finance costs	(232)	(180)
<b>(Loss)/profit before taxation</b>	<b>(721)</b>	<b>910</b>
Taxation	(21)	(122)
<b>(Loss)/profit for the year</b>	<b>(742)</b>	<b>788</b>
<b>Attributable to:</b>		
Owners of the parent	(796)	782
Non-controlling interests	54	6
	<b>(742)</b>	<b>788</b>
<b>Earnings per share and number of shares in issue</b>		
<b>(Loss)/earnings per share (cents)</b>		
Recurring headline	42,6	42,4
Headline (basic) (note 3)	(47,5)	36,5
Headline (diluted)	(49,7)	33,8
Attributable (basic)	(49,1)	52,5
Attributable (diluted)	(51,3)	49,4
<b>Number of shares (m)</b>		
In issue	1 731	1 523
In issue (net of treasury shares)	1 725	1 523
Weighted average	1 622	1 490
Diluted weighted average	1 624	1 490

**SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 28 FEBRUARY 2017

	2017 Rm	2016 Rm
<b>(Loss)/profit for the year</b>	(742)	788
<b>Other comprehensive income for the year, net of taxation</b>	(470)	(132)
<b>Items that may be reclassified to profit or loss</b>		
Currency translation adjustments	(423)	(131)
Share of other comprehensive income of associates	(43)	(8)
Cash flow hedges		(2)
<b>Items that may not be reclassified to profit or loss</b>		
(Losses)/gains from changes in financial and demographic assumptions of post-employment benefit obligations	(4)	9
<b>Total comprehensive income for the year</b>	<b>(1 212)</b>	<b>656</b>
<b>Attributable to:</b>		
Owners of the parent	(1 193)	765
Non-controlling interests	(19)	(109)
	<b>(1 212)</b>	<b>656</b>

## SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2017

	2017 Rm	2016 Rm
<b>Ordinary shareholders' equity at end of the year</b>	<b>8 291</b>	<b>8 251</b>
Ordinary shareholders' equity at beginning of the year	8 251	7 133
Shares issued	1 449	610
Total comprehensive income for the year	(1 193)	765
Transactions with non-controlling interests	(37)	(181)
Net movement in treasury shares	(50)	
Other movements	8	3
Dividends paid	(137)	(79)
<b>Non-controlling interests at end of the year</b>	<b>407</b>	<b>442</b>
Non-controlling interests at beginning of the year	442	608
Shares issued	25	365
Total comprehensive income for the year	(19)	(109)
Transactions with non-controlling interests	(31)	(413)
Other movements	3	11
Dividends paid	(13)	(20)
<b>Total equity</b>	<b>8 698</b>	<b>8 693</b>
Dividend per share (cents)	<b>11,0</b>	<b>9,0</b>

**SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 28 FEBRUARY 2017**

	2017 Rm	2016 Rm
Cash generated from operations (note 6)	97	107
Investment income	314	267
Finance costs and taxation paid	(235)	(254)
<b>Cash flow from operating activities</b>	<b>176</b>	<b>120</b>
Acquisition of subsidiaries (note 4)	(115)	(275)
Acquisition of associates and joint ventures	(109)	(58)
Loans to associates and joint ventures	(69)	
Acquisition of equity securities	(1)	(7)
Additions to property, plant and equipment	(311)	(359)
Additions to intangible assets	(89)	(95)
Proceeds from disposal of non-current assets held for sale (note 5)		13
Proceeds from disposal of property, plant and equipment	35	48
Other	(66)	(9)
<b>Cash flow from investment activities</b>	<b>(725)</b>	<b>(742)</b>
Capital contributions by non-controlling interests	25	365
Purchase of treasury shares	(62)	
Treasury shares sold	11	
Dividends paid to group shareholders	(137)	(79)
Dividends paid to non-controlling interests	(13)	(20)
Borrowings repaid	(289)	(396)
Borrowings drawn	866	694
Other	(53)	(6)
<b>Cash flow from financing activities</b>	<b>348</b>	<b>558</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(201)</b>	<b>(64)</b>
Exchange differences on cash and cash equivalents	(61)	(22)
<b>Cash and cash equivalents at beginning of the year</b>	<b>684</b>	<b>770</b>
<b>Cash and cash equivalents at end of the year</b>	<b>422</b>	<b>684</b>

## 1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

These summarised consolidated financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, including IAS 34 *Interim Financial Reporting*; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the requirements of the South African Companies Act; and the JSE Listings Requirements.

The accounting policies applied in the preparation of these summarised consolidated financial statements are consistent in all material respects with those used in the prior year's consolidated annual financial statements. The group adopted the various revisions to IFRS which were effective for its financial year ended 28 February 2017, however, these revisions have not resulted in material changes to the group's reported results or disclosures in these summarised consolidated financial statements.

In preparing these summarised consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were similar to those disclosed in the consolidated annual financial statements for the year ended 29 February 2016.

## 2. MANAGEMENT FEES AND MANAGEMENT FEE INTERNALISATION CHARGE

The base and performance fees were payable to PSG Corporate Services (Pty) Ltd ("PSGCS"), a subsidiary of PSG Group Ltd, the company's ultimate holding company, in terms of the PSG management agreement. In accordance with the management agreement, PSGCS provided management services, including corporate, secretarial, advisory, investment and financial services and all related aspects thereto to the Zeder group of companies.

With regards to the PSG management agreement the base management fee was calculated at the end of every half-year as 1,5% p.a. (exclusive of VAT) of the company's volume weighted average market capitalisation for that half-year. The performance management fee was calculated at the end of each financial year as 20% p.a. of the company's share price outperformance of the GOVI (comprising the most liquid government bonds, being the government bonds within the top 10 of the All Bond Index) yield plus 4%, adjusted for dividends ("hurdle price"). The performance management fee pertaining to a financial year may not exceed that year's base management fee. If the performance management fee exceeded the base management fee, the excess performance management fee was carried forward to the following financial year, by adjusting the starting hurdle price of the following year accordingly. The excess performance management fee at 29 February 2016 amounted to Rnil. Consequently, the starting hurdle share price for performance fee determination purposes at 1 March 2016 was R5,65.

Effective 1 September 2016, Zeder internalised the management agreement, and issued 207 661 758 ordinary shares to PSGCS, valued at R1,45bn. The rights to the acquired management agreement, did not meet the recognition criteria for intangible assets in terms of IFRS, and was consequently accounted for in the income statement as a non-recurring headline expense. It should be noted that this was a once-off charge, with no further management fees payable to PSGCS in terms of this agreement.

### 3. HEADLINE (LOSS)/EARNINGS

	2017 Rm	2016 Rm
(Loss)/profit for the year attributable to owners of the parent	(796)	782
Non-headline items	26	(237)
Gross amounts		
Non-headline items of associates and joint ventures	12	20
Net loss/(profit) on dilution of interest in associates	8	(258)
Fair value gains on step-up from associates and joint ventures to subsidiaries		(4)
Net profit on sale of property, plant and equipment	(1)	(30)
Impairment of property, plant and equipment	3	14
Impairment of intangible assets (incl. goodwill)	5	8
Other	1	2
Non-controlling interests	(2)	11
<b>Headline (loss)/earnings</b>	<b>(770)</b>	<b>545</b>

During the current year, the group through Capespan, incurred a further dilution in the interest in Golden Wing Mau to 10,5%, due to the issue of shares to a new shareholder in order to finalise the prior year agreed merger arrangements amounting to a dilution gain of R19m. During the prior year, Golden Wing Mau, an associate of Capespan Group Ltd, merged as equals with Joyvio. Both companies are leading players in China's fresh fruit business and the merger resulted in the group's interest in Golden Wing Mau diluting from 25% to 11,3% during the prior year. The group continues to exercise significant influence through, inter alia, board representation. The dilution gain of R277m consequently recognised by the group was determined with reference to the fair value at which the merger was concluded being above the carrying value of the investment. The fair value was determined by the appointed appraiser using the discounted cash flow method and price-to-sales ratios.

### 4. SUBSIDIARIES ACQUIRED

#### **Incotec laboratory division ("Incotec")**

During August 2016, the group, through Zaad Holdings Ltd ("Zaad"), acquired the laboratory division of Incotec South Africa (Pty) Ltd for a cash consideration of R8m. The laboratory support the research and development operations of Zaad. No goodwill arose in respect of this business combination. Accounting for Incotec's business combination has been finalised.

#### **Loza Lodge**

During October 2016, the group, through Agrivision Africa, acquired the business operations of Loza Lodge, for a cash consideration of R4m. Loza Lodge is a guest house in Mkushi, Zambia, forming part of farming operations previously acquired. Goodwill arose in respect of, inter alia, synergies pertaining to the reputation of the lodge and the current farming operations, but was subsequently impaired. Accounting for Loza Lodge's business combination has been finalised.



#### 4. SUBSIDIARIES ACQUIRED *continued*

##### Groot Patrysvlei farming operations ("Groot Patrysvlei")

During September 2016, the group, through Capespan Group Ltd ("Capespan"), acquired the farming operations of Groot Patrysvlei, a citrus fruit farm, for a cash consideration of R73m. Groot Patrysvlei complements the group's existing citrus farming operations in South Africa. No goodwill arose in respect of this business combination. Accounting for Groot Patrysvlei's business combination has been finalised.

##### Port Services (Pty) Ltd ("Port Stevedores")

During January 2017, the group, through Capespan, acquired 100% of the issued share capital of Port Stevedores for a cash consideration of R33m and a contingent consideration of R17m. Port Stevedores operates in the port logistics industry and goodwill arose in respect of, inter alia, expected synergies with Capespan's current logistical operations. Accounting for Port Stevedores's business combination is provisional.

The summarised assets and liabilities recognised at the respective acquisition dates were:

	Loza Lodge Rm	Incotec Rm	Groot Patrysvlei Rm	Port Stevedores Rm	Total Rm
Property, plant and equipment	1	8	29	41	79
Biological assets (bearer plants)			40		40
Inventories			4		4
Trade and other receivables				10	10
Cash, money market investments and other cash equivalents				3	3
Borrowings				(6)	(6)
Deferred tax liabilities				(1)	(1)
Trade and other payables				(4)	(4)
<b>Total identifiable net assets</b>	<b>1</b>	<b>8</b>	<b>73</b>	<b>43</b>	<b>125</b>
Goodwill recognised	3			7	10
<b>Total consideration</b>	<b>4</b>	<b>8</b>	<b>73</b>	<b>50</b>	<b>135</b>
Total consideration	4	8	73	50	135
Contingent consideration				(17)	(17)
<b>Total consideration transferred</b>	<b>4</b>	<b>8</b>	<b>73</b>	<b>33</b>	<b>118</b>
Cash consideration paid	(4)	(8)	(73)	(33)	(118)
Cash and cash equivalents acquired				3	3
<b>Net cash outflow from subsidiaries acquired</b>	<b>(4)</b>	<b>(8)</b>	<b>(73)</b>	<b>(30)</b>	<b>(115)</b>

**4. SUBSIDIARIES ACQUIRED** *continued*

The aforementioned business combinations do not contain any contingent consideration or indemnification asset arrangements (except for Loza Lodge) and the acquisition-related costs expensed were insignificant.

Had Incotec, Loza Lodge, Groot Patrysvlei and Port Stevedores been consolidated with effect from 1 March 2016 instead of their respective acquisition dates, the consolidated income statement would have reflected additional revenue of R97m and profit after tax of R8m.

**5. NON-CURRENT ASSETS HELD FOR SALE**

At 28 February 2015, non-current assets held for sale comprised the assets of Addo Cold Storage (Pty) Ltd (a subsidiary). The disposal was concluded during the prior year under review for cash proceeds of R13m, and non-controlling interests of R17m was derecognised.

**6. CASH GENERATED FROM OPERATIONS**

	2017 Rm	2016 Rm
(Loss)/profit before taxation	(721)	910
Share of profits of associates and joint ventures	(629)	(569)
Depreciation and amortisation	180	167
Changes in fair value of biological assets	(224)	(244)
Net loss/(profit) on dilution of interest in associates	8	(258)
Investment income	(67)	(47)
Finance costs	232	180
Net harvest short-term biological assets	67	44
Other non-cash items	(15)	74
Management fee internalisation	1 449	
	280	257
Change in working capital and other financial instruments	68	26
Additions to biological assets	(251)	(176)
<b>Cash generated from operations</b>	<b>97</b>	<b>107</b>

## 7. FINANCIAL INSTRUMENTS

### 7.1 Financial risk factors

The group's activities expose it to a variety of financial risks; market risk (including currency risk, cash flow and fair value interest rate risk, and price risk), credit risk and liquidity risk.

The summarised consolidated financial statements do not include all financial risk management information and disclosures as set out in the consolidated annual financial statements, and therefore they should be read in conjunction with the consolidated annual financial statements for the year ended 28 February 2017. Risk management continues to be carried out throughout the group under policies approved by the respective boards of directors.

### 7.2 Fair value estimation

The information below analyses financial assets and financial liabilities, which are carried at fair value, by level of hierarchy as required by IFRS 13. The different levels in the hierarchy are defined below:

#### *Level 1*

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

#### *Level 2*

Financial instruments that trade in markets that are not considered to be active but are valued (using valuation techniques) based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include over-the-counter traded financial instruments. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. If all significant inputs in determining an instrument's fair value are observable, the instrument is included in level 2.

#### *Level 3*

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Investments classified within level 3 have significant unobservable inputs, as they trade infrequently.

Equity securities included in level 3 of the fair value hierarchy as at the most recent reporting date consisted of the unquoted equity securities. The unquoted equity securities include advances which are linked to equity securities traded in over-the-counter markets. In terms of these agreements, the group is entitled to the majority of the increase in the market value of the underlying over-the-counter traded equity securities and the dividends received on these securities. The advances are carried at the fair value of the underlying over-the-counter traded equity securities.

The debt securities included in level 3 of the fair value hierarchy comprise unquoted debt securities. It includes the Zimbabwean government treasury bills maturing between 2017 and 2019 that were acquired during the year and disposed of subsequent to year-end at an amount higher than the carrying value.

Other derivative liabilities included in level 3 relate to put options held by non-controlling interests against the group. These fair values are calculated by applying the contractually agreed price/earnings multiple to the relevant subsidiary's board-approved budgeted profits and discounting it at a market-related interest rate.

**7. FINANCIAL INSTRUMENTS** *continued***7.2 Fair value estimation** *continued*

The fair value of financial assets and liabilities carried at amortised cost approximates their fair value, while those measured at fair value in the statement of financial position can be summarised as follows:

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
<b>28 February 2017</b>				
<b>Assets</b>				
Equity securities		1	44	45
Opening balance			72	
Disposal			(23)	
Fair value losses			(5)	
<b>Liabilities</b>				
Derivative financial liabilities			94	94
Opening balance			65	
Additions			25	
Fair value gains			(3)	
Finance costs			7	
<b>29 February 2016</b>				
<b>Assets</b>				
Equity securities		1	49	50
Debt securities			23	23
Closing balance		1	72	73
Opening balance			80	
Additions			30	
Disposal			(29)	
Fair value losses			(9)	
<b>Liabilities</b>				
Derivative financial liabilities			65	65
Opening balance			64	
Fair value gains			(4)	
Finance costs			5	

## 8. SEGMENTAL REPORTING

The group is organised into four reportable segments, namely i) food, beverages and related services, ii) agri-related retail, trade and services, iii) agri-inputs and iv) agri-production. The segments represent different sectors in the broad agribusiness industry.

Headline earnings comprises recurring and non-recurring headline earnings. Recurring headline earnings (being a measure of segment profit) is calculated on a see-through basis. Zeder's recurring headline earnings is the sum of its effective interest in that of each of its underlying investments. The result is that investments which Zeder do not equity account or consolidate in terms of accounting standards, are included in the calculation of recurring headline earnings.

Non-recurring headline earnings includes the elimination of equity securities' see-through recurring headline earnings not equity accounted, the related net fair value gains/losses and investment income (as recognised in the income statement). Associates' and subsidiaries' once-off gains/losses are excluded from recurring headline earnings and included in non-recurring headline earnings.

Segmental income comprises revenue and investment income, as per the income statement.

Sum-of-the-Parts ("SOTP") is a key valuation tool used to measure Zeder's performance. The SOTP value is calculated using the quoted market prices for all JSE-listed investments, and market-related valuations for unlisted investments. These values will not necessarily correspond with the values per the statement of financial position since the latter are measured predominantly using the relevant accounting standards which include historical cost and the equity accounting method.

**8. SEGMENTAL REPORTING** *continued*

The chief operating decision-maker (the executive committee) evaluates the following information to assess the segments' performance:

	2017 Rm	2016 Rm
<b>Recurring headline earnings segmental analysis:</b>		
Segments		
Food, beverages and related services	582	662
Agri-related retail, trade and services	89	79
Agri-inputs	124	101
Agri-production	26	(37)
<b>Recurring headline earnings from investments</b>	<b>821</b>	<b>805</b>
Management (base) fee	(75)	(155)
Net interest, taxation and other income and expenses	(55)	(18)
Recurring headline earnings	691	632
<b>Non-recurring headline earnings</b>		
Management internalisation charge	(1 449)	
Other	(12)	(87)
<b>Headline (loss)/earnings</b>	<b>(770)</b>	<b>545</b>
Non-headline items (note 3)	(26)	237
<b>Attributable (loss)/earnings</b>	<b>(796)</b>	<b>782</b>
<b>SOTP segmental analysis:</b>		
Segments		
Food, beverages and related services	11 706	9 768
Agri-related retail, trade and services	1 360	802
Agri-inputs	1 531	1 246
Agri-production	614	614
Cash and cash equivalents	173	118
Other net liabilities	(678)	(323)
<b>SOTP value – pre management fee liability</b>	<b>14 706</b>	<b>12 225</b>
Management fee liability*		(1 667)
<b>SOTP value – post management fee liability</b>	<b>14 706</b>	<b>10 558</b>

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

8. SEGMENTAL REPORTING *continued*

	2017 Rm	2016 Rm
<b>SOTP value per share (rand)</b>		
Pre management fee liability		8,03
Post management fee liability	<b>8,53</b>	6,93
<b>Profit before tax segmental analysis:</b>		
Segments		
Food, beverages and related services	<b>638</b>	913
Agri-related retail, trade and services	<b>89</b>	76
Agri-inputs	<b>123</b>	134
Agri-production	<b>29</b>	(46)
Management fees and other income and expenses	<b>(1 600)</b>	(167)
	<b>(721)</b>	910
<b>IFRS revenue (revenue and investment income) segmental analysis:</b>		
Segments		
Food, beverages and related services	<b>8 359</b>	7 720
Revenue	<b>8 311</b>	7 688
Investment income	<b>48</b>	32
Agri-inputs	<b>1 325</b>	1 231
Revenue	<b>1 314</b>	1 226
Investment income	<b>11</b>	5
Agri-production	<b>585</b>	404
Revenue	<b>584</b>	404
Investment income	<b>1</b>	
Unallocated investment income (mainly head office interest income)	<b>6</b>	10
	<b>10 275</b>	9 365

## 9. RELATED-PARTY TRANSACTIONS

Related-party transactions similar to those disclosed in the consolidated annual financial statements for the year ended 29 February 2016 took place during the year under review, except for the internalisation of the management agreement (refer to Internalisation of PSG Group management agreement set out on page 13) and loans granted to executive directors of Zeder, in terms of shares obtained through the vesting of share options.

## 10. EVENTS SUBSEQUENT TO THE REPORTING DATE

Zeder, through its subsidiary, Zaad Holdings Ltd, has concluded agreements for the acquisition of a 35% stake in the Turkish seed company May-Agro Tohumculuk Sanayi ve Ticaret Anonim Sirketi ("May Seed"), subject to the fulfilment of certain conditions precedent.

The directors are, except for the above, unaware of any matter or event which is material to the financial affairs of the group that have occurred between the reporting date and the date of approval of these consolidated annual financial statements.



## 11. SHAREHOLDER ANALYSIS

	Shareholders		Shares held	
	Number	%	Number	%
1 – 20 000	10 957	75,5	57 676 783	3,3
20 001 – 50 000	1 624	11,2	53 690 160	3,1
50 001 – 100 000	796	5,5	57 785 308	3,4
100 001 – 500 000	884	6,1	187 220 874	10,9
500 001 – 1 000 000	127	0,9	89 630 781	5,2
Over 1 000 000	130	0,8	1 278 673 373	74,1
	<b>14 518</b>	<b>100,0</b>	<b>1 724 677 279</b>	<b>100,0</b>
Treasury shares				
Employee share scheme	1		5 837 369	
	<b>14 519</b>		<b>1 730 514 648</b>	
<b>Public and non-public shareholding</b>				
Non-public				
Directors*	7	0,1	14 685 620	0,9
PSG Financial Services Ltd	1	0,0	725 487 746	42,1
Public	14 510	99,9	984 503 913	57,0
	<b>14 518</b>	<b>100,0</b>	<b>1 724 677 279</b>	<b>100,0</b>
<b>Major shareholders holding 5% or more of shares in issue (net of treasury shares) at 28 February 2017</b>				
PSG Financial Services Ltd (wholly-owned subsidiary of ultimate holding company, PSG Group Ltd)			725 487 746	42,1
Public Investment Corporation (including Government Employees Pension Fund)**			151 121 907	8,8
Allan Gray**			97 492 775	5,7
			<b>974 102 428</b>	<b>56,6</b>

\* Refer to the directors' report for further details on the directors' shareholdings.

\*\* The shareholding includes shares held directly or indirectly by the entity and/or its clients.

# **NOTICE OF ANNUAL GENERAL MEETING AND PROXY**

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Notice is hereby given of the annual general meeting of shareholders of Zeder Investments Ltd ("Zeder" or "the company") to be held at Spier Wine Estate, Baden Powell Drive, Stellenbosch, on Friday, 23 June 2017, at 08:30 ("the AGM").

## PURPOSE

The purpose of the AGM is to transact the business set out in the agenda below.

## AGENDA

Presentation of the audited annual financial statements of the company, including the reports of the directors and the audit and risk committee for the year ended 28 February 2017. The annual report, of which this notice forms part, contains the summarised consolidated financial statements and the aforementioned reports. The annual financial statements, including the unmodified audit opinion, are available on Zeder's website at [www.zeder.co.za](http://www.zeder.co.za) or may be requested and obtained in person, at no charge, at the registered office of Zeder during office hours.

- To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

*Note:*

*For any of the ordinary resolutions numbers 1 to 10 (inclusive) to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 11 be adopted, at least 75% of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.*

### 1. Confirmation of appointment of director

#### 1.1 Ordinary resolution number 1

"Resolved that Mr WL Greeff's appointment as director, in terms of the memorandum of incorporation of the company, be and is hereby confirmed."

##### Summary curriculum vitae of WL (Wynand) Greeff

Wynand graduated with a BCompt (Hons) degree and qualified as Chartered Accountant (SA). He has served within the broader PSG Group since 2002 and as financial director of PSG Group since 2006. He also served as financial director of Zeder until August 2016.

#### 1.2. Ordinary resolution number 2

"Resolved that Mrs NS Mjoli-Mncube's appointment as director, in terms of the memorandum of incorporation of the company, be and is hereby confirmed."

##### Summary curriculum vitae of NS (Nonhlanhla) Mjoli-Mncube

Nonhlanhla attended the Massachusetts Institute of Technology and Aspen Global Leadership Institute, USA, and holds an MA (City and Regional Planning). She is the former economic advisor to the Presidency and former deputy chair of the Construction Industry Development Board. Nonhlanhla serves on the boards of several listed companies and has held executive positions. She is also a recipient of the SABC Businesswoman of the Year Award and currently manages her own construction company.

The reason for ordinary resolution numbers 1 and 2 is that the memorandum of incorporation of the company and the Listings Requirements of the JSE Ltd ("JSE") require that any non-executive director appointed by the board of the company be confirmed by the shareholders at the annual general meeting of the company.

## 2. Retirement and re-election of directors

### 2.1 Ordinary resolution number 3

"Resolved that Mr GD Eksteen, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

#### Summary curriculum vitae of Mr GD (George) Eksteen

George has extensive farming interests in the Swartland area. He is Zeder's lead independent director and currently serves on the boards of various companies as a non-executive director.

### 2.2 Ordinary resolution number 4

"Resolved that Mr JF Mouton, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

#### Summary curriculum vitae of Mr JF (Jannie) Mouton

Jannie is a Chartered Accountant (SA) and the founder and chairman of PSG Group. He is also chairman of Zeder. Prior to the establishment of PSG Group, he co-founded and served as managing director of the stockbroking firm SMK.

### 2.3 Ordinary resolution number 5

"Resolved that Mr PJ Mouton, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

#### Summary curriculum vitae of Mr PJ (Piet) Mouton

Piet graduated with a BCom (Mathematics) degree and is the chief executive officer of PSG Group. He currently serves as a director on the boards of various PSG Group companies, including Curro Holdings, PSG Konsult and Capitec Bank.

The reason for ordinary resolutions numbers 3 to 5 (inclusive) is that the memorandum of incorporation of the company, the Listings Requirements of the JSE ("Listings Requirements") and, to the extent applicable, the South African Companies Act, 71 of 2008, as amended ("the Companies Act") require that a component of the non-executive directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors.

## 3. Re-appointment of the members of the audit and risk committee of the company

*Note:*

*For avoidance of doubt, all references to the audit and risk committee of the company is a reference to the audit committee as contemplated in the Companies Act.*

### 3.1 Ordinary resolution number 6

"Resolved that Mr GD Eksteen, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

#### Summary curriculum vitae of Mr GD (George) Eksteen

A summary of George's curriculum vitae has been included in paragraph 2.1 above.

### 3.2 Ordinary resolution number 7

"Resolved that Mrs NS Mjoli-Mncube, being eligible, be and is hereby appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

A summary of Nonhlanhla's curriculum vitae has been included in paragraph 1.2 above.

### 3.3 Ordinary resolution number 8

"Resolved that Mr CA Otto, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

#### Summary curriculum vitae of Mr CA (Chris) Otto

Chris graduated BComLLB from Stellenbosch University and is a founding director of PSG Group. He currently serves on the boards of various companies as a non-executive director, including PSG Group, Capitec and Kaap Agri.

The reason for ordinary resolutions numbers 6 to 8 (inclusive) is that the company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each annual general meeting of a company.

## 4. Re-appointment of auditor

### Ordinary resolution number 9

"Resolved that PricewaterhouseCoopers Inc. be and is hereby re-appointed as auditor of the company for the ensuing year on the recommendation of the audit and risk committee of the company."

The reason for ordinary resolution number 9 is that the company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the annual general meeting of the company as required by the Companies Act.

## 5. Non-binding endorsement of Zeder's remuneration policy

### Ordinary resolution number 10

"Resolved that the shareholders endorse, by way of a non-binding advisory vote, the company's remuneration policy as set out in Annexure A to this notice of AGM."

The reason for ordinary resolution number 10 is that *King III* recommends that the remuneration policy of the company be endorsed through a non-binding advisory vote by shareholders.

## 6. General authority to issue ordinary shares for cash

### Ordinary resolution number 11

"Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue any of the company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the company's memorandum of incorporation, the Companies Act and the Listings Requirements, provided that:

- the approval shall be valid until the date of the next annual general meeting of the company, provided it shall not extend beyond fifteen months from the date of this resolution;
- the general issues of shares for cash under this authority may not exceed, in the aggregate, 5% of the company's issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders, shares issued to the Zeder Group Share Incentive Trust ("the Trust") or options granted by the Trust in accordance with the Listings Requirements shall not diminish the number of ordinary shares that comprise the 5% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 5% of the issued ordinary shares (net of treasury shares) of the company amounts to 86 255 751 ordinary shares;
- in determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30 business day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements and not to related parties;
- any such issue will only be comprised of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- in the event that the securities issued represent, on a cumulative basis, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on SENS."

For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions and/or to duly approved share incentive schemes, it is necessary for the board of the company to obtain the prior authority of the shareholders in accordance with the Listings Requirements and the memorandum of incorporation of the company. Accordingly, the reason for ordinary resolution number 11 is to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements and the memorandum of incorporation of the company.

For this resolution to be adopted, at least 75% of the shareholders present in person or by proxy and entitled to vote on this resolution at the AGM must cast their vote in favour of this resolution.

- To consider and, if deemed fit, pass, with or without modification, the following special resolutions:

*Note:*

*For any of the special resolutions numbers 1 to 4 (inclusive) to be adopted, at least 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.*

## 7. Remuneration of non-executive directors

### Special resolution number 1:

"Resolved, in terms of section 66(9) of the Companies Act, that the company be and is hereby authorised to remunerate its directors for their services as directors on the basis set out below, provided that this authority will be valid until the next annual general meeting of the company:

	Proposed annual remuneration <sup>1</sup>			Total R
	Board member R	Audit and Risk R	Remune- ration R	
GD Eksteen	140 000	50 000	10 000	200 000
ASM Karaan	140 000		10 000	150 000
NS Mjoli-Mncube	140 000	50 000		190 000
CA Otto <sup>2,3</sup>	140 000	100 000	20 000	260 000
<b>Total</b>	<b>560 000</b>	<b>200 000</b>	<b>40 000</b>	<b>800 000</b>

<sup>1</sup> With effect from 1 March 2017.

<sup>2</sup> Chairman of Zeder Audit and Risk committee.

<sup>3</sup> Chairman of Zeder Remuneration committee."

The reason for special resolution number 1 is for the company to obtain the approval of shareholders by way of a special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

The effect of special resolution number 1 is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval until the next annual general meeting of the company.

## 8. Inter-company financial assistance

### 8.1 Special resolution number 2: Inter-company financial assistance

"Resolved, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the board of the company may deem fit to any company or corporation that is related or inter-related ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) to the company, on the terms and conditions and for amounts that the board of the company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

The reason for and effect of special resolution number 2 is to grant the directors of the company the authority, until the next annual general meeting of the company, to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the company. This means that the company is, inter alia, authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

## 8.2 Special resolution number 3: Financial assistance for the subscription and/or purchase of shares in the company or a related or inter-related company

"Resolved, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act), that the board of the company may deem fit to any company or corporation that is related or inter-related to the company ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the company or any company or corporation that is related or inter-related to the company, on the terms and conditions and for amounts that the board of the company may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

The reason for and effect of special resolution number 3 is to grant the directors the authority, until the next annual general meeting of the company, to provide financial assistance to any company or corporation which is related or inter-related to the company and/or any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the company or any related or inter-related company or corporation. This means that the company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the company or its subsidiaries. A typical example of where the company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the company confirm that the board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the company, that immediately after providing any financial assistance as contemplated in special resolution numbers 2 and 3 above:

- the assets of the company (fairly valued) will equal or exceed the liabilities of the company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the company);
- the company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months;
- the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the company as contained in the company's memorandum of incorporation have been met.



## 9. Special resolution number 4: Share repurchases by the company and its subsidiaries

“Resolved, as a special resolution, that the company and the subsidiaries of the company be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the memorandum of incorporation of the company and the Listings Requirements, including, inter alia, that:

- the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall only be valid until the next annual general meeting of the company, provided that it shall not extend beyond fifteen months from the date of this resolution;
- an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20%, in the aggregate, in any one financial year of the company’s issued share capital at the time the authority is granted;
- a resolution has been passed by the board of directors approving the repurchase, that the company has satisfied the solvency and liquidity test as defined in the Companies Act, and that since the solvency and liquidity test was applied, there have been no material changes to the financial position of the company and its subsidiaries (“the group”);
- the general repurchase is authorised by the company’s memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the company’s securities have not traded in such five business day period;
- the company may at any point in time only appoint one agent to effect any repurchase(s) on the company’s behalf; and
- the company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party, as contemplated in terms of paragraph 5.72(g) of the Listings Requirements.”

The reason for and effect of special resolution number 4 is to grant the directors a general authority in terms of its memorandum of incorporation and the Listings Requirements for the acquisition by the company or by a subsidiary of the company of shares issued by the company on the basis reflected in special resolution number 4. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, a pro rata repurchase by the company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

## 10. Other business

To transact such other business as may be transacted at an annual general meeting or raised by shareholders with or without advance notice to the company.

### Information relating to the special resolutions

1. The directors of the company or its subsidiaries will only utilise the general authority to repurchase shares of the company as set out in special resolution number 4 to the extent that the directors, after considering the maximum number of shares to be repurchased, are of the opinion that the position of the group would not be compromised as to the following:
  - the group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this AGM and for a period of 12 months after the repurchase;
  - the consolidated assets of the group will, at the time of the AGM and at the time of making such determination, be in excess of the consolidated liabilities of the group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the group;
  - the ordinary capital and reserves of the group after the repurchase will remain adequate for the purpose of the business of the group for a period of 12 months after the AGM and after the date of the share repurchase; and
  - the working capital available to the group after the repurchase will be sufficient for the group's requirements for a period of 12 months after the date of the notice of the AGM.

General information in respect of major shareholders, material changes and the share capital of the company is contained in the annual report of which this notice forms part, as well as the full set of annual financial statements, being available on Zeder's website at [www.zeder.co.za](http://www.zeder.co.za) or which may be requested and obtained in person, at no charge, at the registered office of Zeder during office hours.

2. The directors, whose names appear on page 5 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice of AGM contains all information required by the Listings Requirements.
3. Special resolutions numbers 2, 3 and 4 are renewals of resolutions taken at the previous AGM held on 24 June 2016.

## VOTING

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the company ("the share register") for purposes of being entitled to receive this notice is Friday, 12 May 2017.
2. The date on which shareholders must be recorded in the share register for purposes of being entitled to attend and vote at the AGM is Thursday, 15 June 2017, with the last day to trade being Monday, 12 June 2017.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly bring a copy of their identity document, passport or driver's licence to the AGM. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.
4. Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.
5. The instrument appointing a proxy and the authority (if any) under which it is signed should reach the transfer secretaries of the company at the address given below by no later than 08:30 on Wednesday, 21 June 2017, provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the chairman of the AGM prior to the commencement of the AGM, at any time before the appointed proxy exercises any shareholder rights at the AGM.
6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person, will need to request their Central Securities Depository Participant ("CSDP") or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
7. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.
8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

By order of the board



**Zeder Corporate Services (Pty) Ltd**

Per L van der Merwe

Company secretary

12 May 2017

Stellenbosch



(Incorporated in the Republic of South Africa)  
 Registration number: 2006/019240/06  
 ("Zeder")

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## ZEDER'S REMUNERATION POLICY

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The Zeder Remuneration Committee is primarily responsible for overseeing the remuneration and incentives of Zeder's executive directors and key management (collectively "executives"), as well as providing strategic guidance to the other remuneration committees in the wider group.

To assist the achievement of Zeder's business goals, the Zeder Remuneration Committee has put a remuneration policy in place. Each major underlying investee company has its own remuneration committee and policy specific to its business and the industry in which it operates.

The remuneration policy aims to align remuneration practices with Zeder's business strategies and objectives. The Zeder Remuneration Committee takes cognisance of both local and international best remuneration practices in order to ensure that remuneration is responsible, fair and reasonable to both the company (i.e. shareholders and other stakeholders) and the executive/employee.

### EXECUTIVES AND EMPLOYEES

The remuneration of executives is reviewed annually by the Zeder Remuneration Committee, which seeks to ensure that balance is maintained between the fixed (base salary) and variable (discretionary bonus and share options) elements of remuneration, as well as between short-term (base salary and discretionary bonus) and longer-term (share options) financial performance objectives.

Total remuneration incorporates the following elements:

#### Base salary

Base salary is guaranteed annual pay on a cost-to-company basis. It is subject to annual review and adjustments are effective 1 March of each year, coinciding with the commencement of Zeder's financial year. Benchmarking is performed with reference to companies comparable in size, industry, business complexity and the level of responsibility that the individual assumes.

Benefits, forming part of total cost-to-company, are limited to group life cover (providing death, disability and dread disease benefits) and memberships to a retirement fund and medical aid scheme.

#### Discretionary bonus

For the year ended 28 February 2017, qualifying executives and employees received a discretionary cash bonus dependent on meeting both personal and company performance objectives. Personal and company performance objectives are aimed at ensuring sustainable long-term value creation to the benefit of all stakeholders.

With Zeder being an investment holding company, the executives' key performance objectives include, inter alia:

- Providing strategic guidance and direction throughout the group, including problem solving if needed;
- Providing strategic inputs and leadership to investee companies where required;
- Identifying suitable investment opportunities with high growth prospects;
- Implementation of investment/disinvestment decisions taken by the Zeder Executive Committee/Board;
- Ensuring good corporate governance are entrenched throughout the group;
- Financial reporting and shareholder communication in an accurate, concise and timely manner; and
- Managing Zeder's capital structure and treasury function in a responsible manner, whilst enhancing returns to shareholders.

Company performance objectives are determined with reference to the two key benchmarks in terms of which Zeder as investment holding company measures performance, being its growth in the sum-of-the-parts ("SOTP") value and recurring headline earnings per share, as long-term growth in Zeder's SOTP value and accordingly its share price will depend on, inter alia, sustained growth in the recurring headline earnings per share of the underlying investments.

For the year ended 28 February 2017, the discretionary bonus was calculated as a percentage of the executive/employee's base salary according to seniority and the level of responsibility assumed, and considering the level of his/her performance measured against the key performance objectives outlined, with the total base salary and bonus paid considered fair to both the company and the executive/employee.

However, having reviewed the existing remuneration policy and given the nature of Zeder's operations as an investment holding company, the Zeder Remuneration Committee has concluded that no discretionary bonuses be paid in future in order to better align the interests of management with those of shareholders and other stakeholders (also refer to the discussion under Share options below). This should help drive long-term decision making with the ultimate objective of shareholder wealth creation. The change in remuneration policy has necessitated a thorough review and benchmarking of these individuals' base salaries to ensure competitive remuneration packages so to attract and retain the best talent. To introduce an additional retention mechanism, the payment of 30% of the executive's base salary will be deferred for twelve months, with payment of same to the executive being in Zeder's services twelve months later.

All other Zeder head office staff will continue to be considered for a discretionary cash bonus payment dependent on meeting both personal and company performance objectives. Such personal objectives are aligned with the respective employee's job function, be it investment management, finance, legal and compliance, information technology, or the like.

### Share options

Zeder shareholders adopted a share incentive scheme at a general meeting held on 29 August 2016. In terms of the scheme, Zeder share options are awarded to qualifying executives/employees with the primary objectives of retaining their services and aligning their interests with those of shareholders, being sustainable value creation through a combination of share price appreciation and the payment of dividends.

A key feature of Zeder's share incentive scheme is that participating executives/employees will only realise value if there is long-term share price appreciation, which will ultimately depend on, inter alia, sustained recurring headline earnings per share growth by the group and management's ability to continuously invest in and build new businesses with attractive long-term growth prospects. The share incentive scheme also ensures a rolling long-term focus for executives/employees, given the annual vesting and top-up of share options awarded. Such executives/employees will consequently share in the results of any good or bad decisions.

Below table summarises the number of Zeder shares that may be utilised for the share incentive scheme as approved by Zeder shareholders at a general meeting held on 29 August 2016, as well as the number of shares already utilised as at 28 February 2017:

Maximum number of shares that may be utilised	173 051 465
Number of shares utilised (i.e. already vested)	2 054 941

As at 28 February 2017, the number of shares utilised for purposes of the share incentive scheme amounted to 1,2% of the maximum number of shares that may be utilised.

Below table summarises the number of Zeder shares that may be utilised for any one participant as approved by Zeder shareholders at a general meeting held on 29 August 2016, as well as the number of shares already utilised for any one participant as at 28 February 2017:

Maximum number of shares that may be utilised for any one participant during his/her participation to the share incentive scheme	34 610 293
Highest number of shares utilised (i.e. already vested) to date for any one participant during his/her participation to the share incentive scheme	1 717 637

As at 28 February 2017, the number of shares utilised for any one participant during his/her participation to the share incentive scheme amounted to 5% of the maximum number of shares that may be utilised.

As at 28 February 2017, the number of share options that had already been awarded but remain unvested amounted to 9 449 649, being 0,5% of Zeder's number of shares in issue (net of treasury shares). As at 28 February 2017, the share incentive scheme had 4 participants, being qualifying employees at a Zeder head office level.

### **Mechanics of the share incentive scheme**

#### *Award*

Share options are awarded annually at the discretion of the Zeder Remuneration Committee. The number of share options to be awarded is calculated based on the respective executive/employee's base salary and a multiple of between 1x and 10x applied thereto, depending on the executive/employee's seniority and accordingly the level of responsibility assumed within the organisation, as well as the level of his/her performance measured against the key performance objectives outlined above. In determining the annual share option award top-up calculations, the value of unvested past share option awards and where applicable funded investments is taken into account. All share options are awarded at a strike price equal to Zeder's 30-day volume weighted average price immediately preceding such award date.

#### *Vesting*

The vesting of share options is solely dependent on the executive/employee remaining in service, with 25% vesting on the 2nd, 3rd, 4th and 5th anniversary of the award date. In the case of resignation or dismissal of an executive/employee (i.e. bad leaver), unvested share options are generally forfeited. In the case of the death, retirement or retrenchment of an executive/employee (i.e. good leaver), any share options capable of being exercised within a period of twelve months thereafter, will generally continue to be exercisable provided it is exercised during such twelve months. However, in the case of the termination of employment for any reason other than dismissal, the Zeder Remuneration Committee may in its discretion permit the exercise of any unexercised share options upon such additional terms and conditions as it may determine.

*Loan funding*

Loan funding is available to executives/employees to assist them in exercising their share options and to remain invested in Zeder, on the following terms:

- Maximum loan funding of 90% of the strike price and Section 8C income tax payable in respect of the vesting of share options (i.e. a cash deposit of 10% is required from the executive/employee);
- The Zeder shares acquired through the exercise of share options are pledged and ceded as security and need to cover the outstanding loan by at least 1,3x at all times;
- Interest accrues on the outstanding loan at the South African Revenue Service fringe benefit rate; and
- Loans are repayable in full after seven years (executives) and three years (other participants), respectively.

**NON-EXECUTIVE DIRECTORS**

The remuneration of non-executive directors is reviewed annually by the Zeder Executive Committee and thereafter referred to the Zeder Remuneration Committee, which seeks to ensure that fees are market related, considering the nature of Zeder's operations, for approval by shareholders. Changes to the fee structure are generally effective 1 March, subject to approval by shareholders at Zeder's annual general meeting held in June of each year. The annual fees payable to non-executive directors are, as in the past, fixed and not subject to the attendance of meetings. In the event of non-attendance on a regular basis, same may be reviewed. The proposed fee structure for Zeder's financial year ending 28 February 2018 is set out in the table below:

	Annual fee Feb 2017 R	Annual fee Feb 2018 R
Zeder Board		
Chairman	99 938	140 000
Member	99 938	140 000
Zeder Audit and Risk Committee		
Chairman	35 738	100 000
Member	35 738	50 000
Zeder Remuneration Committee		
Chairman	n/a	20 000
Member	n/a	10 000

*n/a – Not applicable*

Zeder also pays all reasonable travelling and accommodation expenses incurred to attend board and committee meetings.

Non-executive directors do not have any employment contracts, nor receive any benefits associated with permanent employment and do not participate in Zeder's share incentive scheme.







(Incorporated in the Republic of South Africa)  
 (Registration number 2006/019240/06)  
 JSE share code: ZED  
 ISIN code: ZAE000088431  
 ("Zeder" or "the company")

**FORM OF PROXY – FOR USE BY CERTIFICATED AND OWN-NAME DEMATERIALIZED SHAREHOLDERS ONLY**

For use at the annual general meeting of ordinary shareholders of the company to be held at 08:30 at Spier Wine Estate, on Friday, 23 June 2017 ("the AGM").

I/We (full name in print) \_\_\_\_\_

of (address) \_\_\_\_\_

being the registered holder of \_\_\_\_\_ ordinary shares hereby appoint:

1. \_\_\_\_\_ or failing him/her,
2. \_\_\_\_\_ or failing him/her,
3. the chairman of the AGM,

as my proxy to vote for me/us at the AGM for purposes of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions and special resolutions to be proposed thereat and at each adjournment thereof and to vote for and/ or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name(s) in accordance with the following instructions (see Notes):

	Number of shares		
	In favour of	Against	Abstain
1.1 Ordinary resolution number 1: To confirm Mr WL Greeff's appointment as director			
1.2 Ordinary resolution number 2: To confirm Mrs NS Mjoli-Mncube's appointment as director			
2.1 Ordinary resolution number 3: To re-elect Mr GD Eksteen as director			
2.2 Ordinary resolution number 4: To re-elect Mr JF Mouton as director			
2.3 Ordinary resolution number 5: To re-elect Mr PJ Mouton as director			
3.1 Ordinary resolution number 6: To re-appoint Mr GD Eksteen as a member of the audit and risk committee			
3.2 Ordinary resolution number 7: To appoint Mrs NS Mjoli-Mncube as a member of the audit and risk committee			
3.3 Ordinary resolution number 8: To re-appoint Mr CA Otto as a member of the audit and risk committee			
4. Ordinary resolution number 9: To re-appoint PricewaterhouseCoopers Inc. as the auditor			
5. Ordinary resolution number 10: Non-binding endorsement of Zeder's remuneration policy			
6. Ordinary resolution number 11: General authority to issue ordinary shares for cash			
7 Special resolution number 1: Remuneration of non-executive directors			
8.1. Special resolution number 2: Inter-company financial assistance			
8.2 Special resolution number 3: Financial assistance for acquisition of shares in a related or inter-related company			
9. Special resolution number 4: Share buy-back by Zeder and its subsidiaries			

Please indicate your voting instruction by way of inserting the number of shares or by a cross in the space provided should you wish to vote all of your shares.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

Signature(s) \_\_\_\_\_

Assisted by (where applicable) (state capacity and full name) \_\_\_\_\_

Each Zeder shareholder is entitled to appoint one or more proxy(ies) (who need not be a shareholder(s) of the company) to attend, speak and vote in his/her stead at the AGM.

## NOTES

1. A Zeder shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the AGM". The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Zeder shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided or by insertion of a cross if all shares should be voted on behalf of that shareholder. Failure to comply with the above will be deemed to authorise the chairman of the AGM, if he/she is the authorised proxy, to vote in favour of the resolutions at the AGM, or any other proxy to vote or to abstain from voting at the AGM as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the AGM in respect of such shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at any AGM, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder, in whose name any shares stand, shall be deemed joint holders thereof.
4. Proxy forms should be lodged with the Transfer Secretaries of the company, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, South Africa, or posted to the Transfer Secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by them not later than Wednesday, 21 June 2017 at 08:30 (South African time), provided that any form of proxy not delivered to the Transfer Secretary by this time may be handed to the chairman of the AGM prior to the commencement of the AGM, at any time before the appointed proxy exercises any shareholder rights at the AGM.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the AGM.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

**ADMINISTRATION****DETAILS OF ZEDER INVESTMENTS LTD**

Registration number: 2006/019240/06

Share code: ZED

ISIN code: ZAE000088431

**SECRETARY AND REGISTERED OFFICE**

Zeder Corporate Services (Pty) Ltd

Registration number: 2015/376259/07

Second floor

Ou Kollege

35 Kerk Street

Stellenbosch, 7600

PO Box 7403

Stellenbosch, 7599

Telephone +27 21 887 9602

Telefax +27 21 887 9619

**TRANSFER SECRETARY**

Computershare Investor Services (Pty) Ltd

Rosebank Towers

15 Biermann Avenue

Rosebank, 2196

PO Box 61051

Marshalltown, 2107

**CORPORATE ADVISOR AND SPONSOR**

PSG Capital (Pty) Ltd

**AUDITOR**

PricewaterhouseCoopers Inc.

**PRINCIPAL BANKER**

FirstRand Bank Ltd

**WEBSITE ADDRESS**

[www.zeder.co.za](http://www.zeder.co.za)

**SHAREHOLDERS' DIARY**

Financial year-end

Profit announcement

Annual general meeting

Interim profit announcement

**2017**

28 February

10 April

23 June

4 October

[www.zeder.co.za](http://www.zeder.co.za)