ZEDER
INVESTMENTS LIMITED

REVIEWED PRELIMINARY FINANCIAL RESULTS FEBRUARY 2021

OVERVIEW

Zeder is an investor in the broad agribusiness and related industries, with a historical focus on the food and beverage sectors. Its underlying investment portfolio was valued at R5.72bn on 28 February 2021.

CORPORATE POSITIONING

Zeder assists with portfolio and investee strategies, while monitoring and overseeing optimal capital allocations to ensure sustainable investment returns, including capital appreciation. Its portfolio consists of strategic interests in leading companies that provide it with a diversified exposure across the agribusiness spectrum, ranging from strategic agri-inputs to agri-retail while incorporating related logistical and enabling services.

STRATEGIC FOCUS

Despite an improvement in the climatic cycle during the year under review, the macro environment in which Zeder and its portfolio companies operate remained constrained. Our strategic focus during the coronavirus pandemic was deliberately cautious and conservative. Accordingly, we dedicated most of our efforts to existing investments, strengthening their operating models and balance sheets where possible, while driving additional and diversified growth from within existing investment platforms. Our investment portfolio as a whole has proven more resilient than expected during this period, with the majority having reported acceptable earnings growth.

The disposal of our investments in Pioneer Foods and Quantum Foods and the declaration of the substantial special dividend during the year, resulted in a material change to the size and composition of the Zeder group.

This has necessitated the Zeder board to reconsider Zeder's future strategy. During this evaluation process, Zeder also recently received third party approaches on various portfolio investments. The Zeder board is currently evaluating these approaches. Zeder will communicate in more detail to the market on the value enhancing progress, as may be required from time to time. The strategy does not have a specific timeline and will be executed in an appropriate and responsible manner in an attempt to maximise shareholder value. Notwithstanding the above, Zeder remains focused on growing its investee companies and will evaluate opportunities as and when deemed appropriate.

Zeder shareholders are further advised to take note of the cautionary announcement released on SENS on Wednesday, 14 April 2021.

NOTEWORTHY TRANSACTIONS

Category 1 disposal of investment in Pioneer Foods and application of proceeds

Zeder disposed of its entire shareholding in Pioneer Foods on 23 March 2020 for a total consideration of R6.41bn. As a result, Zeder has settled all its debt and related obligations and declared a special gross dividend of 230 cents per share (R3.9bn) to shareholders, which was paid on 28 April 2020.

Category 2 disposal of investment in Quantum Foods

Zeder disposed of its entire shareholding in Quantum Foods on 12 June 2020 for a total consideration of R308m.

Zeder share repurchases

Zeder invested R426m in the repurchase of shares during the year at an average price of R2.48 per share. The share repurchases were in terms of the general authority granted by shareholders at the relevant AGMs and were funded out of available cash resources. The 172m ordinary shares repurchased have been delisted and cancelled.

COVID-19

The financial results reported and business environment reviewed, reflect the year ended 28 February 2021, as well as subsequent events that transpired prior to the publication of these results. It is, however, important to note that, at the time of producing this report, some uncertainty around the global coronavirus pandemic remains. Many of Zeder's portfolio companies fell within the "essential services" classification under the Covid-19 regulations and were accordingly permitted to continue certain operations during the government-imposed lock-downs. Zeder is well positioned, with a stable balance sheet and cash resources.

The main effects of Covid-19 are currently being experienced on the supply chain side of operations, with disruptions and delays in international trade.

CHANGE IN INVESTMENT ENTITY STATUS

International Financial Reporting Standards ("IFRS") require that an entity reassess whether it is an Investment Entity if facts and circumstances indicate changes to one or more of the elements making up the definition of an Investment Entity or the typical characteristics of an Investment Entity.

Zeder has reassessed whether, as a result of the Pioneer Foods disposal, it meets the definition of an Investment Entity and the typical characteristics of an Investment Entity and has concluded that it, in fact, did so with effect from 1 March 2020. This date takes into consideration that the terms and conditions attached to the Pioneer Foods disposal were met during March 2020.

Where an entity's status change to that of an Investment Entity, it does not consolidate its subsidiaries ("investments"), but rather measures its investments at fair value through profit or loss in terms of IFRS 9. Such change in accounting is applied prospectively, with no adjustment to prior year comparatives. However, an Investment Entity continues to consolidate subsidiaries that provide services related to the Investment Entity's investment activities (i.e. those wholly-owned subsidiaries comprising Zeder's head office operations).

Pursuant to the aforementioned change in Investment Entity status, Zeder's reported results for the year ended 28 February 2021 will not be comparable to the results for the year ended 29 February 2020. The performance of its remaining investments is accordingly measured with reference to the fair value of each investment (i.e. *SOTP value*) rather than the consolidated profitability of Zeder (i.e. *recurring* headline earnings) in Zeder's strive to meet its objective of value creation through capital appreciation, investment income or both. The change in Investment Entity status is expected to provide users of Zeder's financial statements with more relevant financial information to analyse the financial performance of Zeder.

BUSINESS ENVIRONMENT

The aforementioned Pioneer Foods and Quantum Foods transactions had a positive impact on Zeder's *Sum-of-the-Parts* ("*SOTP*") value per share. The improved agricultural conditions have resulted in enhanced valuations across a large part of the remaining portfolio and, as a result, Zeder's own share price.

FINANCIAL RESULTS

The benchmark which Zeder believes its performance should be measured by is its *SOTP value* per share.

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

Zeder's *SOTP value* per share, calculated using the quoted market prices for all JSE-listed investments and valuations performed for unlisted investments, decreased during the year to R4.33 as at 28 February 2021. The decrease is mainly due to the payment of the R2.30 per share special dividend on 28 April 2020 out of cash reserves. At the close of business on Tuesday, 6 April 2021, Zeder's *SOTP value* per share was R4.38.

	29 Feb 2020		28 Feb 2021		6 Apr 2021	
Company	**Interest (%)**	**Rm**	**Interest (%)**	**Rm**	**Interest (%)**	**Rm**
Pioneer Foods	28.6	6 348				
Zaad	95.7	2 034	**97.0**	**2 010**	**97.0**	**2 010**
The Logistics Group	98.6	1 028	**98.5**	**1 325**	**98.5**	**1 325**
Capespan	96.7	999	**96.0**	**1 117**	**96.0**	**1 117**
Kaap Agri	41.0	723	**42.3**	**1 102**	**42.3**	**1 174**
Agrivision Africa	56.0	242	**56.0**	**146**	**56.0**	**146**
Quantum Foods	32.1	188				
Other		19		**24**		**24**
Total investments		11 581		**5 724**		**5 796**
Cash and cash equivalents		83		**876**		**871**
Other net assets		40		**62**		**64**
Debt funding		(1 500)				
SOTP value		10 204		**6 662**		**6 731**
Number of shares in issue *(net of treasury shares)* (million)		1 710		**1 538**		**1 538**
***SOTP value* per share (rand)**		5.97		**4.33**		**4.38**

Note: Zeder's live SOTP is available at www.zeder.co.za.

The SOTP valuations of Zeder's unlisted investments have been based on the respective investee companies' latest financial results. The wide-spread impact of COVID-19 on the global economy and financial markets remains evident. The medium-term severity thereof and consequent impact on the profitability and valuation of our investments, however, remain uncertain, although they have been considered.

While the SOTP calculation is indicative of the value of Zeder's underlying portfolio of net assets, it does not take into account factors such as tax on potential disposal of underlying assets, head office operating costs and other factors. It should be noted that these valuations are not necessarily an indication of the values at which Zeder would consider selling any of its investments.

PERFORMANCE OF PORTFOLIO COMPANIES

Zaad (97.0%)

Zaad is a strategic holding company that invests and operates in the specialised agri-inputs industry with a focus on emerging markets, especially Africa. Through acquisitions and organic growth, it has aggregated and developed attractive businesses and currently owns, develops, imports and distributes a broad range of agricultural seeds in Africa, Europe and other international emerging markets.

For its financial year ended 31 January 2021, Zaad reported *recurring* headline earnings of R181m, an increase of 2% per share from the prior year. During the year under review, Zeder accounted for a fair value loss of R24m in respect of its investment in Zaad.

The Covid-19 environment negatively affected the Netherlands-based business, Bakker Brothers, with cross border trade into North Africa and the Middle East found to be challenging. The specialised agri-inputs market, and particularly the proprietary hybrid seed segment, remains attractive and Zaad is well positioned to benefit from it.

Zaad concluded transaction agreements whereby it will acquire a 40% stake in the EAS group of companies ("EAS") in Kenya, with an option to acquire an additional stake in the future. EAS was established in 1972 and has steadily grown to become the leading independent seed company within the Eastern and Central African regions. It has business operations in Kenya, Uganda, Rwanda, Tanzania and Zambia and its products are distributed through a wide distribution network of appointed dealers and stockists in major cities and towns throughout Eastern and Central Africa.

Zaad has identified East and Central Africa as important growth areas for seed and agrochemicals, and upon completion, this investment will provide Zaad with access to these markets. Furthermore, Zaad's seed products and genetics will enhance the profile of EAS. Shareholders should note that the agreement is still subject to conditions precedent, anticipated to be concluded shortly.

Zeder has committed an additional investment into Zaad, to enable the aforementioned transaction.

Further information can be viewed at *www.zaad.co.za*

The Logistics Group (98.5%)

The Logistics Group ("TLG") has been successfully positioned to continue operating its existing strategic logistical and terminal assets in South Africa and expand its service offering and capabilities to a broader customer and market base in Southern Africa.

For its financial year ended 31 December 2020, TLG reported *recurring* headline earnings of R142m, an increase of 12% per share from the prior year and declared a R36m dividend to shareholders. During the year under review, Zeder accounted for a fair value gain of R297m.

The lower trade volumes and resultant negative effects of Covid-19 on TLG were of a short-term nature and a good recovery, with additional growth prospects on key African trade corridors, is underway.

Further information can be viewed at *www.tlg.co.za*

Capespan (96.0%)

Capespan is a vertically integrated fruit producer with global marketing, sales and distribution capabilities that can service and supply growers and customers in key international markets.

For its financial year ended 31 December 2020, Capespan reported *recurring* headline earnings of R75m, from a prior year loss of R35m and declared a R50m dividend to shareholders. During the year under review, Zeder accounted for a fair value gain of R118m in respect of its investment in Capespan.

The improved results were largely due to better performance within the South African and Namibian farming divisions. The better production volumes and improved market pricing impacted positively on the group results, as did the more stream-lined global marketing business, with resultant lower costs.

Further information can be viewed at *www.capespan.com*

Kaap Agri (42.3%)

With an agricultural foundation, Kaap Agri has mainly retail characteristics, augmented by a dedicated retail fuel strategy. It supplies a variety of products and services to the agri sector and the general public. With its strategic footprint, infrastructure, facilities and client network, the group follows a differentiated market approach, bolstering the core retail business with financial, grain handling and agency services.

Kaap Agri delivered satisfactory results with *recurring* headline earnings per share increasing by 4.6% for its financial year ended 30 September 2020. Its voluntary trading update released on 11 February 2021, indicates a solid trading performance during Q1 and resultant *recurring* headline earnings growth of 35.4% with strong operational performance across all divisions.

During the year under review, Zeder accounted for a fair value gain of R355m following the increase in Kaap Agri's listed share price and earned dividend income of R16m in respect of its investment in Kaap Agri. As a result of Covid-19 and a cautious approach followed, Kaap Agri did not declare an interim dividend for the financial year ended 30 September 2020.

Kaap Agri is listed on the JSE and its results can be viewed at *www.kaapagri.co.za*

Agrivision Africa (56.0%)

Agrivision Africa 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. After rapid expansion, the focus during the past years has been on achieving acceptable operational efficiencies, while navigating an extremely volatile and challenging phase in the macro and business cycle of Zambia. Initiatives are underway to address underperforming assets and divisions, however Agrivision Africa has a small bearing on Zeder's business, contributing less than 2.5% of Zeder's *SOTP value*. A discount was applied to the valuation to take into account the distressed asset nature, rather than going concern.

During the year under review, Zeder accounted for a fair value loss of R96m in respect of its investment in Agrivision Africa.

PROSPECTS AND OUTLOOK

The climatic cycle within which our companies operate has improved, with good rainfall in the Western Cape and decent summer rains experienced. These positive changes should contribute to improved conditions in the short- to medium term and Zeder's portfolio companies are well positioned to benefit from same.

SPECIAL DIVIDEND

Zeder's dividend policy remains to pay dividends conditional on the group having sufficient reserves to fund its operations, investments, and growth plans. The board continues to maintain a conservative dividend policy during the Covid-19 recovery period, however, has taken the decision to declare a further special dividend.

Shareholders are hereby advised that the board of directors of the company has, accordingly, approved and declared a special gross dividend of 20 cents per share, from income reserves ("Special Dividend"). The Special Dividend amount, net of South African dividend tax of 20%, is 16 cents per share for those shareholders who are not exempt from dividend tax or who are not subject to a reduced rate in terms of any applicable agreement for the avoidance of double taxation between South Africa and such shareholders' country of residence.

There are 1 543 260 354 no par value Zeder ordinary shares in issue on this declaration date. The company's income tax number is 9406891151.

The required South African Reserve Bank approval has been obtained for the declaration of the Special Dividend.

The salient dates of this Special Dividend distribution are:

Last day to trade cum dividend	Tuesday, 4 May 2021
Trading ex-dividend commences	Wednesday, 5 May 2021
Record date	Friday, 7 May 2021
Date of payment	Monday, 10 May 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 5 May 2021 and Friday, 7 May 2021, both days inclusive.

Any shareholder who is in doubt as to his/her tax status or position or any other matter, including, inter alia, any applicable exchange control requirement, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

CHANGES IN BOARD AND SUB-COMMITTEES

Mr N Celliers resigned as chief executive officer ("CEO") and executive director with effect from 1 October 2020. As a consequence, Mr JH le Roux, the Financial Director ("FD") was appointed as the acting CEO for an interim period. Mr JH le Roux was appointed as permanent CEO on 13 April 2021 and also continues, for the time being, to fulfil the role of FD.

Prof. ASM Karaan, who served as an independent non-executive director and member of the company's remuneration and nomination committees, sadly passed away on 13 January 2021. As a result, Mr PJ Mouton was appointed as a member of the company's remuneration and nomination committees with effect from 2 February 2021. In addition, Mrs S Cassiem has been appointed as an independent non-executive director of the company, with effect from 12 February 2021. With effect from 8 April 2021, Mr GD Eksteen has retired as lead independent director, and as member of the company's audit and risk, remuneration and nomination committees due to ill health and Mrs NS Mjoli-Mncube has been appointed as the lead independent director of the company. Due to the aforementioned retirement, Mrs S Cassiem was appointed as a member of the company's audit and risk committee and Mr RM Jansen as a member of the company's remuneration and nomination committees with effect from 13 April 2021.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 28 February 2021

	Reviewed Feb 21 Rm	Audited Feb 20* Rm
Assets		
Investments (note 2)	**5 724**	
Property, plant and equipment		1 599
Right-of-use assets		425
Intangible assets		805
Biological assets (bearer plants)		413
Investment in ordinary shares of associates and joint ventures		1 272
Loans to associates and joint ventures		40
Equity securities		31
Employee benefits		42
Deferred income tax assets		140
Biological assets (agricultural produce)		173
Loans and advances	**129**	89
Trade and other receivables	**15**	1 814
Derivative financial assets		1
Inventories		1 413
Current income tax assets	**2**	9
Cash, money market investments and other cash equivalents	**876**	411
Non-current assets held for sale		5 470
Total assets	**6 746**	14 147
Equity		
Ordinary shareholders' equity	**6 662**	7 974
Non-controlling interests		344
Total equity	**6 662**	8 318
Liabilities		
Deferred income tax liabilities	**1**	121
Borrowings		3 516
Lease liabilities		632
Derivative financial liabilities		24
Employee benefits	**4**	168
Trade and other payables	**79**	1 309
Current income tax liabilities		43
Non-current liabilities held for sale		16
Total liabilities	**84**	5 829
Total equity and liabilities	**6 746**	14 147
Net asset value per share (cents)	**433.2**	468.5
Tangible asset value per share (cents)	**433.2**	421.2

* *Representation in order of liquidity*

CONDENSED CONSOLIDATED INCOME STATEMENT

for the year ended 28 February 2021

	Reviewed Feb 21 Rm	Audited Feb 20 Rm
Revenue from sale of goods and services		7 492
Cost of goods sold and delivery of services		(5 623)
Gross profit from sale of goods and services	**–**	1 869
Net fair value gain on investments (note 2)	**771**	
Income		
Change in fair value of biological assets		225
Investment income (note 2)	**82**	51
Gain on deemed disposal and reacquisition of investments (note 2)	**891**	
Net fair value gains		79
Other operating income	**5**	40
Total income	**978**	395
Expenses		
Marketing, administration and other expenses	**(27)**	(2 078)
Net monetary gain		118
Total expenses	**(27)**	(1 960)
Net income from associates and joint ventures		
Share of profits of associates and joint ventures		247
Impairment of associates		(298)
Net loss on dilution of interest in associates		(1)
Net loss from associates and joint ventures	**–**	(52)
Profit before finance costs and taxation	**1 722**	252
Finance costs	**(49)**	(351)
Profit/(loss) before taxation	**1 673**	(99)
Taxation	**(19)**	(97)
Profit/(loss) for the year from continued operations	**1 654**	(196)
Profit for the year from discontinued operations	**1 357**	795
Gain on deemed disposal and reacquisition of investments (note 2)	**1 297**	
Net fair value gains	**60**	
Profit for the year	**3 011**	599
Profit attributable to:		
Owners of the parent	**3 011**	561
Continued operations	**1 654**	(234)
Discontinued operations	**1 357**	795
Non-controlling interests		38
	3 011	599

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2021

	Reviewed Feb 21 Rm	Audited Feb 20 Rm
Profit for the year	**3 011**	599
Other comprehensive loss for the year, net of taxation	**–**	(389)
Items that may be reclassified to profit or loss		
Currency translation adjustments including hyperinflation effect		(201)
Share of other comprehensive loss of associates and joint ventures		(188)
Total comprehensive income for the year	**3 011**	210
Attributable to:		
Owners of the parent	**3 011**	218
Continued operations	**1 654**	457
Discontinued operations	**1 357**	(239)
Non-controlling interests		(8)
	3 011	210

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2021

	Reviewed Feb 21 Rm	Audited Feb 20 Rm
Ordinary shareholders' equity at beginning of the year	**7 974**	7 918
Previously reported	**7 974**	8 096
Adjustment due to initial application of IFRS 16		(178)
Total comprehensive income for the year	**3 011**	218
Net movement in treasury shares	**35**	1
Transactions with non-controlling interests	**(15)**	(8)
Share buy-back	**(426)**	
Other movements	**2**	33
Dividends paid	**(3 919)**	(188)
Ordinary shareholders' equity at end of the year	**6 662**	7 974
Non-controlling interests at beginning of the year	**–**	311
Previously reported	**344**	316
Adjustment due to initial application of IFRS 16		(5)
Deemed disposal and reacquisition of investments	**(344)**	
Total comprehensive loss for the year	**–**	(8)
Shares issued		3
Transactions with non-controlling interests		54
Other movements		1
Dividends paid		(17)
Non-controlling interests at end of the year	**–**	**344**
Total equity	**6 662**	**8 318**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2021

	Reviewed Feb 21 Rm	Audited Feb 20 Rm
Cash generated from operations (note 4)	**24**	337
Investment income	**75**	314
Finance cost and taxation paid	**(63)**	(393)
Cash flow from operating activities	**36**	258
Acquisition of subsidiaries		(32)
Proceeds from disposal of subsidiaries		53
Proceeds from disposal of investments (note 2)	**6 716**	
Additions to investments	**(25)**	
Cash and cash equivalents on deemed disposal on investments	**(328)**	
Net loans granted to associates and joint ventures		(9)
Additions to property, plant and equipment		(202)
Proceeds from disposal of property, plant and equipment		27
Additions to intangible assets		(112)
Proceeds from disposal of equity securities		6
Other	**(121)**	51
Cash flow from investing activities	**6 242**	(218)
Treasury shares sold	**32**	1
Dividends paid to group shareholders	**(3 919)**	(188)
Dividends paid to non-controlling interests		(17)
Borrowings repaid	**(1 500)**	(630)
Borrowings drawn		894
Lease liabilities		(73)
Share buy-back	**(426)**	
Other		(20)
Cash flow from financing activities	**(5 813)**	(33)
Net increase in cash and cash equivalents	**465**	7
Exchange differences on cash and cash equivalents including hyperinflation effect		(29)
Cash and cash equivalents at beginning of the year	**411**	433
Cash and cash equivalents at end of the year	**876**	411

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

These condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements ("JSE Listings Requirements") for preliminary reports, and the requirements of the Companies Act of South Africa, No. 71 of 2008 ("Companies Act"). The JSE Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The condensed consolidated financial statements do not include all of the information required for full consolidated annual financial statements.

The new standards, interpretations or amendments which became effective for application during the year, do not have a material impact on the measurement of amounts or disclosures in the current or prior year.

The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS, however, the accounting policies applied are materially different, as detailed in paragraph 1.1 below.

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty related mainly to those detailed in paragraph 1.1 below, and, in particular, determining the fair value of investments, as detailed in note 2.

1.1 Application of the Investment Entity exception in terms of IFRS 10 Consolidated Financial Statements

1.1.1 Change in Investment Entity status

An Investment Entity is typically an entity that i) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, ii) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and iii) measures and evaluates the performance of substantially all of its investments on a fair value basis. Zeder previously measured and evaluated investment performance with reference to investments' contribution to both Zeder's *sum-of-the-parts* ("*SOTP*") *value* (i.e. quoted market prices of JSE-listed investments and valuations performed for unlisted investments) and *recurring* headline earnings (i.e. profitability) per share.

During the period under review, the group undertook the following major corporate actions, which significantly impacted the group's composition and focus areas going forward:

- Zeder disposed of its entire shareholding in Pioneer Foods, its largest investment, for R6.41bn cash; and
- Zeder disposed of its entire shareholding in Quantum Foods for R308m cash.

The investments in Pioneer Foods and Quantum Foods contributed approximately 64% to Zeder's consolidated *recurring* headline earnings for the year ended 29 February 2020 and, as a result of such investments' disposals, the group became more focussed on measuring and evaluating the performance of its investments on a fair value basis, rather than from both a fair value and profitability perspective. Fair value is ultimately representative of a range of factors, including the investee's growth prospects, market rating, marketability, operational performance, profitability and the like.

Zeder's focus on value creation for its shareholders has not changed, and therefore the performance of its investment portfolio is accordingly measured with reference to the growth in fair value of each investment (i.e. *SOTP value*) rather than the consolidated profitability of Zeder (i.e. *recurring* headline earnings), with effect from 1 March 2020, following in particular the disposal of the Pioneer Foods, and in accordance with Zeder's drive to meet its objective of value creation through capital appreciation, investment income or both.

IFRS 10 lists typical characteristics of an Investment Entity as being i) it has more than one investment, ii) it has more than one investor, iii) it has investors that are not related parties of the entity; and iv) it has ownership interests in the form of equity or similar interests. Zeder strongly exhibits all of these characteristics of an Investment Entity.

1.1.2 Accounting treatment of Investment Entities

IFRS 10 contains special accounting requirements for Investment Entities. Where an entity meets the definition of an Investment Entity, it does not consolidate its subsidiaries ("investments"), but rather measures investments at fair value through profit or loss. However, an Investment Entity still continues to consolidate subsidiaries that provide services related to the Investment Entity's investment activities (i.e. those wholly-owned subsidiaries comprising Zeder's head office operations).

Accordingly, Zeder prospectively changed its accounting policy, with effect from 1 March 2020, and now measures investments at fair value through profit or loss, irrespective of whether they are subsidiaries, as permitted by IFRS 10. Zeder still consolidates wholly-owned head office subsidiaries, which are not investments, and which provide investment activities to Zeder. The resultant change in accounting policy impacts, inter alia, Zeder's attributable earnings, headline earnings, *recurring* headline earnings and net asset value. Under the new accounting policy, Zeder's attributable earnings and headline earnings will largely comprise dividend and interest income, fair value gains and losses, less operating expenses, financing costs and tax.

1.1.3 Impact of applying the Investment Entity exception

IFRS 10 requires a parent that becomes an Investment Entity to account for the change in its status prospectively from the date at which the change in status occurred, therefore prior period comparatives have not been restated. Having considered various factors and the timeline of aforementioned disposals, Zeder applied judgement and its application of the Investment Entity exception has been accounted for with effect from 1 March 2020. Accordingly, on such date, the group's existing subsidiaries (other than aforementioned wholly-owned head office subsidiaries providing investment activities to Zeder) were deemed to be disposed of and re-acquired at fair value, with the resultant gain or loss being recognised as a non-headline item in the income statement. Such investments were subsequently measured at fair value through profit or loss for the entire year under review.

1.1.4 Critical judgements applied in accounting for Investment Entities

Assessment as an Investment Entity

Zeder has, as a result of the above disposals, reassessed whether it meets the definition of an Investment Entity in terms of IFRS 10 and the typical characteristics of an Investment Entity and has concluded that it, in fact, did so with effect from 1 March 2020. Refer to note 1.1.

Zeder's focus on value creation for its shareholders has not changed, and therefore the performance of its investments is measured with reference to the fair value of each investment (i.e. *SOTP value*) rather than the consolidated profitability of Zeder (i.e. *recurring* headline earnings) with effect from 1 March 2020 in Zeder's drive to meet its objective of value creation through capital appreciation, investment income or both.

Fair valuation of investments

The investments portfolio, a material asset of the group, is held at fair value through profit or loss.

The group applies a number of methodologies to determine and assess the reasonableness of the investments' fair value, which may include the following:

- Earnings multiple, including EV/EBITDA and price/earnings multiples;
- Market-related net asset value supported by third party valuations; and
- Recent transaction prices, including closing quoted listed share prices.

The primary valuation models utilised for valuing unlisted investments are the earnings multiple model, as well as the market-related net asset value of the investments, or a combination of both.

The earnings multiple is the main assumption applied to an earnings-based valuation. The multiple is derived from comparable listed companies. Companies in the same industry and geography and, where possible, with a similar business model and profile are selected and multiples are then adjusted for factors including, inter alia, liquidity risk, marketability risk, growth potential, relative performance and a minority/controlling discount/premium is applied. This continues to be an important exercise given the market volatility we have seen as a result of the Covid-19 pandemic in the year to 28 February 2021. EV/EBITDA multiples are applied to the *recurring* earnings, before interest, tax, depreciation and amortisation ("EBITDA"), of an investment to determine the enterprise value ("EV"). Earnings are usually obtained from the management accounts of the investments and where necessary, are adjusted for *non-recurring* items such as restructuring expenses or significant corporate actions. At 28 February 2021, for most of the investments we used the latest audited financial year-end earnings. In a small number of assets we used *recurring* headline earnings. Net debt and cash are deducted from/added to the EV to determine the fair value of the equity of the investments.

Independent third party valuations were obtained to determine the market-related net asset value for certain investments, and where there are extreme volatility in earnings and resultant market multiples of the investments and comparable companies. Certain agricultural companies trade at a discount to their underlying asset values and this can be attributed to the appetite for primary farming assets and the ability of the company to realise these assets at market-related net asset values. These discounts were referenced by considering the traded discounts of comparable companies, adjusting the discount for entity specific factors, which include, but not limited to, liquidity and marketability factors.

For additional details in respect of the investments, per IFRS 13, as well as post-tax profit sensitivity analysis, refer to Annexure A.

2. INVESTMENTS

It was concluded that, with effect from 1 March 2020, Zeder had qualified as an Investment Entity per the IFRS 10 criteria. As a result, on such date, the group's existing subsidiaries (other than wholly-owned head office subsidiaries providing investment activities to Zeder) were deemed to be disposed of and re-acquired at fair value, with the resultant gain or loss being recognised as a non-headline *item* in the income statement. As required by IFRS 9, in accordance with IFRS 10, Zeder manages and accounts for the majority of its financial assets at fair value through profit or loss, with any resultant gain or loss recognised in fair value gains/losses. Fair value is determined in accordance with IFRS 13.

Statement of financial position items carried at fair value include investments in equity instruments. The group applies a number of valuation methodologies to the investments to determine and assess the reasonableness of the fair value, which may include the following: price/earnings or EV/EBITDA multiples; market related net asset values supported by third party valuations or closing quoted listed share prices.

The primary valuation models utilised for valuing unlisted portfolio investments are the EV/EBITDA multiple model and the market-related net asset value of investments. The applicable EV/EBITDA multiple used, is determined by considering the multiples of comparable companies and adjusting the multiple for company specific factors. The market-related net asset value used is dependent on independent third party valuations on farms and other infrastructure assets, using comparable sales within the area, less a cost to sell.

	Reviewed Feb 21 Rm	Unaudited Feb 20 Rm
Pioneer Foods		6 348
Zaad	**2 010**	2 034
The Logistics Group	**1 325**	1 028
Capespan	**1 117**	999
Kaap Agri	**1 102**	723
Agrivision Africa	**146**	242
Quantum Foods		188
Other	**24**	19
Total investment value	**5 724**	11 581

Refer to Annexure A for additional details on valuation inputs, per IFRS 13.

Reviewed	Carrying value 29 February 2020 Rm	Gain/(loss) upon deemed disposal and reacquisition of investments on 1 March 2020[1] Rm	Fair value 1 March 2020 Rm	Fair value gain/(loss) Rm	(Disposals)/ additions Rm	Fair value 28 February 2021 Rm	Investment (dividend) income Rm
Continued operations							
Zaad	1 557	477	2 034	**(24)**		**2 010**	
The Logistics Group	1 325	(297)	1 028	**297**		**1 325**	
Capespan	367	632	999	**118**		**1 117**	
Kaap Agri	723		723	**355**	**24**	**1 102**	**16**
Agrivision Africa	163	79	242	**(96)**		**146**	
Quantum Foods[2]	188		188	**120**	**(308)**	**–**	
Other	19		19	**1**	**4**	**24**	**1**
	4 342	891	5 233	**771**	**(280)**	**5 724**	**17**
Discontinued operations							
Pioneer Foods[2]	5 051	1 297	6 348	**60**	**(6 408)**	**–**	
	9 393	2 188	11 581	**831**	**(6 688)**	**5 724**	**17**
Interest income on cash and cash equivalents and loans and advances							**65**
Total investment income							**82**

[1] *Due to change in Investment Entity status.*

[2] *Fair value gain represents fair value gain on disposal of asset held for sale and discontinued operation.*

2. INVESTMENTS CONTINUED

Investments disposed of during the current year

Pioneer Foods

On 23 March 2020, Zeder disposed of the entire shareholding held by it in Pioneer Food Group Limited, representing 28.2% of the total voting interest, to Pepsi Co, for an aggregate sale amount of R6.41bn. The carrying value of the investment in Pioneer Foods prior to disposal was R5.05bn, resulting in a fair value gain of R1.4bn upon disposal of the discontinued operation.

Quantum Foods

On 12 June 2020, Zeder disposed of the entire shareholding held by it in Quantum Foods Holdings Limited, representing 32.1% of that company's issued share capital, to Country Bird Holdings Proprietary Limited, for an aggregate sale amount of R308m. The carrying value of the investment in Quantum Foods prior to its disposal was R188m, resulting in a fair value gain of R120m upon disposal of the asset held for sale.

Reviewed	Proceeds Rm	Carrying value Rm	Fair value gains on disposal[1] Rm
Continued operations			
Quantum Foods	308	188	120
Discontinued operations			
Pioneer Foods	6 408	5 051	1 357
	6 716	5 239	1 477

[1] *This fair value gain on disposal represents an additional fair value gain of R120m on Quantum Foods and R60m on Pioneer Foods over and above the fair value gain for these investments as reflected in note 2 on the date of transition.*

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 applicable to trade and other payables.

The condensed consolidated financial statements do not include all financial risk management information and disclosures 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 29 February 2020, as well as those for the year ended 28 February 2021 (to be published during May/June 2021). Risk management continues to be carried out throughout the group under policies approved by the respective boards of directors.

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.

There have been no significant transfers between level 1, 2 or 3 during the year and the valuation techniques and inputs used to determine fair values of other financial assets and liabilities are similar to those disclosed in the consolidated annual financial statements for the year ended 29 February 2020, except for investments held at fair value (refer to Annexure A).

2. INVESTMENTS 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:

Reviewed	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
28 February 2021				
Assets				
Cash and cash equivalents – money market fund	271			271
Investments	1 102		4 622	5 724
	1 373	–	4 622	5 995
Opening balance			29	
Deemed disposal and reacquisition of investments			4 293	
Additions			4	
Fair value gains			296	
Liabilities				
Derivative financial liabilities				–
Opening balance			24	
Deemed disposal and reacquisition of investments			(24)	

Audited	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
29 February 2020				
Assets				
Cash and cash equivalents – money market fund	82			82
Derivative financial assets		1		1
Equity securities		2	29	31
	82	3	29	114
Opening balance			29	
Disposals			(6)	
Fair value gains			7	
Disposal of subsidiaries			(1)	
Liabilities				
Derivative financial liabilities			24	24
Opening balance			25	
Fair value gains			(4)	
Finance cost			3	

3. HEADLINE EARNINGS AND DIVIDEND PER SHARE

	Reviewed Feb 21 Rm	Audited Feb 20 Rm
Profit for the year attributable to owners of the parent	**3 011**	561
Non-headline items	**(2 368)**	(157)
Gross amounts		
Profit on disposal of subsidiaries' operations		(2)
Net fair value gain resulting from disposal of subsidiary and step up of associate and joint venture to subsidiary		(58)
Impairment of associates		298
Net loss/(gain) on dilution of interest in associates		1
Non-headline items of associates and joint ventures		(8)
Non-headline items of discontinued operations		(512)
Net loss on sale and impairment of property, plant and equipment		108
Impairment of intangible assets and goodwill		46
Gain on deemed disposal and reacquisition of investments (note 2)		
Continued operations	**(891)**	
Discontinued operations	**(1 297)**	
Fair value gain on disposal of assets held for sale (note 2)		
Continued operations	**(120)**	
Discontinued operations	**(60)**	
Other		3
Non-controlling interests		(20)
Taxation		(13)
Headline earnings	**643**	404
Continued operations	**643**	121
Discontinued operations		283

During the year, the change in Investment Entity status resulted in the non-headline item of R2.19bn, relating to the fair value adjustment to the investments, with effect from 1 March 2020. Refer to investments note 2, for a reconciliation.

	Reviewed Feb 21	Audited Feb 20
Dilutive earnings (Rm)		
Headline	**550**	403
Attributable	**2 918**	560
Earnings per share (cents)		
Headline (basic)	**39.7**	23.7
Continued operations	**39.7**	7.1
Discontinued operations		16.6
Headline (diluted)	**33.9**	23.7
Continued operations	**33.9**	7.1
Discontinued operations		16.6
Attributable (basic)	**186.0**	32.9
Continued operations	**102.2**	(13.8)
Discontinued operations	**83.8**	46.7
Attributable (diluted)	**179.8**	32.9
Continued operations	**96.2**	(13.8)
Discontinued operations	**83.6**	46.7
Dividends per share (cents)		
Special dividend per share – declared on 1 April 2020, paid on 28 April 2020	**230.0**	
Number of shares (million)		
In issue	**1 543**	1 715
In issue *(net of treasury shares)*	**1 538**	1 702
Weighted average	**1 619**	1 702
Diluted weighted average	**1 623**	1 702

4. CASH GENERATED FROM OPERATIONS

	Reviewed Feb 21 Rm	Audited Feb 20 Rm
Profit/(loss) before taxation from continued operations	**1 673**	(99)
Investment income	**(82)**	(51)
Finance costs	**49**	351
Depreciation and amortisation		297
Changes in fair value of biological assets		(225)
Net fair value gains		(11)
Profit on disposal of subsidiaries' operations		(2)
Net fair value gain resulting from disposal of subsidiary and step up of associate and joint venture to subsidiary		(58)
Gain on deemed disposal and reacquisition of investments (note 2)	**(891)**	
Net fair value gain on investments	**(771)**	
Share of profits of associates and joint ventures		(247)
Impairment of associates		298
Net loss on dilution of interest in associates		1
Net loss on sale and impairment of property, plant and equipment		108
Impairment of intangible assets and goodwill		46
(Reversal of)/impairment of loans to associates	**(3)**	89
Impairment of trade and other receivables		46
Net harvest short-term biological assets		98
Net monetary gain		(70)
Other non-cash items	**(1)**	(68)
	(26)	503
Changes in working capital and other financial instruments	**50**	49
Additions to biological assets		(215)
Cash generated from operations	**24**	337

5. SEGMENTAL REPORTING

During the year, as a result of the prospective change in Investment Entity status, the group changed the segments to reflect that of its seven major investments representing the major investments of the group, namely Zaad, The Logistics Group, Capespan, Kaap Agri, Quantum Foods, Agrivision Africa and Pioneer Foods. Previously the group was organised into five reportable segments, namely i) food, beverages and related services, ii) logistical services, iii) agri-related retail, trade and services, iv) agri-inputs and v) agri-production, that represented the different sectors in the broad agribusiness and related industries.

Previously, to provide context to its consolidated income statement, the group presented consolidated *recurring* headline earnings which was calculated on a proportional basis, and included the proportional earnings of underlying investments, excluding marked-to-market adjustments and once-off items. The result was that investments in which Zeder held less than 20% and which were generally not equity accountable in terms of accounting standards, were equity accounted for the purpose of calculating the consolidated *recurring* headline earnings. *Non-recurring* headline earnings included, inter alia, once-off gains and losses and marked-to-market fluctuations, as well as the resulting taxation charge on these items. However, following Zeder's change in status to that of an Investment Entity, consolidated *recurring* headline earnings is no longer presented to or evaluated by the chief operating decision-maker, the executive committee, ("CODM") and therefore it is no longer presented as part of Zeder's segment report.

SOTP is a valuation tool used to measure Zeder's performance. The *SOTP value* is calculated using the quoted market prices for all JSE-listed investments, and valuations performed for unlisted investments.

These values in the comparative periods will not necessarily correspond with the values per the condensed consolidated statement of financial position since the comparative values were measured using the relevant accounting standards which included historical cost.

5. SEGMENTAL REPORTING CONTINUED

The CODM evaluates the following information to assess the segments' performance (also refer Annexure A):

Reviewed	Fair value gains/(losses) on investments Rm	Investment (dividend) income Rm	Other income and expenses Rm	Headline earnings Rm	SOTP value Rm
28 February 2021					
Continued operations					
Zaad	(24)		6	(18)	2 010
The Logistics Group	297			297	1 325
Capespan	118			118	1 117
Kaap Agri	355	16		371	1 102
Agrivision Africa	(96)			(96)	146
Quantum Foods				–	
Other	1	1		2	24
Discontinued operations					
Pioneer Foods				–	
Unallocated (mainly head office)			(12)	(12)	
Cash and cash equivalents					876
Other net assets					62
Debt funding					
Total				662	6 662
Non-headline items (note 3)				2 368	
Taxation				(19)	
Profit before tax				3 011	
Profit before tax from continued operations				1 654	
Profit for the year from discontinued operations				1 357	
***SOTP value* per share (rand)**					4.33

* *Change in segments prospectively to be in line with change in Investment Entity status.*

As a result of the aforementioned change in segments, information for the year ended 28 February 2021, are also included in below, presented on the old basis of segment information, the five reportable segments, namely i) food, beverages and related services, ii) logistical services, iii) agri-related retail, trade and services, iv) agri-inputs and v) agri-production, but are not comparable to those for the previous year ended 29 February 2020:

Headline earnings segmental analysis:	Food, beverages and related services Rm	Logistical services Rm	Agri-related retail, trade and services Rm	Agri-inputs Rm	Agri-production Rm	Unallocated (mainly head office) Rm	Total Rm
28 February 2021 (reviewed)							
Headline earnings	118	297	373	(18)	(96)	(31)	643
Continued operations	118	297	373	(18)	(96)	(31)	643
Discontinued operations							–
Non-headline items (note 3)	2 109	(297)		477	79		2 368
Attributable earnings	2 227	–	373	459	(17)	(31)	3 011
Continued operations	870		373	459	(17)	(31)	1 654
Discontinued operations	1 357						1 357

5. SEGMENTAL REPORTING CONTINUED

Recurring headline earnings segmental analysis:	Food, beverages and related services Rm	Logistical services Rm	Agri-related retail, trade and services Rm	Agri-inputs Rm	Agri-production Rm	Unallocated (mainly head office) Rm	Total Rm
29 February 2020 (audited)							
Recurring headline earnings from investments	315	125	114	163	8		725
Continued operations	19	125	114	163	8		429
Discontinued operations	296						296
Net interest, taxation and other income and expenses						(166)	(166)
***Recurring* headline earnings**	315	125	114	163	8	(166)	559
Continued operations	19	125	114	163	8	(166)	263
Discontinued operations	296						296
Other *non-recurring* headline earnings[1]	(96)	(6)	7	24		(84)	(155)
Headline earnings	219	119	121	187	8	(250)	404
Continued operations	(64)	119	121	187	8	(250)	121
Discontinued operations	283						283
Non-headline items	(46)	(9)	(1)		(24)	237	157
Attributable earnings	173	110	120	187	(16)	(13)	561
Continued operations	(91)	110	120	187	(16)	(544)	(234)
Discontinued operations	264					531	795

[1] *During the previous year, non-recurring items comprised mainly of the impairment of loans to associates and restructuring costs, countered by a net monetary gain due to Zimbabwe being classified as a hyperinflationary economy for the first time during that year.*

	Feb 2021 (reviewed)		Feb 2020 (audited)	
	SOTP value Rm	Profit before tax from continued operations Rm	SOTP value Rm	Loss before tax from continued operations Rm
Segments				
Food, beverages and related services	**1 117**	**2 227**	7 535	716
Continued operations	**1 117**	**870**	1 187	(79)
Discontinued operations		**1 357**	6 348	795
Logistical services	**1 325**		1 028	179
Agri-related retail, trade and services	**1 126**	**373**	742	114
Agri-inputs	**2 010**	**459**	2 034	264
Agri-production	**146**	**(17)**	242	(48)
Management fees and other income and expenses (including impairments)		**(12)**		(529)
Profit before tax		**3 030**		696
Profit for the year from discontinued operations		**(1 357)**		(795)
Profit/(loss) before tax from continued operations		**1 673**		(99)
Cash and cash equivalents	**876**		83	
Other net assets	**62**		40	
Debt funding			(1 500)	
SOTP value	**6 662**		10 204	
***SOTP value* per share (rand)**	**4.33**		5.97	

5. SEGMENTAL REPORTING CONTINUED

IFRS revenue (revenue and investment income) segmental analysis[2]:	Reviewed Feb 21 Rm	Audited Feb 20 Rm
Segments		
Food, beverages and related services	**1**	3 969
Revenue		3 952
Investment income	**1**	17
Logistical services	**–**	939
Revenue		937
Investment income		2
Agri-related retail, trade and services investment income	**16**	
Agri-inputs	**6**	2 128
Revenue		2 113
Investment income	**6**	15
Agri-production	**–**	491
Revenue		490
Investment income		1
Unallocated investment income (mainly head office interest income)	**59**	16
IFRS revenue	**82**	7 543

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

6. CAPITAL COMMITMENTS, CONTINGENCIES AND SURETYSHIPS

Capital commitments, contingencies and suretyships similar to those disclosed in the consolidated annual financial statements for the year ended 29 February 2020 remained in effect during the year under review. Zeder has committed an additional investment into Zaad, to enable an investment in the EAS group of companies in Kenya.

7. RELATED-PARTY TRANSACTIONS

Related-party transactions similar to those disclosed in the consolidated annual financial statements for the year ended 29 February 2020 took place during the year under review. During the year, Zaad borrowed R126m from Zeder. The loan is unsecured, repayable in June 2021 and carries interest at prime plus 4% and is included under loans and advances on the statement of financial position of the group. Included in the group's investment income is R6m interest income from Zaad.

8. EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to year-end Zeder declared a special dividend of 20 cents per share.

The financial results reported and business environment reviewed, reflect the year ended 28 February 2021, as well as subsequent events that transpired prior to the publication of these results. It is, however, important to note that, at the time of producing this report, some uncertainty around the global coronavirus pandemic remains. Many of Zeder's portfolio companies fell within the "essential services" classification under the Covid-19 regulations and were accordingly permitted to continue certain operations during the government-imposed lock-downs. Zeder is well positioned, with a stable balance sheet and cash resources.

Apart from the above, the directors are unaware of any matter or event which is material to the financial affairs of the group which has occurred between the end of the reporting year and the date of approval of the condensed consolidated financial statements.

9. PREPARATION

The condensed consolidated preliminary financial statements were compiled under the supervision of the group financial director, Mr JH le Roux, CA (SA), and have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion thereon.

Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditor.

Signed on behalf of the board

Chris Otto

Chris Otto
Chairman

Johann le Roux
CEO and Financial director

Stellenbosch
13 April 2021

ANNEXURE A: *SOTP VALUE*

for the year ended 28 February 2021

							Reviewed						
	28 Feb 2021						*SOTP value*						
Investment	**Voting rights[1] %**	**Number of shares held m**	**Country of incorporation[2]**	**Nature of business**	**Listed/unlisted**	**Classification at Feb 21**	**1 Mar 20 Rm**	**Movement Rm**	**28 Feb 21 Rm**	**Portion %**	**Valuation method**	**Categorisation**	**Fair value R/share**
Continued operations													
Zaad	**97.0**	**33.0**	South Africa[3]	Specialist agricultural seed and agrochemical company	Unlisted	Subsidiary	2 034	**(24)**	**2 010**	**35**	EV/EBITDA multiple (note A)	Level 3	60.85
The Logistics Group ("TLG")	**98.5**	**361.9**	South Africa[4]	Integrated logistics provider	Unlisted	Subsidiary	1 028	**297**	**1 325**	**23**	EV/EBITDA multiple (note A)	Level 3	3.66
Capespan	**96.0**	**356.9**	South Africa[5]	Fruit marketing and farming	Unlisted	Subsidiary	999	**118**	**1 117**	**20**	Market-related net asset value underpinned by farming operations including P/E multiple on other operations (note A)	Level 3	3.13
Kaap Agri	**42.3**	**31.3**	South Africa[4]	Retail and agricultural trade services group	Listed	Subsidiary	723	**379**	**1 102**	**19**	Closing JSE-listed share price (note B)	Level 1	32.50
Agrivision Africa	**56.0**	**1.0**	Mauritius[6]	Farming and milling operation	Unlisted	Subsidiary	242	**(96)**	**146**	**3**	Market-related net asset value underpinned by farming and milling operations (note A)	Level 3	140.54
Quantum Foods				Integrated egg and boiler business	Listed		188	**(188)**	**–**		Refer note B		
Other				Various	Unlisted	Various	19	**5**	**24**		Refer note C	Level 3	
Discontinued operations													
Pioneer Foods				Food and beverage company	Listed		6 348	**(6 348)**	**–**		Refer note B		
Sub-total							11 581		**5 724**	**100**			
Cash and cash equivalents							83		**876**				
Other net assets							40		**62**				
Debt funding							(1 500)						
Total *SOTP value*							10 204		**6 662**				
***SOTP value* per share (rand)**							5.97		**4.33**				
Sub-total								**(5 857)**					
Adjust for disposals/(additions) included in movement (note 2)								**6 688**					
Fair value gains/(losses) from investments (note 2)								**831**					

[1] *Voting rights equal economic interests, except for Kaap Agri where economic interest amounts to 44.5%.*

[2] *Principle place of business is the country of incorporation, unless otherwise stated.*

[3] *Operating via subsidiaries in Southern Africa, Europe and the Middle East.*

[4] *Operating via subsidiaries in Southern Africa.*

[5] *Operating via various subsidiaries throughout the world.*

[6] *Operating via subsidiaries in Zambia.*

Valuation inputs: additional details in respect of the investments, per IFRS 13:

Note A – unlisted investments:

For an overall description with regards to the valuation methods and judgements applied refer to note 1.1.4.

Level 3 unobservable inputs and additional information	EBITDA Rm	EV/EBITDA multiple[7] times	Net debt and cash Rm	Recurring headline earnings[8] Rm	P/E multiple[7] times	Comparable market prices[9] per hectare	Market-related net asset value[10] Rm	Net company specific discounts %	Implied P/E multiple times
Zaad[11]	379		(1 128)	181					11.0
Seed	237	9.0	(868)	122				2.5	
Chemical	142	7.6	(260)	59				2.5	
The Logistics Group[12]	372	4.4	(602)	142				2.5	9.3
Capespan[13]								30.0	
Mainly South African farming assets						R0.2m – R1.1m	1 661		
Other operations				10	8.0			15.7 – 24.6	
Agrivision Africa (USDm)[14]						$3 000 – $6 000	72	75.0	

[7] *EV/EBITDA and P/E (price/earnings) ratio's comparable to other similar companies, adjusted for company specific factors that include a combination of inter alia, liquidity, marketability, and minority/controlling discount/premiums, where applicable.*

[8] Recurring *headline earnings is calculated on a see-through basis. The investments'* recurring *headline earnings is the sum of its effective interest in the* recurring *headline earnings of each of its underlying operations and represent its sustainable earnings.*

[9] *Comparable market prices per hectare include pome, citrus, grapes, wheat and maize farm land valuations, obtained from an independent third-party valuer, measured against comparable sales.*

[10] *Valuations based on market-related net asset values of underlying assets, determined by reference to the comparable market prices per hectare, adjusted for company specific factors, that include inter alia, liquidity and marketability discounts as well as a net asset value discount attributed to the appetite for primary farming assets and the ability of the company to realise these assets at market-related net asset values. This excludes the fair value of other operations, in the case of Capespan, that is valued on an earnings multiple basis.*

[11] *Represents the year ended 31 January 2021. The specific sector which Zaad operates in is generally characterised by valuations that translate into high earnings multiples, due to their unique product offerings developed through its own research and development divisions and their widespread presence in international markets. Zaad is earnings generative and thus valued on an EV/EBITDA multiple, comparable to other similar companies, adjusted for company specific factors that include a combination of, inter alia, liquidity, marketability, and minority/controlling discount/premiums, where applicable. The Zaad group consists of two divisions which operate on a global scale namely a Seed and Chemical business.*

[12] *Represents the year ended 31 December 2020. The Logistics Group owns and operates various strategic port assets and warehouses in South Africa and Mozambique. TLG is earnings and cash generative and thus valued on an EV/EBITDA multiple, comparable to other similar companies, adjusted for company specific factors that include a combination of liquidity, marketability, and minority/controlling discount/premiums, where applicable.*

[13] *Represents the year ended 31 December 2020. Capespan is an asset-heavy business with large Southern African fruit farming operations and an international fruit marketing capability. Capespan has an asset value under-pin, given the number of farms that it owns. Given the asset intense investment and inconsistent earnings, it remains appropriate to value Capespan on a market-related net asset value basis (fair value less cost to sell). These valuations are supported by third party valuations and/or comparable sales, adjusted for company specific factors, that include inter alia, liquidity and marketability discounts as well as a net asset value discount, attributed to the appetite for primary farming assets and the ability of the company to realise these assets at market-related net asset values. Associates of Capespan, which are earnings generative, are valued on a P/E multiple, based on comparable sales of similar associates, adjusted for company specific factors, that include a combination of, inter alia, liquidity, marketability, and minority discount. Not included in above table, based on an independent third-party valuer, a valuation of a fruit packing facility with cold storage based on a discounted cash flow model, with the following inputs: Net profit of R18m, represented by affordable net annual rent; capitalisation rate of 12%; and with a property value of R150m. Sensitivity on the capitalisation rate: A 1% increase would result in a R11m increase and a 1% decrease would result in a R15m decrease in estimated value.*

[14] *Represents the year ended 31 December 2020. Agrivision Africa is an asset-heavy farming and milling business in Zambia. Given the asset intense investment and lack of consistent earnings, it remains appropriate to value Agrivision Africa on a market related net asset value basis (fair value less cost to sell). These valuations are supported by appropriate third party valuations and/or by comparable sales, adjusted for company specific factors, that include inter alia, liquidity and marketability discounts as well as a net asset value discount, attributed to the appetite for primary farming assets and the ability of the company to realise these assets at market-related net asset values. As a result of the constrained operating environment and very few comparable farm sales, a significant discount was applied to the market-related net asset value calculation to take into account the distressed asset nature, rather than going concern.*

Note B – listed investments: Kaap Agri is valued using its closing JSE-listed share price as at 28 February 2021. Pioneer Foods and Quantum Foods were valued using the respective closing JSE-listed share prices and were categorised as level 1.

Note C – other unlisted investments: Certain equity securities included in other 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 that trade infrequently 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 rest include a 32.4% interest in Clean Air Nurseries, an associate, valued at the loans converted to equity during the year as this is a start-up enterprise. As at 28 February 2021, based on the assumption that the over-the-counter prices of the traded equity securities were 5% higher/lower for the full year, the fair value would have been R8m higher/lower than the current fair value.

Post-tax profit sensitivity analysis:

	Increase Rm	Decrease Rm
28 February 2021 (reviewed)		
Closing JSE-listed share price (5%)	**55**	**(55)**
EV/EBITDA (1x)	**847**	**(847)**
Multiple discounts (5%)	**6**	**(6)**
Comparable market prices per hectare (10%)	**56**	**(56)**
Net asset value discounts (5%)	**(47)**	**47**

The change in valuation outcome disclosed in the above table shows the effect of the increase or decrease in the input variables deemed to be subject to the most judgement and estimation, and respective impact on the fair value presented in the condensed consolidated financial statements. An increase in the EBITDA multiple and control premium inputs, would lead to an increase in the estimated value. However an increase in the discount due to the lack of liquidity and marketability and minority discount inputs, would lead to a decrease in the estimated value. An increase in the comparable market prices per hectare, would lead to an increase in the estimated value. However an increase in the net asset value discount, would lead to a decrease in the estimated value.

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

to the shareholders of Zeder Investments Limited

We have reviewed the condensed consolidated financial statements of Zeder Investments Limited, set out on pages 6 to 23 of the preliminary report, which comprise the condensed consolidated statement of financial position as at 28 February 2021 and the related condensed consolidated income statement, condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Zeder Investments Limited for the year ended 28 February 2021 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: JA Hugo
Registered Auditor

Stellenbosch
13 April 2021

ZEDER INVESTMENTS LIMITED
Incorporated in the Republic of South Africa
(Registration number: 2006/019240/06)
JSE Ltd ("JSE") share code: ZED
ISIN number: ZAE000088431
LEI: 37890022AF5FD117D649
("Zeder", "company" or "the group")

DIRECTORS
CA Otto# (Chairman), JH le Roux* (CEO & FD), S Cassiem#, RM Jansen#, WL Greeff, NS Mjoli-Mncube#, PJ Mouton
* *executive*
\# *independent non-executive*

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SPONSOR
PSG Capital Proprietary Limited

INDEPENDENT JOINT SPONSOR
UBS South Africa Proprietary Limited

AUDITOR
PricewaterhouseCoopers Inc.

DATE OF THE ANNOUNCEMENT
14 April 2021