REINET INVESTMENTS S.C.A.

Reinet Investments S.C.A.
(Incorporated in Luxembourg)
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Code: RNI
LEI: 0307021141926639

COMPANY ANNOUNCEMENT FOR IMMEDIATE RELEASE

CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2020

The Board of Reinet Investments Manager S.A. announces the results of Reinet Investments S.C.A. for the six-month period ended 30 September 2020.

Key financial data

- **Reinet's net asset value of € 4.6 billion, reflects a compound return of 8.6 per cent per annum in euro terms, since March 2009, including dividends paid**
- **The net asset value at 30 September 2020 reflects an increase of € 148 million or 3.4 per cent from € 4 403 million at 31 March 2020**
- **Net asset value per share at 30 September 2020: € 24.70 (31 March 2020: € 23.89)**
- **Commitments totalling € 22 million in respect of new and existing investments were made during the period, and a total of € 225 million funded during the period, including € 197 million in respect of Pension Insurance Corporation Group Limited**
- **Following the additional investment, Pension Insurance Corporation Group Limited is the largest value asset as at 30 September 2020. A further investment of some € 130 million was made in November 2020**
- **Dividends from British American Tobacco during the period amounted to € 34 million**
- **Reinet dividend of some € 35 million, or € 0.19 per share (excluding treasury shares held), paid during the period**

Reinet Investments S.C.A. (the 'Company') is a partnership limited by shares incorporated in the Grand Duchy of Luxembourg and having its registered office at 35, boulevard Prince Henri, L-1724 Luxembourg. It is governed by the Luxembourg law on securitisation and in this capacity allows its shareholders to participate indirectly in the portfolio of assets held by its wholly-owned subsidiary Reinet Fund S.C.A., F.I.S. ('Reinet Fund'), a specialised investment fund also incorporated in Luxembourg. The Company's ordinary shares are listed on the Luxembourg Stock Exchange, Euronext Amsterdam and the Johannesburg Stock Exchange; the listing on the Johannesburg Stock Exchange is a secondary listing. The Company's ordinary shares are included in the 'LuxX' index of the principal shares traded on the Luxembourg Stock Exchange. The Company and Reinet Fund together with Reinet Fund's subsidiaries are referred to as 'Reinet'.

Cautionary statement regarding forward-looking statements
This document contains forward-looking statements which reflect the current views and beliefs of Reinet Investments S.C.A. (the 'Company'), as well as assumptions made by the Company and information currently available. Words such as 'may', 'should', 'estimate', 'project', 'plan', 'believe', 'expect', 'anticipate', 'intend', 'potential', 'goal', 'strategy', 'target', 'will', 'seek' and similar expressions may identify forward-looking statements. Such forward-looking statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a

number of risks and uncertainties, many of which are outside Reinet's control. The Company does not undertake to update, nor does it have any obligation to provide updates or to revise, any forward-looking statements.

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BUSINESS OVERVIEW

The Company has determined that it meets the definition of an investment entity in terms of International Financial Reporting Standards ('IFRS') 10. The net asset value and income statement included in this business overview have however been presented in a more comprehensive format than required by IFRS in order to provide readers with detailed information relating to the underlying assets and liabilities.

Net asset value

The net asset value ('NAV') at 30 September 2020 comprised:

	30 September 2020		31 March 2020	
	€ m	**%**	€ m	%
Listed investments				
British American Tobacco p.l.c.	**1 777**	**39.0**	1 802	**40.9**
Other listed investments	**87**	**1.9**	72	**1.6**
Unlisted investments				
Pension Insurance Corporation Group Limited	**2 024**	**44.5**	1 618	**36.8**
Private equity and related partnerships	**698**	**15.4**	733	**16.7**
Trilantic Capital Partners	**159**	**3.5**	167	**3.8**
Fund IV, Fund V, Fund VI, TEP, TEP II, related general partners and management companies				
36 South macro/volatility funds	**8**	**0.2**	61	**1.4**
Asian private equity companies and portfolio funds	**212**	**4.7**	207	**4.7**
Milestone China Opportunities funds, investment holdings and management company participation	46		60	
Prescient China funds and investment management company	123		102	
Grab Holdings Inc.	43		45	
Specialised investment funds	**319**	**7.0**	298	**6.8**
Vanterra C Change TEM and holding companies	15		19	
NanoDimension funds and co-investment opportunities	69		52	
Snow Phipps funds and co-investment opportunities	132		118	
GAM Real Estate Finance Fund	10		13	
Other fund investments	93		96	
United States land development and mortgages	**33**	**0.7**	41	**0.9**
Diamond interests	**24**	**0.5**	29	**0.7**
Other investments	**64**	**1.4**	76	**1.7**
Total investments	**4 707**	**103.4**	4 371	**99.3**
Cash and liquid funds	**346**	**7.6**	501	**11.4**
Bank borrowings and derivatives				
Borrowings	**(605)**	**(13.3)**	(625)	**(14.2)**
Net derivative assets	**134**	**3.0**	155	**3.5**
Other (liabilities)/assets				
Minority interest, fees payable and other liabilities, net of other assets	**(31)**	**(0.7)**	1	**-**
Net asset value	**4 551**	**100.0**	4 403	100.0

All investments are held, either directly or indirectly, by Reinet Fund.

INFORMATION RELATING TO CURRENT KEY INVESTMENTS AT 30 SEPTEMBER 2020

		Committed amount[(1)] in millions	Remaining committed amount[(1)] in millions	Invested amount[(2)] in millions	Realised proceeds[(2)] in millions	Current fair value[(1)] in millions	Total realised and unrealised value[(3)] in millions
Listed investments							
British American Tobacco p.l.c.	**EUR**	**-**	**-**	**1 739**	**2 629**	**1 777**	**4 406**
	GBP	-	-	1 418	2 190	1 612	3 802
Other listed investments	**EUR**	**-**	**-**	**75**	**47**	**87**	**134**
	USD	-	-	96	53	102	155
Unlisted investments							
Pension Insurance Corporation Group Limited	**EUR**	**-**	**-**	**1 176**	**-**	**2 024**	**2 024**
	GBP	-	-	988	-	1 836	1 836
Trilantic Capital Partners	**EUR**	**594**	**266**	**343**	**440**	**159**	**599**
Euro investment	EUR	87	20	67	141	32	174
US dollar investment[(4)]	USD	594	289	315	361	148	509
36 South macro/volatility funds	**EUR**	-	-	**93**	**60**	**8**	**68**
Euro investment	EUR	-	-	88	60	-	60
US dollar investment	USD	**-**	**-**	6	-	9	9
Asian private equity companies and portfolio funds							
Milestone China Opportunities funds, investment holdings and management company participation	**EUR**	**145**	**1**	**128**	**139**	**46**	**185**
	USD	169	2	167	158	54	212
Prescient China funds and investment management company	**EUR**	**-**	**-**	**68**	**2**	**123**	**125**
	USD	-	-	82	2	144	146
Grab Holdings Inc.	**EUR**	**-**	**-**	**43**	**-**	**43**	**43**
	USD	-	-	50	-	50	50
Specialised investment funds							
Vanterra C Change TEM and holding companies	**EUR**	**61**	**4**	**53**	**2**	**15**	**17**
	USD	71	4	67	3	17	20
NanoDimension funds and co-investment opportunities	**EUR**	**99**	**19**	**82**	**38**	**69**	**107**
Euro investment	EUR	4	-	4	1	4	5
US dollar investment	USD	112	22	90	42	76	118
Snow Phipps funds and co-investment opportunities	**EUR**	**148**	**24**	**129**	**48**	**132**	**180**
	USD	174	28	146	52	155	207
GAM Real Estate Finance Fund	**EUR**	**110**	**31**	**87**	**81**	**10**	**91**
	GBP	100	28	72	70	9	79
United States land development and mortgages	**EUR**	**183**	**5**	**160**	**39**	**33**	**72**
	USD	215	6	209	43	38	81
Diamond interests[(5)]	**EUR**	**-**	**-**	**116**	**86**	**24**	**110**
	ZAR	-	-	1 190	1 262	464	1 726

(1) Calculated using period end foreign exchange rates.
(2) Calculated using actual foreign exchange rates at transaction date.
(3) Total of realised proceeds and current fair value.
(4) The invested amount for Trilantic Capital Partners includes an initial payment of $ 10 million.
(5) The exposure to the South African rand has been partially hedged by a forward exchange contract and borrowings in this currency.

PERFORMANCE

NET ASSET VALUE

The NAV of the Company comprises total assets less total liabilities, and equates to total equity under International Financial Reporting Standards. The increase in the NAV of € 148 million during the period reflects dividends received from British American Tobacco p.l.c. ('BAT') together with increases in the estimated fair value of certain investments including other listed investments, Pension Insurance Corporation Group Limited and Prescient China funds. Offsetting these increases are decreases in the fair value of BAT, derivative assets and Diamond interests. Details of the Company's NAV and details of movements in key investments can be found on pages 2 and 3 of this report.

The Company records its assets and liabilities in euro; the weakening of sterling and the US dollar against the euro, offset by the strengthening of the South African rand against the euro has resulted in an overall decrease in the value of certain assets and liabilities in euro terms. Applying current period-end exchange rates to the March 2020 assets and liabilities would have resulted in a decrease in the March 2020 NAV of some € 52 million.

SHARE BUYBACK PROGRAMME

The Company has repurchased 11 651 395 ordinary shares between November 2018 and November 2019 under four share buyback programmes. The cost of the ordinary shares repurchased amounts to € 173 million, plus transaction costs.

Details of each share buyback programme can be found in note 7 of the Reinet 2020 interim report.

As at 30 September 2020, there was no share buyback programme in progress.

All ordinary shares repurchased are held as treasury shares.

NET ASSET VALUE PER SHARE

The NAV per share of the Company is calculated by dividing the NAV by the number of shares outstanding (excluding treasury shares) of 184 290 891.

SHARE PRICE

The Company's share price as quoted on the Luxembourg Stock Exchange increased by 4.5 per cent in the period from € 14.00 at 31 March 2020 to € 14.63 at 30 September 2020, with the highest trade being at € 16.91 during the period. The total shareholder return since inception (taking into account the Initial Price and including dividends paid) is 7.0 per cent per annum. The growth in NAV, including dividends paid, reflects an 8.6 per cent compounded return since March 2009. The Company's ordinary shares are listed on the Luxembourg Stock Exchange, Euronext Amsterdam and the Johannesburg Stock Exchange ('JSE'); the listing on the JSE is a secondary listing.

Closing share prices as at 30 September 2020 and 31 March 2020 are as follows:

	30 September 2020		31 March 2020	
	ZAR	EUR	ZAR	EUR
Luxembourg	-	14.63	-	14.00
Euronext	-	14.71	-	14.00
JSE	290.50	-	284.55	-

COVID-19

In January 2020, the World Health Organization ('WHO') announced a global health emergency because of a new strain of coronavirus known as COVID-19. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic. The wide variability in expected financial, social and epidemiological outcomes regarding the outbreak has continued to cause significant levels of market uncertainty mostly reflected in increased market, currency and commodity volatility. The fair value of Reinet's investments will continue to be impacted by these factors. At the time of this report, the full impact of the COVID-19 outbreak remains unknown and is continuously changing.

Reinet continues to value its investments in line with International Private Equity and Venture Capital Valuation ('IPEV') guidelines and its approved valuation procedures and methodologies. All investment valuations have been prepared using latest available data. Discussions have also taken place with fund managers to determine any significant changes in value. The long-term financial impact of COVID-19 is still unknown and as reliable data pertaining to the portfolio investments becomes available it will be taken into account in future fair value calculations.

A significant portion of the investment valuations take into account the market impacts of COVID-19 as at 30 September 2020. Management believes the fair values calculated as at 30 September 2020 for the remaining investment valuations are appropriate, following the relevant IPEV guidelines, and as up to date as possible using the latest available information.

INVESTMENTS

Reinet seeks, through a range of investment structures, to build partnerships with other investors, specialised fund managers and entrepreneurs to find and develop opportunities for long-term value creation for its shareholders.

Since its formation in 2008, Reinet has invested some € 2.9 billion and at 30 September 2020 committed to provide further funding of € 382 million to its current investments. Details of the funding commitments outstanding are given in the table on page 9. New commitments during the period under review amounted to € 22 million, and a total of € 225 million was funded during the period.

Major items impacting the NAV, significant changes in carrying value and new investments during the period under review are described below.

LISTED INVESTMENTS

BRITISH AMERICAN TOBACCO P.L.C.

The investment in BAT remains one of Reinet's largest investments and is kept under constant review, considering the company's performance, the industry outlook, cash flows from dividends, stock market performance, volatility and liquidity.

During the period under review, dividend income recorded from BAT amounted to € 34 million (£ 31 million), being BAT's second 2020 interim dividend received in August 2020. The first 2020 interim dividend of some € 34 million (£ 31 million) was received in May 2020 and was recorded as a receivable in Reinet's March 2020 results. No amount has been recorded as receivable at 30 September 2020 as the next dividend record date is in October 2020.

Reinet holds 58.1 million shares in BAT, representing some 2.53 per cent of BAT's issued share capital. The value of Reinet's investment in BAT amounted to € 1 777 million at 30 September 2020, being some 39.0 per cent of Reinet's NAV (31 March 2020: € 1 802 million). The BAT share price on the London Stock Exchange increased from £ 27.57 at 31 March 2020 to £ 27.77 at 30 September 2020, this is offset by the effect of sterling weakening against the euro in the period resulting in a total decrease in value of € 25 million.

In its 30 June 2020 half-year report, BAT reported good financial results, increases in revenues and earnings per share, on track performance and expects similar performance in the second half of the year. BAT estimated that COVID-19 had a negative 4 per cent impact on revenues, however remains committed to a 65 per cent dividend pay-out ratio.

The risk relating to the adverse consequences of the UK's potential exit from the EU ('Brexit') is not deemed to be a principal risk for the BAT group.

Further information on BAT is available at www.bat.com/annualreport.

OTHER LISTED INVESTMENTS

As at 30 September 2020 and 31 March 2020, other listed investments comprised:

	30 September 2020	31 March 2020
	€ m	€ m
SPDR Gold shares	**35**	31
Selecta Biosciences, Inc.	**3**	3
Soho China Limited	**11**	22
Twist Bioscience Corporation	**38**	16
	87	72

SOHO CHINA LIMITED

Soho China Limited ('Soho') is a Chinese office developer focused on developing and leasing properties in the central business districts of Beijing and Shanghai. Soho developments are known for their modern architecture, with designs from architects such as Zaha Hadid and Japanese architect Kengo Kuma. The company has developed over five million square metres of commercial properties in China.

Reinet holds 47 million shares with a market value of € 11 million as at 30 September 2020 (31 March 2020: € 22 million). The decrease in market value reflects the decrease in the share price during the period, which has been influenced by lower occupancy levels in the Chinese property market as a result of COVID-19.

Further information on Soho is available at www.sohochina.com.

TWIST BIOSCIENCE CORPORATION

Twist Bioscience Corporation ('Twist') is involved in the fields of medicine, agriculture, industrial chemicals and data storage, by using synthetic DNA tools, and has created a revolutionary silicon-based DNA synthesis platform that offers precision at a scale otherwise unavailable.

Reinet holds 592 497 shares in Twist with a market value of € 38 million (31 March 2020: € 16 million). The increase in market value reflects the increase in the share price during the year, which in part reflects Twist's ongoing research and development of neutralising antibodies which reduce the effects of COVID-19.

Further information on Twist is available at www.twistbioscience.com.

UNLISTED INVESTMENTS

Unlisted investments are carried at their estimated fair value. In determining fair value, Reinet Fund Manager S.A. (the 'Fund Manager') relies on audited and unaudited financial statements of investee companies, management reports and valuations provided by third-party experts. Valuation methodologies applied include the NAV of investment funds, discounted cash flow models and comparable valuation multiples, as appropriate.

PENSION INSURANCE CORPORATION GROUP LIMITED

Pension Insurance Corporation Group Limited's ('Pension Corporation') wholly-owned subsidiary, Pension Insurance Corporation plc ('Pension Insurance Corporation'), is a leading provider in the UK pension retirement market.

During the first half of 2020, Pension Corporation concluded five new business transactions with total premiums of £ 3.5 billion and reinsured £ 3.9 billion of longevity reinsurance. In October 2020, Pension Insurance Corporation secured the Old British Steel Pension Scheme in a buy-in transaction amounting to £ 2 billion.

In May and October 2020, Pension Insurance Corporation issued £ 300 million and £ 400 million respectively of Tier 2 subordinated notes. In May and October 2020 Fitch affirmed its Insurer Financial Strength rating at A+ (Strong) and Long-Term Issuer Default rating at A.

At 30 June 2020, Pension Insurance Corporation reported it held £ 47.7 billion in assets (31 December 2019: £ 40.9 billion) and had insured some 237 600 pension fund members (31 December 2019: 225 100). Clients include FTSE 100 companies, multinationals and the public sector.

In January 2020, Pension Corporation completed a capital raise of £ 750 million, of which Reinet subscribed for an aggregate amount of £ 438 million. Of this, £ 263 million was invested in February 2020, with the remaining £ 175 million invested in September 2020.

Reinet's shareholding in Pension Corporation increased from 46.4 per cent at 31 March 2020 to 46.6 per cent at 30 September 2020 as a result of additional acquisitions amounting to £ 5 million in the period under review.

Reinet's investment in Pension Corporation is carried at an estimated fair value of € 2 024 million at 30 September 2020 (31 March 2020: € 1 618 million). This value takes into account Pension Corporation's estimated embedded value at 30 June 2020 of £ 4.6 billion (audited embedded value as at 31 December 2019: £ 3.9 billion), valuation multiples drawn from industry data and a discount of 10 per cent which takes into account the illiquid nature of Reinet's investment.

The increase in the estimated fair value is mainly due to the increase in Pension Corporation's embedded value, which reflects new business written during the period, and increases in the valuation multiples, offset by the weakening of sterling against the euro during the period.

The investment in Pension Corporation represented some 44.5 per cent of Reinet's NAV at 30 September 2020, compared to 36.8 per cent at 31 March 2020.

In its 30 June 2020 half-year report, Pension Corporation noted that it had implemented its full Business Continuity Plan ("BCP") whereby all staff, including those of its third-party providers, started working remotely. The BCP has worked well and has ensured minimal disruption to the normal daily activities including, most importantly being able to pay and service policyholders. In the first half of 2020, a strong performance was delivered against a backdrop of turbulent market conditions as a result of the COVID-19 pandemic. The balance sheet remains strong, despite the turmoil in the markets and the impact on the wider economy of COVID-19.

Pension Insurance Corporation continues to monitor the risks associated with Brexit and the impact that this may have on its business model and policyholders. This includes scenario assessments to assess whether appropriate controls are in place to ensure that contractual relationships with various stakeholders continue to operate as intended post Brexit – including the ability to pay policyholders, relationships with banking and reinsurance counterparties and legislation around data security. Scenarios have also been performed considering potential macro-economic impacts to ensure that adequate controls are in place to mitigate the potential balance sheet impacts of market movements in a worst-case Brexit scenario on its solvency and liquidity position.

In November 2020, Reinet completed the acquisition of some 39 million ordinary shares in Pension Corporation for a purchase price of £ 119 million. As a result of this acquisition, Reinet's shareholding in Pension Corporation increased from 46.6 per cent to 49.5 per cent.

Further information on Pension Corporation is available at www.pensioncorporation.com.

PRIVATE EQUITY AND RELATED PARTNERSHIPS

TRILANTIC CAPITAL PARTNERS

Trilantic Capital Partners ('Trilantic') is composed of Trilantic North America and Trilantic Europe, two separate and independent private equity investment advisors focused on making controlling and significant minority interest investments in companies in their respective geographies. Trilantic North America primarily targets investments in the business services, consumer and energy sectors, and currently manages five fund families. Trilantic Europe primarily targets investments in the industrials, consumer and leisure, telecommunication, media and technology, business services and healthcare sectors, and currently manages two fund families.

Reinet and its minority partner invest in certain of the Trilantic general partnerships and management companies (together 'Trilantic Management'). Reinet and its minority partner, through Reinet TCP Holdings Limited, invest in two of the current funds under Trilantic's management. Reinet also directly invests in four additional funds under Trilantic's management. The terms of investment applicable to Reinet's investment in the Trilantic funds provide that Reinet will not pay any management fees or carried interest. In addition, Reinet receives a share of the carried interest payable on the realisation of investments held in the funds, once a hurdle rate has been achieved.

Reinet TCP Holdings Limited invests in Trilantic Capital Partners IV L.P. and Trilantic Capital Partners IV (Europe) L.P.; these funds are in the process of realising value from underlying investments.

In addition, Reinet invests in Trilantic Capital Partners V (North America) L.P. and Trilantic Energy Partners (North America) L.P. These US-based funds are focused on North American opportunities with Trilantic Energy Partners (North America) L.P. being especially focused on the energy industry sector.

Reinet also invests in Trilantic Capital Partners VI Parallel (North America) L.P. (collectively with its parallel vehicles, 'Fund VI') and Trilantic Energy Partners II Parallel (North America) L.P. (collectively with its parallel vehicles 'TEP II'). Fund VI completed its fund raising in mid-2019 with total commitments of € 2.5 billion ($ 2.75 billion). TEP II completed its fund raising in 2018 with total commitments of € 401 million ($ 437 million). These US-based funds are focused on North American opportunities with TEP II being especially focused on the energy industry sector.

Reinet's investment in Trilantic Management and the above funds is carried at the estimated fair value of € 159 million at 30 September 2020 (31 March 2020: € 167 million) of which € 2 million (31 March 2020: € 3 million) is attributable to the minority partner. The estimated fair value is based on unaudited valuation data provided by Trilantic Management at 30 June 2020, adjusted for changes in the value of listed investments included in the portfolios. No adjustment has been made by Reinet in respect of the impact of COVID-19 on the valuation of underlying unlisted investments at 30 September 2020 following discussion with Trilantic Management, as Reinet does not expect this to be significant. Future valuations will take into account any impacts of COVID-19 which could affect the valuation of underlying unlisted investments.

The decrease in the estimated fair value is due to net capital distributions of € 12 million together with the weakening of the US dollar against the euro, offset by increases in estimated fair values of underlying investments.

During the period under review, gains of € 6 million (30 September 2019: € 10 million) and carried interest of € nil (30 September 2019: € 3 million) were realised.

Further information on Trilantic is available at www.trilantic.com.

36 SOUTH MACRO/VOLATILITY FUNDS

36 South Capital Advisors LLP ('36 South') is an absolute return fund manager that specialises in managing global macro/volatility funds. 36 South was established in 2001 and specialises in finding cheap convexity, principally in long-dated options, across all asset classes. Its global volatility strategies are designed to perform well in most market environments but to substantially outperform in periods of extreme market movement and volatility.

Reinet has co-invested with the 36 South management team in the fund management and distribution companies and has also invested in the following 36 South funds:

The Lesedi Fund; a positive-carry, long-volatility strategy with a primary focus of generating yield in 'normal markets', whilst retaining the potential to deliver larger positive returns in extreme market events. The fund invests in options that are expected to result in a positive return if the spot price remains the same, if volatility increases, and/or if there is a favourable movement of the price of the underlying asset.

The Kohinoor Core Fund; a global macro/long volatility strategy which aims to achieve significant returns with commensurate risk over a medium- to long-term investment period. It is designed to generate performance in a variety of market environments as the fund managers have extensive experience in identifying mis-valued assets whilst maintaining a mix of bullish and bearish positions. The fund invests up to 95 per cent in options and is a more concentrated version of the highly successful Kohinoor Series Funds.

During the period under review the investment in the Kohinoor Core Fund was redeemed for € 41 million. In addition, the investment in the fund management and distribution companies was redeemed at it's fair value of € 8 million.

The investment in the Lesedi Fund is carried at the estimated fair value of € 8 million (31 March 2020: € 8 million) and is based on unaudited financial information received from 36 South as at 30 September 2020. The valuation reflects the market impact of COVID-19 up to 30 September 2020.

Further information on 36 South is available at www.36south.com.

ASIAN PRIVATE EQUITY COMPANIES AND PORTFOLIO FUNDS

Milestone China Opportunities funds, investment holdings and management company participation

Reinet has invested along with Milestone Capital in a management company based in Shanghai, and has also invested in certain funds and an investment holding company managed by Milestone Capital (together 'Milestone').

Milestone Capital has a strong track record in helping portfolio companies scale their operations and become listed on either domestic or foreign stock exchanges. Funds under management invest primarily in domestic Chinese high-growth companies seeking expansion or acquisition capital. Milestone funds seek to maximise medium- to long-term capital appreciation by making direct investments to acquire minority or majority equity stakes in those companies identified by Milestone's investment team. Current areas of investment include: restaurants; biopharmaceutical manufacturers; medical device manufacturers; food and beverage distribution; brands covering sportswear and apparel; big data services; e-commerce; power generation equipment; retail pharmacies and online education.

Milestone Capital reports that China appears to have succeeded in containing the impact of COVID-19. China's economy continued on the road to recovery with economic and social activities further recovering. Most stores, restaurants, shopping malls and offices returned to normal operation during the second quarter of 2020.

The investment in Milestone is held at the estimated fair value of € 46 million (31 March 2020: € 60 million) based on unaudited financial information provided by Milestone Capital at 30 June 2020 adjusted for movements in listed investments and cash movements up to 30 September 2020. No adjustment has been made by Reinet in respect of the impact of COVID-19 on the valuation of underlying unlisted investments at 30 September 2020 following discussion with Milestone Capital, as Reinet does not expect this to be significant. Future valuations will take into account any impacts of COVID-19 which could affect the valuation of underlying unlisted investments.

The decrease in estimated fair value reflects capital repayments of € 15 million, together with the weakening of the US dollar against the euro, offset by capital contributions in the period.

Further information on Milestone Capital and Milestone funds is available at www.mcmchina.com.

Prescient China funds and investment management company

Reinet invests in the Prescient China Balanced Fund, the Prescient China Equity Fund and the management company.

The Prescient China Equity Fund uses a systematic, quantitative approach to seek long-term capital growth by investing primarily in China ‘A’ shares listed on the Shanghai and Shenzhen Stock Exchanges by virtue of Prescient’s Qualified Foreign Institutional Investor status granted by the China Securities Regulatory Commission.

Prescient China Balanced Fund invests in equities following a similar strategy to the Prescient China Equity Fund and also in bonds, cash and derivatives with the objective of generating inflation-beating returns at acceptable risk levels.

Both funds are managed by a subsidiary of Prescient Limited (‘Prescient’), a South African-listed fund manager, with the team based in Shanghai.

Reinet’s total investment is carried at an estimated fair value of € 123 million based on unaudited financial information provided by Prescient at 30 September 2020 (31 March 2020: € 102 million). The increase in estimated fair value over the period under review is the result of increases in the value of underlying investments offset by the weakening of the US dollar against the euro in the period. The Chinese stock markets movement in response to COVID-19 is reflected in the valuation at 30 September 2020.

Further information on Prescient is available at www.prescient.co.za.

SPECIALISED INVESTMENT FUNDS

NanoDimension funds and co-investment opportunities

Reinet is a limited partner in NanoDimension I, II and III limited partnerships and one co-investment opportunity alongside NanoDimension III. ND Capital (‘NanoDimension’) is a venture capital firm that invests in disruptive technologies across the life and physical sciences, and at times a hybrid of these. The core belief is that scientific disciplines will continue to converge and that some of the biggest breakthroughs will be based on this. The focus of each fund is to invest in and support the establishment, technology development and scale up, growth and commercialisation of portfolio companies. Investments range from molecular diagnostics, immuno-oncology, cell and gene therapies, organs on chip, DNA synthesis, energy storage and electrical propulsion systems for aviation.

At 30 September 2020, the estimated fair value of Reinet’s investment in the three funds and the co-investment amounted to € 69 million (31 March 2020: € 52 million). The estimated fair value is based on unaudited valuation data received from NanoDimension as at 30 June 2020. No adjustment has been made by Reinet in respect of the impact of COVID-19 on the valuation of underlying unlisted investments at 30 September 2020 following discussion with NanoDimension, as Reinet does not expect this to be significant. Future valuations will take into account any impacts of COVID-19 which could affect the valuation of underlying unlisted investments.

The increase in the estimated fair value reflects capital contributions of € 15 million and increases in the value of underlying investments offset by the weakening of the US dollar against the euro in the period.

Further information on NanoDimension is available at www.nanodimension.com.

Snow Phipps funds and co-investment opportunities

Snow Phipps Group (‘Snow Phipps’) is a private equity firm focused on lower middle-market control investments. Snow Phipps seeks to invest $ 50 million to $ 150 million of equity in market-leading companies primarily headquartered in North America with enterprise values between $ 100 million and $ 500 million. Snow Phipps implements a strategy of creating long-term capital appreciation through active operational management of its portfolio companies. By utilising its engaged operational approach, Snow Phipps is able to execute transactions involving corporate carve-outs, generational and management change, and add-on acquisition strategies. Snow Phipps primarily targets investments in the industrial, consumer and business services sectors, and currently manages three private equity funds with aggregate capital commitments of $ 2.4 billion.

Reinet invests as a limited partner in Snow Phipps II, L.P., Snow Phipps III, L.P. and in five co-investment opportunities alongside Snow Phipps III, L.P.

Reinet's investment in the two funds and associated co-investments is carried at an estimated fair value of € 132 million at 30 September 2020 (31 March 2020: € 118 million), based on unaudited valuation data provided by Snow Phipps at 30 June 2020. No adjustment has been made by Reinet in respect of the impact of COVID-19 on the valuation of underlying unlisted investments at 30 September 2020 following discussion with Snow Phipps, as Reinet does not expect this to be significant. Future valuations will take into account any impacts of COVID-19 which could affect the valuation of underlying unlisted investments.

The increase in the estimated fair value reflects capital contributions of € 11 million and increases in the estimated fair value of underlying investments offset by the weakening of the US dollar against the euro in the period.

Further information on Snow Phipps is available at www.snowphipps.com.

UNITED STATES LAND DEVELOPMENT AND MORTGAGES

The investment is carried at the estimated fair value of € 33 million as at 30 September 2020 (31 March 2020: € 41 million).

The current valuation is based on unaudited financial data as at 30 June 2020 adjusted for cash movements up to 30 September 2020. No adjustment has been made by Reinet in respect of the impact of COVID-19. Future valuations will take into account any impacts of COVID-19 which could affect the valuation of underlying investments. The decrease in the estimated fair value reflects repayments of € 8 million received during the period under review together with the weakening of the US dollar against the euro during the period.

Further information on Reinet's investments may be found in the Reinet 2020 annual report which is available at www.reinet/investor-relations/reports.html.

COMMITTED FUNDS

Funding commitments are entered into in various currencies including sterling, US dollar and South African rand and are converted into euro using 30 September 2020 exchange rates.

The table below summarises Reinet's investment commitments as at 30 September 2020.

	31 March 2020[(1)] € m	Exchange rate effects[(2)] € m	Committed during the period[(3)] € m	Funded during the period[(3)] € m	**30 September 2020[(3)] € m**	30 September 2020 %
Pension Corporation	197	(6)	6	(197)	**-**	-
Private equity and related partnerships						
Trilantic Capital Partners						
Fund IV, Fund V, Fund VI, TEP, TEP II, related general partners and management companies[(4)]	280	(16)	-	(1)	**263**	68.8
Asian private equity companies and portfolio funds						
Milestone China Opportunities funds, investment holdings and management company participation	2	-	-	(1)	**1**	0.3
Specialised investment funds						
Vanterra C Change TEM and holding companies	4	-	-	-	**4**	1.0
NanoDimension funds and co-investment opportunities	20	(1)	15	(15)	**19**	5.0
Snow Phipps funds and co-investment opportunities	35	(1)	1	(11)	**24**	6.3
GAM Real Estate Finance Fund	32	(1)	-	-	**31**	8.1
Other fund investments[(5)]	32	-	-	-	**32**	8.4
United States land development and mortgages	5	-	-	-	**5**	1.3
Other investments	3	-	-	-	**3**	0.8
	610	(25)	22	(225)	**382**	100.0

(1) Commitments calculated using 31 March 2020 exchange rates.
(2) Reflects exchange rate movements between 31 March 2020 and 30 September 2020.
(3) Amounts calculated using 30 September 2020 exchange rates, which may differ from actual exchange rates on the transaction date.
(4) Commitments noted represent only Reinet's share of the investments at 30 September 2020, additional commitments payable by minority partner amount to € 3 million in respect of Trilantic.
(5) Includes remaining commitment of € 32 million to RLG Real Estate Partners L.P.

CASH AND LIQUID FUNDS

Reinet holds cash on deposit principally in European-based banks and in liquidity funds holding highly rated short-term commercial paper.

Reinet's liquidity is measured by its ability to meet potential cash requirements, including unfunded commitments on investments and the repayment of borrowings, and at 30 September 2020 can be summarised as follows:

Cash and liquid funds	€ 346 m
Undrawn borrowing facility	€ 276 m
Cash required for unfunded commitments (refer to table on previous page)	(€ 382 m)
Cash required to meet ZAR borrowing obligations	(€ 22 m)

The undrawn borrowing facility comprises a revolving facility with Bank of America, N.A. of € 276 million (£ 250 million) (see below).

Medium-term bank borrowings of € 583 million will be settled by the exercise of put options over BAT shares or the proceeds of the sale of BAT shares, or may be rolled over or replaced by other borrowings or settled by available cash.

Reinet may sell further BAT shares or use such shares to secure additional financing facilities from time to time.

BANK BORROWINGS AND DERIVATIVES

BORROWINGS

Reinet has a facility agreement in place with Bank of America, N.A. up to December 2022. The borrowing facilities allow Reinet to drawdown the equivalent of up to £ 250 million in a combination of currencies to fund further investment commitments. As at 30 September 2020 and 31 March 2020, these facilities had not been drawn upon.

During early 2017, Reinet entered into a £ 500 million, medium-term financing arrangement with Merrill Lynch International, which runs to 2022. At 30 September 2020, the estimated fair value of the borrowing was € 557 million (£ 505 million) (31 March 2020: € 568 million (£ 504 million)). The £ 500 million financing transaction includes the purchase by Reinet of put options over approximately 15.5 million BAT shares for a premium of some € 92 million (£ 79 million) payable over the life of the transaction (the 'Premium Loan'). At 30 September 2020, the Premium Loan is carried as a liability at an estimated fair value of € 26 million (£ 24 million) (31 March 2020: € 35 million (£ 31 million)). Some 2.4 million BAT shares have also been pledged to collateralise the Premium Loan and future interest payments. As part of the medium-term financing arrangement and Premium Loan a portion of BAT shares are on loan to Merrill Lynch International. Reinet retains the economic benefit of all shares on loan.

Reinet has also borrowed ZAR 443 million to fund its investments in South African projects. At 30 September 2020, the estimated fair value of the borrowing was € 22 million (31 March 2020: € 22 million). This loan matures in March 2022.

DERIVATIVE ASSETS/(LIABILITIES) – OPTIONS AND FORWARD EXCHANGE CONTRACT

As part of the aforementioned £ 500 million medium-term financing arrangement, Reinet purchased put options which provide protection should the value of the BAT shares used to secure the borrowings fall below a certain amount. Proceeds received as a result of the put options being exercised could be used to repay the amounts borrowed in full. The put options are carried at their estimated fair value of € 134 million at 30 September 2020 (31 March 2020: € 152 million). The decrease in the carrying value of the put options reflects the weakening of sterling against the euro in the period and the decrease in the time to maturity. The cost of the put options is considered as part of the overall cost of financing and is included in the fair value adjustment on outstanding contracts in the income statement on page 11.

In the period under review, Reinet settled an outstanding forward exchange contract amounting to ZAR 300 million realising a profit of € 1.9 million. Reinet also entered into a new forward exchange contract to sell ZAR 200 million (31 March 2020: ZAR 300 million), which is carried at an estimated fair value of € 0.2 million (liability) at 30 September 2020 (31 March 2020: € 3 million (asset)).

Refer to page 56 of the Reinet 2020 annual report for a description of Reinet's policy on foreign exchange exposure.

OTHER (LIABILITIES)/ASSETS

MINORITY INTEREST, FEES PAYABLE AND OTHER LIABILITIES, NET OF OTHER ASSETS

The minority interest liability amounts to € 4 million (31 March 2020: € 4 million) and is in respect of a minority partner's share in the gains and losses not yet distributed arising from the estimated fair value movement of investments in which they have interests.

Fees payable and other liabilities comprise principally an accrual of € 15 million in respect of the management fee payable at 30 September 2020 (31 March 2020: € 16 million), a provision for deferred taxes of € 3 million (31 March 2020: € 4 million) relating to realised and unrealised gains arising from the investments in Trilantic and Snow Phipps, and withholding and corporate taxes of € 6 million (31 March 2020: € 5 million) relating to the investment in United States land development and mortgages. Accruals, other payables and other receivables net to € 3 million (31 March 2019: € 4 million).

No provision has been made in respect of a performance fee as at 30 September 2020 (31 March 2020: € nil) as the conditions required to pay a fee had not been met at that date.

The performance fee (if applicable) and management fee are payable to Reinet Investment Advisors Limited.

Amounts payable are offset by other assets which comprise the BAT dividend receivable of € nil (31 March 2020: € 34 million).

INCOME STATEMENT	**Six-month period ended 30 September 2020**		Six-month period ended 30 September 2019	
	€ m	**€ m**	€ m	€ m
Income				
BAT dividends	**34**		39	
Interest and other investment income	**16**		8	
Realised (losses)/gains on investments	**(14)**		25	
Realised gain/(loss) on foreign exchange contract	**2**		(1)	
Carried interest earned on investments	**-**		3	
Total income		**38**		74
Expenses				
Management fee	**(18)**		(21)	
Operating expenses, foreign exchange and transaction-related costs	**(1)**		(4)	
Interest expense	**(4)**		(4)	
Tax expense	**-**		(4)	
Total expenses		**(23)**		(33)
Realised investment income, net of expenses		**15**		41
Fair value adjustments				
BAT	**(25)**		(217)	
Pension Corporation	**209**		143	
Other investments	**15**		26	
Derivative instruments	**(21)**		(2)	
Borrowings	**11**		14	
Total fair value adjustments		**189**		(36)
		204		5
Effect of exchange rate changes on cash balances		**(21)**		2
Net profit		**183**		7
Minority interest		**-**		-
Profit attributable to the shareholders of the Company		**183**		7

INCOME

Dividend income from BAT recorded during the period amounted to € 34 million (£ 31 million) (30 September 2019: € 39 million (£ 35 million)). Dividend income recorded for the six months to September 2020 was in respect of BAT's second 2020 interim dividend of £ 0.526 per share (2019: £ 0.5075 per share) with a record date of 10 July 2020, being the only dividend with a record date falling in the period under review.

Interest income is earned on bank deposits, investments and loans made to underlying investments. Included in other investment income are the foreign exchange movements on other liabilities and other assets of € 1 million (gain) (30 September 2019: € 5 million (loss)).

Realised losses on investments of € 14 million were mainly in respect of investments realised in 36 South and other investments, offset by realised gains in Trilantic and Milestone.

A gain of € 1.9 million was realised on the settlement of the euro/South African rand foreign exchange contract during the period.

EXPENSES

The management fee for the period ended 30 September 2020 amounts to € 18 million (30 September 2019: € 21 million).

Operating expenses of € 1 million include € 0.4 million in respect of charges from Reinet Investments Manager S.A. (the ‘General Partner’) and other expenses, including legal and other fees, which amounted to € 0.6 million.

A performance fee may be payable for the year ended 31 March 2021 if certain conditions are met. The performance fee is calculated as 10 per cent of the Cumulative Total Shareholder Return as defined in the Company’s prospectus, published on 10 October 2008 as last amended on 25 August 2020, including dividends paid, over the period since completion of the rights issue in December 2008 up to 31 March 2021, less the sum of all performance fees paid in respect of previous periods. No provision for the performance fee was accrued in respect of the six-month periods ended 30 September 2020 and 2019.

Interest expense relates to sterling and South African rand denominated borrowings.

FAIR VALUE ADJUSTMENTS

The investment in 58.1 million BAT shares decreased in value by € 25 million during the period under review. Of this, € 13 million was attributable to the increase in value of the underlying BAT shares in sterling terms, offset by a decrease of € 38 million due to the weakening of sterling against the euro during the period under review.

The investment in Pension Corporation increased in value by € 209 million which includes a decrease of € 32 million in respect of the weakening of sterling against the euro in the period under review (refer to page 6 for a full description of the overall movement of Pension Corporation during the period).

The unrealised fair value adjustment of € 15 million in respect of other investments includes an increase in the estimated fair value of other listed investments of € 15 million, 36 South of € 13 million, the Prescient China funds of € 21 million, offset by decreases in the fair value of investments held in Milestone of € 8 million, United States land development and mortgages of € 7 million, Diamond interests € 5 million and certain other investments of € 14 million. The above amounts include the effect of changes in foreign exchange rates in the period under review.

The put options decreased in value by € 18 million, reflecting the weakening of sterling against the euro in the period and the decrease in the time to maturity.

Borrowings are carried at estimated fair value reflecting the discounted cash flow value of future principal and interest payments taking into account prevailing interest rates. An unrealised gain of € 11 million arose in respect of the sterling borrowing; of this, a gain of € 12 million was due to the weakening of sterling against the euro during the period.

MINORITY INTEREST

The minority interest expense arises in respect of the minority partner’s share in the earnings of Reinet TCP Holdings Limited.

DIVIDEND

A cash dividend of some € 35 million or € 0.19 per share (excluding treasury shares held) was paid in September 2020, following approval at the annual general meeting on 25 August 2020. The Company only declares an annual dividend.

CAPITAL STRUCTURE

As at 30 September 2020 and 31 March 2020 there were 195 941 286 ordinary shares and 1 000 management shares in issue.

As at 30 September 2020, 11 651 395 (31 March 2020: 11 651 395) ordinary shares were held as treasury shares. The voting and dividend rights attached to the treasury shares are suspended. Therefore, the total number of voting rights at 30 September 2020 was 184 290 891.

FINANCIAL STATEMENTS

The consolidated unaudited financial statements at 30 September 2020, on which this announcement is based, have been approved by the Board of the General Partner on 12 November 2020.

SHARE INFORMATION

The Company’s ordinary shares are listed and traded on the Luxembourg Stock Exchange (symbol ‘REINI’, Thomson Reuters code REIT.LU), on Euronext Amsterdam (symbol ‘REINA’, Thomson Reuters code REINA.AS) and on the Johannesburg Stock Exchange (symbol ‘RNI’, Thomson Reuters code RNIJ.J) with the ISIN number LU0383812293; the listing on the Johannesburg Stock Exchange is a secondary listing. The Company’s ordinary shares are included in the ‘LuxX’ index of the principal shares traded on the Luxembourg Stock Exchange.

Reinet Investments Manager S.A.
General Partner
For and on behalf of Reinet Investments S.C.A.

Sponsor
RAND MERCHANT BANK (a division of FirstRand Bank Limited)

16 NOVEMBER 2020

Website: www.reinet.com

Notes for South African editors

Acknowledging the interest in Reinet's results on the part of South African investors, set out below are key figures from the results expressed in rand.

Shares in issue

Reinet has repurchased 11 651 395 ordinary shares between November 2018 and November 2019 under four share buyback programmes. The cost of the ordinary shares repurchased amounts to ZAR 2 784.74 million, plus transaction costs.

As at 30 September 2020, there was no share buyback programme in progress.

All ordinary shares repurchased are held as treasury shares.

	30 September 2020	31 March 2020
Shares in issue	**195 942 286**	195 942 286
Treasury shares	**(11 651 395)**	(11 651 395)
Net shares	**184 290 891**	184 290 891

Net asset value

Using the closing euro/rand exchange rate prevailing as at 30 September 2020 of 19.6449 and a rate of 19.7039 as at 31 March 2020.

	30 September 2020	31 March 2020
Net asset value	**ZAR 89 404 m**	ZAR 86 756 m

The increase in the net asset value reflects the increase in the net asset value in euro terms together with the strengthening of the South African rand against the euro during the period.

Net asset value per ordinary share

	30 September 2020	31 March 2020
Net asset value per share	**ZAR 485.23**	ZAR 470.73

Profit for the period

Using the average euro/rand exchange rate for the period ended 30 September 2020 of 19.7518 and the average rate of 16.2404 for the period ended 30 September 2019.

	30 September 2020	30 September 2019
Profit for the period	**ZAR 3 615 m**	ZAR 114 m

The profit for the period reflects the increase in the net asset value in euro terms offset by the weakening of the South African rand against the euro.

Headline earnings per share
To comply with the South African practice of providing Headline earnings per share data, the relevant data is as follows:

	30 September 2020	30 September 2019
Unadjusted earnings per share	**€ 0.99**	€ 0.04
Headline earnings per share *	**€ 0.99**	€ 0.04
Unadjusted earnings per share	**ZAR 19.55**	ZAR 0.65
Headline earnings per share *	**ZAR 19.55**	ZAR 0.65

* There are no dilutive instruments

Dividends paid

	September 2020	September 2019
Gross dividend per share	**€ 0.19**	€ 0.19
Gross dividend per share	**ZAR 3.9406**	ZAR 3.2381
Euro/rand exchange rate	20.74010	17.0425