REINET INVESTMENTS S.C.A.

Reinet Investments S.C.A.
(Incorporated in Luxembourg)
ISIN: LU0383812293
Code: RNI
LEI: 222100830RQTFVV22S80

COMPANY ANNOUNCEMENT FOR IMMEDIATE RELEASE

MANAGEMENT STATEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2022

The Board of Reinet Investments Manager S.A. announces the results of Reinet Investments S.C.A. for the quarter ended 30 June 2022.

Key financial data

- **Reinet's net asset value of € 5 705 million reflects a compound growth rate of 9.3 per cent per annum in euro terms, since March 2009, including dividends paid**
- **The net asset value at 30 June 2022 reflects a decrease of € 185 million or 3.1 per cent from € 5 890 million at 31 March 2022**
- **Net asset value per share at 30 June 2022: € 31.38 (31 March 2022: € 31.99)**
- **Fifth share buyback programme completed with 2 325 979 ordinary shares repurchased during the quarter for a consideration of some € 46 million**
- **Commitments totalling € 40 million in respect of new and existing investments were made during the quarter, with a total of € 36 million funded (less € 28 million of recallable commitments repaid)**

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'.

BUSINESS OVERVIEW

Net asset value

The net asset value ('NAV') at 30 June 2022 and 31 March 2022 comprised:

	30 June 2022		31 March 2022	
	€ m	%	€ m	%
Listed investments				
British American Tobacco p.l.c.	**1 975**	**34.6**	1 832	31.1
Other listed investments	**87**	**1.5**	100	1.7
Unlisted investments				
Pension Insurance Corporation Group Limited	**2 431**	**42.6**	2 796	47.5
Private equity and related partnerships	**955**	**16.7**	906	15.4
Trilantic Capital Partners	**400**	**7.0**	385	6.5
Funds, related general partners and management companies				
TruArc Partners	**221**	**3.9**	202	3.5
Funds, co-investment opportunities and management company				
Asian private equity companies and portfolio funds	**235**	**4.1**	213	3.6
Milestone China Opportunities funds, investment holdings and management company	52		50	
Prescient China funds and investment management company	160		143	
Asia Partners funds	23		20	
Specialised investment funds	**99**	**1.7**	106	1.8
NanoDimension funds and co-investment opportunities	93		98	
Other fund investments	6		8	
United States land development and mortgages	**32**	**0.6**	32	0.5
Diamond interests	**-**	**-**	20	0.3
Other investments	**84**	**1.5**	81	1.4
Total investments	**5 564**	**97.5**	5 767	97.9
Cash and liquid funds	**405**	**7.1**	415	7.0
Bank borrowings and derivatives				
Borrowings	**(226)**	**(3.9)**	(233)	(3.9)
Derivative assets	**-**	**-**	1	-
Other liabilities				
Minority interest, fees payable and other liabilities, net of other assets	**(38)**	**(0.7)**	(60)	(1.0)
Net asset value	**5 705**	**100.0**	5 890	100.0

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

INFORMATION RELATING TO CURRENT KEY INVESTMENTS AT 30 JUNE 2022

		Committed amount(1) in millions	Remaining committed amount(1) in millions	Invested amount(2) in millions	Realised amount(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**	**3 163**	**1 975**	**5 138**
	GBP	-	-	1 418	2 647	1 700	4 347
Other listed investments	**EUR**	**-**	**-**	**127**	**68**	**87**	**155**
	USD	-	-	146	78	91	169
Unlisted investments							
Pension Insurance Corporation Group Limited	**EUR**	**-**	**-**	**1 309**	**–**	**2 431**	**2 431**
	GBP	-	-	1 107	–	2 093	2 093
Trilantic Capital Partners	**EUR**	**648**	**165**	**455**	**500**	**400**	**900**
Euro investment	EUR	85	19	66	146	28	174
US dollar investment(4)	USD	591	152	449	425	390	815
TruArc Partners	**EUR**	**457**	**206**	**232**	**223**	**221**	**444**
	USD	480	216	264	251	232	483
Asian private equity companies and portfolio funds							
Milestone China Opportunities funds, investment holdings and management company	**EUR**	**161**	**1**	**129**	**144**	**52**	**196**
	USD	169	1	168	164	54	218
Prescient China funds and investment management company	**EUR**	**-**	**-**	**77**	**3**	**160**	**163**
	USD	-	-	92	3	168	171
Asia Partners funds	**EUR**	**54**	**36**	**15**	**-**	**23**	**23**
	USD	56	37	19	-	24	24
Specialised investment funds							
NanoDimension funds and co-investment opportunities	**EUR**	**183**	**70**	**103**	**46**	**93**	**139**
Euro investment	EUR	4	–	4	1	2	3
US dollar investment	USD	187	73	114	51	96	147
United States land development and mortgages	**EUR**	**204**	**5**	**160**	**55**	**32**	**87**
	USD	214	5	209	63	34	97

(1) Calculated using quarter 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.

PERFORMANCE

NET ASSET VALUE

The NAV comprises total assets less total liabilities, and equates to total equity under International Financial Reporting Standards. The decrease in the NAV of € 185 million during the quarter reflects decreases in the estimated fair value of certain investments including Pension Insurance Corporation Group Limited ('Pension Corporation') and Other listed investments, offset by increases in the estimated fair value of British American Tobacco p.l.c. ('BAT') Trilantic Capital Partners, TruArc Partners and Prescient China funds.

Reinet records its assets and liabilities in euro; the weakening of sterling and the South African rand against the euro, offset by the strengthening of the US dollar against the euro has resulted in an overall decrease in the value of certain assets and liabilities in euro terms. Applying the current quarter end exchange rates to the March 2022 assets and liabilities would have resulted in a decrease in the March 2022 NAV of some € 30 million.

SHARE BUYBACK PROGRAMME

During the quarter, 2 325 979 ordinary shares were repurchased for some € 46 million, plus transaction costs.

The fifth share buyback programme commenced in March 2022 and concluded on 23 May 2022, with 2.5 million ordinary shares repurchased for € 49 million, plus transaction costs.

The Company repurchased 14 151 395 ordinary shares between November 2018 and June 2022 under five share buyback programmes. The cost of the ordinary shares repurchased under these five share buyback programmes amounted to € 222 million, plus transaction costs.

As at 30 June 2022, 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 and the adjusted NAV per share of the Company is calculated by dividing the NAV and adjusted NAV by the number of shares outstanding (excluding treasury shares) of 181 790 891 (31 March 2022: 184 116 870). The adjusted NAV as at 31 March 2022 was calculated by reversing the liability in respect of future repurchases of shares of € 46.5 million. The adjusted NAV is considered relevant as it eliminates the timing difference between the additional liability recorded for future share repurchases and the actual number of shares repurchased as at 31 March 2022.

	30 June 2022	31 March 2022
Shares in issue	**195 942 286**	195 942 286
Treasury shares	**(14 151 395)**	(11 825 416)
Net shares	**181 790 891**	184 116 870
	€ m	€ m
NAV (see page 2)	**5 705**	5 890
Reversal of future share buyback liability	**-**	46
Adjusted NAV	**5 705**	5 936
	€ per share	€ per share
NAV per share	**31.38**	31.99
Adjusted NAV per share	**31.38**	32.24

SHARE PRICE

The Company's indicative share price as quoted on the Luxembourg Stock Exchange decreased by 13 per cent in the quarter from € 20.00 at 31 March 2022 to € 17.40 at 30 June 2022, with the highest trade being at € 19.80 during the quarter. The total shareholder return since inception (taking into account the initial price of € 7.1945 and including dividends paid) is 7.5 per cent per annum. The growth in NAV, including dividends paid, reflects a 9.3 per cent compounded increase since March 2009. 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.

Share prices as at 30 June 2022 and 31 March 2022 were as follows:

	30 June 2022		31 March 2022	
	ZAR	**EUR**	ZAR	EUR
Luxembourg	**-**	**17.40**	-	20.00
Amsterdam	**-**	**16.90**	-	20.00
Johannesburg	**285.80**	**-**	327.76	-

GLOBAL MARKETS BACKDROP

In March 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic. As of June 2022, COVID-19 continues to impact the world and the long-term financial impacts remains unknown.

The Ukraine crisis continues to have an impact on worldwide fuel supplies, along with the availability and cost of other essential goods and services leading to volatility in financial markets. Reinet has no direct exposure to Russia or Ukraine through its underlying investments or banking relationships and continues to monitor the situation.

The continuation of rising interest rates and inflation volatility in most of the largest global markets adds to the uncertain economic outlook.

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 and discussions have taken place with fund managers to determine any significant changes in value and any impacts related to COVID-19 and the Ukraine crisis. Future valuations will take into account any new impacts of COVID-19 and the Ukraine crisis which could affect the valuation of underlying unlisted investments.

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 € 3.4 billion and at 30 June 2022 has committed to provide further funding of € 513 million to its current investments. New commitments during the quarter under review amounted to € 40 million, with a net amount of € 8 million funded during the quarter being payments of € 36 million offset by returns of capital contributions of € 28 million which are recallable in future by the underlying investments.

Major items impacting the NAV, significant changes in carrying value and new investments during the quarter 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.

Reinet holds 48.3 million BAT shares representing some 2.14 per cent of BAT's issued share capital as at 30 June 2022. The value of Reinet's investment in BAT amounted to € 1 975 million at 30 June 2022 (31 March 2022: € 1 832 million), being some 34.6 per cent of Reinet's NAV. The increase in value reflects the increase in the BAT share price on the London Stock Exchange from £ 31.94 at 31 March 2022 to £ 35.20 at 30 June 2022 offset by the weakening of sterling against the euro during the quarter.

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

OTHER LISTED INVESTMENTS

Other listed investments comprised:

	30 June 2022 € m	31 March 2022 € m
Grab Holdings Limited	**25**	33
Selecta Biosciences, Inc.	**2**	2
Soho China Limited	**8**	8
SPDR Gold shares	**37**	37
Twist Bioscience Corporation	**15**	20
	87	100

The decrease in value reflects decreases in the listed share prices of Grab Holdings Limited, SPDR Gold shares and Twist Bioscience Corporation between 31 March 2022 and 30 June 2022, offset by the strengthening of the US dollar against the euro during the quarter.

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

Reinet's investment in Pension Corporation is carried at an estimated fair value of € 2 431 million at 30 June 2022 (31 March 2022: € 2 796 million). This value takes into account Pension Corporation's audited adjusted equity own funds value at 31 December 2021 of £ 5.9 billion, corresponding valuation multiples drawn from industry data for a selected UK insurance peer group as at 30 June 2022, and a discount of 10 per cent which takes into account the illiquid nature of Reinet's investment.

The decrease in Reinet's estimated fair value of Pension Corporation over the quarter is mainly due to a decrease in comparable company multiples derived from public information of listed peer-group companies in the UK insurance sector and, to a much smaller extent, the weakening of sterling against the euro in the quarter.

The investment in Pension Corporation represents some 42.6 per cent of Reinet's NAV at 30 June 2022, compared to 47.5 per cent at 31 March 2022.

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

PRIVATE EQUITY AND RELATED PARTNERSHIPS

TRILANTIC CAPITAL PARTNERS

Reinet is invested as a limited partner in six Trilantic Capital Partners' funds, related general partners and management companies.

Trilantic North America has established Trilantic Capital Partners VII Parallel (North America) L.P. (collectively with its parallel vehicles, 'Fund VII'), a successor fund to Fund VI, Fund V and Fund IV. Reinet has committed to invest up to 9.9 per cent of total commitments in Fund VII, with an expected final commitment of some $ 297 million.

Reinet's investment is carried at an estimated fair value of € 400 million at 30 June 2022 (31 March 2022: € 385 million) of which € 2 million (31 March 2022: € 2 million) is attributable to the minority partner. The estimated fair value is based on unaudited valuation data provided by Trilantic Management at 31 March 2022 adjusted for changes in the value of listed investments included in the portfolios and cash movements up to 30 June 2022.

The increase in the estimated fair value reflects increases in estimated fair values of underlying investments together with the strengthening of the US dollar against the euro, offset by net capital distributions of € 16 million.

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

TRUARC PARTNERS FUNDS, CO-INVESTMENT OPPORTUNITIES AND MANAGEMENT COMPANY

Reinet is invested as a limited partner in three funds and a related co-investment vehicle and two direct co-investment opportunities. Reinet also holds an equity interest in the management company, TruArc Partners, LP.

Reinet's investment is carried at an estimated fair value of € 221 million at 30 June 2022 (31 March 2022: € 202 million), based on the unaudited valuation data provided by TruArc at 31 March 2022 adjusted for cash movements up to 30 June 2022.

The increase in the estimated fair value reflects net capital contributions of € 13 million and the strengthening of the US dollar against the euro in the quarter, offset by decreases in the estimated fair values of underlying investments.

Further information on TruArc Partners is available at www.truarcpartners.com

ASIAN PRIVATE EQUITY COMPANIES AND PORTFOLIO FUNDS

Prescient China funds and investment management company

Reinet is invested in three Prescient China funds and the management company.

In May 2022, Reinet invested € 10 million ($ 10 million) in the newly launched Prescient China Growth Enhanced Absolute Return Fund. The fund aims to achieve long-term capital growth at significantly lower return volatility than conventional multi-asset China investment strategies. The fund will predominantly invest in mainland Chinese equities, bonds, cash, money market instruments and derivatives.

Reinet's total investment is carried at an estimated fair value of € 160 million based on unaudited financial information provided by Prescient at 30 June 2022 (31 March 2022: € 143 million). The increase in estimated fair value reflects the capital contribution noted above together with the strengthening of the US dollar against the euro in the quarter.

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

Asia Partners funds

Reinet is invested as a limited partner in Asia Partners I LP.

In April 2022, Reinet committed € 30 million ($ 31 million) to Asia Partners II LP as part of the first close. This amount is expected to increase at subsequent fund closings. An initial investment of some € 7 million was made in July 2022.

The investment in Asia Partners is held at the estimated fair value of € 23 million (31 March 2022: € 20 million) based on unaudited financial information provided by the fund manager at 31 March 2022 adjusted for cash movements up to 30 June 2022.

The increase in estimated fair value reflects capital contributions of € 1 million and increases in the estimated fair values of underlying investments together with the strengthening of the US dollar against the euro in the quarter.

Further information on Asia Partners is available at www.asiapartners.com

Further information on Reinet's investments may be found in the Reinet 2022 annual report which is available at www.reinet/investor-relations/reports.html.

CASH AND LIQUID FUNDS

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

Reinet's cash and liquid funds decreased from € 415 million at 31 March 2022 to € 405 million at 30 June 2022. During the quarter, the BAT dividend received amounted to € 31 million, this amount was accrued as at 31 March 2022 and distributions from several investments amounted to some € 53 million. Payments were made of some € 30 million in respect of underlying investments, a payment of € 20 million was made to Reinet Investment Advisors Limited in respect of management and performance fees which were accrued as at 31 March 2022, € 46 million was paid in respect of the share buyback programme and other expenses amounted to some € 6 million. Changes in foreign exchange rates and other income amounted to some € 8 million.

BANK BORROWINGS AND DERIVATIVES

BORROWINGS

Reinet has a fixed-rate £ 100 million margin loan due to Citibank N.A., which is repayable in August 2024. At 30 June 2022, the fair value of the loan amounted to € 111 million (31 March 2022: € 114 million).

In addition, Reinet has a fixed-rate £ 100 million margin loan due to Bank of America, N.A., which is repayable in March 2025. At 30 June 2022, the fair value of the loan amounted to € 115 million (31 March 2022: € 119 million).

Some 13.8 million BAT shares have been pledged to collateralise these two loans.

In addition, Reinet has a facility agreement in place with Citibank N.A. up to August 2024 and with Bank of America, N.A. up to March 2025. These facilities allow Reinet to drawdown the equivalent of up to € 232 million (£ 200 million) in a combination of currencies to fund further investment commitments. As at 30 June 2022 no funds have been drawn under these facilities.

OTHER LIABILITIES

Minority interest, fees payable and other liabilities, net of other assets comprise:

	30 June 2022 € m	31 March 2022 € m
Minority interest	**(3)**	(3)
Liability in respect of current share buyback programme	**-**	(46)
Management fee	**(9)**	(17)
Performance fee	**-**	(3)
Tax provisions	**(17)**	(11)
Accruals and other payables, net of other receivables	**(9)**	(11)
BAT dividend receivable	**-**	31
Total other (liabilities)/assets	**(38)**	(60)

The minority interest liability 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.

Tax provisions relate to realised and unrealised gains arising from the investments in Trilantic Capital Partners and TruArc Partners, together with withholding and corporate taxes relating to the investment in United States land development and mortgages.

The performance fee and management fee are payable to the Investment Advisor.

No amount is receivable as at 30 June 2022 in respect of BAT dividends as the record date for the next quarterly dividend is 8 July 2022 (31 March 2022: € 31 million).

CAPITAL STRUCTURE

As at 30 June 2022, there were 195 941 286 ordinary shares and 1 000 management shares of no par value in issue.

As at 30 June 2022, the Company held 14 151 395 ordinary shares as treasury shares (31 March 2022: 11 825 416). The voting and dividend rights attached to treasury shares are suspended. Therefore, the total number of voting rights at 30 June 2022 was 181 790 891 (31 March 2022: 184 116 870).

SHARE INFORMATION

The Company's ordinary shares are listed and traded on the Luxembourg Stock Exchange (symbol 'REINI', Refinitiv code REIT.LU), on Euronext Amsterdam (symbol 'REINA', Refinitiv code REIT.AS) and on the Johannesburg Stock Exchange (symbol 'RNI', Refinitiv 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.

Website: www.reinet.com

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

26 JULY 2022

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 repurchased 14 151 395 ordinary shares between November 2018 and June 2022 under five share buyback programmes. The cost of the ordinary shares repurchased under these five share buyback programmes amounted to ZAR 3 594.97 million, plus transaction costs.

The fifth share buyback programme commenced in March 2022 and concluded on 23 May 2022, with 2.5 million ordinary shares repurchased for ZAR 810.23 million, plus transaction costs.

All ordinary shares repurchased are held as treasury shares.

	30 June 2022	31 March 2022
Shares in issue	**195 942 286**	195 942 286
Treasury shares	**(14 151 395)**	(11 825 416)
Net shares	**181 790 891**	184 116 870

Net asset value

Using the closing euro/rand exchange rate prevailing as at 30 June 2022 of 17.0680 and a rate of 16.1681 as at 31 March 2022.

	30 June 2022	31 March 2022
Net asset value	**ZAR 97 373 m**	ZAR 95 230 m

The increase in the net asset value reflects the strengthening of the euro against the South African rand during the quarter, offset by the decrease in the net asset value in euro terms.

Net asset value per ordinary share

	30 June 2022	31 March 2022
Net asset value per share	**ZAR 535.60**	ZAR 517.22