

COMPANY ANNOUNCEMENT FOR IMMEDIATE RELEASE

26 JULY 2021

MANAGEMENT STATEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2021

The Board of Reinet Investments Manager S.A. announces the results of Reinet Investments S.C.A. for the quarter ended 30 June 2021.

Key financial data

- **Reinet's net asset value of € 5 155 million reflects a compound growth of 9.1 per cent per annum in euro terms, since March 2009, including dividends paid**
- **The net asset value at 30 June 2021 reflects a decrease of € 229 million or 4.3 per cent from € 5 384 million at 31 March 2021**
- **Net asset value per share at 30 June 2021: € 27.97 (31 March 2021: € 29.21)**
- **Commitments totalling € 253 million in respect of new and existing investments made during the quarter, and a total € 20 million funded during the quarter**

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 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.

Reinet Investments S.C.A.

R.C.S. Luxembourg B 16 576

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BUSINESS OVERVIEW

Net asset value				
The net asset value ('NAV') at 30 June 2021 comprised:				
	30 June 2021		31 March 2021	
	€ m	%	€ m	%
Listed investments				
British American Tobacco p.l.c.	1 831	35.5	1 826	33.9
Other listed investments	108	2.1	96	1.8
Unlisted investments				
Pension Insurance Corporation Group Limited	2 514	48.8	2 755	51.2
Private equity and related partnerships				
Trilantic Capital Partners	211	4.1	179	3.3
Fund IV, Fund V, Fund VI, TEP, TEP II, related general partners and management companies				
Snow Phipps	143	2.8	161	3.0
Fund II, Fund III, Fund IV, co-investment opportunities and management company participation				
Asian private equity companies and portfolio funds	250	4.8	242	4.5
Milestone China Opportunities funds, investment holdings and management company participation	50		49	
Prescient China funds and investment management company	149		142	
Grab Holdings Inc.	42		43	
Asia Partners fund	9		8	
Specialised investment funds	189	3.7	194	3.6
Vanterra C Change TEM and holding companies	18		17	
NanoDimension funds and co-investment opportunities	83		84	
GAM Real Estate Finance Fund	3		9	
Other fund investments	85		84	
United States land development and mortgages	33	0.6	33	0.6
Diamond interests	15	0.3	17	0.3
Other investments	69	1.3	69	1.3
Total investments	5 363	104.0	5 572	103.5
Cash and liquid funds	556	10.8	507	9.4
Bank borrowings and derivatives				
Borrowings	(826)	(16.0)	(837)	(15.5)
Net derivative assets	95	1.8	114	2.1
Other (liabilities)/assets				
Minority interest, fees payable and other liabilities, net of other assets	(33)	(0.6)	28	0.5
Net asset value	5 155	100.0	5 384	100.0

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

INFORMATION RELATING TO CURRENT KEY INVESTMENTS AT 30 JUNE 2021

		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	2 792	1 831	4 623
	GBP	-	-	1 418	2 333	1 570	3 903
Other listed investments	EUR	-	-	84	68	108	176
	USD	-	-	96	78	128	206
Unlisted investments							
Pension Insurance Corporation Group Limited							
	EUR	1 291	-	1 309	-	2 514	2 514
	GBP	1 107	-	1 107	-	2 155	2 155
Trilantic Capital Partners	EUR	584	234	368	458	211	669
Euro investment	EUR	87	20	67	143	33	176
US dollar investment ⁽⁴⁾	USD	590	254	346	380	211	591
Snow Phipps							
Fund II, Fund III, Fund IV, co-investment opportunities and management company participation	EUR	403	273	135	71	143	214
	USD	478	324	154	80	170	250
Asian private equity companies and portfolio funds							
Milestone China Opportunities funds, investment holdings and management company participation	EUR	142	1	128	140	50	190
	USD	169	2	167	159	59	218
Prescient China funds and investment management company	EUR	-	-	68	2	149	151
	USD	-	-	82	2	176	178
Grab Holdings Inc.	EUR	-	-	43	-	42	42
	USD	-	-	50	-	50	50
Asia Partners fund	EUR	21	13	8	-	9	9
	USD	25	15	10	-	11	11
Specialised investment funds							
Vanterra C Change TEM and holding companies	EUR	60	4	53	2	18	20
	USD	71	4	67	3	21	24
NanoDimension funds and co-investment opportunities	EUR	99	15	85	38	83	121
Euro investment	EUR	4	-	4	1	4	5
US dollar investment	USD	112	18	94	42	94	136
GAM Real Estate Finance Fund	EUR	117	33	87	87	3	90
	GBP	100	28	72	75	2	77
United States land development and mortgages							
	EUR	181	5	160	43	33	76
	USD	215	6	209	48	39	87
Diamond interests ⁽⁵⁾	EUR	-	-	116	95	15	110
	ZAR	-	-	1 160	1 409	254	1 663

(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.

(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 comprises total assets less total liabilities, and equates to total equity under International Financial Reporting Standards. The decrease in the NAV of € 229 million during the quarter reflects decreases in the estimated fair value of certain investments including Pension Insurance Corporation Group Limited and derivative assets, offset by increases in the value of British American Tobacco p.l.c. ('BAT'), other listed investments, Trilantic Capital Partners, Snow Phipps funds and co-investment opportunities and Prescient China funds.

Reinet 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 the current quarter end exchange rates to the March 2021 assets and liabilities would have resulted in a decrease in the March 2021 NAV of some € 41 million.

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.

COVID-19

In March 2020, the World Health Organisation classified the COVID-19 outbreak as a pandemic.

Reinet recognises that the long-term financial impact of COVID-19 may still be unknown. However it 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.

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 € 3.1 billion and at 30 June 2021 has committed to provide further funding of € 613 million to its current investments. New commitments during the quarter under review amounted to € 253 million, and a total of € 20 million was funded during the quarter.

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 56.1 million BAT shares representing some 2.44 per cent of BAT's issued share capital as at 30 June 2021. The value of Reinet's investment in BAT amounted to € 1 831 million at 30 June 2021 (31 March 2021: € 1 826 million), being some 35.5 per cent of Reinet's NAV. The increase in value reflects the increase in the BAT share price on the London Stock Exchange from £ 27.74 at 31 March 2021 to £ 28.00 at 30 June 2021 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 2021	31 March 2021
	€ m	€ m
SPDR Gold shares	32	32
Selecta Biosciences, Inc.	5	5
Soho China Limited	21	12
Twist Bioscience Corporation	50	47
	108	96

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.

In June 2021, the Blackstone Group announced its intention to make a general offer to acquire a controlling stake in Soho.

Reinet holds 47 million shares with a market value of € 21 million as at 30 June 2021 (31 March 2021: € 12 million). The increase in value reflects the increase in the share price following the announcement by the Blackstone Group, offset by the weakening of the US dollar against the euro during the quarter.

Further information on Soho is available at www.sohochina.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

Reinet's investment in Pension Corporation is carried at an estimated fair value of € 2 514 million at 30 June 2021 (31 March 2021: € 2 755 million). This value takes into account Pension Corporation's audited adjusted equity own funds value at 31 December 2020, valuation multiples over the corresponding period drawn from last disclosed industry data and a discount of 10 per cent which takes into account the illiquid nature of Reinet's investment.

The resultant decrease in Reinet's estimated fair value of Pension Corporation is mainly a result of a decrease in comparable company multiples derived from public information of listed peer-group companies in the UK insurance sector as at 30 June 2021 and the weakening of sterling against the euro in the quarter.

The valuation multiples used in determining the fair value include any current market impacts on the trading prices of listed peers related to the COVID-19 pandemic.

The investment in Pension Corporation represents some 48.8 per cent of Reinet's net asset value at 30 June 2021, compared to 51.2 per cent at 31 March 2021.

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

PRIVATE EQUITY AND RELATED PARTNERSHIPS

TRILANTIC CAPITAL PARTNERS

Reinet's investment in Trilantic Management and related funds is carried at the estimated fair value of € 211 million at 30 June 2021 (31 March 2021: € 179 million) of which € 2 million (31 March 2021: € 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 2021 adjusted for changes in the value of listed investments included in the portfolios and cash movements up to 30 June 2021. No adjustment has been made by Reinet in respect of the impact of COVID-19 on the valuation of underlying unlisted investments at 30 June 2021 following discussion with Trilantic Management, as Reinet does not expect this to be significant.

The increase in the estimated fair value is due to capital contributions of € 22 million and increases in estimated fair values of underlying investments, offset by the weakening of the US dollar against the euro.

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

SNOW PHIPPS FUNDS, CO-INVESTMENT OPPORTUNITIES AND MANAGEMENT COMPANY PARTICIPATION

In 2021, a new management company known as TruArc Partners, LP ('TruArc') was formed as a successor business to Snow Phipps Group, LLC ('Snow Phipps'), continuing the historical focus on middle-market controlled private equity investments. In addition to providing investment advice to TruArc Fund IV, TruArc will also serve as a sub-adviser to the existing Snow Phipps funds.

In the quarter ended June 2021, Reinet committed a total of € 253 million (\$ 300 million) to TruArc Fund IV and a related co-investment vehicle. In addition, Reinet acquired a minority stake in TruArc.

Reinet has to date invested as a limited partner in Snow Phipps II, Snow Phipps III, TruArc Fund IV, TruArc and in five co-investment opportunities alongside Snow Phipps III.

Reinet's investment is carried at an estimated fair value of € 143 million at 30 June 2021 (31 March 2021: € 161 million), based on the unaudited valuation data provided by Snow Phipps at 31 March 2021. No adjustment has been made by Reinet in respect of the impact of COVID-19 on the valuation of underlying unlisted investments at 30 June 2021, as Reinet does not expect this to be significant.

The decrease in the estimated fair value reflects distributions of € 27 million together with the weakening of the US dollar against the euro, offset by capital contributions of € 1 million and increases in the value of underlying investments in the quarter.

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

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 cash and liquid funds increased from € 507 million at 31 March 2021 to € 556 million at 30 June 2021. During the quarter, the BAT dividend received and proceeds of sales amounted to € 36 million and € 28 million respectively, both amounts were accrued as at 31 March 2021. Distributions from several investments amounted to some € 33 million. Investments were made of some € 20 million in underlying investments, payment of the management fee to Reinet Investment Advisors Limited, which was accrued as at 31 March 2021, amounted to € 16 million, payments of loans and interest amounted to € 6 million and taxes and other expenses, including movements in exchange rates, amounted to € 6 million.

BANK BORROWINGS AND DERIVATIVES BORROWINGS

Reinet has a facility agreement in place with Bank of America, N.A. up to 9 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. At 30 June 2021, € 201 million of this facility had been drawn and is repayable before 30 September 2021 (31 March 2021: € 203 million). Some 12 million BAT shares have been pledged as collateral in respect of this loan.

During early 2017, Reinet entered into a £ 500 million, medium-term financing arrangement with Merrill Lynch International, which runs to 2022. At 30 June 2021, the estimated fair value of the borrowing was € 585 million (£ 502 million) (31 March 2021: € 591 million (£ 503 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 June 2021, the Premium Loan is carried as a liability at an estimated fair value of € 14 million (£ 12 million) (31 March 2021: € 18 million (£ 16 million)). Some 1.1 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. The £ 500 million loan is repayable over a 7 month period starting in July 2021 and ending in February 2022, repayments can be made in cash or by using BAT shares or a combination of both, at the discretion of Reinet.

Reinet has also borrowed ZAR 443 million to fund its investments in South African projects. At 30 June 2021, the estimated fair value of the borrowing was € 26 million (31 March 2021: € 25 million); the increase in the estimated fair value is due to the strengthening of the South African rand against the euro during the quarter. 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 € 96 million at 30 June 2021 (31 March 2021: € 114 million). The decrease in the carrying value of the put options reflects the increase in value of the underlying BAT shares, the decrease in the time to maturity together with the weakening of sterling against the euro in the quarter.

Reinet also entered into a forward exchange contract to sell ZAR 200 million, which is carried at its estimated fair value of € 2 million (liability) at 30 June 2021 (31 March 2021: € 1 million (liability)). The change in value reflects the strengthening of the South African rand against the euro in the quarter.

Reinet holds 340 230 warrants in respect of shares in Selecta. The warrants expire in December 2024 and are carried at the estimated fair value of € 1 million (31 March 2021: € 1 million).

OTHER (LIABILITIES)/ASSETS

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

The minority interest liability amounts to € 3 million at 30 June 2021 (31 March 2021: € 3 million) and is in respect of the 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 € 9 million in respect of the management fee payable as at 30 June 2021 (31 March 2021: € 16 million), a provision for deferred taxes of € 7 million (31 March 2021: € 6 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 2021: € 6 million) relating to the investment in United States land development and mortgages. Accruals and other payables, net of other assets amount to € 8 million (31 March 2021: € 6 million).

No provision has been made in respect of a performance fee as at 30 June 2021 (31 March 2021: € nil) as the conditions required to pay a fee had not been met at that date. In order for a performance fee to be payable at 31 March 2022 the volume weighted average market price of the Company's share determined by taking into account volume and price information on the Luxembourg Stock Exchange, Euronext Amsterdam and the Johannesburg Stock Exchange over the last 20 trading days of the current financial year needs to exceed € 18.93.

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

No amount is receivable as at 30 June 2021 in respect of BAT dividends as the record date for the next quarterly dividend is 9 July 2021 (31 March 2021: € 37 million).

CAPITAL STRUCTURE

As at 30 June 2021, there were 195 941 286 ordinary shares and 1 000 management shares of no par value in issue.

As at 30 June 2021, the Company held 11 651 395 ordinary shares as treasury shares. The voting and dividend rights attached to treasury shares are suspended. Therefore, the total number of voting rights at 30 June 2021 was 184 290 891.

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 REIT.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.

Website: www.reinet.com