

REINET INVESTMENTS S.C.A.

Annual Report at 31 March 2020

CONTENTS

| | |
|-------|--|
| 1 | Highlights |
| 1 | Performance |
| <hr/> | |
| 3 | Management report |
| 3 | Chairman's commentary |
| 4 | Business overview |
| 29 | Corporate governance |
| 37 | Sustainability report |
| <hr/> | |
| 43 | Report of the Board of Overseers |
| <hr/> | |
| 44 | Financial statements |
| <hr/> | |
| 45 | Consolidated financial statements |
| 45 | Consolidated balance sheet |
| 46 | Consolidated statement of comprehensive income |
| 47 | Consolidated statement of changes in equity |
| 48 | Consolidated cash flow statement |
| 49 | Notes to the consolidated financial statements |
| 70 | Audit report |
| <hr/> | |
| 73 | Company financial statements |
| 73 | Balance sheet |
| 74 | Profit and loss account |
| 75 | Notes to the financial statements |
| 79 | Proposed appropriation of retained earnings |
| 80 | Audit report |
| <hr/> | |
| 82 | Notice of annual general meeting |
| <hr/> | |
| 86 | Exchange rates and share information |
| <hr/> | |
| 87 | Statutory information |
| <hr/> | |

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 to it. 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 (as defined on page 1) control. The Company does not undertake to update, nor does it have any obligation to provide updates or to revise, any forward-looking statements. Certain information included in the Management Report is text attributed to the management of investee entities. While no facts have come to our attention that lead us to conclude that any such information is inaccurate, we have not independently verified such information and do not assume any responsibility for the accuracy or completeness of such information.

HIGHLIGHTS

The investment objective of Reinet is to achieve long-term capital growth.

Reinet's strategy is to work with experienced partners to invest in unique opportunities focusing on value creation for investors.

- Reinet's net asset value of € 4.4 billion reflects a compound return of 8.7 per cent per annum in euro terms, since March 2009, including dividends paid
 - The net asset value at 31 March 2020 reflects a decrease of € 427 million or 8.8 per cent from € 4 830 million at 31 March 2019
 - Net asset value per share at 31 March 2020: € 23.89 (31 March 2019: € 25.30)
 - Share buyback programme: 6 628 723 ordinary shares repurchased during the year for a consideration of some € 105 million; with a total of 11 651 395 ordinary shares repurchased since November 2018 for a consideration of some € 173 million
 - Commitments totalling € 526 million in respect of new and existing investments were made during the year, and a total of € 350 million funded during the year, including € 316 million in respect of Pension Insurance Corporation Group Limited
 - Sale of 10 million British American Tobacco shares in the year realising proceeds of € 392 million
 - Dividends from British American Tobacco during the year amounted to € 146 million
 - Reinet dividend of some € 36 million, or € 0.19 per share (excluding treasury shares), paid during the year
 - Proposed Reinet dividend of € 0.19 per share payable after the 2020 annual general meeting
-

PERFORMANCE

NET ASSET VALUE

The net asset value ('NAV') of the Company comprises total assets less total liabilities, and equates to total equity under International Financial Reporting Standards. The decrease in the NAV of € 427 million during the year reflects the decrease in the fair value of certain investments, including British American Tobacco p.l.c. ('BAT') and Pension Insurance Corporation Group Limited. Offsetting these decreases in value are dividends received and receivable from BAT and increases in the estimated fair value of certain investments including 36 South macro/volatility funds and derivative assets. The Company also continued to fund the purchase of its own ordinary shares. Detail on the Company's NAV and details of movements in key investments can be found on pages 4 and 5 of this report.

The Company records its assets and liabilities in euro; the strengthening of the US dollar against the euro, offset by the weakening of sterling and 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 year-end exchange rates to the March 2019 assets and liabilities would have resulted in a decrease in the March 2019 NAV of some € 103 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.

During the year, 6 628 723 ordinary shares were repurchased for € 105 million, plus transaction costs.

As at 31 March 2020, there was no share buyback programme in progress.

All ordinary shares repurchased are held as treasury shares.

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'.

HIGHLIGHTS

PERFORMANCE
CONTINUED

NET ASSET VALUE PER SHARE

The NAV per share and the adjusted NAV per share of the Company are calculated by dividing the NAV and adjusted NAV respectively by the number of shares outstanding (excluding treasury shares) of 184 290 891. The adjusted NAV is calculated by reversing any liability in respect of future repurchases of shares. As at 31 March 2020 there was no outstanding liability, at 31 March 2019 the liability amounted to € 49 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 the year-end date.

| | 31 March 2020 | 31 March 2019 |
|--|--------------------|------------------|
| Shares in issue | 195 942 286 | 195 942 286 |
| Treasury shares | (11 651 395) | (5 022 672) |
| Net shares | 184 290 891 | 190 919 614 |
| | € m | € m |
| NAV (see page 4) | 4 403 | 4 830 |
| Reversal of future share buyback liability | – | 49 |
| Adjusted NAV | 4 403 | 4 879 |
| NAV per share | € 23.89 | € 25.30 |
| Adjusted NAV per share | € 23.89 | € 25.56 |

SHARE PRICE

The Company's share price as quoted on the Luxembourg Stock Exchange decreased by 7.9 per cent in the year from € 15.20 at 31 March 2019 to € 14.00 at 31 March 2020, with the highest trade being at € 20.60 during the year. The share price decreased in March 2020 amid volatility caused by the effects of the COVID-19 pandemic, falling 22.2 per cent from € 18.00 at 28 February 2020. The total shareholder return since inception (taking into account the Initial Price and including dividends paid) is 6.8 per cent per annum. The growth in NAV, including dividends paid, reflects an 8.7 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; the listing on the Johannesburg Stock Exchange is a secondary listing.

DIVIDEND

The Company paid a dividend of € 0.19 per share in September 2019, a 5.6 per cent increase from € 0.18 per share in 2018. A dividend of € 0.19 per share is proposed for the current financial year, subject to approval by shareholders at the annual general meeting in August 2020.

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 led to significant levels of market uncertainty mostly reflected in increased market, currency and commodity volatility. 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 (including recent additional COVID-19 related guidance) and following the approved year-end valuation procedures and methodologies. All investment valuations have been prepared using latest available data. Subsequent discussions have also taken place with fund managers to determine any significant changes in value and additional adjustments have been made to fair value calculations in respect of the impact of COVID-19 on 31 March 2020 valuations where known. 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 31 March 2020. Management believes the fair values calculated as at 31 March 2020 for the remaining investment valuations are appropriate, following relevant IPEV guidance, and as up to date as possible using available information.

MANAGEMENT REPORT

CHAIRMAN'S COMMENTARY

Dear Shareholder,

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 led to significant levels of market uncertainty mostly reflected in increased market, currency and commodity volatility. At the time of writing the full impact of the COVID-19 outbreak remains unknown and is continuously changing.

Following COVID-19 developments in Europe, Asia and the rest of the world, it is important to reiterate that protecting the health and safety of colleagues, business associates, other stakeholders and communities has become and remains, a high priority.

OVERVIEW

Since 2008, Reinet has significantly expanded its portfolio of new investments; however Reinet also continues to believe that the existence of certain key investments will remain a feature of the portfolio in creating value for shareholders. With this as background, at an extraordinary general meeting in January 2020, shareholders approved a revision to Reinet's investment guidelines. It is important that Reinet have some flexibility to manage the size of and further investment in certain key investments. Following this revision, in February 2020, Reinet was able to increase its investment in Pension Insurance Corporation by investing € 316 million (£ 263 million) in a new capital raise with further details below.

Since its inception in 2008, Reinet has invested some € 2.7 billion in new investments and generated an annual return of 6.8 per cent for its investors based on the listed share price, with the underlying net asset value increasing at a rate of 8.7 per cent per annum.

During the year Reinet sold some 10 million British American Tobacco shares for proceeds of € 392 million (£ 332 million). This is in line with Reinet's stated policy to reduce its holding in British American Tobacco over time and to rebalance the portfolio. In total, Reinet has sold over 26 million British American Tobacco shares during the last eight years, for total proceeds of € 1.1 billion. Sales proceeds are used to make new investments and hence further diversify the overall portfolio.

At the annual general meeting in August 2019, shareholders renewed their approval for Reinet to buy back its own shares. Reinet subsequently initiated its fourth share buyback programme which ran from September to November 2019 under which 3.0 million ordinary shares were repurchased for a cost of € 50 million. As at 31 March 2020, 11.7 million ordinary shares had been repurchased since November 2018 for a cost of € 173 million or € 14.80 per share. The repurchases of shares is effectively an acquisition on behalf of remaining shareholders of assets which are well understood at values substantially lower than their fair value.

RESULTS

At 31 March 2020, Reinet's net asset value amounted to € 4.4 billion, a decrease of € 427 million or 8.8 per cent compared to a year ago. This predominantly reflects the decrease in the share price of British American Tobacco from £ 31.94 at 31 March 2019 to £ 27.57 at 31 March 2020 and a decrease in the carrying value of Pension Insurance Corporation after adjusting for the recent additional investment. Offsetting these decreases are dividends of € 146 million from British American Tobacco, and increases in the estimated fair value of certain investments including derivative assets. Reinet also spent € 105 million as part of the share buyback programmes in the year ended March 2020.

Although the true impact of COVID-19 on Reinet will only be known over time, the decrease in net asset value in the last three months of the financial year amounted to some € 1.1 billion, indicative of the near term impact on the value of the investments.

BUSINESS DEVELOPMENTS

In the year under review, Reinet made investment commitments of € 526 million and invested a total of € 350 million in new and existing portfolio assets.

The investment in Pension Insurance Corporation represented some 36.8 per cent of Reinet's net asset value at 31 March 2020, compared to 30.6 per cent a year ago. Pension Insurance Corporation continues to make good progress, writing some £ 7.2 billion of new business in 2019, its embedded value increasing to £ 3.9 billion, assets under management increasing to £ 40.9 billion and with a solvency ratio of 164 per cent at the end of 2019.

In January 2020, Pension Insurance Corporation announced a capital raise of £ 750 million, of which Reinet subscribed for an aggregate amount of £ 438 million. Of this capital commitment, £ 263 million was invested in February 2020, with the remaining £ 175 million callable upon request by Pension Insurance Corporation. As a result of this additional investment, Reinet's shareholding in Pension Insurance Corporation increased from 43.7 per cent to 46.4 per cent. We believe that following the capital raise Pension Insurance Corporation remains well positioned amongst the leaders in its sector.

The investment in British American Tobacco consists of some 58 million shares and represented 40.9 per cent of Reinet's net asset value at 31 March 2020, compared to 52.2 per cent a year ago. The decrease also reflects the sale of some 10 million shares in the year at an average price of £ 33.39 per share.

British American Tobacco continues to grow revenues with focus remaining on expanding its new categories, which include tobacco heating and vapour products. Dividends declared for 2020 increased by 3.6 per cent to £ 2.10 per share.

DIVIDEND

The Board of Directors of Reinet Investments Manager S.A. proposes a dividend of € 0.19 per share, payable in September 2020. This represents a dividend level unchanged from last year.

OUTLOOK

We are currently facing an unprecedented global health crisis. In 1987, 2000 and 2008 the world experienced severe market turmoil, which we recovered from. Unfortunately, this crisis may even be more severe when taking the significant global health impacts into consideration. It is highly likely that large parts of the world will face a recession which could last for some time as economies will be slow to resume full demand and supply capacity.

The Reinet investment strategy has always followed a long-term prudent approach, in addition we have been building up cash and liquid resources. As a result we have capacity to face a situation such as the one we are confronted with, but the portfolio and its underlying investments may for some time not escape the economic effects of the pandemic. In time the pandemic sweeping the globe will abate which will allow businesses and economies to thrive once more.

As in previous years, Reinet remains committed to provide shareholders with an investment vehicle which will manage their funds in a conservative manner whilst aiming to achieve growth over the long term. The current general uncertainty requires Reinet to focus on long-term outcomes, to seek appropriate new investments and to continue investing in and supporting the existing portfolio.

Reinet's Directors, Overseers, management and employees have once again continued to provide their valuable support and even more so this year with challenges including remote working as a result of the COVID-19 pandemic. I thank every one of them for their commitment to Reinet.

Johann Rupert
Chairman

Reinet Investments Manager S.A.
Luxembourg, 29 May 2020

MANAGEMENT REPORT

BUSINESS OVERVIEW

Reinet Investments S.C.A. (the 'Company') has determined that it meets the definition of an investment entity in terms of the amended International Financial Reporting Standards ('IFRS') 10. The net asset value, the income statement and the cash flow 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 31 March 2020 and 2019 comprised:

| | 31 March 2020 | | 31 March 2019 | |
|---|---------------|--------------|---------------|--------|
| | € m | % | € m | % |
| Listed investments | | | | |
| British American Tobacco p.l.c. | 1 802 | 40.9 | 2 523 | 52.2 |
| Other listed investments | 72 | 1.6 | 82 | 1.7 |
| Unlisted investments | | | | |
| Pension Insurance Corporation Group Limited | 1 618 | 36.8 | 1 480 | 30.6 |
| Private equity and related partnerships | 733 | 16.7 | 772 | 16.0 |
| Trilantic Capital Partners | 167 | 3.8 | 216 | 4.5 |
| Fund IV, Fund V, Fund VI, TEP, TEP II, related general partners and management companies | | | | |
| 36 South macro/volatility funds | 61 | 1.4 | 32 | 0.7 |
| Asian private equity companies and portfolio funds | 207 | 4.7 | 243 | 5.0 |
| Milestone China Opportunities funds, investment holdings and management company participation | 60 | | 82 | |
| Prescient China funds and investment management company | 102 | | 110 | |
| Grab Holdings Inc. | 45 | | 51 | |
| Specialised investment funds | 298 | 6.8 | 281 | 5.8 |
| Vanterra C Change TEM and holding companies | 19 | | 23 | |
| NanoDimension funds and co-investment opportunities | 52 | | 26 | |
| Snow Phipps funds and co-investment opportunities | 118 | | 105 | |
| GAM Real Estate Finance Fund | 13 | | 37 | |
| Other fund investments | 96 | | 90 | |
| United States land development and mortgages | 41 | 0.9 | 79 | 1.6 |
| Diamond interests | 29 | 0.7 | 46 | 1.0 |
| Other investments | 76 | 1.7 | 67 | 1.4 |
| Total investments | 4 371 | 99.3 | 5 049 | 104.5 |
| Cash and liquid funds | 501 | 11.4 | 360 | 7.5 |
| Bank borrowings and derivatives | | | | |
| Borrowings | (625) | (14.2) | (662) | (13.7) |
| Net derivative assets | 155 | 3.5 | 135 | 2.8 |
| Other assets/(liabilities) | | | | |
| Other assets net of minority interest, fees payable and other liabilities | 1 | – | (52) | (1.1) |
| Net asset value | 4 403 | 100.0 | 4 830 | 100.0 |

All investments are held, either directly or indirectly, by Reinet Fund S.C.A., F.I.S. ('Reinet Fund'). The Company and Reinet Fund together with Reinet Fund's subsidiaries are referred to as 'Reinet'.

INFORMATION RELATING TO CURRENT KEY INVESTMENTS

| | | 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 | 2 595 | 1 802 | 4 397 |
| | GBP | – | – | 1 418 | 2 159 | 1 601 | 3 760 |
| Other listed investments | EUR | – | – | 75 | 47 | 72 | 119 |
| | USD | – | – | 96 | 53 | 79 | 132 |
| Unlisted investments | | | | | | | |
| Pension Insurance | EUR | 1 106 | 197 | 979 | – | 1 618 | 1 618 |
| Corporation Group Limited | GBP | 983 | 175 | 808 | – | 1 437 | 1 437 |
| Trilantic Capital Partners | EUR | 625 | 283 | 342 | 428 | 167 | 595 |
| Euro investment | EUR | 87 | 20 | 67 | 138 | 34 | 172 |
| US dollar investment ⁽⁴⁾ | USD | 594 | 290 | 314 | 350 | 147 | 497 |
| 36 South macro/volatility funds | EUR | – | – | 93 | 11 | 61 | 72 |
| Euro investment | EUR | – | – | 88 | 11 | 53 | 64 |
| 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 | 153 | 2 | 127 | 124 | 60 | 184 |
| | USD | 169 | 3 | 166 | 141 | 66 | 207 |
| Prescient China funds and investment management company | EUR | – | – | 68 | 2 | 102 | 104 |
| | USD | – | – | 82 | 2 | 113 | 115 |
| Grab Holdings Inc. | EUR | – | – | 43 | – | 45 | 45 |
| | USD | – | – | 50 | – | 50 | 50 |
| Specialised investment funds | | | | | | | |
| Vanterra C Change TEM and holding companies | EUR | 64 | 4 | 53 | 2 | 19 | 21 |
| | USD | 71 | 4 | 67 | 3 | 21 | 24 |
| NanoDimension funds and co-investment opportunities | EUR | 92 | 20 | 67 | 38 | 52 | 90 |
| | Euro investment | EUR | 4 | – | 4 | 1 | 5 |
| | US dollar investment | USD | 96 | 22 | 74 | 42 | 95 |
| Snow Phipps funds and co-investment opportunities | EUR | 157 | 35 | 118 | 48 | 118 | 166 |
| | USD | 173 | 39 | 134 | 52 | 130 | 182 |
| GAM Real Estate Finance Fund | EUR | 113 | 32 | 87 | 81 | 13 | 94 |
| | GBP | 100 | 28 | 72 | 70 | 11 | 81 |
| United States land development and mortgages | EUR | 195 | 5 | 160 | 31 | 41 | 72 |
| | USD | 215 | 6 | 209 | 34 | 45 | 79 |
| Diamond interests ⁽⁵⁾ | EUR | – | – | 116 | 85 | 29 | 114 |
| | ZAR | – | – | 1 190 | 1 237 | 577 | 1 814 |

(1) Calculated using year-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.

MANAGEMENT REPORT

BUSINESS OVERVIEW CONTINUED

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 € 2.7 billion and at 31 March 2020 has committed to provide further funding of € 610 million to its current investments. Details of the funding commitments outstanding are given in the table on page 22 of this report. New commitments during the year under review amounted to € 526 million, and a total of € 350 million was funded during the year.

LISTED INVESTMENTS



BRITISH AMERICAN TOBACCO P.L.C.

The investment in British American Tobacco p.l.c. ('BAT') remains Reinet's single largest investment position and is kept under constant review, considering the company's performance, the industry outlook, cash flows from dividends, stock market performance, volatility and liquidity.

Richard Burrows, Chairman and Jack Bowles, Chief Executive, writing in the BAT annual report for 2019 commented:

Richard Burrows: 'I'm pleased to report a strong operational performance with growth in revenue, as well as both value and volume share. Notwithstanding a number of one-off charges that led to a decline in reported profit from operations, performance was strong on an adjusted basis, growing on the back of our combustibles business and our continued progress in New Categories. It has also been a busy year as we accelerate our ambition to transform our business. The Board and I are confident in the vision and focus of our new CEO, Jack Bowles, and his drive to satisfy evolving consumer preferences with new and innovative products. Jack has already made great progress in his stated aim to simplify the Group and he and his management team have spent significant time looking at how we can accelerate the progress already made in our New Categories business. This has been instrumental in the Board's endorsement of an evolution of our strategy and I am excited and energised about the possibilities for the future.'

Jack Bowles: 'In 2019, building on our foundations, we delivered strong operational results and cash generation, creating a solid base for delivering today and building a better tomorrow. I am especially pleased to report 6 per cent revenue growth (at current rates of exchange) of £ 1.4 billion to £ 25.9 billion. This growth was achieved while also increasing investment in the business, growing our New Categories business by 37 per cent, and increasing our value and volume share by 30bps and 20bps respectively. Operating cash conversion of 97 per cent demonstrates our commitment to maximising cash to reduce leverage and invest in the business. Of course, we live in an age of relentless change. Consumers' desires and tastes evolve, while societal attitudes are changing. These changes are providing us with growth opportunities we could not previously have imagined.'

The value of Reinet's investment in BAT amounted to € 1 802 million at 31 March 2020 (31 March 2019: € 2 523 million), being some 40.9 per cent of Reinet's NAV. The decrease in value reflects the decrease in the BAT share price on the London Stock Exchange from £ 31.94 at 31 March 2019 to £ 27.57 at 31 March 2020 together with the weakening of sterling against the euro in the same period. In addition, Reinet sold some 10 million BAT shares in the year under review for total proceeds of some € 392 million (£ 332 million) and thus holds 58.1 million BAT shares, representing some 2.53 per cent of BAT's issued share capital as at 31 March 2020.

During the year under review, dividend income recorded from BAT amounted to € 146 million (£ 129 million), being BAT's second, third and fourth 2019 quarterly dividends, together with the first 2020 quarterly dividend of some € 34 million (£ 31 million) with a record date of 27 March 2020. The first 2020 quarterly dividend will be paid on 13 May 2020 and has been included as a receivable in the NAV as at 31 March 2020, due to the record date falling within the financial year.

BRITISH AMERICAN TOBACCO P.L.C. CONTINUED

BAT is committed to building 'A Better Tomorrow' by reducing the health impact of its business through offering a greater choice of less risky products; this will be the focus for 2020 and beyond. In the 30 April 2020 news release *Richard Burrows stated: 'We remain committed to continuing the transformation of our business in 2020. Despite ongoing uncertainties resulting from the COVID-19 pandemic, the resilience of our supply chain in combination with the dedication of our teams means that I am confident we will continue to deliver. We maintain our commitment to high single figure constant currency adjusted diluted EPS growth.'*

Both the BAT share price and sterling foreign exchange rate remain volatile due to the impact of COVID-19. At 22 May 2020 the value of the 58.1 million BAT shares amounted to € 2 035 million (£ 1 824 million).

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

OTHER LISTED INVESTMENTS

As at 31 March 2020 and 2019, other listed investments comprised:

| | 31 March 2020 | 31 March 2019 |
|------------------------------|--------------------------|------------------|
| | € m | € m |
| SPDR Gold shares | 31 | 25 |
| Selecta Biosciences, Inc. | 3 | 1 |
| Soho China Limited | 22 | 18 |
| Li Ning Company Limited | – | 26 |
| Twist Bioscience Corporation | 16 | 12 |
| | 72 | 82 |

During the year, Reinet sold its remaining 18.4 million shares in Li Ning Company Limited for proceeds of € 28 million realising a gain of € 11 million.

MANAGEMENT REPORT

 BUSINESS OVERVIEW
 CONTINUED
**SPDR GOLD SHARES**

In 2015, Reinet invested € 22 million in SPDR Gold shares ('GLD'), the largest physically backed gold exchange traded fund in the world. Over the long term, gold can provide a hedge against inflation and offer some protection against value changes in turbulent economic and political times.

Reinet holds 230 000 shares with a market value of € 31 million as at 31 March 2020 (31 March 2019: € 25 million). The increase in value reflects the increase in the value of gold during the year.

Further information on GLD is available at www.spdrgoldshares.com/usa

**SELECTA BIOSCIENCES, INC.**

Selecta Biosciences, Inc. ('Selecta'), is a clinical-stage biopharmaceutical company using proprietary synthetic vaccine particle technology to discover and develop targeted therapies that are designed to modulate the immune system to effectively and safely treat rare and serious diseases.

Selecta is also a portfolio company of NanoDimension funds, pre and post the initial public offering.

In June 2016, Reinet invested € 4 million in Selecta acquiring 350 000 shares in its initial public offering on the Nasdaq. In January 2019, Reinet invested an additional € 0.5 million in Selecta acquiring 365 000 shares, and in December 2019, invested an additional € 1 million acquiring 680 480 shares and 340 230 warrants.

Reinet holds 1 395 480 shares and 340 230 warrants with a market value of € 3 million as at 31 March 2020 (31 March 2019: € 1 million). The increase in market value is due to the additional investment together with an increase in the share price during the year.

Further information on Selecta is available at www.selectabio.com



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. Soho incorporates Soho 3Q, a flexible office co-working environment with over 30 locations in China.

In 2018, Reinet received 47 million shares of Soho with a value of € 16 million following a distribution of assets from a Milestone related investment holding company.

Reinet holds 47 million shares with a market value of € 22 million as at 31 March 2020 (31 March 2019: € 18 million). The increase in market value reflects the increase in the share price during the year.

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.

In 2017, Reinet acquired 235 354 shares in Twist for € 4 million (\$ 5 million) as a result of a NanoDimension co-investment opportunity. Subsequently, Reinet acquired 357 143 shares in Twist at the time of the initial public offering at a price of € 12 per share (\$ 14 per share), for a total of € 4 million (\$ 5 million).

As at 31 March 2020, Reinet holds 592 497 shares in Twist with a market value of € 16 million (31 March 2019: € 12 million). The increase in market value reflects the increase in the share price during the year.

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

MANAGEMENT REPORT

BUSINESS OVERVIEW CONTINUED

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. The third-party valuation reports and key assumptions used within these reports are reviewed by the external auditors.



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 specialist insurer of UK defined benefit pension funds. Pension Insurance Corporation provides tailored pension insurance buyouts and buy-ins to the trustees and sponsors of UK defined benefit pension funds. Pension Insurance Corporation provides secure and stable retirement income for its policyholders through market-leading customer service, comprehensive risk management and excellence in asset and liability management.

Pension Insurance Corporation's progress in 2019 includes £ 7.2 billion of defined benefit pension liabilities insured (2018: £ 7.1 billion), the highest to date, £ 8.3 billion of longevity reinsurance completed (2018: £ 5.6 billion) and £ 1.9 billion of direct, private placements completed (2018: £ 2.5 billion).

At 31 December 2019, Pension Insurance Corporation held £ 40.9 billion in financial investments (31 December 2018: £ 31.4 billion) and had insured more than 225 100 pension fund members (31 December 2018: 192 000). 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 (60 per cent) was invested in February 2020, with the remaining £ 175 million callable upon request by Pension Corporation within one year. As a result of this additional investment, Reinet's shareholding in Pension Corporation increased from 43.7 per cent to 46.4 per cent.

PENSION INSURANCE CORPORATION GROUP LIMITED CONTINUED

Tracy Blackwell, Chief Executive Officer of Pension Insurance Corporation commented:

'2019 was another excellent year for Pension Insurance Corporation, in which we continued to meet the substantial and growing demand for pension risk transfer by focussing clearly on our purpose, as well as delivering excellent customer service, and maintaining a financially robust balance sheet. I want to thank our employees for the significant contribution they have made and I look forward to PIC's continued success.'

Reinet's investment in Pension Corporation is carried at an estimated fair value of € 1 618 million at 31 March 2020 (31 March 2019: € 1 480 million). This value takes into account Pension Corporation's audited embedded value at 31 December 2019 of £ 3.9 billion (31 December 2018: £ 3.6 billion), valuation multiples drawn from industry data as at 31 March 2020, a discount of 10 per cent which takes into account the illiquid nature of Reinet's investment and a value adjustment for the capital contributed in February 2020.

The increase in the estimated fair value over the financial year is due to the capital raise, together with the increase in Pension Corporation's embedded value. This is offset by a 10 per cent decrease in comparable company valuation multiples derived from public information of listed peer-group companies in the UK insurance sector and the weakening of sterling against the euro in the year. The valuation multiples used in determining the fair value decreased significantly as a result of the decline in the trading prices of listed peers in response to the COVID-19 pandemic, falling by some 30 per cent from 31 December 2019. The future estimated fair value of Pension Corporation will continue to be exposed to the peer group market multiples which are expected to remain volatile amid the COVID-19 related market impact.

The investment in Pension Corporation represented some 36.8 per cent of Reinet's net asset value at 31 March 2020, compared to 30.6 per cent a year ago.

In response to the COVID-19 pandemic, Pension Corporation has put in place full business continuity plans ensuring the ongoing payment of pensioners and protection of its investment portfolio. Pension Corporation is confident in its solvency and liquidity positions, as well as its ability to manage the portfolio through the consequences of any economic downturn.

Pension Corporation is financially strong, has a reputation for excellent customer service, and is operating in a growth market with increasing demand. Following the capital raise and strong results for 2019, Pension Corporation remains well positioned amongst the leaders in its sector.

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

MANAGEMENT REPORT

BUSINESS OVERVIEW CONTINUED

PRIVATE EQUITY AND RELATED PARTNERSHIPS

Where Reinet invests in funds managed by third parties its philosophy is to partner with the managers of such funds and to share in fees generated by funds under management. This is the case with funds managed by Trilantic Capital Partners, 36 South Capital Advisors, Milestone Capital, Prescient Investment Management China and Vanterra Capital. Under the terms of the investment advisory agreement (the 'Investment Advisory Agreement'), entered into by the Fund Manager and Reinet Investment Advisors Limited (the 'Investment Advisor'), Reinet pays no management fee to the Investment Advisor on such investments except in the case where no fee or a reduced fee below 1 per cent is paid to the third-party manager. In such cases, the aggregate fee payable to the Investment Advisor and the third-party manager is capped at 1 per cent.

TRILANTIC CAPITAL PARTNERS

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.

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.

TRILANTIC CAPITAL PARTNERS CONTINUED

Charlie Ayres, Chairman of Trilantic North America and the Executive Committee of Trilantic Capital Partners, commented:

'Trilantic North America has consistently delivered net institutional investor IRRs of approximately 15 per cent or more, across three consecutive funds over 16 years (including through the 2008 financial crisis) with conservative leverage at our portfolio companies.

The US economy expanded by 2.1 per cent in 2019, after having posted growth rates of 2.9 per cent, 2.2 per cent and 1.6 per cent in 2018, 2017 and 2016, respectively. As the new year began, we believed the US economy remained late-cycle, but that economic growth for 2020 (save for black swan events) would be range bound at +/- 2 per cent. By early March, COVID-19 had been deemed a pandemic and a Saudi-Russia supply disagreement has driven oil prices down severely. Governments around the world have taken extreme measures to contain the health crisis and mitigate economic fallout.

We feel fortunate to have over \$ 2 billion of dry powder, including robust committed credit lines that will allow us to operate efficiently and opportunistically. Patience and discipline have been cornerstones of ours through many cycles and remain so today. That said, we have several headwinds that we are taking on with steadfast urgency, notably: (i) detailed liquidity reviews of all of our portfolio companies (regardless of debt load) to identify soft spots and break points; and (ii) developing real-time contingency plans to support our portfolio companies through this cycle in a thoughtful, rational and measured way. We also remain actively engaged with management teams of prospective new investment targets where our capital and expertise can be a solution.'

Vittorio Pignatti-Morano, Chairman of Trilantic Europe, commented:

'The slowdown in growth in the global economy in 2019 has been attributed to weak spending on machinery and consumer durables combined with subdued industrial activity and policy-induced challenges to global trade. This lacklustre growth in 2019 was puzzling. Consumer confidence improved spending on consumer goods and services. Meanwhile unemployment rates fell to historical lows. As an explanation, most economists agreed that recent structural changes in the world's economy make GDP a less reliable tool to analyse macroeconomic performance and/or predict inflation and employment. However, consensus has yet to emerge on which metrics, if any, might be more appropriate.

The outbreak of the coronavirus is now all but guaranteed to have a major global economic impact in 2020 and the question has shifted to how the world looks in the longer term, especially for certain industries and countries. In this context, Trilantic Europe's number one priority remains the safety of our personnel and the employees of our portfolio companies. We are also working closely with our portfolio to evaluate the impact on the different businesses and take the appropriate mitigating measures. Whilst no portfolio company is immune to the current situation, we are nonetheless confident that its diversified and defensive nature together with our conservative approach to leverage leaves our portfolio in a good position to weather the significant headwinds. We are also working to capture new investment opportunities when market conditions settle, both as add-on acquisitions to the portfolio and as new investment platforms, as the current environment will no doubt also generate attractive investment opportunities for investors with experience over past cycles.'

Reinet's investment in Trilantic Management and the above funds is carried at the estimated fair value of € 167 million at 31 March 2020 (31 March 2019: € 216 million) of which € 3 million (31 March 2019: € 4 million) is attributable to the minority partner. The estimated fair value is based on audited valuation data provided by Trilantic Management at 31 December 2019 adjusted for changes in the value of listed investments included in the portfolios, cash movements up to 31 March 2020 and an additional adjustment to take into account the estimated impact of the effect of COVID-19 on the valuation of unlisted investments. Future valuations will take into account any new impacts of COVID-19 which could affect the valuation of underlying investments. The decrease in the estimated fair value is due to distributions of € 37 million and decreases in estimated fair values of underlying investments, offset by capital contributions of € 15 million and the strengthening of the US dollar against the euro.

During the year under review, gains of € 23 million (31 March 2019: € 11 million) and carried interest of € 6 million (31 March 2019: € 16 million) were realised.

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

MANAGEMENT REPORT

BUSINESS OVERVIEW
CONTINUED**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. Reinet is also an investor 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.

Richard Haworth, Chief Investment Officer of 36 South, commented:

'In last year's report we commented: 'If crises are inevitable it is only a matter of time before global volatility has a regime change which should significantly organically grow the AUM...'. The outbreak of coronavirus and the subsequent economic fall-out have created that volatility regime change which we expected and has significantly enhanced the profitability and AUM of 36 South's funds.

'We are happy to be able to perform as expected for our clients who invest with us specifically for these times.'

The investment in the funds is carried at the estimated fair value of € 52 million (31 March 2019: € 26 million) and is based on unaudited financial information received from the fund manager as at 31 March 2020. The estimated fair value of the investment in the fund management and distribution companies amounted to € 9 million (31 March 2019: € 6 million). The investments in total have an estimated fair value of € 61 million (31 March 2019: € 32 million). The change in valuation reflects the movement in the value of the underlying investments held by the funds, and thus includes the market impact of COVID-19 up to 31 March 2020. The value of the investment in the funds increased by € 26 million since 31 March 2019 and by € 28 million since 31 December 2019, as a result of the increased volatility in the markets.

The investment in the Kohinoor Core Fund was redeemed after the year end for proceeds of € 41 million (carrying value at 31 March 2020: € 44 million).

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.

Yunli Lou, Managing Partner of Milestone Capital, commented:

'During 2019, Milestone continued working closely with its portfolio companies to drive operational excellence and help with various strategic initiatives. Among the active portfolio companies, one leading online retailer of beauty products started expansion into new product categories including toy, maternal and infant products and educational books in 2019, and launched new stores in other online platforms besides Tmall to diversify its business. It has submitted its IPO application for a Shanghai Stock Exchange listing and is now waiting for the regulatory review. One leading Chinese sportswear brand company achieved robust growth in 2019, with revenue up 32 per cent and core net profit up 77 per cent. Its stock price had a 178 per cent rally during 2019. One leading online education company streamlined its business model and turned profitable in 2019. Moreover, we strived to achieve liquidity and realised returns for our investors. We had a partial realisation from our investment in a sportswear company by selling shares through the open market on the Hong Kong Stock Exchange. We also fully exited from two healthcare investments. During 2019, we distributed gross proceeds to our investors representing 49.2 per cent of total committed capital.

2019 was a turbulent year in terms of global geopolitics, US-China relations, China internal economic challenges, as well as the Chinese domestic capital markets. While the Chinese economy struggled to find ways to transition from a low-cost manufacturing, export-oriented economy, to an innovation-based, consumption-led economy, the government continued its effort to crack down on corruption, tightened lending standards, and an effort to cool real estate prices and overseas investments. All these efforts led to lowered confidence levels and lowered investments and capital expenditure in the private sector, as the total investment amount fell 49.8 per cent during 2019. However, the domestic capital markets rebounded during the year, with the Shanghai Composite Index increasing 23.7 per cent and the Shenzhen Composite Index increasing 37.1 per cent, partly because of the market sentiment recovery. For the full year 2019, the government reported a GDP growth of 6.1 per cent, the slowest pace since 1991. However, the absolute amount of GDP growth in dollar terms was the largest in China's history, reaching \$ 1.3 trillion, or the equivalent of adding a Mexico, the 15th largest economy in the world. We believe the current uncertain environment and adjustments in the Chinese economy are healthy and will lay the foundation for the next stage of development.'

The investment in Milestone is held at the estimated fair value of € 60 million (31 March 2019: € 82 million) based on audited financial information provided by Milestone Capital at 31 December 2019 adjusted for movements in listed investments and cash movements up to 31 March 2020. The Chinese stock markets decrease in response to COVID-19 is reflected in the valuation of underlying listed investments.

No adjustment has been made by Reinet in respect of the impact of COVID-19 on the valuation of underlying unlisted investments following discussion with the fund manager, this is not expected 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 reflects capital repayments of € 37 million, offset by capital contributions, the strengthening of the US dollar against the euro and increases in the value of underlying investments.

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

MANAGEMENT REPORT

BUSINESS OVERVIEW
CONTINUEDPRESCIENT
CHINA**Prescient China funds and investment management company**

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

Prescient China Balanced Fund invests in equities, bonds, cash and derivatives with the objective of generating inflation-beating returns at acceptable risk levels. It invests principally in instruments listed on the Shanghai and Shenzhen Stock Exchanges.

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.

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

Liang Du, Portfolio Manager of Prescient China, commented:

'The year ending March 2020 was a tumultuous one for the Chinese market overall, for most of the year the Chinese market was caught in continued trade war negotiations which culminated in the signing of the trade deal in early January 2020 before the coronavirus hit the Chinese market in late January 2020. Over the year the market fell by 8 per cent, with the economy showing the largest contraction in the past three decades. With the fall in the market the Prescient China Funds also had a negative year performing similarly to the markets.

The fall in the market however brings with it lower valuations, and for long-term investors presents an even more attractive entry point. Overall the Chinese government seems to have the virus under control, both life, and fast moving economic indicators all indicate a healthy recovery from the extremely large impact of the virus so far. Given the global spread of the virus in March 2020, the market environment will remain challenging, having said that both valuation and policy are quite supportive in China. The Prescient China team will continue to stick to our philosophy, process and style of investing to deliver value over the long term.'

Reinet's total investment is carried at an estimated fair value of € 102 million based on unaudited financial information provided by the fund manager at 31 March 2020 (31 March 2019: € 110 million). The decrease in estimated fair value over the year under review is the result of the decreases in the value of underlying investments offset by the strengthening of the US dollar against the euro in the year. The Chinese stock markets decrease in response to COVID-19 is reflected in the valuation at 31 March 2020.

Markets remain volatile, and at 30 April 2020 the fair value of the investment amounted to € 108 million.

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

**Grab Holdings Inc.**

Grab Holdings Inc. ('Grab'), is one of the most frequently used mobile platforms in Southeast Asia. Grab provides access to safe and affordable transport, food and package delivery, mobile payments and financial services. Grab currently offers services in Singapore, Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Thailand and Vietnam.

Reinet invested € 43 million (\$ 50 million) in Grab. As at 31 March 2020, the investment in Grab is held at the estimated fair value of € 45 million (31 March 2019: € 51 million), calculated based on recent transactions. No additional 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 the investment.

Further information on Grab is available at www.grab.com



SPECIALISED INVESTMENT FUNDS

Vanterra C Change TEM and holding companies

Vanterra C Change Transformative Energy & Materials ('Vanterra C Change TEM') was established in July 2010 to invest in companies and projects providing products or services that supply cleaner energy; create a more cost-effective building environment through the use of energy-efficient technologies; and develop renewable resources as a substitute for fossil and other traditional fuels.

Reinet is an investor in Vanterra C Change TEM and in its general partner.

The investment is carried at the estimated fair value of € 19 million at 31 March 2020 (31 March 2019: € 23 million), based on audited financial information as at 31 December 2019, adjusted for cash movements and changes in prices of listed investments. No adjustment has been made by Reinet to the valuation of unlisted investments held by Vanterra C Change TEM 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 unlisted investments.

Further information on Vanterra C Change TEM is available at www.temcapital.com



NanoDimension funds and co-investment opportunities

Reinet is a limited partner in NanoDimension I, II and III limited partnerships and in 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.

Aymeric Sallin, Founder of NanoDimension, commented:

'2018 was a transformative for our group and 2019 confirmed this solid trajectory. Our operation and team grew as we were able to attract outstanding talents in both Silicon Valley and Switzerland.

NanoDimension I – Crocus Technology, the largest investment of the partnership, is entering the market with a portfolio of disruptive magnetic sensors.

NanoDimension II – for the year ended 31 December 2019, the total value of our portfolio both realised and unrealised grew by approximately \$ 105 million from the year before.

NanoDimension III – deal flow was excellent, and we closed the year with a total of 10 investments, with a good balance between Life Science, Physical Science and Hybrid investments and across various stages.

Over the past few weeks, the world has changed as COVID-19 impacts our lives and businesses. Investing at the convergence of technologies requires labs, factories and hospitals to run clinical trials to help patients. Limited access to facilities is impacting certain of our companies. On a positive note, our major positions are very well financed to see them through the coming months. More than ever, we remain committed to investing at the convergence of technologies which can address some of our society's most important challenges.'

MANAGEMENT REPORT

BUSINESS OVERVIEW
CONTINUED**NanoDimension funds and co-investment opportunities continued**

At 31 March 2020, the estimated fair value of Reinet's investment in the three funds and the co-investment amounted to € 52 million (31 March 2019: € 26 million for the three funds). The estimated fair value is based on audited valuation data received from the fund manager as at 31 December 2019 adjusted for movements in listed investments and cash movements up to 31 March 2020. No adjustment has been made by Reinet in respect of the impact of COVID-19 on the valuation of underlying unlisted investments following discussion with the fund manager, this is not expected 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 estimated fair value reflects capital contributions of € 14 million, together with increases in the value of underlying investments and the strengthening of the US dollar against the euro in the year.

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

SNOW PHIPPS

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. and Snow Phipps III, L.P. and in five co-investment opportunities alongside Snow Phipps III, L.P.

Ian K. Snow, CEO and Partner of Snow Phipps, commented:

'Snow Phipps was founded in 2005 to pursue an operationally focused strategy of investing in lower middle-market companies with attractive organic and acquisition-driven growth dynamics and defensible market positions. In our latest fund, Snow Phipps III, L.P., we continue with our successful approach of partnering with dedicated senior executives (our Operating Partners) and strong management teams to deliver highly attractive returns for investors.'

Snow Phipps' operational and add-on acquisition-focused approach to value creation served us well in the highly competitive investment and operating environment throughout 2019. We remained disciplined with respect to pursuing new platform investments given the elevated state of valuations, and during the year primarily focused on value-enhancing operational and commercial initiatives. We are seeking to leverage technology where we can create operational efficiencies as well as support growth strategies. In addition, our portfolio companies completed numerous add-on acquisitions that were both highly strategic as well as financially accretive. In 2019, Snow Phipps III, L.P. and Snow Phipps II, L.P. portfolio companies completed two and four add-on acquisitions, respectively, and deployed \$ 19.3 million of equity commitments combined. We continue to work closely with our management teams to execute our operationally driven approach to building value across the current Snow Phipps portfolio. Our current focus is navigating through the COVID-19 crisis. Where necessary, our portfolio companies have drawn on revolving lines of credit and acted swiftly to execute significant operational actions and prioritise liquidity, while also preparing to operate in new ways in light of the evolving environment. Our portfolio companies are focused on commercial opportunities to support customers creatively however we can. In addition, Snow Phipps' funds have ample liquidity to support our existing portfolio companies and are positioning ourselves for post crisis opportunities.'



Reinet's investment in the two funds and associated co-investments is carried at an estimated fair value of € 118 million at 31 March 2020 (31 March 2019: € 105 million). The estimated fair value is based on audited valuation data received from the fund manager as at 31 December 2019 adjusted for cash movements up to 31 March 2020 and an additional adjustment to take into account the estimated impact of the effect of COVID-19. Future valuations will take into account any new impact of COVID-19 which could affect the valuation of underlying investments.

The increase in the estimated fair value reflects capital contributions of € 9 million, together with increases in the value of underlying investments and the strengthening of the US dollar against the euro in the year.

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

GAM Real Estate Finance Fund

The GAM Real Estate Finance Fund ("REFF") was created to take advantage of opportunities resulting from a funding gap between the expected demand for commercial real estate finance and its availability from banks, other traditional lenders and equity investors. Its investment strategy focuses on the origination of commercial real estate loans primarily in Western Europe, and with primary focus on the UK. At December 2019, REFF held three investments.

Andrew Gordon and Martin Farinola, Investment Directors GAM, commented:

'The Real Estate Finance Fund invested in a diversified portfolio of 25 self-originated, private loans secured by commercial and residential real estate in the UK, Ireland and Belgium. The fund's investment objectives are to generate an attractive dividend yield while protecting against a material, downward adjustment in real estate values. The fund continued to pay dividends at or above the target rate during 2019 and, as at the end of 2019, 22 investments had been fully realised.

A slowing UK economy and uncertainty around the impact of Brexit restricted both capital and rental growth, with the retail sector suffering in particular.'

The investment is carried at the estimated fair value of € 13 million at 31 March 2020 (31 March 2019: € 37 million) based on audited valuation data provided by the fund manager at 31 December 2019. 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 estimated fair value is mainly due to repayments of capital, mostly owing to early settlement of loans, together with the weakening of sterling against the euro during the year.

MANAGEMENT REPORT

BUSINESS OVERVIEW CONTINUED

Other fund investments

This includes small, specialist funds investing in private equity businesses, property and start-up ventures.

Other fund investments are valued in total at their estimated fair value of € 96 million at 31 March 2020 (31 March 2019: € 90 million) based on the latest available valuation statements received from the fund managers. 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.

Included in this section is a limited partner investment in RLG Real Estate Partners L.P. ('RLG'), a property fund which is managed by a subsidiary of Compagnie Financière Richemont SA. RLG invests in and develops real estate properties, including luxury brand retail developments situated in prime locations throughout the world. The fair value of this investment is underpinned by an independent third party valuation with an effective date of 31 March 2020.

UNITED STATES LAND DEVELOPMENT AND MORTGAGES

Reinet has invested in certain real estate development projects and related businesses located in the United States (including Florida, Georgia, Colorado, North and South Carolina and Nevada). Reinet has also purchased mortgage debt linked to such developments from financial institutions, usually at significant discounts to face value.

The core land development process encompasses land planning, attaining entitlements from governmental bodies and installation of community infrastructure. Other investments in mitigation banks facilitate the preservation of land to offset the loss of wetlands necessitated by public improvements, such as highway construction, and other privately-sponsored developments.

Bill Lanius, Chief Executive Officer of United States land development and mortgages, commented:

'This past fiscal year was transformative for the United States land development and mortgages business which completed a divestiture of its luxury golf course communities and related country club operations. These underperforming assets had required significant capital support in prior years. Additional transactions consummated during 2019, along with a successful execution of the aforementioned strategic initiative, allowed our business unit to generate cash flow and return previously deployed capital to Reinet. We enter the new fiscal year as a considerably more streamlined operation with greater ability to respond to changing economic circumstances.'

The investment is carried at the estimated fair value of € 41 million as at 31 March 2020 (31 March 2019: € 79 million).

The current valuation is based on audited financial statements as at 31 December 2019 adjusted for cash movements up to 31 March 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 received during the year of € 23 million together with decreases in the valuation of underlying assets due to the use of a more conservative approach to valuing the remaining assets, based on additional information and events, and plans to position the assets for future sales. These decreases are offset by the strengthening of the US dollar against the euro during the year.



DIAMOND INTERESTS

Reinet has invested in two projects in South Africa. Firstly, in an entity which extracts diamonds from the waste tailings of mining operations which began over a century ago at Jagersfontein in South Africa. Developments in extraction technology since Jagersfontein was first mined, now allow the waste tailings to be reprocessed to recover gemstones. In addition, Reinet has an interest in a separate project, which has acquired rights to mine diamonds on a previously unexploited site at Rooipoort near Kimberley in South Africa.

Henk van Zuydam, Chief Financial Officer of both projects, commented:

'Both Jagersfontein and Rooipoort market their rough diamonds in both South Africa, specifically targeting the local diamond beneficiation market, and Antwerp which is the main diamond hub in the world of diamonds.'

'During the year Jagersfontein fully commissioned a new section of the plant, which enabled it to ramp up production levels. This additional plant is specifically designed to enable the profitable processing of the lower grade material.'

'Rooipoort has commenced the transition of its operations to another area of the farm; and to increase diamond production levels Rooipoort has also engaged with contract-miners to mine certain areas. Overall rough diamond prices have been under pressure in the past year due to the sluggish world economy with consumer demand slowing for luxury goods without reduction in supply to the market. Diamond prices were put under additional pressure due to the economic impact of COVID-19 and its related lockdowns around the globe. To date lower US dollar prices being achieved has been offset to some degree by the softening of the South African rand against the US dollar.'

'Production at both sites has been affected by the national lockdown in South Africa due to COVID-19 containment measures which was implemented on the 26 March 2020. Both sites re-commenced operations from 16 April 2020 at approximately 50 per cent capacity under stringent requirements as set out by the government of South Africa.'

In total, these projects are carried at their estimated fair value of € 29 million at 31 March 2020 (31 March 2019: € 46 million) based on discounted cash flow projections. The decrease in estimated fair value reflects the repayment of loans and interest in the year together with the impact of the weakening of the South African rand against the euro and the US dollar, an estimate of the current impact on the mining sector of the lockdown in South Africa and the fall in diamond prices, mostly in response to COVID-19; these changes are reflected in the valuation at 31 March 2020.

Reinet has borrowed ZAR 443 million to fund its investments in these projects and entered into a forward exchange contract to sell ZAR 300 million (31 March 2019: ZAR 230 million) in order to mitigate currency risk.

OTHER INVESTMENTS

Other investments are carried at their estimated fair value of € 76 million at 31 March 2020 (31 March 2019: € 67 million). 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 increase in the estimated fair value relates mostly to additional capital invested, increases in underlying investment valuations and the strengthening of the US dollar against the euro in the year.

There were no other significant changes in value in respect of other investments valuations, either as a result of movements in the valuation of underlying investments, further amounts invested or returns of capital.

COMMITMENTS

Commitments made in the year amounted to € 526 million. The largest commitments are detailed below.

Reinet committed to invest € 493 million (£ 438 million) in Pension Corporation.

Reinet increased its commitment to Trilantic Capital Partners in respect of Fund VI and TEP II by a total of € 15 million (\$ 16 million) during the year.

MANAGEMENT REPORT

BUSINESS OVERVIEW
CONTINUED

COMMITTED FUNDS

Funding commitments are entered into in various currencies including sterling, US dollar and South African rand and are converted into euro using 31 March 2020 exchange rates.

The table below summarises Reinet's outstanding investment commitments at 31 March 2020.

| | 31 March 2019 ⁽¹⁾ € m | Exchange rate effect ⁽²⁾ € m | Committed during the year ⁽³⁾ € m | Funded during the year ⁽³⁾ € m | 31 March 2020 ⁽³⁾ € m | 31 March 2020 % |
|---|--|--|---|--|--|-----------------------|
| Selecta | – | – | 1 | (1) | – | – |
| Pension Corporation | – | – | 493 | (296) | 197 | 32.3 |
| Private equity and related partnerships | | | | | | |
| Trilantic Capital Partners | | | | | | |
| Fund IV, Fund V, Fund VI, TEP, TEP II, related general partners and management companies ⁽⁴⁾ | 276 | 4 | 15 | (15) | 280 | 45.9 |
| Asian private equity companies and portfolio funds | | | | | | |
| Milestone China Opportunities funds investment holdings and management company participation | 4 | – | – | (2) | 2 | 0.3 |
| Specialised investment funds | | | | | | |
| Vanterra C Change TEM and holding companies | 5 | – | – | (1) | 4 | 0.7 |
| NanoDimension funds and co-investment opportunities | 29 | – | 5 | (14) | 20 | 3.3 |
| Snow Phipps funds and co-investment opportunities | 38 | 1 | 5 | (9) | 35 | 5.8 |
| GAM Real Estate Finance Fund | 35 | (1) | – | (2) | 32 | 5.2 |
| Other fund investments ⁽⁵⁾ | 33 | – | (1) | – | 32 | 5.2 |
| United States land development and mortgages | 5 | – | – | – | 5 | 0.8 |
| Diamond interests | 2 | – | (2) | – | – | – |
| Other investments | 3 | – | 10 | (10) | 3 | 0.5 |
| | 430 | 4 | 526 | (350) | 610 | 100.0 |

(1) Commitments calculated using 31 March 2019 exchange rates.

(2) Reflects exchange rate movements between 31 March 2019 and 31 March 2020.

(3) Amounts calculated using 31 March 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 31 March 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 31 March 2020 can be summarised as follows:

| | |
|---|-----------|
| Cash and liquid funds | € 501 m |
| Undrawn borrowing facility | € 281 m |
| Cash required for unfunded commitments (refer to table on previous page) | (€ 610 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 € 281 million (£ 250 million) (see below).

Medium-term bank borrowings of € 568 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

In September 2019, Reinet extended its borrowing facilities with Bank of America, N.A. 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. At 31 March 2020, these facilities had not been drawn upon (31 March 2019: € nil).

During early 2017, Reinet entered into a £ 500 million, medium-term financing arrangement with Merrill Lynch International, which runs to 2022. At 31 March 2020, the estimated fair value of the borrowing was € 568 million (£ 504 million) (31 March 2019: € 581 million (£ 500 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 31 March 2020, the Premium Loan is carried as a liability at an estimated fair value of € 35 million (£ 31 million) (31 March 2019: € 54 million (£ 46 million)). Some 3.4 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 31 March 2020, the estimated fair value of the borrowing was € 22 million (31 March 2019: € 27 million); the decrease in the estimated fair value is due to the weakening of the South African rand against the euro during the year. This loan was extended in the year and now 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 € 152 million at 31 March 2020 (31 March 2019: € 136 million). The increase in the carrying value of the put options reflects the decrease in value of the underlying BAT shares, offset by the decrease in the time to maturity and the weakening of sterling against the euro in the year. 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 24.

In the year under review, Reinet settled an outstanding forward exchange contract amounting to ZAR 230 million realising a loss of € 1.2 million. Reinet then entered into a new forward exchange contract to sell ZAR 300 million (31 March 2019: ZAR 230 million), which is carried at its estimated fair value of € 3 million (asset) at 31 March 2020 (31 March 2019: € 1 million (liability)). The change in value reflects the weakening of the South African rand against the euro in the year.

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

OTHER ASSETS/(LIABILITIES)

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

Other assets comprise the BAT dividend receivable of € 34 million (31 March 2019: € 40 million) with a record date of 27 March 2020.

The minority interest liability amounts to € 4 million (31 March 2019: € 6 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 € 16 million in respect of the half-yearly management fee payable as at 31 March 2020 (31 March 2019: € 19 million), a provision for deferred taxes of € 4 million (31 March 2019: € 7 million) relating to realised and unrealised gains arising from the investments in Trilantic and Snow Phipps, and withholding and corporate taxes of € 5 million (31 March 2019: € 11 million) relating to the investment in United States land development and mortgages. Accruals and other payables amount to € 4 million (31 March 2019: € 49 million relating to the share buyback programme).

No provision has been made in respect of a performance fee as at 31 March 2020 (31 March 2019: € 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 the Investment Advisor.

MANAGEMENT REPORT

BUSINESS OVERVIEW
CONTINUED

INCOME STATEMENT

The income statement set out below differs from the format used in the IFRS reporting on page 46 and is presented to provide investors with a more comprehensive picture of the movement in the estimated fair value of assets held by Reinet.

| | Year ended 31 March 2020 | | Year ended 31 March 2019 | |
|--|-----------------------------|-------|-----------------------------|-------|
| | € m | € m | € m | € m |
| Income | | | | |
| BAT dividends | 146 | | 148 | |
| Interest and other investment income | 25 | | 30 | |
| Realised gain on sale of BAT shares | 187 | | 1 | |
| Realised (losses)/gains on investments | (9) | | 74 | |
| Realised loss on foreign exchange contract | (1) | | – | |
| Carried interest earned on investments | 6 | | 16 | |
| Total income | | 354 | | 269 |
| Expenses | | | | |
| Management fee | (41) | | (43) | |
| Operating expenses, foreign exchange and transaction-related costs | (9) | | (9) | |
| Interest expense | (8) | | (8) | |
| Tax income | 9 | | 16 | |
| Total expenses | | (49) | | (44) |
| Realised investment income, net of expenses | | 305 | | 225 |
| Fair value adjustments | | | | |
| BAT – unrealised loss on shares held | (352) | | (673) | |
| – reversal of unrealised gain on shares sold ⁽¹⁾ | (164) | | (1) | |
| Other investments | (162) | | 224 | |
| Derivative instruments | 19 | | 83 | |
| Borrowings | 19 | | (18) | |
| Total fair value adjustments | | (640) | | (385) |
| Effect of exchange rate changes on cash balances | | (335) | | (160) |
| Net loss | | – | | 15 |
| Minority interest | | (335) | | (145) |
| Loss attributable to the shareholders of the Company | | – | | – |
| | | (335) | | (145) |

(1) The reversal of the unrealised gain on shares sold represents the unrealised gain as at 1 April 2019 and 1 April 2018 on the BAT shares sold during the years ended 31 March 2020 and 31 March 2019 respectively.

INCOME

Dividend income from BAT recorded during the year ended 31 March 2020 amounted to € 146 million (£ 129 million) (31 March 2019: € 148 million (£ 130 million)). The decrease is mainly due to the lower number of BAT shares held following sales in 2019 and 2020, offset by the increased dividend declared by BAT and payable in May 2020. The dividends received from BAT during the year represent the second, third and fourth 2019 quarterly dividend paid and the first 2020 quarterly dividend declared in March 2020 and paid in May 2020.

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 fees payable, other liabilities and other assets of € nil (31 March 2019: € 8 million (loss)).

Realised losses on investments of € 9 million were mainly in respect of other investments realised, offset by realised gains on investments in Trilantic and Milestone.

A loss of € 1.2 million was realised on the settlement of the euro/South African rand foreign exchange contract during the year.

Carried interest of € 6 million (31 March 2019: € 16 million) was attributable to Reinet in respect of investments realised by the Trilantic funds.

EXPENSES

The management fee for the year ended 31 March 2020 amounts to € 41 million (31 March 2019: € 43 million).

No performance fee is payable for the year ended 31 March 2020 (31 March 2019: € nil) as the conditions required to pay a fee had not been met at that date. 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 (the 'Company Prospectus'), including dividends paid, over the period since completion of the rights issue in December 2008 up to 31 March 2020, less the sum of all performance fees paid in respect of previous periods.

Operating expenses of € 9 million include € 1 million in respect of charges from Reinet Investments Manager S.A. (the 'General Partner'), € 2 million in respect of transaction fees, and other expenses, including legal and other fees, which amounted to € 6 million.

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

The net tax income of € 9 million includes corporate and withholding taxes payable in respect of gains realised on Trilantic investments, offset by a reduction in the deferred tax provision related to unrealised gains, expected distributions and accrued interest in respect of the Trilantic, Snow Phipps and other US investments.

FAIR VALUE ADJUSTMENTS

The investment in 58.1 million BAT shares decreased in value by € 352 million during the year under review. Of this, € 282 million was attributable to the decrease in value of the underlying BAT shares in sterling terms and € 70 million was due to the weakening of sterling against the euro during the year under review.

The unrealised fair value adjustment of € 162 million in respect of other investments includes decreases in the estimated fair value of the investments in Pension Corporation of € 178 million, Trilantic funds of € 50 million, United States land development and mortgages of € 25 million and Diamond interests of € 20 million, offset by increases in the estimated fair value of investments in 36 South, NanoDimension, Snow Phipps and other fund investments of € 54 million and certain other investments (see detailed analysis on page 52). The above amounts include the effect of changes in foreign exchange rates due to the strengthening of sterling and the US dollar against the euro and the weakening of the South African rand against the euro in the year under review.

The put options increased in value by € 16 million reflecting the decrease in value of BAT shares in the year offset by the weakening of sterling against the euro. The estimated fair value of the forward exchange contracts increased by € 3 million, reflecting the weakening of the South African rand against the euro.

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 € 5 million arose in respect of the South African rand borrowing due to the weakening of the South African rand against the euro during the year. An unrealised gain of € 14 million arose in respect of the sterling borrowing, mainly due to the weakening of sterling against the euro.

MINORITY INTEREST

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

MANAGEMENT REPORT

BUSINESS OVERVIEW
CONTINUED

CASH FLOW STATEMENT

The summarised cash flow statement set out below differs from the format used in the IFRS reporting on page 48 and is presented to provide investors with a more comprehensive picture of the movement in cash and liquid funds.

| | Year ended 31 March 2020 | | Year ended 31 March 2019 | |
|--|-----------------------------|-------|-----------------------------|-------|
| | € m | € m | € m | € m |
| Investing activities | | | | |
| Purchase of investments, net of repayments | (338) | | (217) | |
| Proceeds from sales of investments | 532 | | 255 | |
| Net cash and liquid funds generated by investing activities | | 194 | | 38 |
| Financing activities | | | | |
| Dividend paid | (36) | | (35) | |
| Payment to minority partner | (2) | | (1) | |
| Payment for settlement of derivative contracts | (1) | | – | |
| Cost of share buyback programmes | (105) | | (68) | |
| Movements in bank borrowings | (18) | | (18) | |
| Net cash and liquid funds used in financing activities | | (162) | | (122) |
| Operating activities | | | | |
| Dividends received | 153 | | 146 | |
| Carried interest earned on investments | 6 | | 16 | |
| Interest expense | (8) | | (8) | |
| Operating and related expenses | (41) | | (39) | |
| Taxation paid | (1) | | (8) | |
| Net cash and liquid funds generated by operating activities | | 109 | | 107 |
| Net cash inflow | | 141 | | 23 |
| Opening cash and liquid funds position | | 360 | | 322 |
| Effects of exchange rate changes on cash balances | | – | | 15 |
| Closing cash and liquid funds position⁽¹⁾ | | 501 | | 360 |

(1) Includes cash and liquid funds held in the Company, Reinet Fund and its subsidiaries.

INVESTING ACTIVITIES

Investments totalling € 338 million were made during the year, including Pension Corporation, Trilantic, NanoDimension and Snow Phipps. Amounts invested were partially offset by repayments in respect of loans and interest received from Jagersfontein, Rooipoort and United States land development and mortgages, as well as distributions from Trilantic, Snow Phipps, Milestone, REFF and other investments.

Proceeds from the sale of investments include € 392 million from the sale of BAT shares, and € 140 million in respect of proceeds from the sale of investments in Li Ning, Trilantic, Milestone, REFF and other investments.

FINANCING ACTIVITIES

A dividend of some € 36 million was paid to shareholders in September 2019 (September 2018: € 35 million).

€ 1 million was paid in respect of the settlement of euro/South African rand foreign exchange contract during the year.

In addition, Reinet paid out € 105 million in respect of the share buyback programmes in the year.

OPERATING ACTIVITIES

Dividends received from BAT during the year ended 31 March 2020 amounted to € 153 million (£ 133 million) (31 March 2019: € 146 million (£ 129 million)). The dividends received from BAT during the year represent the first, second, third and fourth 2019 quarterly dividends paid.

Carried interest of € 6 million was received in respect of the investment in Trilantic.

Interest of € 6 million was paid in respect of the sterling-denominated loans and € 2 million in respect of the South African rand-denominated loan in the year.

No performance fee was payable for the year ending 31 March 2019 and no performance fee is payable in respect of the current year.

Net US tax payments of € 1 million were paid in the year under review. This amount includes taxes withheld by US paying agents in respect of gains and carried interest received, together with estimated taxes paid on gains and income which will be taxable in the US.

Cash and liquid funds increased by € 141 million over the year to € 501 million as the amounts received in respect of sales of BAT shares, dividends and distributions from investments exceeded amounts repaid in respect of bank borrowings and derivative liabilities, amounts invested in new investments, payment of the dividend, the cost of share buyback programmes, management fee and operating expenses.

RISKS AND UNCERTAINTIES

Reinet's current investments and future investment strategy are subject to a number of risks and uncertainties. The General Partner and Fund Manager have established policies and procedures to identify and monitor these risks.

Responsibility for investment risk and treasury risk is borne by the Board of the Fund Manager. The day-to-day treasury position is monitored by the Chief Executive Officer and the Chief Financial Officer and policy decisions in respect of the investment of cash resources are taken by the Board of the Fund Manager.

Investment decisions are the responsibility of the Fund Manager, acting on the advice of the Investment Advisor, as appropriate.

Reinet's activities expose it to a variety of financial risks including market risk (ie currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk; these risks are detailed in note 5 to the consolidated financial statements on page 53 of this report.

There remains uncertainty surrounding the implications of the UK's exit from the EU ('Brexit') which became effective on 31 January 2020, however details of future trade agreements are still to be negotiated. While Reinet does not trade with the UK, it does hold investments in BAT and Pension Corporation.

Both of these companies have evaluated the impact of Brexit and taken steps to ensure they are as prepared as possible for Brexit. Reinet will continue to monitor the impact of Brexit on the carrying value of these companies.

The COVID-19 pandemic in 2020 has caused major disruption to worldwide economies and stock markets. As a result, higher levels of risk and uncertainty exist at this time and markets are likely to remain volatile for some time, and thereby continue to have an influence on the value and prospects of the investments held by Reinet Fund.

Other principal risks are as follows:

LEGAL AND COMPLIANCE RISKS

Laws and regulations governing the operations of the Company and Reinet Fund may affect their business, investments and results of operations.

The Company is required to comply with certain regulatory requirements applicable to a Luxembourg securitisation company, and Reinet Fund is required to comply with certain regulatory requirements that are applicable to a Luxembourg specialised investment fund. The Company is also required to comply with regulations applicable to a company admitted to listing and trading on the Luxembourg Stock Exchange and Euronext Amsterdam, and with a secondary listing on the Johannesburg Stock Exchange.

Additional laws and regulations may apply to the portfolio assets in which Reinet makes investments, and those laws and regulations, as well as those applicable to Reinet, may restrict the ability of Reinet to make certain types of investments in certain countries or affect the returns available from those investments.

Laws and regulations and their interpretation and application may also change from time to time and such laws and regulations or those changes could have a material adverse effect on the business, investments and results of operations of Reinet. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, or to maintain any necessary regulatory licences, by any of the General Partner, Fund Manager or Investment Advisor, could have a material adverse effect on the business, investments and results of operations of Reinet. Where investee companies are subject to regulation, failure to obtain appropriate licences or to comply with regulatory requirements may impact the valuation of the underlying investment.

The United States' Foreign Account Tax Compliance Act ('FATCA') imposes reporting and other requirements on payers and recipients of certain categories of income starting 1 July 2014. Non-US entities which do not comply with FATCA may be subject to withholding tax on certain categories of income. The Company and its controlled affiliates have taken the steps they considered necessary to be and remain compliant with FATCA.

MANAGEMENT REPORT

BUSINESS OVERVIEW CONTINUED

Under FATCA, the Company or its affiliates may be required to report to the US Internal Revenue Service ('IRS'), directly or through their respective tax authority co-operating with the IRS, information about financial transactions made by US taxpayers and other specified entities or individuals, and could be required to impose withholding, documentation and reporting requirements on such transactions. The additional administrative requirements of FATCA may result in increased compliance costs and could have an adverse effect on the business, investments and results of operations of Reinet.

The Common Reporting Standard ('CRS'), developed by the Organisation for Economic Co-operation and Development, is a global standard for the automatic exchange of financial information between tax authorities worldwide. Under the CRS, the Company and/or its affiliates may be required to identify and report to their respective tax authority information on certain accounts held directly or indirectly by tax residents in other participating CRS countries, which may subsequently be disclosed to foreign tax authorities. The Company and its affiliates have taken the steps they considered necessary to be and remain compliant with the obligations imposed by the CRS. The additional administrative requirements of the CRS may result in increased compliance costs for Reinet.

OPERATIONAL RISKS

The Company does not have any operations of its own. All operations are carried out by Reinet Fund.

The Company's principal source of earnings is returns in the form of income and capital gains from the investments made through Reinet Fund and its subsidiaries.

The ability of Reinet Fund to make cash distributions to the Company will depend on a number of factors, including, among others, the actual results of operations and financial condition of Reinet Fund, its subsidiaries and investee companies, restrictions on cash distributions that are imposed by applicable law or the constitutional documents of Reinet Fund, the terms of any future financing agreements entered into by Reinet Fund or its subsidiaries, the timing and amount of cash generated by investments that are made by Reinet Fund, any contingent liabilities to which Reinet Fund may be subject, the amount of income generated by Reinet Fund and other factors that the Fund Manager deems relevant.

DIVIDEND

The Company relies on distributions from Reinet Fund as its principal source of income from which it may pay dividends.

A cash dividend of some € 36 million or € 0.19 per share (excluding treasury shares held), was paid in September 2019, following approval at the annual general meeting on 27 August 2019.

The General Partner has proposed a cash dividend of € 0.19 per share subject to shareholder approval at the annual general meeting, which is scheduled to take place in Luxembourg on Tuesday, 25 August 2020.

There is no Luxembourg withholding tax payable on dividends which may be declared by the Company.

In 2013 the Company sought clarification from the South African Revenue Service ('SARS') as to the treatment of any dividends to be declared by the Company and paid to holders of depository receipts issued by Reinet Securities SA in respect of the Company's ordinary shares. This ruling from SARS was renewed for a further 5 years on 8 March 2018 in respect of any dividends to be declared by the Company and paid to holders of the Company's ordinary shares listed on the Johannesburg Stock Exchange ('Reinet South African Shares'). SARS confirmed to the Company that any such dividends would be treated as 'foreign dividends' as defined in the Income Tax Act No. 58 of 1962. Accordingly, any such dividends would be subject to South African dividends withholding tax at 20 per cent in the hands of holders of Reinet South African Shares unless those holders of Reinet South African Shares are otherwise exempt from the tax. Non-resident holders of Reinet South African Shares will be required to fill in the appropriate SARS declaration form, if they wish to be exempted from the tax.

The dividend will be payable in accordance with the following schedule, subject to shareholder approval:

The last day to trade the Company's shares cum-dividend in Europe will be Wednesday, 26 August 2020 and in South Africa, Tuesday, 25 August 2020. The Company's shares will trade ex-dividend from Thursday, 27 August 2020 in Europe and from Wednesday, 26 August 2020 in South Africa. The record date for the Company's shares in Europe and in South Africa will be Friday, 28 August 2020.

The dividend on the Company's shares in Europe will be paid on Wednesday, 2 September 2020 and is payable in euro.

The dividend on the Company's shares in South Africa will be paid in South African rand on Wednesday, 2 September 2020. Further details regarding the dividend payable to South African holders may be found in a separate announcement dated 29 May 2020 on the Johannesburg Stock Exchange News Service ('SENS').

MANAGEMENT REPORT

CORPORATE GOVERNANCE

INTRODUCTION

The Company recognises the importance of appropriate corporate governance procedures in the management and oversight of its business. The Company acknowledges the obligations placed upon it as a public company with a listing on the Luxembourg Stock Exchange and Euronext Amsterdam and a secondary listing on the Johannesburg Stock Exchange. Notably, the Company is subject to the X Principles of Corporate Governance of the Luxembourg Stock Exchange (the 'X Principles') in so far as applicable to the Company. The Company complies with all principles and recommendations set out in the fourth version of the X Principles to the extent they are applicable to it.

The Company's corporate governance principles are described in the Company Prospectus, in the statutes of the Company (the 'Statutes'), as well as in the Corporate Governance Charter adopted by the Company, all of which are available on the Company website, www.reinet.com. The requirements of the Statutes, the principles set out in the Company Prospectus and the Corporate Governance Charter (together with the policies and procedures described therein) adequately establish the framework of corporate governance within which Reinet operates.

The Company, a partnership limited by shares (*société en commandite par actions*) under the laws of Luxembourg, gives its shareholders exposure to Reinet Fund, a specialised investment fund.

The Company was formerly known as Richemont S.A., which was a subsidiary of Compagnie Financière Richemont SA ('CFR SA'), a Swiss company with significant luxury goods interests (CFR SA, together with its subsidiaries are referred to as 'Richemont'). The Company separated from its former parent on 20 October 2008, which saw the luxury businesses transferred to CFR SA. Following the separation and subsequent restructuring steps, the Company effectively retained part of Richemont's former interests in BAT together with cash and certain smaller investments.

MANAGEMENT

As a partnership limited by shares, the Company is managed by a general partner rather than a board of directors. The general partner is Reinet Investments Manager S.A. (the 'General Partner'), a limited liability company established in Luxembourg, which also owns 1 000 management shares in the Company and which has unlimited liability for any obligations of the Company that cannot be met from the assets of the Company.

Both the General Partner and Reinet Fund Manager S.A (the 'Fund Manager') are owned and controlled by Rupert family interests.

During the year ended 31 March 2020, the Board of Directors of the General Partner met four times. All directors attended all meetings. The statutes of the General Partner require that the Board of Directors consists of a minimum of three directors.

The General Partner is not acting as general partner for any partnership other than the Company.

BOARD OF DIRECTORS OF THE GENERAL PARTNER

The directors of the General Partner are:

JOHANN RUPERT

Chairman

South African, born 1950

Mr Rupert was appointed to the Board of Directors in 2008.

Mr Rupert studied economics and company law at the University of Stellenbosch, South Africa. After working for the Chase Manhattan Bank and Lazard Frères in New York, he founded Rand Merchant Bank in 1979. In 1985 he joined Rembrandt. He founded Richemont in 1988 and became Group Chief Executive. Appointed as Executive Chairman in September 2002, he also served as Group Chief Executive Officer during the periods from October 2003 to September 2004 and from April 2010 to March 2013. He was Chairman of CFR SA up to September 2013, when he indicated his intention to step down from the board of that company during a sabbatical year. He was re-elected as Chairman of CFR SA in September 2014. He is also Non-Executive Chairman of Remgro Limited and is the Managing Partner of Compagnie Financière Rupert.

Mr Rupert holds honorary doctorates in Law, Economics and in Commerce. He served as Chancellor of Stellenbosch University from 2009 to 2019. He is the Chairman of the Peace Parks Foundation.

WILHELM VAN ZYL

Chief Executive Officer

South African, born 1965

Mr van Zyl was appointed to the Board of Directors in 2014 and appointed Chief Executive Officer with effect from January 2015.

Mr van Zyl holds a BCom degree from the University of Stellenbosch and qualified as a Fellow member of the Institute and Faculty of Actuaries (United Kingdom) in 1994. He is also a Fellow member of the Actuarial Society of South Africa and completed the Harvard AMP program in 2005. Mr van Zyl was group actuary of the financial services group Metropolitan Holdings from 2001 and headed up its corporate business from 2006. In 2008 he was appointed as a director and chief executive of Metropolitan Holdings.

Following the listing of MMI Holdings in 2010, resulting from the merger between Metropolitan and Momentum, he was appointed as a director and deputy group chief executive with oversight of the group's health, international, investments and employee benefit operations. He currently also serves on the boards of Pension Insurance Corporation plc, Pension Insurance Corporation Group Limited, Milestone Capital Investment Holdings Limited, Prescient Investment Management China Limited and is also a director of the Investment Advisor and of various subsidiaries of Reinet Fund.

MANAGEMENT REPORT

CORPORATE GOVERNANCE
CONTINUED

ALAN GRIEVE

Non-Executive Director*British & Swiss, born 1952*

Mr Grieve was appointed to the Board of Directors in 2008. He retired as Chief Executive Officer in December 2014.

Mr Grieve served as Chief Financial Officer from 2008 to 2011 and as Chief Executive Officer from 2012 to 2014. He remains on the Board of Directors as a Non-Executive Director of both the General Partner and Fund Manager.

Mr Grieve was appointed to the board of directors of Richemont S.A. (the predecessor company to Reinet Investments S.C.A.) in 2004. Mr Grieve holds a degree in business administration from Heriot-Watt University, Edinburgh and is a member of the Institute of Chartered Accountants of Scotland. Prior to joining Richemont's predecessor companies in 1986, he worked with the international auditing firms now known as PricewaterhouseCoopers and Ernst & Young. He served as company secretary of CFR SA from 1988 until 2004 and was corporate affairs director of Richemont from 2004 to 2016. He is a Non-Executive Director of Mediclinic International plc, the international private hospital group.

JOSUA MALHERBE

Non-Executive Director*South African, born 1955*

Mr Malherbe was appointed to the Board of Directors in 2009.

Mr Malherbe qualified as a chartered accountant in South Africa in 1984 having commenced his career with a predecessor firm to PricewaterhouseCoopers. He then joined the Corporate Finance Department of Rand Merchant Bank in 1985 and was a general manager of the bank before moving to Rembrandt Group Limited in 1990, also being involved with Richemont at that time.

He was appointed as Director – Investments of Rembrandt in 1993 and served in this position until the formation of VenFin Limited in 2000 where he served as Chief Executive Officer until 2006. Thereafter he held the position of Deputy Chairman of VenFin Limited until November 2009 at which time Remgro Limited acquired all the shares in VenFin Limited.

He was appointed as a Non-Executive Director to the board of CFR SA in September 2010 and assumed the role of Deputy Chairman in September 2013. He also serves as a director on boards of a number of companies, including Remgro Limited (appointed Deputy Chairman in November 2014) and Pension Insurance Corporation Group Limited.

REINET FUND

The Company owns the entire ordinary share capital of Reinet Fund, a specialised investment fund established as a partnership limited by shares (*société en commandite par actions*) under the laws of Luxembourg.

As a partnership limited by shares, Reinet Fund is managed by a general partner rather than a board of directors. The general partner is the Fund Manager, a limited liability company established in Luxembourg, which also owns 1 000 management shares in Reinet Fund and which has unlimited liability for any obligations of Reinet Fund that cannot be met from the assets of Reinet Fund.

BOARD OF DIRECTORS OF THE FUND
MANAGER

The directors of the Fund Manager are:

JOHANN RUPERT

Chairman

(For biographical details see page 29)

WILHELM VAN ZYL

Chief Executive Officer

(For biographical details see page 29)

ALAN GRIEVE

Non-Executive Director

(For biographical details see above)

SWEN GRUNDMANN

General Counsel and Company Secretary*Dutch, born 1968*

Mr Grundmann was appointed to the Board of Directors in September 2012.

Mr Grundmann holds a law degree from the Faculty of Law of the University of Amsterdam. He joined Richemont in January 1996 and has until December 2017 been responsible for the corporate law affairs of many of its subsidiaries and been involved in various merger and acquisition projects. In 2009, he was appointed as Company Secretary of both the General Partner and Fund Manager. Since 2011, he has been responsible for Reinet's legal affairs and serves on the boards of a number of companies in which Richemont or Reinet hold an interest.

He is a member of the Capital Markets and Technology Association's Advisory Board, an independent association established in Switzerland and of the Dutch Association of Corporate Litigation.

DIANE LONGDEN

Chief Financial Officer*British & Luxembourg, born 1961*

Ms Longden was appointed to the Board of Directors in September 2012.

Ms Longden is a member of the Institute of Chartered Accountants in England and Wales and holds a Masters in Business Administration from the Sacred Heart University, John F. Welch College of Business in Luxembourg. Prior to joining Reinet in 2009, Ms Longden worked in the accountancy profession and international insurance industry. She is also a director of various subsidiaries of Reinet Fund.

BOARD COMMITTEES AND MANAGEMENT

The Company is managed by a general partner and as such it has no board of directors, executive management or employees. As a consequence, aspects of corporate governance which relate, among others, to the composition, organisation and proceedings of the board of directors and executive management, the establishment of board committee and related processes of a public company established in Luxembourg are not directly applicable to the Company.

BOARD OF OVERSEERS

In accordance with Luxembourg law, a Board of Overseers (*Collège des Commissaires*) has been appointed to review the activities of the Company. The Board of Overseers' role is one of oversight and control in addition to the specific powers conferred upon the Board of Overseers by virtue of the Statutes. It has no executive responsibility for the management of the Company except that the Board of Overseers may be consulted by the General Partner on such matters as the General Partner may determine and no action of the General Partner that may exceed its powers shall be valid unless authorised by the Board of Overseers.

The Board of Overseers of the Company has also been appointed as the Board of Overseers of Reinet Fund. Each of the members of the Board of Overseers is independent from the General Partner and the Fund Manager.

The members of the Board of Overseers may not be directors or employees of the General Partner or of the principal shareholder of the General Partner or any entity in which the Company has a material direct or indirect interest.

The Board of Overseers reports each year to the annual general meeting of shareholders on the results of the mandate entrusted to it, making such recommendations as it considers appropriate.

Every second year the Board of Overseers conducts a self-assessment of its role, accountability, composition and effectiveness. A self-assessment was performed in respect of the year ended 31 March 2020.

In addition to its role as defined by law, the Board of Overseers also acts as the audit committee of the Company and Reinet Fund.

The functions of the Board of Overseers include notably:

- Monitoring the financial reporting process;
- Reviewing the financial statements of the Company and Reinet Fund in order to ensure that they are fair, accurate and complete;
- Monitoring the Company's and Reinet Fund's compliance with applicable legal and regulatory obligations;
- Monitoring the statutory audit of the Company and Reinet Fund;
- Reviewing and monitoring the independence of the approved statutory auditor and approving permissible non-audit services as required;
- Monitoring the effectiveness of internal control and risk management procedures; and
- Assessing the quality of the internal audit of the Company and Reinet Fund.

During the year under review, the Board of Overseers met physically on three occasions and in addition, five meetings were held by conference call. All the members attended all of the meetings and conference calls. Subsequent to the year-end, the Board of Overseers met via conference calls (due to the COVID-19 pandemic) held on 4 May 2020 and 26 May 2020 to review and discuss with the approved statutory auditor the statutory and consolidated financial statements of the Company and recommended that these be presented to the annual general meeting of shareholders of the Company for approval.

Mr John Li is the chairman of the Board of Overseers.

The members of the Board of Overseers are:

JOHN LI

Chairman

Mauritian & Luxembourger, born 1960

Mr Li was appointed to the Board of Overseers in August 2015.

Mr Li is a non-executive director and a partner of The Directors' Office, a company of independent and non-executive directors. Previously he was a managing partner of KPMG Luxembourg and a member of the KPMG global investment management leadership team, as well as chairman of the supervisory board for KPMG Luxembourg. Mr Li is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Board of the Institut Luxembourgeois des Administrateurs (Institute of Directors in Luxembourg). His expertise lies in investment funds, banking and wealth management.

YVES PRUSSEN

Luxembourger, born 1947

Mr Prussen was appointed to the Board of Overseers in September 2009.

Mr Prussen graduated as a doctor at law in 1971 and holds a diploma from the 'Institut d'Etudes Politiques' of the University of Grenoble. During the same year he became a member of the Luxembourg bar and since 1975 has been a partner in Elvinger, Hoss & Prussen, a Luxembourg legal firm. Mr Prussen is a member of the International Bar Association, the Luxembourg Section of the International Fiscal Association and the Luxembourg Association for Arbitration. He is the author of various publications in the field of tax law, arbitration, securities laws and the law relating to undertakings for collective investments.

STUART ROBERTSON

British & Swiss, born 1955

Mr Robertson was appointed to the Board of Overseers in October 2018.

Mr Robertson is a member of the Institute of Chartered Accountants of Scotland and EXPERTsuisse. He has 31 years' experience with KPMG auditing financial institutions and also advising them in areas of risk and regulation, transformation, and M&A. He served on both the executive committee and the board of directors of KPMG Switzerland for 12 years. He also served as the KPMG Global Financial Services Deal Advisory leader for 11 years. He retired from KPMG at the end of September 2018 and was voted on to the board of EFG International AG effective from 1 October 2018.

MANAGEMENT REPORT

CORPORATE GOVERNANCE CONTINUED

STUART ROWLANDS

British & Luxembourger, born 1952

Mr Rowlands was appointed to the Board of Overseers in August 2016.

Mr Rowlands was the Head of Financial Risk at the European Investment Bank ('EIB'), the development bank of the European Union, based in Luxembourg, until his retirement on 30 June 2018. He joined the EIB in 1988 and worked in various senior roles involving internal audit, credit risk, infrastructure funding and project finance. Previously, Mr Rowlands was with PricewaterhouseCoopers Luxembourg and during this time spent two years with the European Court of Auditors, also based in Luxembourg. Mr Rowlands is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Internal Auditors and an INSEAD – certified independent director. His expertise lies in financial and credit risk management, internal audit and corporate governance.

APPOINTMENT OF THE MEMBERS OF THE BOARD OF OVERSEERS

The Statutes provide for a Board of Overseers composed of at least three members. The members of the Board of Overseers are appointed by a resolution of the annual general meeting of shareholders by a simple majority of the votes cast. The annual general meeting of shareholders fixes the term of their office. They may be re-elected. Their appointment is not subject to the approval of the General Partner.

REMUNERATION

Neither the Company nor Reinet Fund has any employees. Rather, both entities pay fees to their respective managers, the General Partner and the Fund Manager, in respect of the management services provided (see Significant Agreements below).

The annual general meeting of shareholders sets the remuneration of the members of the Board of Overseers. An annual compensation of € 50 000 per annum for each of the members of the Board of Overseers was approved at the annual general meeting of shareholders held on 27 August 2019.

Although the management of Reinet is distinct from Richemont following the restructuring effected in 2008, a number of executives who have management responsibilities within the General Partner and the Fund Manager have executive roles in and are employed by Richemont. With effect from 1 April 2010, separate employment arrangements in respect of Richemont and Reinet duties apply in respect of those individuals having roles within both organisations.

SHAREHOLDINGS AND LOANS

Details of shareholdings by members of the Board of Directors of the General Partner are given in note 14 to the consolidated financial statements on page 67 of this report.

As noted previously, the General Partner holds 1 000 management shares in the Company.

The Company has procedures in place requiring persons connected with the Company, Reinet Fund, the General Partner, the Fund Manager and the Investment Advisor not to trade in the Company's securities during closed periods in advance of the release of financial information in respect of the Company or at other times when they may be in possession of price-sensitive information. Approval of transactions involving the Company's securities is required from Mr Rupert, Mr Malherbe or Mr van Zyl and transactions by persons discharging managerial responsibilities are disclosed on the Company's website and information relating to such transactions is published in a manner that ensures the effective dissemination of information to the public.

There were no loans outstanding to members of the Board of Directors of the General Partner during the year or at 31 March 2020.

At 31 March 2020, the Company owed € 0.7 million to the General Partner and Reinet Fund owed € 3.2 million to the Fund Manager.

SIGNIFICANT AGREEMENTS

The Company is managed by its General Partner. The Company reimburses the General Partner for its expenses incurred in the ordinary course of business, including but not limited to the remuneration of its staff, taxes, rentals and any other disbursements, and pays an annual administration fee equal to 10 per cent of such expenses. During the year ended 31 March 2020, the Company paid € 1.1 million to the General Partner in respect of the costs that it had incurred and the related administration fee.

The Company's wholly-owned subsidiary, Reinet Fund, is managed by the Fund Manager. Reinet Fund reimburses the Fund Manager for its expenses incurred in the ordinary course of business including but not limited to the remuneration of its staff, taxes, rentals and any other disbursements, and pays an annual administration fee equal to 10 per cent of such expenses. Any such amounts payable to the Fund Manager are deductible from any management fees payable to the Investment Advisor.

Under the terms of the Investment Advisory Agreement dated 9 October 2008, as amended on 24 May 2010, 10 November 2011 and 7 December 2018 between Reinet Fund and the Investment Advisor, Reinet Fund pays both management fees and performance fees to the Investment Advisor.

Mr van Zyl, who is a Director of the General Partner, is also a member of the Board of Directors of the Investment Advisor.

The management fee is payable to the Investment Advisor at a rate of 1 per cent per annum on the NAV of Reinet Fund, excluding cash and interests in funds managed by third parties. It is calculated semi-annually based on the closing NAV at the end of the previous six-month period.

The management fee in respect of cash is calculated at a rate of one quarter of 1 per cent per annum.

No management fee is payable in respect of funds managed by third parties except where the fee payable to the third party has been negotiated to a level below 1 per cent per annum and below the level payable by other investors in a fund. In such circumstances, the difference between the fee payable to the third-party manager and 1 per cent is payable to the Investment Advisor.

Investments as a limited partner in funds under the management of a management company in which Reinet Fund is an investor are not treated as being managed by third parties; the management fee is payable at 1 per cent per annum to the Investment Advisor. However, such a fee payable to the Investment Advisor is reduced by any management fee paid by Reinet Fund to the management company, net of income received by Reinet Fund on its investment in the management company in terms of its share of the management fees earned by (but not carried interest attributable to) the management company.

The management fee for the year under review amounted to € 41 million, of which € 7 million is paid to the Fund Manager.

As detailed in the Company Prospectus, issued when the Company was established in 2008 as part of the Richemont reorganisation which was approved by the former Richemont unitholders, the performance fee in any period is to be calculated as 10 per cent of the Cumulative Total Shareholder Return at the end of the Performance Measurement Period, adjusted for all dividends and returns of capital to the Company's shareholders, less the sum of all performance fees paid in previous Performance Measurement Periods. The Cumulative Total Shareholder Return will be the difference between the volume weighted average closing price of the Company's shares on the Luxembourg Stock Exchange over the last 20 trading days of each financial year of the Company less the Initial Price, calculated as the volume weighted average market price of the Company's shares on the Luxembourg Stock Exchange over the first 60 trading days following the third day after the conclusion of the rights issue in December 2008. The Initial Price, calculated over the trading period from 22 December 2008 to 19 March 2009, is € 7.1945.

No performance fee is payable as of 31 March 2020 and 31 March 2019.

The Investment Advisor shall be entitled to all accrued but unpaid management fees and performance fees should the Fund Manager (acting on the instructions of the Board of Overseers) terminate the Investment Advisory Agreement with notice. Such entitlement will not arise where the Fund Manager (acting on the instructions of the Board of Overseers) is entitled to, and does, terminate the Investment Advisory Agreement immediately or if the Investment Advisory Agreement terminates automatically.

CONFLICTS OF INTEREST

Individuals who are involved in the management of the Company, the General Partner or the Fund Manager may also be involved in the management of other industrial and investment companies, including but not limited to CFR SA and Remgro Limited.

There is a possibility that these individuals may have a conflict of interest between the duties they owe to the Company or Reinet Fund and the duties they owe to the other entities relying upon their expertise. Such a conflict may arise in relation to, in particular, proposed investment opportunities. The Company and Reinet Fund will be managed to avoid any such conflicts of interest in all possible circumstances, as is also formalised in a conflicts of interest policy which was adopted by the Boards of the General Partner and Fund Manager. If a conflict of interest in relation to an investment opportunity would arise between any entities affiliated with Rupert family interests the opportunity to co-invest may be offered to the appropriate entities (taking into consideration, among other things, the investment objective, policies and restrictions of each of those entities). Specifically, in terms of the Company Prospectus and the conflicts of interest policy it is expected that any investments in luxury goods businesses will be made by CFR SA.

CAPITAL STRUCTURE

At 31 March 2020, the Company had 195 941 286 ordinary shares and 1 000 management shares of no par value in issue.

At 31 March 2020, 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 31 March 2020 was 184 290 891.

SIGNIFICANT SHAREHOLDERS

The General Partner holds 1 000 management shares in the Company, being 100 per cent of the management shares in issue.

The Anton Rupert Trust, the Anton Rupert Descendants Trust and affiliated parties hold some 48.8 million ordinary shares representing 24.93 per cent of the Company's issued share capital.

The group of parties regarded as being affiliated to the Anton Rupert Trust and the Anton Rupert Descendants Trust includes entities and persons which are not necessarily closely connected with persons discharging managerial responsibilities within the Company, as defined in Article 3 paragraph 1 of the EU Regulation No 596/2014 on Market Abuse (the 'Market Abuse Regulation'). As a consequence, share dealings by such entities or persons are not disclosed as dealings by connected parties in terms of the Market Abuse Regulation.

On 16 December 2013, the Public Investment Corporation ('PIC') notified the Company that it held 14.61 per cent of the shares and voting rights in the Company. PIC previously held 15.49 per cent of the shares.

On 26 November 2019, Allan Gray Limited notified the Company that accounts under its management held the equivalent of 4.97 per cent of the shares and voting rights in the Company, such holding having decreased from 5.01 per cent as previously notified by Allan Gray Limited.

MANAGEMENT REPORT

CORPORATE GOVERNANCE CONTINUED

Old Mutual Investment Group (Pty) Ltd informed the Company that as from 27 April 2016 its holding on behalf of its clients exceeded the equivalent of 3 per cent of the shares and voting rights in the Company.

On 16 August 2018, Prudential Investment Managers notified the Company that accounts under its management held the equivalent of 3.8 per cent of the shares and voting rights in the Company.

On 3 April 2020, GIC Private Limited notified the Company that as from 30 March 2020 it held 3.01 per cent of the shares and voting rights in the Company and on 27 April 2020 it notified the Company that on 22 April 2020 its holding of the shares and voting rights in the Company fell below 3 per cent, to 2.97 per cent.

As at the date of this report, the Company has not received any other notifications of significant shareholdings in excess of 3 per cent of the shares in issue.

SHAREHOLDERS' MEETINGS AND VOTING RIGHTS

Shareholders' meetings may be convened by the General Partner or by the Board of Overseers. All shareholders are invited to attend and speak at all general meetings of shareholders. Any shareholder may appoint another person, who need not be a shareholder, to represent them at the meeting.

Other than as required by law, resolutions to be approved at a meeting of shareholders will be passed by an absolute majority of those present and voting. There is no quorum requirement for a meeting convened to consider the business ordinarily to be considered by a shareholders' meeting. The business ordinarily to be considered at a shareholders' meeting is the approval of the statutory and consolidated financial statements as presented by the General Partner; the consideration and approval of the appropriation of the result of the year as proposed by the General Partner; the appointment, removal and remuneration of the Board of Overseers; and the discharge to be given to the General Partner and to the members of the Board of Overseers. All other business at an annual general meeting shall be considered only upon a proposal of the General Partner unless otherwise provided for in the law.

Any other matter which does not fall within the scope of an annual general meeting, as set out above, shall be dealt with by way of an extraordinary meeting. An extraordinary meeting shall require that 50 per cent of shareholders of each class of shares is represented, failing which the meeting must be reconvened in accordance with the notice requirements laid down by the law. Resolutions proposed at such a meeting shall be passed by a vote in favour of at least two-thirds of the votes cast, provided that no resolution tabled at such a meeting shall be validly passed unless approved by the General Partner.

The annual general meeting of shareholders of the Company was held on 27 August 2019. Out of a total of 195 941 286 ordinary shares and 1 000 management shares in issue, a total of 136 739 068 ordinary shares (some 72.88 per cent of the total voting rights) and all the 1 000 management shares were represented. The proposals of the General Partner in respect of the resolutions considered at the meeting were approved by an overwhelming majority of the votes.

On 24 January 2020, the extraordinary general meeting of the shareholders approved an amendment of the investment guidelines of the Company and of its wholly-owned subsidiary Reinet Fund, which were originally described in the prospectus issued at the time of the reorganisation of the Company and the listing of its shares in 2008 and subsequently amended in 2012 with the approval of a general meeting of shareholders of the Company; the purpose of this amendment is to allow an investment in a key asset of up to 50 per cent of Reinet Fund's total assets with all other assets remaining below 30 per cent of total assets. If the limits are exceeded as a result of market movements, adjustments to the portfolio will only be made when considered to be in the interest of Reinet Fund and its shareholders. The meeting also approved the deletion of the paragraph 'Limits on Illiquid Securities' restricting investments in illiquid securities to no more than 50 per cent of the net assets of Reinet Fund. Out of a total of 195 941 286 ordinary shares and 1 000 management shares in issue, a total of 137 729 895 ordinary shares (some 74.74 per cent of the total voting rights) and all the 1 000 management shares were represented. The proposals of the General Partner in respect of the resolutions considered at the meeting were approved by 99.97 per cent of the votes.

The rights of a shareholder to participate in a general meeting and to vote in respect of their shares shall be determined with respect to the shares held by that shareholder on the 14th day prior to the general meeting at midnight (Luxembourg time) (the 'Record Date'). No later than on the Record Date, or the date as provided for in the notice of the meeting, the shareholder shall indicate to the Company their intention to participate in the general meeting. The Company may determine the manner in which this declaration is made. The Statutes provide that certificates of the shareholdings and proxies be received by the Company a certain time before the date of the relevant meeting. In accordance with the Statutes, the General Partner may determine such other conditions that must be fulfilled by shareholders for them to take part in any meeting of shareholders in person or by proxy.

The notice of the 2020 annual general meeting of shareholders is given on pages 82 to 85 of this report.

FINANCIAL REPORTING, INTERNAL CONTROL AND RISK MANAGEMENT

The preparation of the statutory and consolidated financial statements of the Company is the responsibility of the General Partner. The Company's role is limited to the holding of the investment in Reinet Fund, the issuance of its own shares and related activities and therefore its own entity financial statements are straightforward. The Board of Directors of the General Partner has established strict rules designed to protect the Company's interests in the areas of financial reporting, internal control and risk management. An internal control process has been defined and implemented by the Board of Directors of the General Partner and approved by the Board of Overseers, with the aim of achieving reliability of financial and accounting information and full compliance with applicable laws and regulations. The internal controls over financial reporting are designed to provide assurance that

the financial reporting does not contain any material inadequacies. The level of financial controls that have been established are considered by the General Partner to be adequate for the scale of the Company's and Reinet Fund's operations and their level of complexity.

A risk management function exists and quarterly reports are provided to the Boards of Directors of the General Partner and the Fund Manager, as well as the Board of Overseers.

The internal audit function is outsourced; an internal audit report is provided annually and the internal auditor attends at least one meeting of the Board of Overseers.

Responsibility for management of investment risk and treasury risk is borne by the Board of Directors of the Fund Manager. The day-to-day treasury position is monitored by the Chief Executive Officer and the Chief Financial Officer and policy decisions in respect of the investment of cash resources are taken by the Board of Directors of the Fund Manager.

Investment decisions are the responsibility of the Fund Manager, acting on the advice of the Investment Advisor.

The Company is subject to financial risks, certain of which are discussed in note 5 to the consolidated financial statements on page 53 of this report.

INFORMATION POLICY

The Company reports to shareholders in accordance with the requirements of Luxembourg law, European regulations and the guidance provided by the Luxembourg Stock Exchange, the Commission de Surveillance du Secteur Financier ("CSSF"), Euronext Amsterdam and the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten, 'AFM'). The annual report is the principal source of financial and business information for shareholders. The Company's preliminary announcement of the results for the financial year is usually issued in May each year. In addition to the annual report, the Company publishes its half-yearly unaudited financial report in November, as well as interim management statements in July and January covering the Company's performance during the first and third quarters, respectively, of the financial year. Ad hoc news announcements are made in respect of matters which the Company considers to be of significance to shareholders, in accordance with applicable laws and regulations (including EU Regulation No 596/2014 on Market Abuse) and the specific guidelines laid down by the Luxembourg Stock Exchange, the CSSF, Euronext Amsterdam and the AFM.

The annual report is distributed to all parties who have requested a copy. Investors may request electronic notification that such reports have been published on the Company's website.

All news announcements are distributed by email. Shareholders and other interested parties may ask to be included on the distribution list by contacting the Company Secretary at the Company's registered office or by email (info@reinet.com) or by registering on the Company's website (<http://www.reinet.com/investor-relations/company-announcements>).

Copies of the annual report and half-yearly unaudited financial report, the announcement of the results and ad hoc press releases

may also be downloaded from the Company's website (www.reinet.com). A copy of the Statutes of the Company and the Corporate Governance Charter are available on the website.

In addition, the Company publishes Reinet Fund's NAV statements. In accordance with Reinet Fund's prospectus, these NAV statements will be published within 20 business days of the end of each calendar quarter. These statements are also available on the Company's website.

Statutory and regulatory announcements are filed with the CSSF and the AFM, published on the Company's website and made available to the Luxembourg Stock Exchange and Euronext Amsterdam.

AUDITORS

The statutory and consolidated financial statements of the Company for the accounting year ended 31 March 2020 were audited by PricewaterhouseCoopers, Société coopérative, approved statutory auditors, Luxembourg.

SUSTAINABILITY

The Company's approach to sustainability matters and its report on corporate social responsibility for the accounting year ended 31 March 2020 is included in the Sustainability Report on page 37.

ARTICLE 11 OF THE LUXEMBOURG LAW ON TAKEOVER BIDS OF 19 MAY 2006

The Company publishes the following detailed information as required by Article 11 (1) of the law of 19 May 2006 on takeover bids.

CAPITAL STRUCTURE OF THE COMPANY

The Company has issued two classes of shares, namely management shares and ordinary shares. The 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.

At 31 March 2020, the Company had 195 941 286 ordinary shares and 1 000 management shares of no par value in issue.

At 31 March 2020, 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 31 March 2020 was 184 290 891.

The ordinary shares confer on the shareholder the entitlement to participate in and, except for the treasury shares, to vote at meetings of shareholders, with each share carrying the right to one vote. Each share, except for the treasury shares, also entitles each shareholder to receive a proportionate share of any dividend that the Company may declare and a proportionate share of the net assets of the Company on liquidation. The liability of shareholders is limited to the amount of their investment in the Company.

The management shares confer the same rights with regard to voting, dividends and the distribution of assets on liquidation as the ordinary shares. In addition, as the holder of the management shares, the General Partner has broad powers to manage the Company and has unlimited liability for any obligations of the Company that cannot be met out of the assets of the Company. The management shares are not listed.

MANAGEMENT REPORT

CORPORATE GOVERNANCE CONTINUED

RESTRICTIONS ON THE TRANSFER OF SECURITIES

The ordinary shares are freely transferable. The Company and its shareholders must comply with the requirements of the Luxembourg law of 11 January 2008 on transparency requirements (the ‘Transparency Law’), provided however that in addition to the thresholds set out in such law, each shareholder shall, in accordance with the Statutes, be liable to notify the Company of any acquisition or disposal if the proportion of the holding of shares held by the shareholder, whether directly and/or indirectly, including those that are deemed to be controlled by the shareholder in the circumstances contemplated by Article 9 of the Transparency Law, reaches, exceeds or falls below the threshold of 3 per cent, failing which the General Partner may disregard the voting rights attached to the shares and certain restrictions may apply to such shareholdings in accordance with the terms of Article 10 of the Statutes.

The management shares are transferable only to a successor or an additional manager with unlimited liability for the Company’s financial liabilities.

SIGNIFICANT SHAREHOLDERS

The details of significant shareholders within the meaning of the Transparency Law are given on page 33 of this report.

SEPARATE CLASSES OF SECURITIES

The management shares held by the General Partner confer the same rights with regard to voting, dividends and the distribution of assets on liquidation as the ordinary shares. In addition, as the holder of the management shares, the General Partner shall have broad powers to manage the Company. The General Partner will have unlimited liability for any obligations of the Company that cannot be met out of the assets of the Company.

SHARES HELD IN RESPECT OF SHARE INCENTIVE SCHEMES FOR EMPLOYEES OF THE GENERAL PARTNER, FUND MANAGER AND INVESTMENT ADVISOR

The Investment Advisor owns 946 060 ordinary shares of the Company as at 31 March 2020 (31 March 2019: 946 060). These shares have been acquired to hedge share appreciation rights and related awards to key executives. Until the rights awarded under these schemes may be exercised by the employees concerned, the voting rights in respect of these shares may be exercised by the Investment Advisor.

SHAREHOLDERS’ MEETINGS AND VOTING RIGHTS

Each issued share represents one vote, except for the treasury shares. The voting and dividend rights attached to the treasury shares are suspended. The rights of a shareholder to participate in a general meeting and to vote in respect of their shares shall be determined with respect to the shares held by the shareholder on the 14th day prior to the general meeting, as required by Luxembourg law. Further information is set out on page 34 of this report.

SHAREHOLDER AGREEMENTS AND TRANSFER RESTRICTIONS

There are no agreements between shareholders which are known to the Company. The Company is not aware of any agreements which may result in restrictions on the transfer of securities or voting rights.

RULES GOVERNING THE APPOINTMENT OF THE GENERAL PARTNER AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Company has no executive management or employees. In accordance with Luxembourg law, the management of the Company is carried out by the General Partner, the unlimited shareholder of the Company, which has been designated as such in the Statutes.

The replacement of the General Partner or the appointment of additional managers requires an amendment to the Statutes.

Any proposal to amend the Statutes shall be considered and approved by an extraordinary general meeting of shareholders to be held before a public notary. At any such meeting, 50 per cent of shareholders of each class of shares is required to be present or represented. Resolutions shall be passed by at least two-thirds of the votes cast, provided that no resolution at any extraordinary general meeting of shareholders shall be validly passed unless approved by the General Partner, unless otherwise provided by law and the Statutes. In that respect it is to be noted that no decision of the General Partner on behalf of the Company in respect of the exercise by the Company of any power to amend the Statutes shall be valid unless approved by the Board of Overseers.

POWERS OF THE GENERAL PARTNER

The General Partner is vested with the broadest powers to perform all acts of administration in compliance with the Company’s corporate objects set out in the Statutes except for matters expressly reserved by Luxembourg law or the Statutes to be approved by the general meeting of shareholders. Certain decisions of the General Partner must be approved by the Board of Overseers.

SIGNIFICANT AGREEMENTS

There are no significant agreements to which the Company is a party and which take effect, alter or terminate upon a change of control of the Company following a takeover bid.

AGREEMENTS WITH DIRECTORS AND EMPLOYEES

The Company is managed by the General Partner; it has no directors, executive management or employees. Details of the agreements with the General Partner, the Fund Manager and the Investment Advisor are set out on page 32 of this report.

SUSTAINABILITY REPORT

Introduction

The business philosophy of Reinet Investments S.C.A. (the ‘Company’) and its subsidiary Reinet Fund S.C.A., F.I.S. (‘Reinet Fund’), together with the Company, ‘Reinet’ is to find and invest in assets that offer long-term growth potential. Having a long-term view of investment opportunities allows Reinet on the one hand to identify investments which can build value for the long term and are supporting broad economic growth, and on the other hand to meet the needs of its stakeholders, such as shareholders, employees, business partners and local communities.

Reinet considers it imperative for businesses to work responsibly, recognising that the world’s resources are finite and that everyone has a role to play in their conservation. Initiatives to reduce carbon dioxide emissions, reduce water usage, preserve biodiversity and enforce human rights are to be welcomed and supported.

Investors such as Reinet have a role to play by seeking out companies that act responsibly and avoiding those that do not. Reinet’s investment criteria reflect these objectives; Reinet looks for responsible management in businesses that take account of their stakeholders’ interests, treat their employees fairly and respect the environment. Also, Reinet advocates that companies in which it invests comply with relevant corporate governance requirements.

Reinet Fund’s corporate governance reflects this. Its general partner Reinet Fund Manager S.A. (the ‘Fund Manager’) is organised to support and reinforce the Company’s policy, understanding that its primary fiduciary duty is to deploy capital in order to deliver strong returns over the long term, rather than to deploy short-term investment strategies designed to generate immediate results. The Fund Manager’s board has demonstrated commitment to a long-term investment philosophy. Furthermore, Reinet’s internal policies and procedures support the investment strategy and principles as set out above.

About this report

This year, the Company is producing its second consecutive Sustainability Report, which has been prepared in accordance with the X Principles of Corporate Governance of the Luxembourg Stock Exchange (the ‘X Principles’) and in line with the Sustainability Accounting Standards Board (‘SASB’) Standards.

The X Principles

This Sustainability Report has been prepared in accordance with the X Principles, more specifically with its Principle number 9 relating to corporate social responsibility (‘CSR’).

The X Principles is a list of 10 corporate governance principles set by the Luxembourg Stock Exchange in 2006 and recently reviewed in 2017 to

integrate a new principle relating to CSR. Through the X Principles, the Luxembourg Stock Exchange encourages companies to:

‘...adopt a form of corporate governance that constitutes an integral part of corporate culture, reflects the values of integrity and responsibility, and is founded on the transparency of the decision-making processes and respect for the interests of shareholders and all other stakeholders.’

The new CSR Principle number 9 is focused on non-financial information and stronger integration of CSR aspects with financial data and giving investors a better understanding of how such integration contributes to a company’s strategy for creating value and global performance.

The X Principles do not apply to regulated funds and are thus not applicable to Reinet Fund. Notwithstanding the latter, the Company has, for the purposes of this Sustainability Report established for the year ending 2020, taken the stance to implement the requirements of the X Principles pertaining to sustainability on a look-through basis, where relevant.

This Sustainability Report outlines the Company’s response to Principle number 9 of the X Principles focused on CSR.

SASB Standards

This Sustainability Report has been prepared in line with the SASB Standards (in addition to the X Principles) as these represent a globally recognised and accepted sustainability framework. The SASB Standards were set up in 2011 to develop and disseminate sustainability accounting standards globally. SASB aims to:

‘...establish industry-specific disclosure standards across environmental, social, and governance (ESG) topics that facilitate communication between companies and investors about financially material, decision useful information.’

The Company has used the SASB Standards and framework, specific to the Asset Management and Custody Activities industry, to identify material topics on which to report. SASB has identified the following industry-specific sustainability topics as material:

- Transparent Information and Fair Advice for Customers;
- Employee Diversity & Inclusion;
- Incorporation of Environmental, Social and Governance (ESG) Factors in Investment Management and Advisory;
- Business Ethics; and
- Systemic Risk Management.

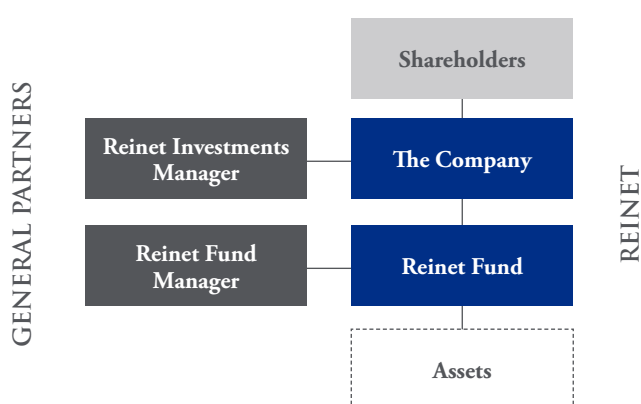
This Sustainability Report outlines the Company’s response to each of the accounting metrics identified by SASB in relation to these material topics.

MANAGEMENT REPORT

 SUSTAINABILITY REPORT
CONTINUED

About Reinet
Structure and management

The Company is a securitisation vehicle incorporated under the laws of Luxembourg. It is listed on the Luxembourg Stock Exchange, Euronext Amsterdam and the Johannesburg Stock Exchange; the listing on the Johannesburg Stock Exchange is a secondary listing. Reinet Fund is a wholly-owned subsidiary of the Company and is a closed-ended, specialised investment fund. Reinet Fund is also the investment vehicle for all the investment assets held within the structure.



The Company and Reinet Fund are each managed by a general partner (respectively Reinet Investments Manager S.A. (the ‘General Partner’) and the Fund Manager, together ‘General Partners’) which carries out the role generally performed by the board of directors and the general management of a corporation and as such neither the Company nor Reinet Fund has a board of directors, executive management or employees. In addition, the Company and Reinet

Fund are subject to review by the Board of Overseers responsible for monitoring compliance with legal and regulatory obligations, reporting process and its integrity, reviewing the effectiveness of internal control and risk management procedures, among others.

Assets and investments

Listed or regulated investments currently represent in excess of 79 per cent of the net asset value of Reinet Fund (‘NAV’).

The investment in British American Tobacco (‘BAT’) remains Reinet’s single largest investment, representing approximately 41 per cent of the NAV. Over the years, the exposure to BAT has been significantly reduced; this represented some 80 per cent of the NAV at 31 March 2009. The investment in BAT shares provides Reinet with the capacity to fund new opportunities, either from dividend income, through borrowing or through the realisation of part of the investment, and ensures that there is liquidity available at the level of Reinet Fund, including during times of market distress, and to promote long-term performance.

A significant investment is also held in Pension Insurance Corporation Group Limited (‘Pension Corporation’), a UK-based insurance company specialising in securing the liabilities of defined benefit pension schemes.

Together, these two investments represent approximately 78 per cent of the NAV; each of these investees has integrated sustainability in its strategy (see section Overview of Sustainability below). Reinet also invests in funds managed by third parties. These include funds managed by Trilantic Capital Partners, Snow Phipps Group, Milestone Capital, Prescient Investment Management China, ND Capital and Vanterra Capital.

Reinet Fund – Total assets under management:

| | 31 March 2020 | 31 March 2019 |
|--------------------------------------|---------------|---------------|
| | Total | Total |
| | € m | € m |
| Assets | | |
| Listed equity securities | 1 874 | 2 605 |
| Unlisted equity securities and funds | 2 448 | 2 359 |
| Loans and interest receivable | 49 | 85 |
| | 4 371 | 5 049 |
| Derivative financial instruments | 155 | 136 |
| Cash and cash equivalents | 500 | 355 |
| Total assets | 5 026 | 5 540 |

Overview of Sustainability

Reinet seeks, through a range of investment opportunities, 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 € 2.7 billion.

Reinet's strategy is to invest in, work with or create partnerships with businesses that share similar goals and values, for instance:

BAT has an open dialogue with stakeholders at local, regional and global levels on key sustainability issues affecting its industry. BAT's own sustainability strategy is built on improving the health impact of their business by giving customers greater choice and deploying world-class science in the development of products. This is supported by their (a) environmental strategy which includes water, waste and sustainable agriculture, (b) social impact strategy which includes human rights, farmer livelihood and health and safety and (c) corporate governance.

The purpose of Pension Corporation is to pay the pensions of current and future policyholders. The assets they invest in must therefore be sustainable with business models that can survive changing environments. They have focused on assets which are socially beneficial and will meet the needs of society in the future such as investments in social housing, renewable energy, higher education and long-term infrastructure projects. Pension Corporation keep at the heart of their operation their dedication to excellent service to their policyholder base. Pension Corporation has also taken a leading role in thought leadership, particularly addressing the role of finance in society.

Other investments, such as those held through the NanoDimension funds and related co-investments, are exploring the use of emerging technologies to create new drugs or to improve the mechanisms for the delivery of drugs or improved disease management. In some cases – notably the investments in Jagersfontein, Rooipoort and Vanterra C Change TEM – Reinet is investing in projects which it expects will have positive, direct benefits for communities and the environment.

In summation, Reinet aspires to make value-aligned investment decisions that offer long-term growth potential to its investors. It also recognises that the sustainability landscape is continuously evolving and that there is growing stakeholder expectation for greater investment clarity and more responsible investment strategies. To respond to this, the Company aims to advance year-on-year on its reporting ambitions and to working alongside third-party sustainability experts to support the Company on its journey.

The Company aims to comply with recognised international standards and frameworks for sustainability. Reinet Fund reviews the activities of investee entities regularly as part of its on-going review of its investment portfolio and of the risk management process, in which ESG factors are incorporated (see sections on The X Principles and Incorporation of ESG Factors below).

The X Principles

Corporate Social Responsibilities

Any responsibility for CSR obligations and reporting relating to the Company lies with the board of directors of the General Partner. Reinet Fund has no CSR reporting obligations.

The Company has used the SASB Standards and framework, specific to the Asset Management and Custody Activities industry, to identify material topics and inform its sustainability strategy and reporting. In order to consider ESG into its investment decisions the board of the Fund Manager assesses the non-financial risks associated with its investments as part of the due diligence process prior to the acquisition of new assets. A **Due Diligence Policy and Checklist** sets out the process to be followed in respect of due diligence to be conducted, intending to gain a thorough understanding of prospects for each investment and evaluate potential and inherent risks it faces or may have to face in the future (see sections on Incorporation of ESG Factors below). The board of the Fund Manager also regularly reviews non-financial risks as part of the risk management process.

SASB Material Sustainability Topics & Accounting Metrics Transparent Information & Fair Advice for Customers

The Company's customers are deemed to be its shareholders. To ensure that shareholders are provided with timely and comprehensible information relating to the Company, the General Partner has defined a **Shareholder Communication Policy**. This policy creates a framework for communication of transparent and relevant information to enable all shareholders to exercise their rights.

The Company's annual report is the principal source of financial and business information for shareholders. The annual report is distributed to all parties who have requested a copy. Electronic notification that such reports have been published on the Company's website is available on request. In addition, the Company prepares a half-yearly report, supplemented by quarterly updates to provide further insight into the investment activities and performance over the relevant reporting period. The Company also dedicates a specific section of its website to its shareholders, including all information required by laws and regulations.

Reinet aims to conduct business in a manner that avoids complaints. A **Complaints Management Policy** is in place to ensure that complaints are handled properly and promptly, while meeting the complainant's interests, in line with applicable regulation issued by the Commission de Surveillance du Secteur Financier ('CSSF'). The complaints handling procedure is available on the Company's website.

Finally, there has been no monetary loss as a result of legal proceedings associated with the communication of financial information to shareholders. The same applies to any regulatory proceeding such as shareholder-initiated complaints or private civil litigations.

MANAGEMENT REPORT

SUSTAINABILITY REPORT CONTINUED

Incorporation of Environmental, Social and Governance ('ESG') Factors in Investment Management & Advisory

Reinet Fund will focus on incorporating ESG factors in its investment process, consistent with its view that the integration of ESG issues is vital for an organisation to maintain long-term value for all its stakeholders. Prior to the acquisition of new assets, Reinet Fund follows a **Due Diligence Policy** which covers a review of, amongst others, employment practices of the target company, anti-corruption policies and enforcement, environmental reports or audits, and checks for compliance with all relevant environmental laws.

The outcome of the due diligence analysis will be considered in assessing whether or not to proceed with an investment opportunity. Where important areas have been identified, the analysis also applies in the regular monitoring of investee entities, with quarterly reporting made on the trend of each business, where relevant.

Reinet Fund's major investments BAT and Pension Corporation operate in highly-regulated industries and/or markets. Pension Corporation, for instance, is regulated by the Financial Conduct Authority and Prudential Regulation Authority in the UK. These companies have integrated ESG within their business practices and are publicly reporting on material topics.

Certain funds in which Reinet Fund invests have also incorporated ESG factors evaluating the ESG risks and opportunities associated with investments through pre-acquisition due diligence and ongoing monitoring of portfolio companies.

Lastly, Reinet Fund has not adopted a formal proxy voting policy and is not required to do so pursuant to laws and regulations applicable to it; currently it holds no formal measurement for the amount of assets under management that employs the integration of ESG issues and sustainability-themed investing or screening.

Business Ethics

There have been no legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice or other related financial industry laws or regulations in the reporting year. As a result, no monetary losses were recorded in respect of these matters. To address the risk of insider trading and to comply with applicable laws and regulations, the Company has adopted a **Code of Conduct**. This restricts persons connected with the Company, Reinet Fund, the General Partners and with Reinet Investment Advisors Limited (the 'Investment Advisor') from trading in shares issued by the Company and derivatives thereof (the 'Reinet securities') when in possession of any price-sensitive information.

Specific approval to buy or sell Reinet securities is required from designated officers of the General Partners. Transactions by members of the board of directors of the General Partners and the Board of Overseers are published on the Company's website, in a manner that ensures the effective dissemination of the information to the public and through storage on the regulatory filing mechanism operated by the Luxembourg Stock Exchange.

The Code of Conduct also imposes restrictions on dealings by persons connected with the Company, Reinet Fund, the General Partners and the Investment Advisor in assets in which Reinet Fund has invested, or may consider investing in.

Reinet also adopted a **Conflict of Interest Policy** in line with applicable laws and regulations, which aims to ensure that Reinet shall make decisions in Reinet's interest without any conflicts of interest.

As the Company has no employees, there is no formal whistleblowing policy. For money laundering and terrorist financing matters, a reporting procedure has been put in place by the Fund Manager. An **Anti-money Laundering and Counter-terrorist Financing Policy** has been adopted by the Fund Manager in compliance with applicable laws and regulations; this policy is based on a risk-based approach according to which a risk level is allocated to each of Reinet Fund's business relationships (its investors, investees and key counterparties), which determines the level of due diligence conducted and frequency of review.

Omissions from SASB

Owing to the structure of the Company, some topics identified by SASB as material to the Asset Management and Custody Activities industry do not apply to the Company.

Accounting metrics*Employee Diversity and Inclusion*

As a securitisation vehicle incorporated as a partnership limited by shares and managed by a general partner, the Company does not have any operations or staff of its own. Therefore, the Company has no executive management, non-executive management, professionals or other employees. This means that considerations of employee diversity and inclusion do not apply to the Company.

Systemic Risk Management

Reinet Fund is a closed-ended fund, meaning that it is not required to buy back its shares on request. The Company is listed on the Luxembourg Stock Exchange, Euronext Amsterdam and the Johannesburg Stock Exchange; the listing on the Johannesburg Stock Exchange is a secondary listing. This means that the SASB Standards on liquidity and redemption risk management are not relevant to the Company.

Activity metrics*Total Assets under Custody and Supervision*

As required under applicable laws and regulations, the Company has entrusted the custody of its assets to a credit institution established in Luxembourg (Banque de Luxembourg). The target investments are held by Reinet Fund, which is a regulated specialised investment fund. Banque de Luxembourg is in charge of the supervision of Reinet Fund's assets.

Looking ahead

Future ambitions for the Company's approach to sustainability disclosure include continuing to annually report in line with the SASB Standards and Principle number 9 of the X Principles.

Reinet will prioritise investments that pursue ESG goals and are aligned with the UN Sustainable Development Goals (SDG) framework. Also, Reinet will always seek responsible and value-aligned investment opportunities.

MANAGEMENT REPORT

APPROVAL

The General Partner, acting on behalf of the Company, represented by Wilhelm van Zyl, its Chief Executive Officer and Diane Longden, its Chief Financial Officer, confirms that:

1. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union and give a true and fair view of the consolidated assets, liabilities, financial position and profit of the Company and its subsidiaries taken as a whole;
2. The Company financial statements have been prepared in accordance with Luxembourg legal and regulatory requirements and give a true and fair view of the Company's assets, liabilities, financial position and profit for the year; and
3. This report includes a fair review of the development and performance of the business and position of the Company and its subsidiaries taken as a whole, together with a description of the principal risks and uncertainties that they face.

The consolidated financial statements for the year ended 31 March 2020 on pages 45 to 69 and the Company financial statements on pages 73 to 78 of this report were approved for submission to the annual general meeting of shareholders by the Board of Directors of the General Partner and signed on its behalf by Wilhelm van Zyl and Diane Longden.

Wilhelm van Zyl
Chief Executive Officer

Diane Longden
Chief Financial Officer

Reinet Investments Manager S.A.
General Partner

Luxembourg, 28 May 2020

REPORT OF THE BOARD OF OVERSEERS

Pursuant to Articles 103 and 62 of the Luxembourg company law and Article 18 of the Statutes, we hereby report to the shareholders' meeting in respect of the accounting year ended 31 March 2020 and the financial statements prepared for such period.

The consolidated and statutory financial statements of the Company have been audited by the approved statutory auditor, PricewaterhouseCoopers, Société coopérative, Luxembourg, in accordance with international standards on auditing. The audit reports on the consolidated and statutory financial statements of the Company are presented on pages 70 and 80 of this report, respectively.

We refer to those consolidated and statutory financial statements, which we have reviewed and discussed with the approved statutory auditor who is of the opinion that these provide a true and fair view of the financial situation of the Company.

During the period referred to previously, we have been kept fully informed by the Board of Directors of the General Partner about developments in the Company.

The Board of Overseers recommends that the consolidated and statutory financial statements of the Company be presented to the annual general meeting of shareholders of the Company to be approved.

The Board of Overseers

Reinet Investments S.C.A.

Luxembourg, 26 May 2020

FINANCIAL STATEMENTS

| | |
|-------|--|
| 45 | Consolidated financial statements |
| 45 | Consolidated balance sheet |
| 46 | Consolidated statement of comprehensive income |
| 47 | Consolidated statement of changes in equity |
| 48 | Consolidated cash flow statement |
| 49 | Notes to the consolidated financial statements |
| 70 | Audit report |
| <hr/> | |
| 73 | Company financial statements |
| 73 | Balance sheet |
| 74 | Profit and loss account |
| 75 | Notes to the financial statements |
| 79 | Proposed appropriation of retained earnings |
| 80 | Audit report |
| <hr/> | |

Reinet Investments S.C.A. (the 'Company') has determined that it meets the definition of an investment entity under International Financial Reporting Standards 10, as a result, its subsidiaries are consolidated in the fair value of Reinet Fund S.C.A., F.I.S., which is disclosed as one line item in the consolidated balance sheet and elsewhere in the consolidated financial statements as 'financial assets held at fair value through profit or loss'. The consolidated net asset value, income and cash flow statements are, however, disclosed in more detail in the business overview as in prior years.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

| | Notes | 31 March 2020 € m | 31 March 2019 € m |
|--|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Financial assets held at fair value through profit or loss | 4, 5 | 4 404 | 4 875 |
| Current assets | | | |
| Cash and cash equivalents | | 1 | 5 |
| Total assets | | 4 405 | 4 880 |
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | 8 | 220 | 220 |
| Share premium | | 770 | 770 |
| Treasury shares | 8 | (173) | (117) |
| Non-distributable reserves | 9 | 22 | 22 |
| Retained earnings | | 3 564 | 3 935 |
| Total equity | | 4 403 | 4 830 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Amounts owed to affiliated undertakings – becoming due and payable after less than one year | 10 | 2 | 1 |
| Other current liabilities | 11 | – | 49 |
| Total liabilities | | 2 | 50 |
| Total equity and liabilities | | 4 405 | 4 880 |
| Net asset value per share (€ per share) (based on 184.3 million shares (31 March 2019: 190.9 million shares)) | | 23.89 | 25.30 |

The notes on pages 49 to 69 are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Notes | Year ended 31 March 2020 € m | Year ended 31 March 2019 € m |
|---|-------|---------------------------------------|---------------------------------------|
| Income | | | |
| Dividend received from Reinet Fund S.C.A., F.I.S. | | 38 | 39 |
| Net change in the fair value of financial assets at fair value through profit or loss | 4 | (371) | (180) |
| Total income | | (333) | (141) |
| Expenses | | | |
| Operating expenses | | 2 | 4 |
| Total expenses | | 2 | 4 |
| Loss for the year | | (335) | (145) |
| Earnings per share from loss for the year (€ per share) | | | |
| – basic and diluted | 13 | (1.79) | (0.74) |

The notes on pages 49 to 69 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Note | Attributable to the shareholders | | | | Total € m |
|--|------|--------------------------------------|---------------------------|---|-----------------------------|--------------|
| | | Equity holders' capital € m | Treasury shares € m | Non- distributable reserve € m | Retained earnings € m | |
| Balance at 31 March 2018 | | 990 | – | 22 | 4 115 | 5 127 |
| Dividend paid | | – | – | – | (35) | (35) |
| Repurchased shares | 8 | – | (117) | – | – | (117) |
| Loss attributable to the shareholders | | – | – | – | (145) | (145) |
| Balance at 31 March 2019 | | 990 | (117) | 22 | 3 935 | 4 830 |
| Dividend paid | | – | – | – | (36) | (36) |
| Repurchased shares | 8 | – | (56) | – | – | (56) |
| Loss attributable to the shareholders | | – | – | – | (335) | (335) |
| Balance at 31 March 2020 | | 990 | (173) | 22 | 3 564 | 4 403 |

The notes on pages 49 to 69 are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

| | Year ended 31 March 2020 € m | Year ended 31 March 2019 € m |
|---|---------------------------------------|---------------------------------------|
| Cash flows from operating activities | | |
| Dividend received from Reinet Fund S.C.A., F.I.S. | 38 | 39 |
| Operating expenses | (1) | (5) |
| Net cash from operating activities | 37 | 34 |
| Cash flows used in financing activities | | |
| Repayment of capital by Reinet Fund S.C.A., F.I.S. | 100 | 74 |
| Repurchased shares | (105) | (68) |
| Dividend paid | (36) | (35) |
| Net cash used in financing activities | (41) | (29) |
| Net movement in cash and cash equivalents | (4) | 5 |
| Cash and cash equivalents at beginning of the year | 5 | – |
| Cash and cash equivalents at end of the year | 1 | 5 |

The notes on pages 49 to 69 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 STATUS

Reinet Investments S.C.A. (the 'Company') is established in Luxembourg as a partnership limited by shares (*société en commandite par actions*) and is governed by the Luxembourg law on securitisation. The Company's registered office is at 35, boulevard Prince Henri, L-1724 Luxembourg.

The Company is managed by Reinet Investments Manager S.A. (the 'General Partner'), a limited liability company established in Luxembourg, which also owns 1 000 management shares in the Company. The General Partner is liable for any obligations of the Company that cannot be met out of the assets of the Company. The General Partner's registered office is at 35, boulevard Prince Henri, L-1724 Luxembourg.

The Company owns the entire ordinary share capital of Reinet Fund S.C.A., F.I.S. ('Reinet Fund'), a specialised investment fund established as a partnership limited by shares (*société en commandite par actions*) under the laws of Luxembourg. References to Reinet Fund include all underlying subsidiaries. Reinet Fund's registered office is at 35, boulevard Prince Henri, L-1724 Luxembourg.

Reinet Fund is managed by Reinet Fund Manager S.A. (the 'Fund Manager'), a limited liability company established in Luxembourg, which also owns 1 000 management shares in Reinet Fund. The Fund Manager is the general partner in Reinet Fund and is liable for any obligations of Reinet Fund that cannot be met out of the assets of Reinet Fund. The Fund Manager's registered office is at 35, boulevard Prince Henri, L-1724 Luxembourg.

Reinet Fund's objective is to generate long-term capital growth. It aims to achieve this objective by investing over time in a diversified portfolio of securities. Reinet Fund may also seek partners with whom it may co-invest. Reinet Fund is advised by Reinet Investment Advisors Limited (the 'Investment Advisor') under the terms of the investment advisory agreement (the 'Investment Advisory Agreement').

1.2 SECURITIES LISTINGS AND TRADING

The Company's ordinary shares are listed and traded on the Luxembourg Stock Exchange, Euronext Amsterdam and the Johannesburg Stock Exchange; the listing on the Johannesburg Stock Exchange is a secondary listing.

1.3 APPROVAL OF THESE FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Overseers on 26 May 2020, and by the Board of Directors of the General Partner on 28 May 2020 for submission to the annual general meeting of shareholders.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company applies International Financial Reporting Standards ('IFRS') as endorsed by the European Union ('EU'). As part of its ongoing programme, the International Accounting Standards Board ('IASB') has issued new or revised IFRS during the period covered by these financial statements.

(a) *New standards and amended standards adopted in the year:*

There were no new standards, interpretations and amendments to existing standards that were effective for the year beginning 1 April 2019 that had a significant effect on the consolidated financial statements of the Company.

(b) *New standards, amendments and interpretations issued but not effective for the year beginning 1 April 2019 and not early adopted:*

Certain new accounting standards issued by the IASB and new interpretations issued by the International Financial Reporting Interpretations Committee are not yet effective and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements insofar as they relate to the Company's ongoing activities are set out below. These policies have been consistently applied to both periods presented, unless otherwise stated.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3.1 BASIS OF PREPARATION

The financial statements are prepared in accordance with IFRS as issued by the IASB and adopted by the EU.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the General Partner to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 6.

3.2 INVESTMENT ENTITY AND SUBSIDIARIES

3.2.1 Investment entity

The Company adopted IFRS 10, which requires that investment entities measure their subsidiaries at fair value through profit or loss.

The General Partner considered all the facts and circumstances when assessing whether the Company qualifies as an investment entity under IFRS 10, such as, but not limited to, its objective of long-term capital appreciation (as reflected in the Company's prospectus, published on 10 October 2008), and its classification of financial assets at fair value through profit or loss.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

IFRS 10 determines that an investment entity is defined as an entity which meets the following conditions:

- (a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

In assessing whether the Company meets the definition of an investment entity as set out in IFRS 10, the General Partner considered whether the Company has the following typical characteristics, while noting that the absence of any one or more of these characteristics does not necessarily disqualify an entity from being classified as an investment entity:

- (a) it has more than one investment;
- (b) it has more than one investor;
- (c) it has investors that are not related parties of the entity; and
- (d) it has ownership interests in the form of equity or similar interests.

The Company has multiple investors and owns the entire ordinary share capital of Reinet Fund. The Company is exposed to variable returns from changes in the fair value of Reinet Fund's net assets.

Although the Company does not have multiple investments, the General Partner believes that the Company can be classified as an investment entity due to the fact that it was formed to give its shareholders exposure to the underlying assets held by Reinet Fund. In that respect, it is to be noted that an investment entity may hold a portfolio of investments directly or indirectly, for example by holding a single investment in another investment entity that itself holds several investments. The Company's investments are all held through Reinet Fund.

The Fund Manager further deems Reinet Fund to meet the definition of an investment entity.

Where applicable, the notes to the consolidated financial statements give information at the level of Reinet Fund and its subsidiaries.

3.2.2 Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company controls Reinet Fund through its 100 per cent holding of the ordinary shares of Reinet Fund. The Company and Reinet Fund operate as an integrated structure whereby the Company

currently invests solely into Reinet Fund. No subscriptions or redemptions were made during the year. As at 31 March 2020 and 31 March 2019 there were no capital commitment obligations and no amounts due to Reinet Fund for unsettled purchases.

The change in fair value of Reinet Fund is included in the statement of comprehensive income in 'Net change in the fair value of financial assets at fair value through profit or loss'.

3.3 FOREIGN CURRENCY TRANSLATION

3.3.1 Functional and presentation currency

The performance of the Company is measured and reported to the investors in euro. The General Partner considers the euro as the currency which is most appropriate for the representation of the Company's results. The financial statements are presented in euro. The euro is the Company's functional and presentation currency.

3.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the balance sheet date.

Where assets and liabilities are denominated in a currency other than the functional currency of the entity that holds such assets and liabilities, foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents, if any, are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within 'Net change in the fair value of financial assets at fair value through profit or loss'.

3.4 SEGMENT REPORTING

The Company's investment in Reinet Fund is considered to be its only segment. Segments within Reinet Fund are reported in a manner consistent with the internal reporting provided by the Fund Manager in respect of Reinet Fund. The Fund Manager is the chief operating decision maker and is responsible for allocating resources and assessing performance of the segments.

3.5 NON-IFRS DISCLOSURES

In the reporting of financial information, the Company uses certain measures that are not required under IFRS.

Due to the secondary listing of the Company on the Johannesburg Stock Exchange, the Company is required to present 'headline' earnings per share and diluted 'headline' earnings per share, as alternative measures of earnings per share, calculated in accordance with Circular 1/2019 'Headline Earnings' issued by the South African Institute of Chartered Accountants. This is presented on page 65.

3.6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

3.6.1 Classification

The Company classifies its investments based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The investment in Reinet Fund is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the financial asset's performance and to make decisions. Consequently, this investment is measured at fair value through profit or loss.

Current assets are those which are expected to fall due, be receivable or realised within 12 months from the balance sheet date. Non-current assets are those where no realisation is currently expected within a 12 month period from the balance sheet date.

3.6.2 Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Financial assets held at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership. Where the Company is in the process of restructuring the ownership of an asset, amounts which are to be sold to third parties and where a signed contract of sale exists, are included as assets held for sale.

Subsequent to initial recognition, financial assets held at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are presented in the statement of comprehensive income within 'Net change in the fair value of financial assets at fair value through profit or loss' in the period in which they arise.

Dividend income from financial assets held at fair value through profit or loss is recognised in the statement of comprehensive income when the Company's right to receive payments is established.

3.6.3 Fair value estimation

The net asset value of Reinet Fund is determined by the Fund Manager. The Company's policy requires the Fund Manager to evaluate the information about Reinet Fund's financial assets and liabilities on a fair value basis together with other related financial information. The General Partner considers the net asset value of Reinet Fund as determined by the Fund Manager, according to the principles outlined in the next paragraph, to be the best estimate of fair value.

In calculating the fair value of the assets and liabilities held by Reinet Fund, the fair value of financial assets traded in active markets (such as publicly traded securities) are based on quoted market prices at the balance sheet date. The quoted market price used for financial assets is the closing bid price. The fair value of financial assets that are not traded in an active market is determined by the Fund Manager using valuation techniques in accordance with International Private Equity and Venture Capital Association guidelines. The Fund Manager uses a variety of valuation methods in each case considered to be most appropriate to the assets concerned. Where necessary, valuations are obtained by the Fund Manager from third-party experts to support the valuations being used in the financial statements.

Valuation techniques used include the use of comparable recent arm's-length transactions, reference to other instruments that have substantially the same characteristics, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs. For recent investments in unquoted investments, cost may be considered to be the best estimate of fair value (in accordance with the most recent International Private Equity and Venture Capital Association guidelines), for a limited period after the date of the transaction and in the absence of any indications to the contrary.

3.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

3.8 RECEIVABLES

Receivables are carried at fair value.

3.9 ACCRUED EXPENSES

Accrued expenses are recognised at fair value.

3.10 TREASURY SHARES

Treasury shares are recorded at acquisition price on the trade date. Transaction costs are expensed as incurred in the statement of comprehensive income. A liability is recorded for unpaid amounts under any ongoing share buyback programme.

3.11 TAXATION

The Company is registered in Luxembourg and is subject to corporate tax as determined by Luxembourg law.

Reinet Fund may incur withholding taxes imposed by certain countries on investment income and capital gains. Such tax on income or gains is recorded within the fair value of the Company's investment in Reinet Fund.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

4. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 31 March 2020 € m | 31 March 2019 € m |
|--|-------------------------|-------------------------|
| Financial assets held at fair value through profit or loss | | |
| – Unlisted investments – Reinet Fund | 4 404 | 4 875 |
| Total financial assets at fair value through profit or loss | 4 404 | 4 875 |
| Net change in fair value on financial assets at fair value through profit or loss: | | |
| – Repayment of capital received | (100) | (74) |
| – Unrealised | (371) | (180) |
| Total | (471) | (254) |

The investment held is in Reinet Fund, which is considered to be a related party of the Company. Also refer to note 13 for related party disclosures.

The following table presents the movement of the investments held by Reinet Fund for the year ended 31 March 2020:

| | Opening balance 1 April 2019 € m | Purchases/ (repayments) € m | Sale proceeds € m | Realised gains or (losses) in the year € m | Movement in unrealised gains or (losses) in the year ⁽¹⁾ € m | Closing balance 31 March 2020 € m |
|---|--|-----------------------------------|-------------------------|--|--|---|
| Assets held at fair value through profit or loss | | | | | | |
| Listed investments | | | | | | |
| British American Tobacco p.l.c. ('BAT') | 2 523 | – | (392) | 187 | (516) | 1 802 |
| – shares held at year-end | 2 154 | – | – | – | (352) | 1 802 |
| – shares sold during the year ⁽²⁾ | 369 | – | (392) | 187 | (164) | – |
| Other listed investments | 82 | 1 | (28) | 11 | 6 | 72 |
| Unlisted investments | | | | | | |
| Pension Insurance Corporation Group Limited ('Pension Corporation') | 1 480 | 316 | – | – | (178) | 1 618 |
| Trilantic Capital Partners | 216 | 15 | (37) | 23 | (50) | 167 |
| 36 South macro/volatility funds | 32 | – | 1 | (1) | 29 | 61 |
| Asian private equity companies and portfolio funds | 243 | 1 | (48) | 10 | 1 | 207 |
| Specialised investment funds | 281 | 25 | (32) | (1) | 25 | 298 |
| United States land development and mortgages | 79 | (23) | – | – | (15) | 41 |
| Diamond interests | 46 | (1) | – | – | (16) | 29 |
| Other investments | 67 | 4 | 4 | (51) | 52 | 76 |
| | 5 049 | 338 | (532) | 178 | (662) | 4 371 |
| Cash and liquid funds | 355 | | | | | 500 |
| Other assets and liabilities | (529) | | | | | (467) |
| Total | 4 875 | | | | | 4 404 |

(1) Unrealised gains or (losses) in the year includes accrued interest income from investments.

(2) The reversal of the unrealised gain on shares sold represents the unrealised gain as at 1 April 2019 on the 9.96 million BAT shares sold during the year ended 31 March 2020.

The following table presents the movement of the investments held by Reinet Fund for the year ended 31 March 2019:

| | Opening balance 1 April 2018 € m | Purchases/ (repayments) € m | Sale proceeds € m | Realised gains or (losses) in the year € m | Movement in unrealised gains or (losses) in the year ⁽¹⁾ € m | Closing balance 31 March 2019 € m |
|--|--|-----------------------------------|-------------------------|--|--|---|
| Listed investments | | | | | | |
| BAT | 3 198 | – | (2) | 1 | (674) | 2 523 |
| – shares held at year-end | 3 196 | – | – | – | (673) | 2 523 |
| – shares sold during the year ⁽²⁾ | 2 | – | (2) | 1 | (1) | – |
| Other listed investments | 26 | 57 | (19) | 4 | 14 | 82 |
| Unlisted investments | | | | | | |
| Pension Corporation | 1 305 | 7 | – | – | 168 | 1 480 |
| Trilantic Capital Partners | 180 | 54 | (36) | 11 | 7 | 216 |
| 36 South macro/volatility funds | 40 | (1) | – | – | (7) | 32 |
| Asian private equity companies and portfolio funds | 177 | 40 | (8) | 16 | 18 | 243 |
| Specialised investment funds | 339 | 65 | (188) | 72 | (7) | 281 |
| United States land development and mortgages | 83 | (10) | – | – | 6 | 79 |
| Diamond interests | 39 | (3) | – | – | 10 | 46 |
| Other investments | 59 | 8 | (2) | (29) | 31 | 67 |
| | 5 446 | 217 | (255) | 75 | (434) | 5 049 |
| Cash and liquid funds | 322 | | | | | 355 |
| Other assets and liabilities | (639) | | | | | (529) |
| Total | 5 129 | | | | | 4 875 |

(1) Unrealised gains or (losses) in the year includes accrued interest income from investments.

(2) The reversal of the unrealised gain on shares sold represents the unrealised gain as at 1 April 2018 on the 44 thousand BAT shares sold during the year ended 31 March 2019.

5. FINANCIAL RISKS

5.1 FINANCIAL RISK FACTORS

The Company has a sole investment in Reinet Fund, therefore the General Partner of the Company relies on the risk management procedures performed by the Fund Manager, and thus the risk management disclosures set out below are at the level of Reinet Fund.

The Company, through its investment in Reinet Fund, is exposed to a variety of financial risks including market risk (ie currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Fund Manager seeks to maximise the returns derived for the level of risk to which Reinet Fund is exposed and seeks to minimise potential adverse effects on financial performance. Reinet Fund's investment policy allows it to use derivative financial instruments to both moderate and create certain risk exposures. All investments present a risk of loss of capital. The management of these risks is carried out by the Fund Manager.

Reinet Fund will use different methods to measure and manage the various types of risks to which it is exposed; these methods are explained on the following pages. There have been no changes in the methods used in the year under review.

There remains uncertainty surrounding the implications of the UK's exit from the EU ('Brexit') which became effective on 31 January 2020, as details of future trade agreements are still to be negotiated. While Reinet does not trade with the UK, it does hold investments in BAT and Pension Corporation. Both of these companies have evaluated the impact of Brexit and taken steps to ensure they are as prepared as possible for Brexit. The Fund Manager will continue to monitor the impact of Brexit on the carrying value of these companies.

The COVID-19 pandemic in 2020 has caused major disruption to worldwide economies and stock markets. As a result, higher levels of risk and uncertainty exist at this time and markets are likely to remain volatile for some time, and thereby continue to have an influence on the value and prospects of the investments held by Reinet Fund.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

5.1.1 Market risk

Reinet Fund – Financial assets and liabilities subject to market risk

| | Total € m | Price risk € m | Foreign exchange risk € m | Interest rate risk € m |
|--|--------------|-------------------|------------------------------------|------------------------------|
| 31 March 2020 | | | | |
| Assets | | | | |
| Listed equity securities | 1 874 | 1 874 | 1 874 | – |
| Unlisted equity securities and funds | 2 448 | 2 448 | 2 268 | – |
| Loans and interest receivable | 49 | – | 48 | 49 |
| | 4 371 | 4 322 | 4 190 | 49 |
| Derivative financial instruments | 155 | 152 | 155 | 152 |
| Cash and cash equivalents | 500 | 273 | 487 | – |
| Total assets | 5 026 | 4 747 | 4 832 | 201 |
| Liabilities | | | | |
| Borrowings | (625) | – | (625) | (625) |
| Other assets and liabilities | 3 | – | 3 | – |
| Total liabilities | (622) | – | (622) | (625) |
| Total investment in Reinet Fund | 4 404 | | | |

| | Total € m | Price risk € m | Foreign exchange risk € m | Interest rate risk € m |
|--|--------------|-------------------|------------------------------------|------------------------------|
| 31 March 2019 | | | | |
| Assets | | | | |
| Listed equity securities | 2 605 | 2 605 | 2 605 | – |
| Unlisted equity securities and funds | 2 359 | 2 359 | 2 200 | – |
| Loans and interest receivable | 85 | – | 79 | 85 |
| | 5 049 | 4 964 | 4 884 | 85 |
| Derivative financial instruments | 136 | 136 | 136 | 136 |
| Cash and cash equivalents | 355 | 167 | 347 | – |
| Total assets | 5 540 | 5 267 | 5 367 | 221 |
| Liabilities | | | | |
| Derivative financial instruments | (1) | (1) | (1) | – |
| Borrowings | (662) | – | (662) | (662) |
| | (663) | (1) | (663) | (662) |
| Other assets and liabilities | (2) | – | (2) | – |
| Total liabilities | (665) | (1) | (665) | (662) |
| Total investment in Reinet Fund | 4 875 | | | |

5.1.1.1 Price risk

Reinet Fund is exposed to price risk. This arises from the investments held by Reinet Fund for which prices in the future are uncertain. The fair value of listed securities is dependent upon stock exchange movements which are determined by the market's expectations reflecting interest rates, sentiment, volatility, currency and other factors both specific to each investment and those affecting the market as a whole. Investments in venture capital and start-up projects will also tend to have higher price volatility than more mature investments.

Where non-monetary financial instruments are denominated in currencies other than the euro, the price initially expressed in foreign currency and then converted into euro will also fluctuate because of changes in foreign exchange rates. Note 5.1.1.2 'Foreign exchange risk' sets out how this component of price risk is managed and measured.

Reinet Fund's policy is to manage price risk through the diversification and selection of securities and other financial instruments. It is expected that this diversification policy will be implemented on a measured basis, over a period of time.

At 31 March 2020, Reinet Fund's exposure to price risk in respect of long-term assets and liabilities was as follows:

| | 31 March 2020 € m | 31 March 2019 € m |
|---|-------------------------|-------------------------|
| Listed equity securities | | |
| – BAT | 1 802 | 2 523 |
| – Other listed investments | 72 | 82 |
| Unlisted equity securities and funds | | |
| – Pension Corporation | 1 618 | 1 480 |
| – Others | 830 | 879 |
| | 4 322 | 4 964 |
| Derivative financial assets | 152 | 136 |
| Total exposure to price risk | 4 474 | 5 100 |

During the years ended 31 March 2020 and 31 March 2019, Reinet Fund's exposure to various industry sectors was principally in respect of its indirect investments held in BAT and Pension Corporation. This represented some 78 per cent of the net asset value of Reinet Fund as at 31 March 2020 (31 March 2019: 83 per cent).

The table below summarises the sensitivity of Reinet Fund's assets to price movements as at 31 March 2020 and 31 March 2019.

The analysis is based on the assumption that prices would increase or decrease by 20 per cent (31 March 2019: 10 per cent) with all other variables held constant. The change is based on a reasonable possible change in the fair value of the investments held as at 31 March 2020.

| | 31 March 2020 € m | 31 March 2019 € m |
|--|-------------------------|-------------------------|
| Effect of a 20 per cent (31 March 2019: 10 per cent) increase in prices | | |
| Effect on equity securities and funds | 864 | 496 |
| Effect on derivative financial instruments | (55) | (26) |
| Effect on net assets | 809 | 470 |
| Effect of a 20 per cent (31 March 2019: 10 per cent) decrease in prices | | |
| Effect on equity securities and funds | (864) | (496) |
| Effect on derivative financial instruments | 72 | 30 |
| Effect on net assets | (792) | (466) |

The analysis above indicates that a 20 per cent increase or decrease in the value of the BAT shares underlying the derivative financial instruments will have a significant impact on the value of the derivative asset (please refer to note 5.1.3 for a detailed description of the derivative). The fair value of the derivative asset will generally move in the opposite direction to the movement in the underlying BAT shares.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5.1.1.2 Foreign exchange risk

Reinet Fund operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the euro, primarily the US dollar, sterling and South African rand. Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. The Fund Manager, however, monitors the exposure on all foreign currency denominated assets and liabilities, and hence, the table below has been analysed between monetary and non-monetary items to meet the requirements of IFRS 7.

Reinet Fund's policy is currently to minimise its exposure to monetary foreign exchange movements on liquid funds by holding such liquid funds in euro, US dollar and sterling where there are corresponding US dollar and sterling liabilities. That policy may change to reflect the Fund Manager's view as to the likely development of foreign exchange rates in the medium-term or to take account of requirements for funds for investment purposes in currencies other than the euro. Where appropriate, Reinet Fund may enter into foreign exchange hedging transactions. During

the year, Reinet Fund entered into a forward exchange contract to sell ZAR 300 million. The exposure to the South African rand and sterling has also been partially hedged by borrowings in these currencies.

When the Fund Manager formulates a view on the future direction of foreign exchange rates and the potential impact on Reinet Fund, the Fund Manager factors that into its resource allocation decisions. While Reinet Fund may have direct exposure to foreign exchange rate changes on the price of non-euro denominated securities, it may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of certain companies in which it invests, most notably BAT and Pension Corporation. For that reason, the sensitivity analysis will not necessarily indicate the total effect on Reinet Fund's net assets of future movements in foreign exchange rates.

Reinet Fund has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Where appropriate, borrowings in foreign currencies may be used as a natural hedge of foreign currency assets. Currency exposure arising from the net assets of the foreign operations is managed where considered necessary through borrowings denominated in the relevant foreign currencies.

The table below summarises Reinet Fund's assets and liabilities by currency:

| | GBP | | EUR | | USD | | ZAR | |
|--|--------------|-------|-------------|------|-------------|------|-------------|------|
| Concentration of assets and liabilities by currency | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | € m | € m | € m | € m | € m | € m | € m | € m |
| Assets | | | | | | | | |
| Monetary assets | 288 | 149 | 13 | 8 | 198 | 198 | 1 | – |
| Non-monetary assets | 3 605 | 4 196 | 181 | 165 | 710 | 776 | 33 | 48 |
| Liabilities | | | | | | | | |
| Monetary liabilities | (603) | (635) | – | – | – | (2) | (22) | (27) |
| Non-monetary liabilities | – | – | – | – | – | – | – | (1) |

Management of the Fund Manager monitors Reinet Fund's foreign exchange exposure in respect of monetary assets on a weekly basis and the Board of Directors of the Fund Manager reviews it at each meeting.

The table below summarises the sensitivity of Reinet Fund's assets and liabilities to changes in foreign exchange movements at 31 March 2020 and 31 March 2019. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by 10 per cent to the euro, with all other variables held constant. This increase or decrease in the net assets attributable to shareholders arises mainly from a change in the fair value of UK equities, notably the investments held in BAT and Pension Corporation, and other investments denominated in US dollar that are classified as financial assets held at fair value through profit or loss.

| Movement in each currency against euro | 31 March 2020 Increase or decrease € m | 31 March 2019 Increase or decrease € m |
|---|---|---|
| Sterling | | |
| Monetary | 32 | 49 |
| Non-monetary | 361 | 420 |
| US dollar | | |
| Monetary | 20 | 20 |
| Non-monetary | 71 | 78 |

Applying current year exchange rates to the 31 March 2019 assets and liabilities would have resulted in a decrease in value of some € 103 million, mainly due to the weakening of sterling and the South African rand, offset by the strengthening of the US dollar against the euro.

5.1.1.3 Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. Reinet Fund holds fixed interest loans and has long-term borrowings that expose it to fair value interest rate risk.

As at 31 March 2020, Reinet Fund held financial assets with fixed interest rates amounting to € 36 million (31 March 2019: € 57 million) and with variable interest rates amounting to € 13 million (31 March 2019: € 28 million).

In respect of financial assets with variable interest rates, a movement in interest rates of 100 basis points, with all other variables held constant, would result in an impact on operating results of € 0.1 million at 31 March 2020 (31 March 2019: € 0.3 million).

Borrowings at variable rates expose Reinet Fund to cash flow interest rate risk, this is partly offset by cash and financial assets held at variable rates. Borrowings at variable rates amounted to € 22 million at 31 March 2020 (31 March 2019: € 27 million).

In respect of borrowings with variable interest rates, a movement in interest rates of 100 basis points, with all other variables held constant, would result in an impact on operating results of € 0.2 million at 31 March 2020 (31 March 2019: € 0.3 million).

Changes in interest rates affect the fair value of fixed interest financial assets and liabilities. A change in interest rates of 100 basis points would increase/decrease the fair value by € 20 million at 31 March 2020 (31 March 2019: € 16 million).

Reinet Fund may also be indirectly affected by the impact of interest rate changes on the earnings of its investments and the impact on the investment valuations that use interest rates as an input in the valuation model. The sensitivity analysis may not indicate the total effect on the movement in these interest rates.

The Fund Manager monitors Reinet Fund's overall interest rate sensitivity on a regular basis.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5.1.2 Credit risk

Reinet Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due.

The main credit risk to which Reinet Fund is exposed arises from bank deposits, bonds, loans to third parties and borrowings where Reinet Fund's assets are pledged in favour of a third party. Reinet Fund is also exposed to counterparty credit risk on other receivable balances.

Reinet Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss.

Reinet Fund's policy to manage this risk is to place funds only with banks which have strong credit ratings.

The analysis below summarises the credit quality of Reinet Fund's cash and liquid funds.

| Banks by rating category (Moody's) | 31 March 2020 | | 31 March 2019 | |
|------------------------------------|---------------|------------|---------------|------------|
| | € m | % | € m | % |
| Aaa | 273 | 55 | 167 | 47 |
| Aa2 | 34 | 7 | 122 | 34 |
| Aa3 | 126 | 25 | 66 | 19 |
| A3 | 67 | 13 | – | – |
| Total | 500 | 100 | 355 | 100 |

In addition, Reinet Fund has the following investments and receivables that are exposed to credit risk:

| | 31 March 2020 | | 31 March 2019 | |
|---|---------------|------------|---------------|------------|
| | € m | % | € m | % |
| Loans to private equity interests at fair value | 49 | 24 | 85 | 38 |
| Derivative instruments | 152 | 76 | 136 | 62 |
| Total | 201 | 100 | 221 | 100 |

Investments in loans are reviewed periodically and revalued where necessary. The loans are neither rated nor listed.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

5.1.3 Liquidity risk

Liquidity risk is the risk that Reinet Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Fund Manager monitors Reinet Fund's liquidity position on a daily basis.

In March 2011, a loan of ZAR 443.4 million was obtained from Rand Merchant Bank in South Africa. The loan was originally repayable in March 2018 but has been extended to March 2022 on the same financial terms.

In February 2017, a loan of £ 500 million was obtained from Merrill Lynch International. The loan is for a five-year period and secured by a pledge over a part of Reinet Fund's holding of BAT shares. In conjunction with the loan, a put option transaction was entered into with Merrill Lynch International. The net outstanding premium of € 35 million (£ 31 million) at 31 March 2020 in respect of the put option transaction is also due to Merrill Lynch International.

Reinet Fund has secured additional borrowing facilities which will permit it to draw the equivalent of up to £ 250 million in a combination of currencies to fund further investment commitments. As at 31 March 2020, Reinet Fund has not drawn any amount under these facilities.

As at 31 March 2020, 56.8 per cent of Reinet Fund's invested assets are not actively traded on a stock exchange. Reinet Fund's listed investment in BAT is considered readily realisable as its shares are traded with significant daily volumes on the London Stock Exchange.

The table below shows the contractual undiscounted cash flows in respect of borrowings and interest thereon.

| | 31 March 2020 | 31 March 2021 | 31 March 2022 |
|--------------------------------------|------------------|------------------|------------------|
| | € m | € m | € m |
| Payments due at 31 March 2020 | | | |
| Borrowings ZAR 443.4 million | – | 2 | 25 |
| Borrowings GBP 579 million | – | 24 | 585 |
| Payments due at 31 March 2019 | | | |
| Borrowings ZAR 443.4 million | 30 | – | – |
| Borrowings GBP 579 million | 25 | 25 | 612 |

5.2 CAPITAL RISK MANAGEMENT

The Company's principal objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of its investment activities.

Capital is comprised of share capital, share premium, non-distributable reserves, retained earnings and treasury shares as applicable.

Reinet Fund is required to maintain its net asset value (capital) in excess of € 1 billion in respect of its borrowing from a bank. Reinet Fund is not subject to any other externally imposed capital requirements other than any minimum capital requirement imposed by applicable laws and regulations (currently a minimum capital of € 1 250 000 is required by law).

During the year, Reinet Fund complied with the above requirement and reported a net asset value of € 4 404 million as at 31 March 2020 (31 March 2019: € 4 875 million).

During the year under review, a dividend of some € 36 million (31 March 2019: € 35 million) was paid to shareholders and 6 628 723 ordinary shares were repurchased at a cost of some € 105 million, see note 8 (31 March 2019: 5 022 672 ordinary shares at a cost of some € 68 million). There have been no other changes in capital in the year other than profits generated in the ordinary course of business.

5.3 FAIR VALUE ESTIMATION

The Company and Reinet Fund have established a control framework with respect to the measurement of fair values. This includes a valuation role that is responsible for co-ordinating all significant fair value measurements, including level 3 fair values, and reports directly to the Chief Financial Officer ('CFO').

Where necessary, independent external valuation experts may be engaged to assist in the assessment of the fair value of those investments where market observable data is limited.

A review is carried out on a quarterly basis of all fair values based on latest available financial information. The CFO reviews significant unobservable inputs and valuation adjustments.

Consideration is also given to the classification of each investment into the fair value hierarchy to reflect the level of judgement involved in estimating fair values. Where a transfer between levels is required in the reporting period, the transfer is deemed to have occurred at the beginning of the reporting period.

All investment valuations, including significant valuation issues are reported to the Board of Overseers and the Board of Directors of the Fund Manager and General Partner on a quarterly basis.

In accordance with IFRS 13 the Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (ie, as prices) or indirectly (ie, derived from prices) (level 2); and
- Inputs for the assets that are not based on observable market data (ie, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

The determination of what constitutes 'observable' requires significant judgement. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses, within the fair value hierarchy, the Company's financial assets and liabilities measured at fair value at 31 March 2020 and 31 March 2019.

| | Level 1 € m | Level 2 € m | Level 3 € m | Total € m |
|---|----------------|----------------|----------------|--------------|
| 31 March 2020 | | | | |
| Assets | | | | |
| Financial assets designated at fair value through profit or loss: | | | | |
| – Investment in Reinet Fund | – | – | 4 404 | 4 404 |
| Total | – | – | 4 404 | 4 404 |
| 31 March 2019 | | | | |
| Assets | | | | |
| Financial assets designated at fair value through profit or loss: | | | | |
| – Investment in Reinet Fund | – | – | 4 875 | 4 875 |
| Total | – | – | 4 875 | 4 875 |

The Company had no transfers between level 2 and level 3 during the year.

The following table presents the movement in level 3 investments for the Company for the years ended 31 March 2020 and 31 March 2019:

| | 31 March 2020 € m | 31 March 2019 € m |
|---|-------------------------|-------------------------|
| Opening balance | 4 875 | 5 129 |
| Distribution of capital | (100) | (74) |
| Gains and losses recognised in profit or loss | (371) | (180) |
| Closing balance | 4 404 | 4 875 |

The following tables analyse, within the fair value hierarchy, Reinet Fund's financial assets and liabilities measured at fair value at 31 March 2020 and 31 March 2019:

| | Level 1 € m | Level 2 € m | Level 3 € m | Total € m |
|---|----------------|----------------|----------------|--------------|
| 31 March 2020 | | | | |
| Assets | | | | |
| Financial assets designated at fair value through profit or loss: | | | | |
| – Equity securities and funds | 1 874 | 153 | 2 295 | 4 322 |
| – Loans | – | – | 49 | 49 |
| Derivative financial instruments | – | 155 | – | 155 |
| Total | 1 874 | 308 | 2 344 | 4 526 |
| Liabilities | | | | |
| Borrowings | – | (625) | – | (625) |
| Total | – | (625) | – | (625) |
| Net financial assets | | | | 3 901 |
| Other assets/(liabilities) | | | | 503 |
| Reinet Fund net asset value | | | | 4 404 |
| 31 March 2019 | | | | |
| Assets | | | | |
| Financial assets designated at fair value through profit or loss: | | | | |
| – Equity securities and funds | 2 605 | 135 | 2 224 | 4 964 |
| – Loans | – | – | 85 | 85 |
| Derivative financial instruments | – | 136 | – | 136 |
| Total | 2 605 | 271 | 2 309 | 5 185 |
| Liabilities | | | | |
| Derivative financial instruments | – | (1) | – | (1) |
| Borrowings | – | (662) | – | (662) |
| Total | – | (663) | – | (663) |
| Net financial assets | | | | 4 522 |
| Other assets/(liabilities) | | | | 353 |
| Reinet Fund net asset value | | | | 4 875 |

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. Reinet Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, as well as open-ended funds are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include the Company's investment in Reinet Fund, which in turn includes investments in unlisted equities, private equity funds and loans. As observable prices are not available for these investments, Reinet Fund has used fair values obtained from audited and unaudited financial statements provided by fund managers, valuations obtained from third-party experts using appropriate valuation methods, and discounted cash flow analyses to derive fair values.

As noted in 5.1.1.1 Reinet Fund holds shares in BAT. BAT shares are listed on the London Stock Exchange and movements in the share price could have a significant effect on the value of Reinet Fund.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED**Sensitivity of level 3 investments**

Level 3 valuations are reviewed on a regular basis by the Board of Overseers, who consider the appropriateness of the valuation models used, as well as the results using various valuation techniques generally recognised as standard within the fund industry.

Unobservable inputs and the resulting estimated fair values are based on the best information available at each reporting date. Changes in fair values due to updated inputs and new information will be recorded in the period in which they occur. Given the nature of the investments and their underlying risks and uncertainties there

is a wide range of potential outcomes in respect of these estimated fair values which may vary significantly from the fair value figures presented.

The table below summarises for each of Reinet Fund's significant level 3 investments the valuation methodology used and any significant unobservable inputs used in calculating the value of the investment as at 31 March 2020. The table is not intended to be all-inclusive, but rather provides information which Reinet Fund regards as significant in respect of unobservable inputs and their sensitivity to reasonable change.

| | Fair value at 31 March 2020 € m | Primary valuation technique | Unobservable inputs | Range (weighted average) | Reasonable possible change +/- (absolute value) ⁽¹⁾ € m |
|---|--|---|--|--|---|
| Unlisted investments | | | | | |
| Pension Corporation | 1 618 | Market comparable companies ⁽²⁾ | Market multiples Discount | 0.64 – 0.96 (0.80) 5% – 15% (10%) | - 328/+328 + 76/-75 |
| Trilantic Capital Partners | 167 | Net asset value ⁽³⁾ | n/a | n/a | n/a |
| 36 South macro/volatility funds | 9 | Discounted cash flow | n/a | n/a | Not significant |
| Asian private equity companies and portfolio funds | 61 45 | Net asset value ⁽³⁾ Recent financing round | n/a Discount rate | n/a n/a | n/a Not significant |
| Specialised investment funds | 293 5 | Net asset value ⁽³⁾ Recent financing round | n/a Discount rate | n/a n/a | n/a Not significant |
| United States land development and mortgages | 41 | Discounted cash flow ⁽⁴⁾ | Discount rate | 10% – 30% (14.5%) | + 3/-4 |
| Diamond interests including receivables from third parties | 29 | Discounted cash flow ⁽⁵⁾ | Discount rate | 16.7% – 24.2% (20.5%) | + 3/-5 |
| Other investments | 14 13 49 | Net asset value ⁽³⁾ Market approach Recent financing round | n/a Market multiples Discount rate | n/a n/a n/a | n/a Not significant Not significant |
| Total | 2 344 | | | | |

(1) The reasonable possible change is calculated based on the range of unobservable inputs indicated in the table and is only an indication of the sensitivity of such inputs. A larger change in value could arise as a result of other factors which may occur after the reporting date.

(2) The market multiples for the peer group were considered and used as a basis in calculating the estimated fair value of the investment. A movement of 20 per cent has been applied for calculating the reasonable possible change for this factor, as this is deemed as a reasonable market movement by management. A discount of 10 per cent was applied to recognise in part the lack of liquidity in the unlisted shares. A movement of 5 per cent has been applied for calculating the reasonable possible change for this factor, as this is deemed as a reasonable market movement by management. This investment has also been reviewed by a third-party valuation expert.

(3) Reinet Fund has relied upon the latest available net asset value data provided by investment fund managers, adjusted for changes in the value of listed investments included in the portfolios, cash movements up to 31 March 2020 and any additional adjustment to take into account the estimated impact of the effect of COVID-19 on the valuation of unlisted investments, as applicable. No sensitivity analysis has been performed on the underlying data as no significant unobservable input has been identified at the level of Reinet Fund.

(4) Included in this investment are US land lots and properties which have been valued at 31 December 2019 on a discounted cash flow approach. Mortgage loans receivable and mortgages payable have been valued using a discounted cash flow approach. Discount rates in the range of 10 per cent to 30 per cent have been applied in determining the fair values of the mortgages based on the level of risk and estimated timing of repayment. Changes in land values would also affect the value of the investment.

(5) Reinet Fund has relied upon cash flows provided by local management as at 31 March 2020. These cash flows could be affected by a range of variables including changes in diamond prices, foreign exchange rates, inflation, processing capacity and many other variables which can best be determined by management of the underlying entities. The discounted cash flow used by Reinet Fund in determining the fair value applies discounts in the range of 16.7 per cent to 24.2 per cent to take account of the risks and variables described above.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The General Partner must make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value of unquoted investments

The Company holds an investment in Reinet Fund. The value of Reinet Fund is determined by the Fund Manager who applies various valuation techniques in valuing the underlying assets. The General Partner considers the net asset value of Reinet Fund as determined by the Fund Manager to be the fair value.

The fair value of investments not quoted in an active market may be determined by the Fund Manager using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Fund Manager exercises judgement and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Fund Manager may value positions using its own models, which are based on valuation methods and techniques generally recognised as standard within the industry. The inputs into these models are primarily earnings multiples and discounted cash flows. The models used to determine fair values are validated and periodically reviewed by personnel independent of the party that created them. The models used for private equity securities are based mainly on earnings multiples, adjusted for lack of marketability and control premiums. The models used for debt securities are based on the net present value of estimated future cash flows, adjusted as appropriate for liquidity, and credit and market risk factors.

Models use observable data to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The determination of what constitutes 'observable' requires significant judgement by the Fund Manager. The Fund Manager considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

As at 31 March 2020, Reinet Fund made adjustments to fair value estimates in respect of known impacts of the COVID-19 pandemic.

Taxation

Subsidiaries of Reinet Fund are subject to income taxes in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. Reinet Fund recognises liabilities for anticipated tax payments using estimates of the amount of taxes due. Where the final outcome is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

6.2 CRITICAL JUDGEMENTS

Functional currency

The General Partner considers the euro to be the currency that most appropriately represents the economic effect of the underlying transactions, events and conditions. The euro is the currency in which Reinet Fund measures its performance and reports its results.

Investment entity

The Company has multiple investors and owns the entire ordinary share capital of Reinet Fund. The Company is exposed to variable returns from changes in the fair value of Reinet Fund's net assets.

Although the Company does not have multiple investments, the General Partner believes that the Company can be classified as an investment entity due to the fact that it was formed to give its shareholders exposure to the underlying assets held by Reinet Fund. In that respect it is to be noted that an investment entity may hold a portfolio of investments directly or indirectly, for example by holding a single investment in another investment entity that itself holds several investments. The Company's investments are all held through Reinet Fund.

The Fund Manager further deems Reinet Fund to meet the definition of an investment entity.

7. SEGMENT INFORMATION

Due to the Company's sole investment in Reinet Fund, the General Partner of the Company relies on the segment analysis performed by the Fund Manager.

The Fund Manager makes the strategic resource allocations on behalf of Reinet Fund according to its investment portfolio as disclosed in note 4.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

8. SHARE CAPITAL

| | 31 March 2020 € m | 31 March 2019 € m |
|---|-------------------------|-------------------------|
| Ordinary share capital | | |
| Issued capital | | |
| 195 941 286 (31 March 2019: 195 941 286) ordinary shares issued, fully paid with no par value | 220 | 220 |

The ordinary shares (excluding the treasury shares, the voting and dividend rights attached to which are suspended) confer on the shareholder the entitlement to participate in and to vote at meetings of shareholders, with each share carrying the right to one vote as well as the entitlement to receive a proportionate share of any dividend that the Company may declare. Each share also entitles each shareholder to receive a proportionate share of the net assets of the Company on liquidation. The liability of shareholders is limited to the amount of their investment in the Company.

The relevant movements in the capital are shown on the statement of changes in equity.

The ordinary shares are listed and traded on the Luxembourg Stock Exchange, on Euronext Amsterdam and on the Johannesburg Stock Exchange; the listing on the Johannesburg Stock Exchange is a secondary listing.

| | 31 March 2020 € 000's | 31 March 2019 € 000's |
|---|-----------------------------|-----------------------------|
| Management share capital | | |
| Issued capital | | |
| 1 000 (31 March 2019: 1 000) management shares issued, fully paid with no par value | 1 | 1 |

The management shares are held by the General Partner and confer the same rights with regard to voting, dividends and the distribution of assets on liquidation as the ordinary shares. In addition, as the holder of management shares, the General Partner has broad powers to manage the Company and has unlimited liability for any obligations of the Company that cannot be met from the assets of the Company.

Treasury shares

All ordinary shares repurchased are held as treasury shares and are recorded at cost, being the price paid on the acquisition date.

On 19 November 2018, the Company announced the commencement of a share buyback programme in respect of a maximum of 3.2 million ordinary shares for an aggregate maximum amount of € 55 million. The programme ran from 20 November 2018 to 30 January 2019 when 3 200 000 ordinary shares were repurchased for a cost of € 42 million, plus transaction costs.

On 6 February 2019, the Company announced the commencement of a second share buyback programme in respect of a maximum of 5 million ordinary shares for an aggregate maximum amount of € 75 million. The programme ran from 11 February 2019 to 31 May 2019 when 3 449 689 ordinary shares were repurchased for a cost of € 50 million, plus transaction costs.

On 14 June 2019, the Company announced the commencement of a third share buyback programme in respect of a maximum of 2.75 million ordinary shares for an aggregate maximum amount of € 44 million. The programme ran from 19 June 2019 to 23 August 2019 when 2 047 348 ordinary shares were repurchased for a cost of € 31 million, plus transaction costs.

On 6 September 2019, the Company announced the commencement of a fourth share buyback programme in respect of a maximum of 3.1 million ordinary shares for an aggregate maximum amount of € 50 million. The programme ran from 11 September 2019 to 27 November 2019 when 2 954 358 ordinary shares were repurchased for a cost of € 50 million, plus transaction costs.

All ordinary shares repurchased are held as treasury shares.

As at 31 March 2020, there was no share buyback programme in progress.

| | Number of shares | Cost € m |
|--|---------------------|-------------|
| Opening balance | – | – |
| Repurchased shares | | |
| 1 st buyback programme | 3 200 000 | 42 |
| 2 nd buyback programme | 1 822 672 | 26 |
| Total treasury shares held at 31 March 2019⁽¹⁾ | 5 022 672 | 68 |
| Repurchased shares | | |
| 2 nd buyback programme | 1 627 017 | 24 |
| 3 rd buyback programme | 2 047 348 | 31 |
| 4 th buyback programme | 2 954 358 | 50 |
| | 6 628 723 | 105 |
| Total treasury shares held as at 31 March 2020 | 11 651 395 | 173 |

(1) In addition to the cost of € 68 million, a provision of € 49 million was made at 31 March 2019 for the potential remaining cost of the 2nd buyback programme outstanding at this date (refer to note 11). Of this amount, € 24 million was paid in the year ended 31 March 2020.

9. NON-DISTRIBUTABLE RESERVE

The legal reserve amounting to € 22 million at 31 March 2020 and 31 March 2019 is not available for distribution.

10. AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

The amount payable includes the fee payable to the General Partner of € 0.7 million and € 0.4 million due to Reinet Fund at 31 March 2020 (31 March 2019: € 0.9 million and € 0.1 million).

11. OTHER CURRENT LIABILITIES

As at 31 March 2020, there was no share buyback programme in progress, and thus no accrual has been created (31 March 2019: € 49 million).

12. TAX EXPENSE

Under the current laws of Luxembourg, the Company pays corporation tax on profits at rates enacted in Luxembourg. The General Partner does not expect significant taxes to be payable for the current year or in the near future, due to the structure of the Company, dividends declared by the Company being tax deductible, and given that the Company has assessed operating losses available to it at the year-end.

13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to the shareholders by the weighted average number of shares outstanding during the year after adjustment for treasury shares held.

| | 31 March 2020 | 31 March 2019 |
|---|------------------|------------------|
| € millions | | |
| Loss for the year | (335) | (145) |
| Millions of shares | | |
| Shares outstanding at beginning of year (excluding treasury shares) | 190.9 | 195.9 |
| Effect of repurchased shares in the year | (4.2) | (1.0) |
| Weighted average number of ordinary shares in issue | 186.7 | 194.9 |
| € per share | | |
| Earnings per share from loss for the year – basic and diluted | (1.79) | (0.74) |

The Company has not issued any shares or other instruments that are considered to have dilutive potential. There were no movements in the year ended 31 March 2020.

The presentation of headline earnings per share, as an alternative measure of earnings per share, is mandated under the JSE Listings Requirements. It is calculated in accordance with Circular 1/2019 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.

| | 31 March 2020 | 31 March 2019 |
|--|------------------|------------------|
| Headline earnings per share – € per share | | |
| Unadjusted earnings per share | (1.79) | (0.74) |
| Headline earnings per share | (1.79) | (0.74) |

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. RELATED PARTY TRANSACTIONS

The Company has a number of relationships and transactions with related parties, as defined in IAS 24, *Related party transactions*, all of which are undertaken in the ordinary course of business and on normal market terms.

Parties identified as related parties are:

COMPAGNIE FINANCIÈRE RICHEMONT SA (‘CFR SA’)

The Company has identified CFR SA, a public company incorporated in Switzerland, as a related party.

Although the management of the Company is distinct from CFR SA, a number of executives who have management responsibilities for the Company are also employed by a subsidiary of CFR SA. Mr Rupert is also the Chairman of CFR SA.

RLG REAL ESTATE PARTNERS L.P.

Reinet Fund has committed up to € 95 million to RLG Real Estate Partners L.P., a property fund managed by a subsidiary of CFR SA. No fees or other expenses have been paid to the fund manager. As at 31 March 2020, Reinet Fund has paid some € 63 million to the fund, resulting in an unpaid commitment of € 32 million.

THE ANTON RUPERT TRUST, THE ANTON RUPERT DESCENDANTS TRUST AND AFFILIATED PARTIES

The Anton Rupert Trust, the Anton Rupert Descendants Trust and affiliated parties hold some 48.8 million Company shares representing 24.93 per cent of the Company’s issued share capital.

The group of parties regarded as being affiliated to the Anton Rupert Trust and the Anton Rupert Descendants Trust includes entities and persons which are not necessarily closely connected with persons discharging managerial responsibilities within the Company, as defined in Article 3 paragraph 1 of the EU Regulation No 596/2014 on Market Abuse (the ‘Market Abuse Regulation’). As a consequence, share dealings by such entities or persons are not disclosed as dealings by connected parties in terms of the Market Abuse Regulation.

THE GENERAL PARTNER

The Company is a partnership limited by shares (*société en commandite par actions*) which is managed by the General Partner. The Company reimburses the General Partner for its expenses incurred in the ordinary course of business, including but not limited to the remuneration of its staff, taxes, rentals and any other disbursements, and pays an annual administration fee equal to 10 per cent of such expenses.

The General Partner is controlled by Rupert family interests.

THE FUND MANAGER

The Company’s wholly-owned subsidiary, Reinet Fund, is managed by the Fund Manager. Reinet Fund reimburses the Fund Manager for its expenses incurred in the ordinary course of business, including but not limited to the remuneration of its staff, taxes, rentals and any other disbursements, and pays an annual administration fee equal to 10 per cent of such expenses. Any such amounts payable to the Fund Manager are deductible from any management fees payable to the Investment Advisor.

The Fund Manager is controlled by Rupert family interests.

THE INVESTMENT ADVISOR

The Investment Advisor owns 946 060 shares of the Company as at 31 March 2020 (31 March 2019: 946 060).

Under the terms of the Investment Advisory Agreement dated 9 October 2008, as amended on 24 May 2010, 10 November 2011 and 7 December 2018, between Reinet Fund and the Investment Advisor, Reinet Fund pays both management fees and performance fees to the Investment Advisor.

The management fee is payable to the Investment Advisor at a rate of 1 per cent per annum on the net asset value of Reinet Fund, excluding cash and interests in funds managed by third parties. It is calculated semi-annually based on the closing net asset value at the end of the previous six-month period.

The management fee in respect of cash is calculated at a rate of one-quarter of 1 per cent per annum. No management fee is payable in respect of funds managed by third parties except where the fee payable to the third party has been negotiated to a level below 1 per cent per annum and below the level payable by other investors in a fund. In such circumstances, the difference between the fee payable to the third-party manager and 1 per cent is payable to the Investment Advisor.

Investments as a limited partner in funds under the management of a management company in which Reinet Fund is an investor are not treated as being managed by third parties; the management fee is payable at 1 per cent per annum to the Investment Advisor. However, such a fee payable to the Investment Advisor is reduced by any management fee paid by Reinet Fund to the management company, net of income received by Reinet Fund on its investment in the management company in terms of its share of the management fees earned by (but not carried interest attributable to) the management company.

| | 31 March 2020 € m | 31 March 2019 € m |
|-------------------------------|-------------------------|-------------------------|
| Management fee payable | | |
| Investment Advisor | 34 | 39 |
| Fund Manager | 7 | 4 |
| Total management fee | 41 | 43 |

The performance fee in any period is calculated as 10 per cent of the Cumulative Total Shareholder Return at the end of the Performance Measurement Period (both terms being defined in the Company's prospectus, published on 10 October 2008), adjusted for all dividends and returns of capital to the Company shareholders, less the sum of all performance fees paid in previous Performance Measurement Periods.

No performance fee was payable for the year ended 31 March 2020. A performance fee would only be payable in respect of the current financial year if the Cumulative Total Shareholder Return exceeds that at 31 March 2019. In order for a performance fee to be payable at 31 March 2020 the volume weighted average closing price of the Company's share on the Luxembourg Stock Exchange over the last 20 trading days of the current financial year needed to exceed € 19.11, however this was not the case.

The General Partner, the Fund Manager and the Investment Advisor are controlled by Rupert family interests.

BOARDS OF THE GENERAL PARTNER AND THE FUND MANAGER

Members of the Boards of Directors of the General Partner and the Fund Manager are considered to be related parties. Details of the Boards of Directors are set out in the corporate governance report on pages 29 and 30 of this annual report.

Aggregate shareholdings of directors of the General Partner and the Fund Manager (excluding Mr Rupert, see page 66).

| | 31 March 2019 | Acquired during the year | Sold/disposed during the year | 31 March 2020 |
|------------------|------------------|-----------------------------|----------------------------------|------------------|
| Number of shares | 367 660 | – | (145 100) ⁽¹⁾ | 222 560 |

(1) The decrease in shares is due to the exclusion of holdings which are no longer to be considered as holdings by a member of the Board of Directors for purposes of the Market Abuse Regulation.

| | 31 March 2018 | Acquired during the year | Sold/disposed during the year | 31 March 2019 |
|------------------|------------------|-----------------------------|----------------------------------|------------------|
| Number of shares | 1 366 966 | 130 000 | (1 129 306) ⁽²⁾ | 367 660 |

(2) These shares also include the holdings of a member of the Board of Directors who resigned during the year.

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Compagnie Financière Richemont SA or significant shareholders

There were no fees paid during the year and no balances payable to or receivable from CFR SA or significant shareholders at 31 March 2020.

Reinet Fund committed up to € 95 million to RLG Real Estate Partners L.P., a property fund managed by a subsidiary of CFR SA. As at 31 March 2020, Reinet Fund had paid some € 63 million to the fund, resulting in an unpaid commitment of € 32 million. No fees or other expenses have been paid to the fund manager and the estimated fair value of the investment is € 90 million.

| | 31 March 2020 € m | 31 March 2019 € m |
|--|-------------------------|-------------------------|
| Reinet Investments Manager S.A. | | |
| – Expenses charged by the General Partner to the Company during the year | 1.0 | 1.1 |
| – Administration fee for the year | 0.1 | 0.1 |
| – Balance payable by the Company to the General Partner | 0.7 | 0.9 |

| | 31 March 2020 € m | 31 March 2019 € m |
|---|-------------------------|-------------------------|
| Reinet Fund S.C.A., F.I.S. | | |
| – Balance payable by the Company to Reinet Fund | 0.4 | 0.1 |

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

| | 31 March 2020 € m | 31 March 2019 € m |
|--|-------------------------|-------------------------|
| Reinet Fund Manager S.A. | | |
| – Expenses charged to Reinet Fund during the year | 6.3 | 3.6 |
| – Administration fee for the year | 0.6 | 0.4 |
| – Balance payable by Reinet Fund to the Fund Manager | 3.2 | 2.4 |

| | 31 March 2020 € m | 31 March 2019 € m |
|--|-------------------------|-------------------------|
| Reinet Investment Advisors Limited | | |
| – Management fee charged during the year | 41.4 | 43.4 |
| – Performance fee charged during the year | – | – |
| – Balance payable by Reinet Fund to the Investment Advisor | 15.7 | 19.0 |

There are no commitments between the Company and its related parties as at 31 March 2020, other than to RLG Real Estate Partners L.P., as noted above.

15. BOARD OF OVERSEERS

Fees of up to € 50 000 per member were paid to the Board of Overseers in respect of the year ended 31 March 2020, such fees are split equally between the Company and Reinet Fund (31 March 2019: € 50 000).

Mr Prussen is a partner with the law firm Elvinger Hoss Prussen. Legal fees of € 0.2 million (31 March 2019: € 0.1 million) were recorded in respect of Elvinger Hoss Prussen for the year ended 31 March 2020.

16. AUDIT AND OTHER FEES PAID TO PRICEWATERHOUSECOOPERS

Fees for the year ended 31 March 2020 billed and unbilled by PricewaterhouseCoopers, Société coopérative Luxembourg and other member firms of the PricewaterhouseCoopers network, which relate to the audit of the Company accounts, amounted to € 0.1 million (31 March 2019: € 0.1 million). Such fees are presented under 'Operating expenses' in the statement of comprehensive income.

Audit fees relating to Reinet Fund and its principal subsidiaries as shown in note 21 amounted to € 0.3 million for the year ended 31 March 2020 (31 March 2019: € 0.3 million).

Fees relating to non-audit services during the year are considered to be insignificant.

17. CAPITAL COMMITMENTS

At 31 March 2020, the Company had no capital commitments, however its wholly-owned subsidiary Reinet Fund had committed to invest a further € 610 million (31 March 2019: € 430 million) in unlisted investments, see table on page 22. This amount relates to Reinet Fund's own investment commitments. Where Reinet Fund co-invests with minority partners the amount does not include the partners' commitment.

18. CONTINGENT LIABILITIES

A subsidiary of Reinet Fund has pledged a total of 18.9 million BAT shares in respect of its borrowing from Bank of America, N.A. and Merrill Lynch International.

Reinet Fund has provided guarantees to third parties amounting to ZAR 24 million in respect of financial obligations related to the purchase of certain South African assets.

19. DIVIDEND

A cash dividend of some € 36 million, or € 0.19 per share (excluding treasury shares held), was paid in September 2019, following approval at the annual general meeting held on 27 August 2019.

The proposed cash dividend payable to shareholders of € 0.19 per share will be payable on 2 September 2020, once approved by the shareholders at the annual general meeting to be held on 25 August 2020.

20. SUBSEQUENT EVENTS

Reinet Fund, through a wholly-owned subsidiary, received an interim dividend of some € 35 million (£ 31 million) from its investment in BAT. The interim dividend was declared by the directors of BAT with a record date of 27 March 2020 and paid on 13 May 2020. This dividend is included in Reinet Fund's financial results as at 31 March 2020.

During April and May 2020, Reinet Fund made payments in the amount of € 0.3 million in respect of its commitments shown in note 17.

The impact of the COVID-19 pandemic has reduced the value of the Company's investment in Reinet Fund as at 31 March 2020. The net asset value of Reinet Fund is calculated based on latest available data for the underlying investments held by Reinet Fund. Future values attributable to Reinet Fund may be higher or lower than those presently calculated.

21. INVESTMENTS HELD IN SUBSIDIARIES AND AFFILIATES

The principal companies held by Reinet Fund are as follows:

| Investments | Company | Domicile | Percentage held |
|--|--|-------------------------|------------------------|
| BAT | Reinet Jersey Holdings Limited | Jersey, Channel Islands | 100% |
| Pension Corporation | Reinet PC Investments (Jersey) Limited | Jersey, Channel Islands | 100% |
| Trilantic Capital Partners | Reinet TCP Holdings Limited | Jersey, Channel Islands | 94% |
| | RSF S.A. | Luxembourg | 100% |
| | Reinet TCP Fund V NECI Limited | Jersey, Channel Islands | 100% |
| | Reinet New TCP NECI GP Limited | Jersey, Channel Islands | 100% |
| | Reinet New TCP LP Limited | Jersey, Channel Islands | 100% |
| 36 South macro/volatility funds | Reinet 36 South Investments Limited | Jersey, Channel Islands | 100% |
| Asian private equity companies and portfolio funds | Reinet Columbus Limited | Jersey, Channel Islands | 100% |
| Specialised investment funds | Reinet Columbus Limited | Jersey, Channel Islands | 100% |
| | Reinet Flex Holdings Limited | Jersey, Channel Islands | 100% |
| | Reinet SPG Limited | Jersey, Channel Islands | 100% |
| | Reinet TEM Holdings Limited | Jersey, Channel Islands | 100% |
| United States land development and mortgages | RSF II Limited | Jersey, Channel Islands | 100% |
| | Reinet Stokes Holdings S.A. | Luxembourg | 100% |
| | RPH Limited | Jersey, Channel Islands | 100% |
| | RPH 2 Limited | Jersey, Channel Islands | 100% |
| Diamond interests | Reinet Jagersfontein Holdings S.à r.l. | Luxembourg | 100% |
| | Reinet Rooipoort Holdings S.à r.l. | Luxembourg | 100% |
| Other investments | Reinet Columbus Limited | Jersey, Channel Islands | 100% |
| | Reinet Flex Holdings Limited | Jersey, Channel Islands | 100% |
| | Reinet S.à r.l. | Luxembourg | 100% |

CONSOLIDATED FINANCIAL STATEMENTS

AUDIT REPORT

To the Shareholders of
Reinet Investments S.C.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Reinet Investments S.C.A. and its subsidiaries ('Reinet') as at 31 March 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

Our opinion is consistent with our additional report to the Board of Overseers.

What we have audited

Reinet's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 March 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession ('Law of 23 July 2016') and with International Standards on Auditing ('ISAs') as adopted for Luxembourg by the 'Commission de Surveillance du Secteur Financier' ('CSSF'). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the 'Responsibilities of the 'Réviseur d'entreprises agréé' for the audit of the consolidated financial statements' section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Reinet in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code') as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to Reinet, in the period from 1 April 2019 to 31 March 2020, are disclosed in the consolidated financial statements in note 16 on page 68.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud). These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Existence of investments

All unlisted investments are held by Reinet Fund S.C.A., F.I.S. ('Reinet Fund').

We focused on the existence of unlisted investments as a key audit matter because (1) of their importance; and (2) of the complexity of their holding structure.

- (1) As described on page 62 of the consolidated financial statements, unlisted investments represent a significant amount of Reinet's investments (€ 2 344 million and 53.2 per cent of the net asset value).
- (2) The investments are diverse in their nature (regulated company active in the insurance sector, diamond interests, real estate interests, private equity funds and related partnerships, private startup businesses, etc.) and are generally held by Reinet Fund through intermediate holding companies and comprise various financial instruments (common equity, preferred equity, debt/loan instruments with ad hoc features, etc.), which means that the exact determination of ownership in each instrument and in each target investment is complex.

How our audit addressed the key audit matter

Our procedures over the existence of unlisted investments included, but were not limited to the following:

- we gained an understanding of the internal control environment surrounding authorisation, completeness and accuracy of investment transactions and the reconciliation of investment holdings at year-end;
- we gained an understanding of the approach and controls of the custodian bank in order to fulfil its legal duties;
- we tested, on a sample basis, the operating effectiveness of the quarterly investment confirmations performed by Reinet Fund Manager S.A. (the 'Fund Manager' of Reinet Fund);
- on a sample basis, we obtained and reviewed minutes of the relevant board meetings approving new investments as well as all executed agreements in order to ensure that the recording of transactions is in accordance with the detailed terms and conditions of the legal agreements;
- on a sample basis, we obtained, reviewed and reconciled independent ownership confirmations obtained directly from relevant sources with the accounting records;
- we obtained and reviewed the custody confirmation provided by the custodian bank and reconciled it with the accounting records; and

- we verified the reconciliation between the accounting records and the detailed investment holding statements of Reinet Fund at year-end.

Key audit matter

Valuation of Level 3 investments

We focused on the valuation of level 3 investments as a key audit matter because (1) of their importance and (2) of the significant degree of judgement involved and (3) the potential impact of COVID-19 on the fair value of these investments.

- (1) As disclosed on page 62 of the consolidated financial statements as at 31 March 2020, Reinet held level 3 investments of € 2 344 million, representing 53.2 per cent of its net asset value.
- (2) The valuation of level 3 investments is complex and requires the application of significant judgements by the Fund Manager. Both the determination of the most appropriate valuation methodology (market multiples, recent transaction prices, discounted cash flow approach, net asset value approach, current value approach, or a mix of various approaches) and of the significant unobservable inputs (discount rates, valuation premium/discount, peer group determination, revenue/cash flow projections, etc.) applied in determining the valuation of level 3 investments are highly subjective. In addition the outbreak of COVID-19 (a new strain of coronavirus) has led to significant levels of market uncertainty mostly reflected in increased market, currency and commodity volatility. Inappropriate judgements may have a material impact on the net asset value of Reinet.

How our audit addressed the key audit matter

Our procedures over the valuation of level 3 investments included, but were not limited to the following:

- we obtained an understanding of the Fund Manager's processes and controls around the fair valuation of level 3 investments;
- we assessed the compliance of the valuation policies for all level 3 investments with IFRS;
- we reviewed, on a sample basis, the documentation of the Fund Manager's back-testing analysis;
- we obtained the valuation reports produced by the external valuation experts to support the valuations applied by Reinet and we performed an assessment of the competence and objectivity of the external valuation experts;
- we reconciled the external valuation experts' reports with the accounting records and the portfolio holding statements and we reviewed the reports on a sample basis;
- we assessed the appropriateness of the valuation methodologies applied by the Fund Manager as well as the reasonableness of the key assumptions and valuation model inputs used – if necessary by using our own internal valuation specialists and/or by using the work of approved auditors in the countries in which the target investments are located;
- we specifically challenged the significant unobservable inputs used in the level 3 valuations (including peer group selection) and assessed their consistency over multiple accounting periods;

- we ensured, on a sample basis, that the value of the private equity funds as reported in their 31 March 2020 capital account statements does not materially differ from the fair value determined by the Fund Manager;
- for the most significant private equity funds and on a sample basis, we discussed with the respective general partners the drivers of the fair value at 31 March 2020, including the processes and controls around fair value determination and we corroborated that information, to the extent possible, with externally available industry and country economic data; and
- we reconciled the impact of both realised and unrealised valuation movements with the net change in the fair value of financial assets at fair value through profit or loss.

Other information

Reinet Investments Manager S.A. (the 'General Partner') is responsible for the other information. The other information comprises the information stated in the annual report including the management report and the corporate governance statement but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the General Partner and those charged with governance for the consolidated financial statements

The General Partner is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the General Partner determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the General Partner is responsible for assessing Reinet's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the General Partner either intends to liquidate Reinet or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Reinet's financial reporting process.

CONSOLIDATED FINANCIAL STATEMENTS

AUDIT REPORT CONTINUED

Responsibilities of the ‘Réviseur d’entreprises agréé’ for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Reinet’s internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Partner;
- conclude on the appropriateness of the General Partner’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Reinet’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause Reinet to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within Reinet to

express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of Reinet’s audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

The management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement is included in the management report. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have been appointed as ‘Réviseur d’entreprises agréé’ of Reinet by the general meeting of the shareholders in 2008 for the period ending 31 March 2009; the duration of our uninterrupted engagement, including previous renewals and reappointments, is therefore 12 years.

PricewaterhouseCoopers, Société coopérative

Luxembourg, 28 May 2020

Represented by
François Mousel

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R.C.S. Luxembourg B 65 477 – TVA LU25482518*

COMPANY FINANCIAL STATEMENTS

BALANCE SHEET

as at 31 March 2020

| | Notes | 31 March 2020 € 000's | 31 March 2019 € 000's |
|--|-------|-----------------------------|-----------------------------|
| ASSETS | | | |
| Fixed assets | | | |
| Financial assets | | | |
| Shares in affiliated undertakings | 3 | 1 755 289 | 1 855 289 |
| Own shares | 4 | 172 446 | 67 991 |
| | | 1 927 735 | 1 923 280 |
| Current assets | | | |
| Cash at bank and in hand | | 694 | 5 258 |
| Prepayments | | | |
| | | 132 | 99 |
| Total assets | | 1 928 561 | 1 928 637 |
| CAPITAL, RESERVES AND LIABILITIES | | | |
| Capital and reserves | | | |
| Subscribed capital | 5 | 220 103 | 220 103 |
| Share premium account | 6 | 597 864 | 702 319 |
| Reserves | | | |
| – legal reserve | 7 | 22 100 | 22 100 |
| – reserve for own shares | 8 | 172 446 | 67 991 |
| Profit or loss brought forward | 9 | 879 189 | 878 965 |
| Profit or loss for the financial year | | 35 325 | 35 801 |
| | | 1 927 027 | 1 927 279 |
| Provisions | | | |
| Other provisions | | 268 | 243 |
| Creditors | | | |
| Amounts owed to affiliated undertakings | | | |
| – becoming due and payable within one year | 10 | 1 150 | 988 |
| Other creditors | | | |
| – becoming due and payable within one year | | 116 | 127 |
| | | 1 266 | 1 115 |
| Total capital, reserves and liabilities | | 1 928 561 | 1 928 637 |

The accompanying notes form an integral part of these financial statements.

COMPANY FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2020

| | Notes | Year ended 31 March 2020 € 000's | Year ended 31 March 2019 € 000's |
|--|--------|---|---|
| Income | | | |
| Dividend received from Reinet Fund | 13 | 38 000 | 39 000 |
| Value adjustments in respect of current assets | | 391 | – |
| Total income | | 38 391 | 39 000 |
| Charges | | | |
| Other operating expenses | 11, 12 | 3 061 | 2 712 |
| Value adjustments in respect of current assets | | – | 482 |
| Tax on profit | 14 | 5 | 5 |
| Total charges | | 3 066 | 3 199 |
| Profit for the financial year | | 35 325 | 35 801 |

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Reinet Investments S.C.A. (the 'Company'), incorporated on 5 March 1979, is a partnership limited by shares (*société en commandite par actions*) and is governed by the Luxembourg law on securitisation. The Company's registered office is at 35, boulevard Prince Henri, L-1724, Luxembourg. The Company owns the entire ordinary issued capital of Reinet Fund S.C.A., F.I.S. ('Reinet Fund'), a partnership limited by shares established in Luxembourg.

The Company was formerly known as Richemont S.A. and was a subsidiary of Compagnie Financière Richemont SA ('CFR SA'), a Swiss company with significant luxury goods interests. The Company is managed by Reinet Investments Manager S.A. (the 'General Partner'), a limited liability company established in Luxembourg, which also owns 1 000 management shares in the Company. The General Partner has unlimited liability for any obligations of the Company that cannot be met from the assets of the Company. The General Partner's registered office is at 35, boulevard Prince Henri, L-1724, Luxembourg.

The Company's financial year starts on 1 April and ends on 31 March of each year.

The Company has also prepared consolidated financial statements which will be made available at the Company's head office as required by Luxembourg law.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention, as well as with generally accepted accounting principles in Luxembourg.

The Law of 18 December 2015, amending the Law of 19 December 2002 on the Register of Commerce and Companies and the accounting and annual accounts of undertakings, and the Grand-Ducal Regulation as of the same date, have revised the layout of the balance sheet and profit and loss account.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the General Partner to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period in which the assumptions changed. The General Partner believes that the underlying assumptions are appropriate and that the financial statements therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2 FORMATION EXPENSES

The formation expenses of the Company are directly charged to the profit and loss account of the year in which they are incurred.

2.3 FINANCIAL ASSETS

Shares in affiliated undertakings and the Company's own shares held as fixed assets are valued at purchase price. In case of permanent impairment in value in the opinion of the General Partner, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

In accordance with Luxembourg law, in case of acquisition of own shares, an amount equal to the carrying amount is recorded in a non-distributable reserve for own shares.

2.4 DEBTORS AND CREDITORS

Debtors and creditors are valued at their nominal value. The debtors are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reason for which the value adjustments were made have ceased to apply.

2.5 FOREIGN CURRENCY TRANSLATION

Transactions expressed in currencies other than euro are translated into euro at the exchange rate effective at the time of the transaction.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange gains and losses are recorded in the profit and loss account of the year.

Fixed assets expressed in currencies other than euro are translated into euro at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain at historic exchange rates.

Other assets and liabilities are translated separately, respectively at (i) the lower or at the higher of the value converted at the historical exchange rate or (ii) the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange gains and losses are thus recorded in the profit and loss account. The realised exchange gains are recorded in the profit and loss account at the moment of their realisation.

2.6 PREPAYMENTS

Prepayments include expenditure incurred in the financial year but relating to a subsequent financial year.

2.7 PROVISIONS

Provisions are created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount at the date on which they will arise.

COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

3. SHARES IN AFFILIATED UNDERTAKINGS

| | 31 March 2020 € 000's | 31 March 2019 € 000's |
|------------------------------|-----------------------------|-----------------------------|
| Book value – opening balance | 1 855 289 | 1 929 289 |
| Capital repaid in the year | (100 000) | (74 000) |
| Book value – closing balance | 1 755 289 | 1 855 289 |

The Company holds the entire share capital of Reinet Fund, whose functional currency is the euro. During the year under review Reinet Fund repaid capital of € 100 million to allow the Company to repurchase its own shares (31 March 2019: € 74 million). At 31 March 2020, the net asset value of Reinet Fund was € 4 404 million (31 March 2019: € 4 875 million) and it recorded a loss for the year of € 334 million (31 March 2019: loss of € 141 million).

4. OWN SHARES

Treasury shares are recorded at cost, representing the price paid on the acquisition date.

On 19 November 2018, the Company announced the commencement of a share buyback programme in respect of a maximum of 3.2 million ordinary shares for an aggregate maximum amount of € 55 million. The programme ran from 20 November 2018 to 30 January 2019 when 3 200 000 ordinary shares were repurchased for a cost of € 42 million, plus transaction costs.

On 6 February 2019, the Company announced the commencement of a second share buyback programme in respect of a maximum of 5 million ordinary shares for an aggregate maximum amount of € 75 million. The programme ran from 11 February 2019 to 31 May 2019 when 3 449 689 ordinary shares were repurchased for a cost of € 50 million, plus transaction costs.

On 14 June 2019, the Company announced the commencement of a third share buyback programme in respect of a maximum of 2.75 million ordinary shares for an aggregate maximum amount of € 44 million. The programme ran from 19 June 2019 to 23 August 2019 when 2 047 348 ordinary shares were repurchased for a cost of € 31 million, plus transaction costs.

On 6 September 2019, the Company announced the commencement of a fourth share buyback programme in respect of a maximum of 3.1 million ordinary shares for an aggregate maximum amount of € 50 million. The programme ran from 11 September 2019 to 27 November 2019 when 2 954 358 ordinary shares were repurchased for a cost of € 50 million, plus transaction costs.

All ordinary shares repurchased are held as treasury shares.

As at 31 March 2020, there was no share buyback programme in progress.

| | Number of shares | Cost € 000's |
|--|---------------------|-----------------|
| Opening balance | – | – |
| Repurchased shares | | |
| 1 st buyback programme | 3 200 000 | 41 964 |
| 2 nd buyback programme | 1 822 672 | 26 027 |
| Total treasury shares held at 31 March 2019 | 5 022 672 | 67 991 |
| Repurchased shares | | |
| 2 nd buyback programme | 1 627 017 | 23 839 |
| 3 rd buyback programme | 2 047 348 | 30 792 |
| 4 th buyback programme | 2 954 358 | 49 824 |
| | 6 628 723 | 104 455 |
| Own shares held at 31 March 2020 | 11 651 395 | 172 446 |

5. SUBSCRIBED CAPITAL

| | 31 March 2020 € 000's | 31 March 2019 € 000's |
|--|-----------------------------|-----------------------------|
| Ordinary shares | | |
| The subscribed capital at 31 March 2020 amounts to € 220 102 100 (31 March 2019: € 220 102 100) and is divided into 195 941 286 ordinary shares (31 March 2019: 195 941 286), fully paid with no par value | 220 102 | 220 102 |
| Total ordinary share capital | 220 102 | 220 102 |
| Management shares | | |
| The subscribed capital at 31 March 2020 amounts to € 1 000 (31 March 2019: € 1 000) and is divided into 1 000 management shares (31 March 2019: 1 000), fully paid with no par value | 1 | 1 |
| Total management share capital | 1 | 1 |
| Total capital | 220 103 | 220 103 |

The ordinary shares, excluding the voting and dividend rights attached to treasury shares which are suspended, confer on the shareholder the entitlement to participate in and to vote at meetings of shareholders, with each share carrying the right to one vote. Each share also entitles each shareholder to receive a proportionate share of any dividend that the Company may declare and a proportionate share of the net assets of the Company on liquidation. The liability of ordinary shareholders is limited to the amount of their investment in the Company.

The management shares are held by the General Partner and confer the same rights with regard to voting, dividends and the distribution of assets on liquidation as the ordinary shares. In addition, as the holder of the management shares, the General Partner has broad powers to manage the Company and has unlimited liability for any obligations of the Company that cannot be met from the assets of the Company.

6. SHARE PREMIUM ACCOUNT

The share premium relates to a reserve amounting to € 597 864 358 (31 March 2019: € 702 318 909), available for distribution subject to the approval of the shareholders. An amount of € 104 454 551 (31 March 2019: € 67 991 220) was transferred to the reserve for own shares during the year as shares were repurchased, see note 8.

7. LEGAL RESERVE

In accordance with Luxembourg law, the Company allocated annually a minimum of 5 per cent of its net profit to the legal reserve, which now equals 10 per cent of the subscribed capital.

The legal reserve amounting to € 22 100 000 (31 March 2019: € 22 100 000) is not available for distribution.

8. RESERVE FOR OWN SHARES

The Company repurchased a total of 11 651 395 own shares for an amount of € 172 445 771. In accordance with Luxembourg law, the Company has created a non-distributable reserve for the same amount.

9. PROFIT OR LOSS BROUGHT FORWARD

| | 31 March 2020 € 000's | 31 March 2019 € 000's |
|---------------------------------------|-----------------------------|-----------------------------|
| Opening balance | 878 965 | 882 109 |
| Dividend paid | (35 577) | (35 269) |
| | 843 388 | 846 840 |
| Result for the prior year | 35 801 | 32 125 |
| Balance at the end of the year | 879 189 | 878 965 |

COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

10. AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

| | 31 March 2020 € 000's | 31 March 2019 € 000's |
|---|-----------------------------|-----------------------------|
| Becoming due and payable after less than one year | 1 150 | 988 |

11. EMOLUMENTS GRANTED TO MEMBERS OF THE ADMINISTRATIVE, MANAGERIAL AND SUPERVISORY BODIES

| | Year ended 31 March 2020 € 000's | Year ended 31 March 2019 € 000's |
|--------------------|---|---|
| General Partner | 1 108 | 1 202 |
| Board of Overseers | 100 | 98 |
| | 1 208 | 1 300 |

12. AUDIT AND OTHER FEES PAID TO PRICEWATERHOUSECOOPERS

Fees for the year ended 31 March 2020 billed and unbilled by PricewaterhouseCoopers, Société coopérative Luxembourg and other member firms of the PricewaterhouseCoopers network, which relate to the audit of the Company accounts, amounted to € 0.1 million (31 March 2019: € 0.1 million). Such fees are presented under 'Other operating expenses' in the profit and loss account.

Fees relating to non-audit services during the year are considered to be insignificant.

13. RELATED PARTY TRANSACTIONS

During the financial year under review all transactions with related parties have been conducted on an arm's-length basis and on normal market terms.

A dividend of € 38 million was received from Reinet Fund in the year (31 March 2019: € 39 million).

Capital repayments of € 100 million were received from Reinet Fund in the year (31 March 2019: € 74 million).

14. TAXATION

The Company is subject to tax as determined by Luxembourg law, which takes into account profit for the financial year and dividends paid to shareholders in the current year.

15. SUBSEQUENT EVENTS

The impact of the COVID-19 pandemic has reduced the value of the Company's investment in Reinet Fund as at 31 March 2020. The net asset value of Reinet Fund, as disclosed in note 3, is calculated based on latest available data for the underlying investments held by Reinet Fund. Future values attributable to Reinet Fund may be higher or lower than those presently calculated.

There have been no other events subsequent to 31 March 2020 which would have any material impact on these financial statements.

PROPOSED APPROPRIATION OF RETAINED EARNINGS

as at 31 March 2020

| | € 000's |
|---------------------------------------|----------------|
| Available retained earnings | |
| Profit and loss brought forward | 914 766 |
| Dividend paid | (35 577) |
| | 879 189 |
| Net profit for the financial year | 35 325 |
| Balance at the end of the year | 914 514 |

PROPOSED APPROPRIATION

The proposed ordinary dividend payable to the Company's shareholders of € 0.19 per share will be payable on 2 September 2020, once approved by the shareholders at the annual general meeting to be held on 25 August 2020.

The available retained earnings remaining after deduction of the dividend amount will be carried forward to the following year.

Reinet Investments Manager S.A.

General Partner

Luxembourg, 28 May 2020

COMPANY FINANCIAL STATEMENTS

AUDIT REPORT

To the Shareholders of
Reinet Investments S.C.A.

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Reinet Investments S.C.A. (the 'Company') as at 31 March 2020, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Our opinion is consistent with our additional report to the audit committee or equivalent.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 March 2020;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession ('Law of 23 July 2016') and with International Standards on Auditing ('ISAs') as adopted for Luxembourg by the 'Commission de Surveillance du Secteur Financier' ('CSSF'). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the 'Responsibilities of the 'Réviseur d'entreprises agréé' for the audit of the financial statements' section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code') as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of EU Regulation No 537/2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended are disclosed in note 12 to the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud).

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other information

Reinet Investments Manager S.A. (the 'General Partner') is responsible for the other information. The other information comprises the information stated in the annual report including the management report and the corporate governance statement but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the General Partner and those charged with governance for the financial statements

The General Partner is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the General Partner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the General Partner is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the General Partner either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the ‘Réviseur d’entreprises agréé’ for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Partner;
- conclude on the appropriateness of the General Partner’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We have been appointed as ‘Réviseur d’entreprises agréé’ of the Company by the general meeting of the shareholders in 2008 for the period ending 31 March 2009; the duration of our uninterrupted engagement, including previous renewals and reappointments, is therefore 12 years.

PricewaterhouseCoopers, Société coopérative

Luxembourg, 28 May 2020

Represented by

François Mousel

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T : +352 494848 1, F : +352 494848 2900, www.pwc.lu*

*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n010028256)
R.C.S. Luxembourg B 65 477 – TVA LU25482518*

NOTICE OF ANNUAL GENERAL MEETING

Notice of the annual general meeting of shareholders of Reinet Investments S.C.A. to be held on 25 August 2020.

Shareholders are invited to attend the annual general meeting of shareholders of Reinet Investments S.C.A. (the 'Company') in person or by proxy.

The annual general meeting (the 'Meeting') will take place on: Tuesday, 25 August 2020 at 2:00 pm at Hotel Le Royal, 12, boulevard Royal, L-2449 Luxembourg.

AGENDA

Business reports for the accounting year ended 31 March 2020

1. To consider the report of the General Partner to the shareholders; the report of the Board of Overseers; and the reports of the approved statutory auditor of the Company in respect of the statutory financial statements of the Company and in respect of the consolidated financial statements for the accounting year ended 31 March 2020.

Financial statements

2. To approve the statutory financial statements of the Company for the accounting year ended 31 March 2020.
3. To approve the consolidated financial statements of the Company for the accounting year ended 31 March 2020.

Appropriations

4. At 31 March 2020, the retained earnings available for distribution amounted to € 914 513 500. The General Partner proposes that a cash dividend of € 0.19 per share be paid. The General Partner proposes that the remaining available retained earnings of the Company at 31 March 2020 after payment of the dividend be carried forward to the following business year.

Granting of discharge of liability to the General Partner and Board of Overseers

5. To grant discharge of liability to the General Partner and all the members of the Board of Overseers of the Company who have been in office during the accounting year ended 31 March 2020 for the performance of their duties.

Board of Overseers

6. To re-elect Mr J Li, Mr Y Prussen, Mr S Robertson and Mr S Rowlands as members of the Board of Overseers for the year ending at the next annual general meeting.
7. To approve a remuneration of € 50 000 per annum for each of the members of the Board of Overseers, such fees to be split equally between the Company and Reinet Fund S.C.A., F.I.S.

Authorisation to acquire ordinary shares

8. At the Meeting held on 27 August 2019, shareholders authorised the Company to acquire ordinary shares within the limits approved at that meeting for a period up to the date of the Meeting to be held in 2020, subject to such period being no longer than 13 months from the date of the authorisation.

Pursuant to Article 9 of the Company's Articles of Association and relevant Luxembourg law, the General Partner proposes that a new authorisation be granted to the Company to acquire ordinary shares, directly or indirectly (through subsidiaries or otherwise, such as through an intermediary or agent) for a period up to the date of the next Meeting, subject to such period being no longer than 13 months from the date of this authorisation.

The General Partner proposes that the Company be authorised to acquire, in accordance with applicable laws and regulations, ordinary shares up to 20 per cent of the Company's issued ordinary share capital which at the date of authorisation, 25 August 2020, is 195 941 286 ordinary shares, for valuable consideration, by all means, on any one or combination of the Luxembourg Stock Exchange, Euronext Amsterdam or the Johannesburg Stock Exchange, at a price no more than an amount equal to 110 per cent of the reference price of the ordinary shares on the relevant exchange and not less than one euro cent; the reference price being the weighted average price for the market value for such ordinary shares for the five days of trading immediately prior to the acquisition of such shares.

The General Partner will at all times retain full discretion with regards to the acquisition of the shares of the Company. This includes whether to and when to initiate any acquisition process and to determine the quantum and terms and conditions of any such planned acquisition of ordinary shares of the Company (subject to the limits set out above), having regard to, inter alia, available liquidity in order to fulfil any purchase and other obligations of the Company and the anticipated acquisition price per share relative to the estimated net asset value per share of the Company at that time.

The official notice convening the annual general meeting will be published in the Luxemburger Wort, the Financial Times, RESA the Luxembourg online legal publication platform, on the website of the Company and of the Luxembourg Stock Exchange and sent to all shareholders recorded in the register of shareholders of the Company by registered letter and distributed by the Registrar through the usual channels in accordance with Luxembourg law and may differ from this notice in respect of the definitive proposals.

The Company is monitoring developments regarding the COVID-19 pandemic and preparing in the event any changes to its annual general meeting would prove necessary or appropriate. If the Company decides to make any changes to the arrangements as set out in the convening notice, such as deciding to hold the annual general meeting without any physical attendance or postponing the date of the Meeting, such decision, together with any instructions relating to the shareholders' participation, will be published in the same manner as the official convening notice, including on the website of the Company on www.reinet.com.

The present notice, the statutory financial statements and the consolidated financial statements of the Company for the accounting year ended 31 March 2020, together with the reports of the approved statutory auditor, of the Board of Overseers and of the General Partner and any draft resolutions, are available at the registered office of the Company and on the Company's website: www.reinet.com.

The Meeting will be validly constituted to resolve on the matters raised in the agenda regardless of the number of shares represented at the Meeting; resolutions to be considered at the Meeting are approved by a simple majority of the votes cast. The Meeting will be held in English.

Shareholders who together hold at least 5 per cent of the share capital may place items on the agenda of the Meeting and submit draft resolutions for all the items on the agenda. Any such request must reach the Registrar, European Fund Administration S.A., by email (register.bi@efa.eu) no later than 3 August 2020.

Every shareholder who attends the Meeting shall have the right to ask questions related to the items on the agenda of the Meeting.

Instructions for attendance and voting

Persons entitled to participate in and vote at the Meeting are all persons (or their proxy) who were shareholders of record of the Company at midnight on 11 August 2020 Luxembourg time (the 'Record Date').

- (i) Instructions for holders of shares whose ownership is directly recorded in the Company's shareholders' register (defined for the purposes of this section only as 'Registered Shareholders')

Registered Shareholders whose ownership is directly recorded in their own name in the Company's shareholders' register who wish to attend the Meeting or who wish to appoint a proxy to represent them at the Meeting must notify the Registrar, European Fund Administration S.A., 2, rue d'Alsace, L-1122 Luxembourg no later than 18 August 2020. The Registrar will draw up a list of shareholders and proxy holders authorised to attend the Meeting.

Registration forms to request admission to the Meeting or to appoint a proxy to attend the Meeting may be obtained from the Registrar or downloaded from the Company's website: www.reinet.com.

Registered Shareholders may appoint a proxy, who need not be a shareholder, as their representative at the Meeting. Forms of proxy are provided on the registration forms for admission to the Meeting. The signed proxy must be sent by mail, telefax or email to either the Company or European Fund Administration S.A. (register.bi@efa.eu).

Proxy voting instructions may be given to the Chairman of the Meeting; these must be received by the Registrar duly completed and signed by 18 August 2020. Unless proxies given to the Chairman of the Meeting include explicit instructions as to the contrary, voting rights will be exercised in support of the proposals of the General Partner.

Registration forms for admission to the Meeting must be delivered to the Registrar on 18 August 2020 at the latest. No admission cards will be issued after that day.

- (ii) Instructions for shareholders whose shares are held in the European clearing systems (Euroclear Nederland, Euroclear Bank, Clearstream) and are traded on Euronext Amsterdam or the Luxembourg Stock Exchange (defined for the purpose of the section only as 'European Shareholders')

European Shareholders may (a) attend the Meeting in person, (b) appoint a proxy (who need not be a shareholder) as their representative at the Meeting or (c) grant a proxy and issue voting instructions prior to the Meeting.

- (a) Attending the Meeting in person
 - European Shareholders who wish to attend the Meeting may follow either of the following processes:
 - (1) Register via the E-voting platform ('EVO') administered by ING Bank ('ING') at <https://ing.evo-platform.com/reinet> or via their own intermediary, in any event no later than 18 August 2020. After registration on the EVO platform, the European Shareholder's information provided will be verified with the information held by the European Shareholder's intermediary as at the Record Date. When the intermediary has confirmed the information, the registration will be accepted. Duly registered European Shareholders will be provided by ING with an attendance card and details on how to gain access to the Meeting by email.
 - (2) Send in a legally valid written registration form to ING at the address below, in any event no later than 18 August 2020. A registration form to request admission to the Meeting is available as of today at www.reinet.com. European Shareholders must also instruct their bank or financial intermediary with whom the shares are on deposit to send a certificate (the 'Shareholding Certificate') to ING at the address below to be received no later than 18 August 2020 indicating clearly the precise identity of the European Shareholder and confirming the number of shares being held by the European Shareholder as at the Record Date. After completion of this registration process, European Shareholders will be provided by ING by email with an attendance card and details on how to gain access to the Meeting.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

(b) Appointing a proxy as their representation at the Meeting European Shareholders who wish to appoint a proxy, as their representative at the Meeting may follow either of the following processes:

- (1) Register their proxy via the EVO platform at <https://ing.evo-platform.com/reinet> or via their own intermediary, in any event no later than 18 August 2020. After registration on the EVO platform, the European Shareholder's information provided will be verified with the information held by the European Shareholder's intermediary as at the Record Date. When the intermediary has confirmed the information the registration will be accepted. European Shareholders who have duly registered their proxy will be provided by ING with (an) attendance card(s) with proxy registration by email.
- (2) Send in a legally valid written proxy instrument to ING at the address below, in any event no later than 18 August 2020. A proxy form is available as of today at www.reinet.com. European Shareholders who wish to appoint a proxy must also instruct their bank or financial intermediary with whom the shares are on deposit to send a Shareholding Certificate to ING at the address below to be received no later than 18 August 2020 indicating clearly the precise identity of the European Shareholder and confirming the number of shares being held by the European Shareholder as at the Record Date. After completion of this registration process, European Shareholders will be provided by ING by email with an attendance card with proxy registration.

(c) Granting a proxy and issuing voting instructions European Shareholders who wish to grant a proxy and issue voting instructions prior to the Meeting may follow either of the following processes:

- (1) Register their instructions via the EVO platform at <https://ing.evo-platform.com/reinet> or via their intermediary in any event no later than 18 August 2020. After registration on the EVO platform, the European Shareholder's information provided will be verified with the information held by the European Shareholder's intermediary as at the Record Date. When the intermediary has confirmed the information the voting instructions will be accepted.
- (2) Sending in a legally valid written proxy instrument to ING at the address below, in any event no later than 18 August 2020. A proxy voting form is available as of today at www.reinet.com. Proxy voting instructions may be given to the Chairman of the Meeting. A Shareholding Certificate in respect of the shares must be provided to

ING at the address below to be received no later than 18 August 2020 indicating clearly the precise identity of the shareholder and confirming the number of shares being held by the European Shareholder as at the Record Date. Failure to provide the Shareholding Certificate will invalidate the proxy voting instructions. A person designated by the Company will collect all voting instructions and submit them at the Meeting. Unless proxies given to the Chairman of the Meeting include explicit instructions as to the contrary, voting rights will be exercised in support of the proposals of the General Partner.

The EVO platform is available from the publication date of this convocation until seven days before the Meeting. This means that European Shareholders can use the EVO platform from 24 July 2020 to 18 August 2020, 17:00 CEST. The EVO platform will close on 18 August 2020, 17:00 CEST, but European Shareholders can still view any instructions they have given.

ING address:

ING Bank N.V.
Attn. Robert Peerenboom
Issuer Services, Location code TRC 02.039
Foppingadreef 7, 1102 BD Amsterdam
The Netherlands
E-mail address ING: Iss.pas@ing.com

(iii) Instructions for shareholders whose shares are held in South Africa through Central Securities Depository Participants ('CSDP') or brokers and are traded on the Johannesburg Stock Exchange (defined for the purposes of this section only as 'South African Shareholders')

South African Shareholders whose ownership is indirectly recorded through CSDPs and brokers whose shares are traded on the Johannesburg Stock Exchange and who wish to attend the Meeting, either in person or by proxy, must advise their broker or CSDP in accordance with the mandate with their broker or CSDP, and their broker or CSDP will issue the necessary letter of representation to the South African Shareholder to allow the South African Shareholder or their proxy holder to attend and vote at the Meeting. The broker or CSDP of South African Shareholders should contact South African Shareholders to ascertain how they wish to cast their vote at the Meeting and should thereafter cast the votes in accordance with the South African Shareholders' instructions. If South African Shareholders have not been contacted by their broker or CSDP, it is advisable for them to contact their broker or CSDP and furnish it with their voting instructions.

If a broker or CSDP does not obtain voting instructions from a South African Shareholder, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between the South African Shareholder and their broker or CSDP. A registration form to request admission to the Meeting or to appoint a proxy is available as of today at www.reinet.com.

Requests for letters of representation and voting instructions must be submitted by brokers and CSDPs to Strate no later than 12:30 pm (South African time) on 17 August 2020 so that they may be collated and verified by Strate prior to the Meeting. South African Shareholders should therefore submit their requests for a letter of representation or voting instructions to their broker or CSDP within the time period required by their broker or CSDP or as stipulated in the custody agreement concluded between South African Shareholders and their broker or CSDP.

(iv) Admittance to the Meeting

Registration for admission to the Meeting will take place from one hour prior to commencement of the Meeting. Shareholders or their proxy holders shall hand in the attendance card at the registration desk, will need to sign the attendance list of the Meeting and may be requested to provide proof of identity before and during the Meeting. A proxy holder shall also be requested to hand in a copy/original of their proxy instrument at the registration desk.

Shareholders or proxy holders not registered to attend the Meeting will not be allowed to participate.

Personal data processing

Shareholders are informed that the Company, as controller, processes the personal data of the shareholders and proxyholders (name, address, contact details, shareholding) in the context of the Meeting in accordance with applicable data protection laws. The Company processes such personal data in order to comply with the legal obligation of holding such a Meeting. Such personal data will be used for the purposes of analysing and administering the attendance and voting process in connection with the Meeting and will be accessed by entities assisting in the administration of the voting process such as the Registrar, ING and South African entities processing personal data of the South African Shareholders on behalf of the Company. Shareholders and proxyholders may notably request access to and rectification of the personal data processed by the Company by contacting the Company Secretary Mr Swen Grundmann, 35 boulevard Prince Henri, L-1724 Luxembourg, tel: +352 22 42 10, email: data-protection@reinet.com.

Reinet Investments Manager S.A.

General Partner
For and on behalf of
REINET INVESTMENTS S.C.A.
Luxembourg, 28 May 2020

EXCHANGE RATES AND SHARE INFORMATION

EXCHANGE RATES AGAINST THE EURO

| | Year ended 31 March 2020 | Year ended 31 March 2019 |
|--|--------------------------------|--------------------------------|
| Average for the year | | |
| Sterling | 0.8751 | 0.8819 |
| US dollar | 1.1113 | 1.1581 |
| Swiss franc | 1.0965 | 1.1470 |
| South African rand | 16.4361 | 15.9065 |
| Closing – as at the end of the year | | |
| Sterling | 0.8884 | 0.8609 |
| US dollar | 1.1031 | 1.1218 |
| Swiss franc | 1.0606 | 1.1164 |
| South African rand | 19.7039 | 16.2632 |

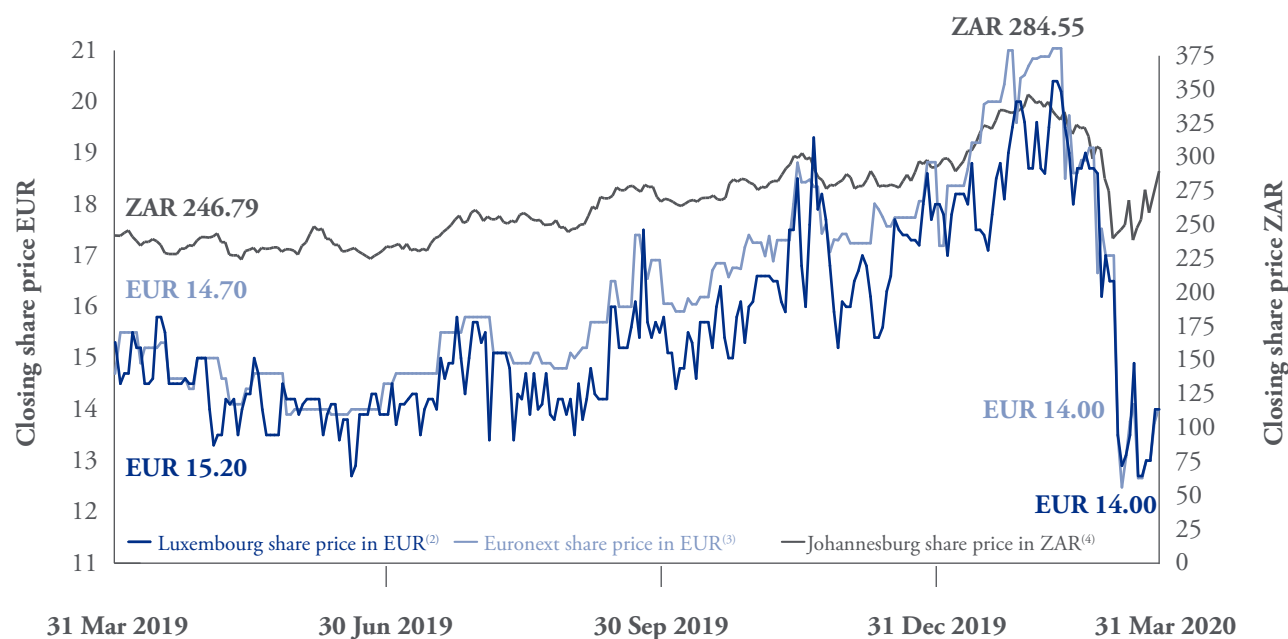
SHARE INFORMATION

Reinet Investments S.C.A. (the 'Company') 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.

As at 31 March 2020 and 31 March 2019 there were 195 941 286 ordinary shares and 1 000 management shares in issue.

As at 31 March 2020, 11 651 395 (31 March 2019: 5 022 672) ordinary shares were held as treasury shares. The voting and dividend rights attached to the treasury shares are suspended.

DAILY CLOSING PRICES FROM 31 MARCH 2019 TO 31 MARCH 2020⁽¹⁾



(1) The EUR:ZAR exchange rate was 1:16.2632 on 31 March 2019 and 1:19.7039 on 31 March 2020.

(2) Represents the closing share price of the Company on the Luxembourg Stock Exchange (listed under the symbol 'REINI').

(3) Represents the closing share price of the Company on Euronext Amsterdam (listed under the symbol 'REINA').

(4) Represents the closing share price of the Company on the Johannesburg Stock Exchange (listed under the symbol 'RNI').

Source: Thomson Reuters.

STATUTORY INFORMATION

REGISTERED OFFICE

REINET INVESTMENTS S.C.A.
 35, boulevard Prince Henri
 L-1724 Luxembourg
 Grand Duchy of Luxembourg
 Telephone: +352 22 42 10
 Company Secretary: Mr S Grundmann

REGISTERED NUMBER

REINET INVESTMENTS S.C.A.
 Registre de commerce et des sociétés, Luxembourg B 16.576

GENERAL PARTNER

REINET INVESTMENTS MANAGER S.A.
 35, boulevard Prince Henri
 L-1724 Luxembourg
 Grand Duchy of Luxembourg
 Telephone: +352 22 42 10
 Company Secretary: Mr S Grundmann

CUSTODIAN

BANQUE DE LUXEMBOURG S.A.
 14, boulevard Royal
 L-2449 Luxembourg
 Grand Duchy of Luxembourg

REGISTRAR AND PAYING AGENT

EUROPEAN FUND ADMINISTRATION S.A.
 2, rue d'Alsace
 P.O. Box 1725
 L-1017 Luxembourg
 Grand Duchy of Luxembourg
 Telefax: +352 48 65 61 8002

EURONEXT AMSTERDAM LISTING AGENT AND DUTCH PAYING AGENT

ING BANK N.V.
 Bijlmerplein 888
 1102 MG Amsterdam
 The Netherlands

JOHANNESBURG STOCK EXCHANGE SPONSOR

RAND MERCHANT BANK
 (A division of FirstRand Bank Limited)
 1 Merchant Place
 Corner Fredman Drive and Rivonia Road
 Sandton, 2146
 Republic of South Africa

RÉVISEUR D'ENTREPRISES AGRÉÉ

PRICEWATERHOUSECOOPERS, SOCIÉTÉ COOPÉRATIVE
 2, rue Gerhard Mercator
 L-2182 Luxembourg
 Grand Duchy of Luxembourg

FURTHER INFORMATION

Website: www.reinet.com
 Email: info@reinet.com

DATA PROTECTION

The Company acting through the General Partner collects, processes and stores personal data in relation to the shareholders in compliance with EU Regulation No 2016/679 of 27 April 2016 (the 'General Data Protection Regulation') as well as any complementing or other law or regulation relating to the protection of personal data applicable to the Company. In this respect, the Company acts as data controller. All the information in relation to the processing of the shareholders' personal data carried out by the Company is detailed in a data protection information notice available on the Company's website: www.reinet.com/investor-relations/data-protection. Changes may occur in the way the Company processes personal data in relation to the shareholders. In case these changes oblige the Company to update the data protection information notice, the Company will bring this to the shareholders' attention and may do so by any available means such as by email, announcement on the Company's website or otherwise. For any data protection inquiries, the shareholders may contact the Company at the following address: 35, boulevard Prince Henri, L-1724 Luxembourg or by email at: data-protection@reinet.com.

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