

Company Update Report

Reinet Investments S.C.A.

Financials

Analyst thesis

Our recommendation is based on:

- With BATS-GB-related debt repaid and significant inflows expected from the PICG transaction, anticipated to be completed in early 2026, Reinet will have the flexibility to increase shareholder returns via buybacks, dividends, or redeployment into new investments.
- Plausible room for a minority buyout post PICG transaction completion as most of the NAV will be in cash.
- While peers such as closed-end investment trusts in Europe also trade at discounts, Reinet's clear monetisation event (PICG sale) provides a stronger near-term rerating catalyst than most, especially given its low leverage and proven history of value realisation.
- Holdings in Trilantic, TruArc, Coatue, Asian growth funds, and select listed positions provide exposure to private-market investments, although we view this as immaterial in value compared to the above.

As at: 28 August 2025

| | |
|--------------------------|-------------|
| Ticker | RNI-ZA |
| Share price | R539.16 |
| Intrinsic value | R615 |
| Upside/(Downside) | 14% |
| Recommendation | Undervalued |

Latest company and market insights

Key highlights

In this report, we review the latest management statement released for the first quarter that ended 30 June 2025.

Financial results at a glance

- Net asset value (NAV) as of 30 June 2025: €6.6 billion, reflecting a compound growth rate of 8.6% per annum in euro terms since March 2009, inclusive of dividends paid. This is higher than the 5.2% average rate of South Africa inflation in the same period, positioning RNI as an inflation-beating investment over the long-term, while also being a Rand hedge.
- Quarter-on-quarter change: NAV decreased by 4.6% due to declines in the estimated fair value of larger investments and currency weakness in sterling and the US dollar, reducing the euro value of certain assets and liabilities.
- NAV per Share: €36.30 as of 30 June 2025, a 24% discount (previous: €38.04 on 31 March 2025, a discount of 40%).
- Listed investments: €121 million, making up 1.8% of NAV.
- Unlisted investments: €4 682 million, not considering the PICG transaction, making up 70% of NAV, with €3 432 million (52%) in PICG. Note: The unlisted section will appear materially different once the PICG transaction is completed, as the cash received will be transferred from unlisted investments to liquid cash holdings.
- Cash and liquid funds: €1 941 million, making up 29% of NAV, up from €1 819 million on 31 March 2025.
- Investment activity: €293 million committed to new/existing investments in the quarter, with €21 million funded.
- Post 30 June 2025 highlights: Agreement reached to sell 100% holding in Pension Insurance Corporation Group Limited to Athora Holding Ltd, expected to close in early 2026.

Management's outlook

Management remains cautious but constructive about RNI amid ongoing market volatility and geopolitical instability, citing challenges such as global tariff changes and crises in Ukraine and the Middle East. The company is prioritising support for current investments, maintaining selectivity for new opportunities, and adhering to strict valuation standards. Reinet emphasises its strong liquidity through ties with top European banks and money market funds, aiming to build a secure and sustainable business. Management expects that its disciplined risk and capital management will ensure consistent value creation for shareholders over time.

The sale of PICG raises questions about how such a substantial amount can be reinvested efficiently, ensuring no opportunity cost is incurred in the process. Even with audited valuations, figures for unlisted companies remain subjective and sensitive to various inputs, reflecting the challenges and limitations of accurately assessing their value.

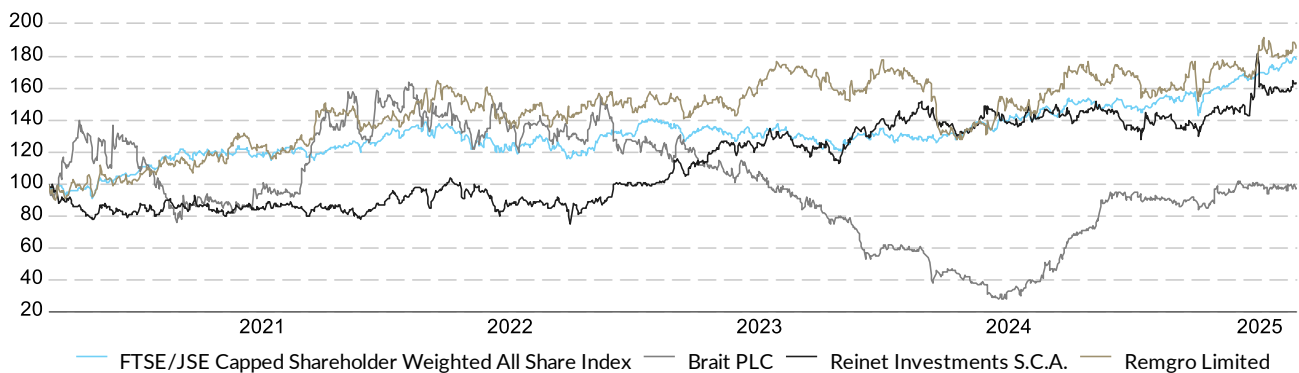


Table 1: Qualitative summary

| Factor | Rating | Description |
|---------------------------|--------|--|
| Growth | ★★★★☆ | Expected two-year revenue CAGR is -47.5% and expected two-year EPS CAGR is -8.2%. RNI disposed of its BATS-GB holding and is in the process of disposing of its largest holding, the unlisted position in Pension Insurance Corporation Group. With no material redeployment of capital, dividend income, and ultimately, EPS is expected to decline. |
| Valuation | ★★★★☆ | The share price has 14.1% upside to the IV. Current P:B of 0.59x is trading in-line with the five-year average PB of 0.61x |
| Dividend | ★★★★☆ | LTM dividend yield 1.28% NTM dividend yield 1.4% |
| Issuance | ★★★★☆ | Shares issued have decreased by -1% in the past five years |
| Catalyst | | Increased liquidity from the sale of PICG, allowing for increased cash to invest in new opportunities and more financial flexibility. Potential ramp-up in share buybacks (or minority buy-out) or issue special dividends to return some capital to shareholders from the sale. Depreciation of the rand (Rand hedge). |
| Quality of earnings | ★★★★☆ | Five-year average ROE 10.2%. Five-yearbook value per share CAGR is 17% in ZAR terms. Four of the past 10 years had both positive earnings with growth. Revenue is made up of dividends received, which is a discretionary inflow. |
| Moat | ★★★★☆ | RNI has substantial liquidity and low leverage, enabling swift capital allocation across global listed and unlisted investments. Investors can get access to global unlisted investment exposure through holding Reinet shares. Proven track record of crystallising value from large, illiquid holdings. |
| Management and governance | ★★★★★ | The management team has been part of the business for an extended period with a standing track record. |
| Balance sheet | ★★★★★ | Net debt/EBITDA ratio 0x, interest coverage ratio 0x. RNI has no interest obligations. Debt/assets ratio 0x. RNI holds no long-term debt and has a large cash balance. |
| Risks | | Limited investment opportunities or slow cash deployment, resulting in returns below investor expectations. Execution risks relating to the PICG completion. Illiquidity of unlisted investments and/or the accuracy of the NAV of these investments. Fee drag, which erodes returns over time. Regulation: Limited regulation apart from listing regulatory requirements. PICG is exposed to financial and insurance regulations which is applicable until the sale of the business. Appreciation of the rand. |

Source: FactSet and Yahoo Finance

Graph 1: Five-year price (Indexed to 100)

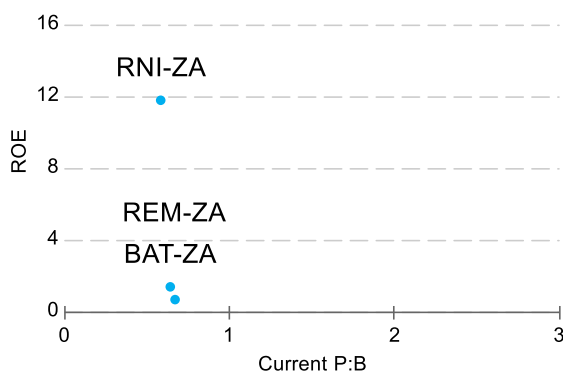


Source: FactSet

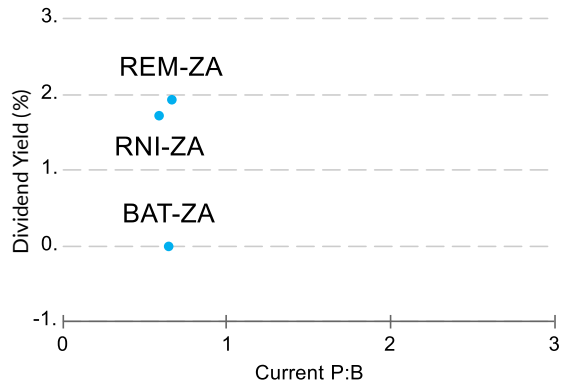
**Table 2: Price performance versus benchmark and peers**

| Period | YTD | MTD | 3M | 6M | 1Y | 2Y | 3Y | 5Y | 10Y |
|-------------|-------|-------|-------|-------|-------|-------|--------|-------|--------|
| RNI-ZA | 20.6% | 2.4% | 12.1% | 16.6% | 11.0% | 32.2% | 85.5% | 63.4% | 95.0% |
| BAT-ZA | 4.3% | -0.9% | 1.4% | 10.8% | 98.2% | 5.1% | -28.5% | -2.2% | -97.1% |
| REM-ZA | 8.8% | 1.4% | 6.2% | 13.8% | 17.3% | 6.8% | 28.6% | 84.3% | -3.6% |
| Capped SWIX | 21.7% | 4.5% | 9.6% | 16.8% | 21.3% | 38.8% | 39.6% | 80.7% | 67.5% |

Source: FactSet

Graph 2: P:B vs 2Y average ROE

Source: FactSet

Graph 3: P:B vs Dividend Yield (%)

Source: FactSet

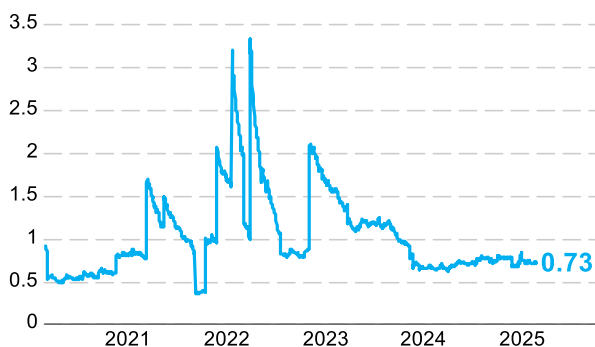
Valuation

Reinet was valued using a NAV approach. Asset values for unlisted entities were sourced from the latest company data, where values are determined by the management of Reinet, whereas listed entities were valued at current market prices; cash holdings reflected amounts as reported by management. The only deviation for unlisted assets was the sale of PICG, for which the offer price applicable to Reinet's stake was used.

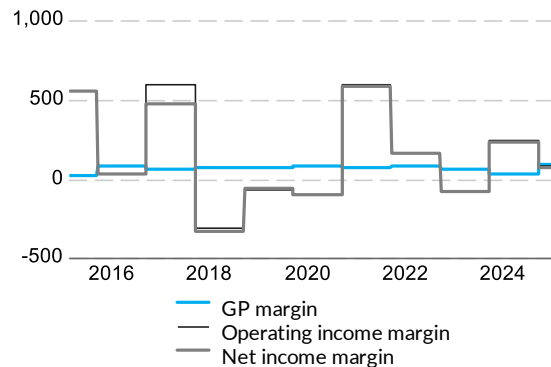
A discount to NAV per share was applied to reflect typical market practice for businesses of a similar type, and scenarios for base, bull, and bear cases were created. Probabilities were assigned to each scenario, with the bull case representing a hypothetical winding up of the business at the fair value of the management report.

Table 3: Valuation summary

| Valuation probabilities | | | |
|---------------------------------|-------------|------|------|
| | Bear | Base | Bull |
| Discount to NAV | 40% | 20% | 0% |
| Probability | 20% | 60% | 20% |
| Share price scenario | R521 | R608 | R730 |
| Weighted intrinsic value | R615 | | |
| Upside/(Downside) | 14% | | |

Graph 4: NTM P:E relative to benchmark

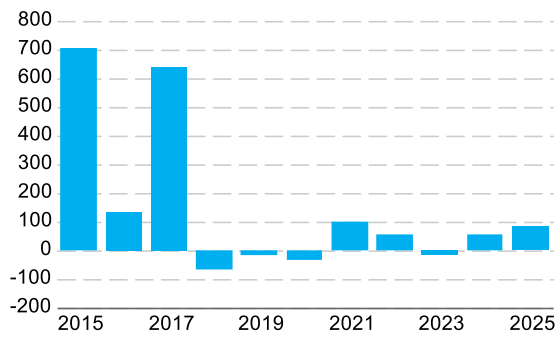
Source: FactSet

Graph 5: Profit margins (%)

Source: FactSet

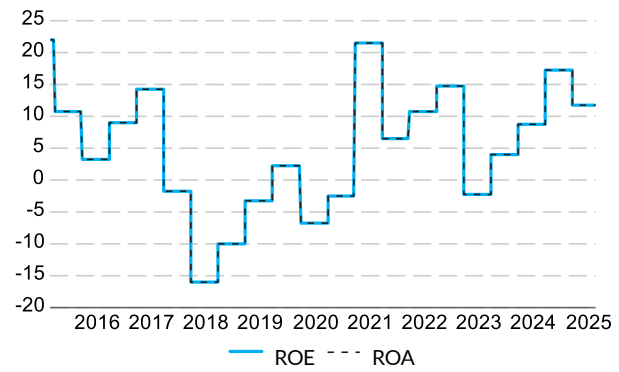


Graph 6: 10Y EPS Y/Y growth (%)



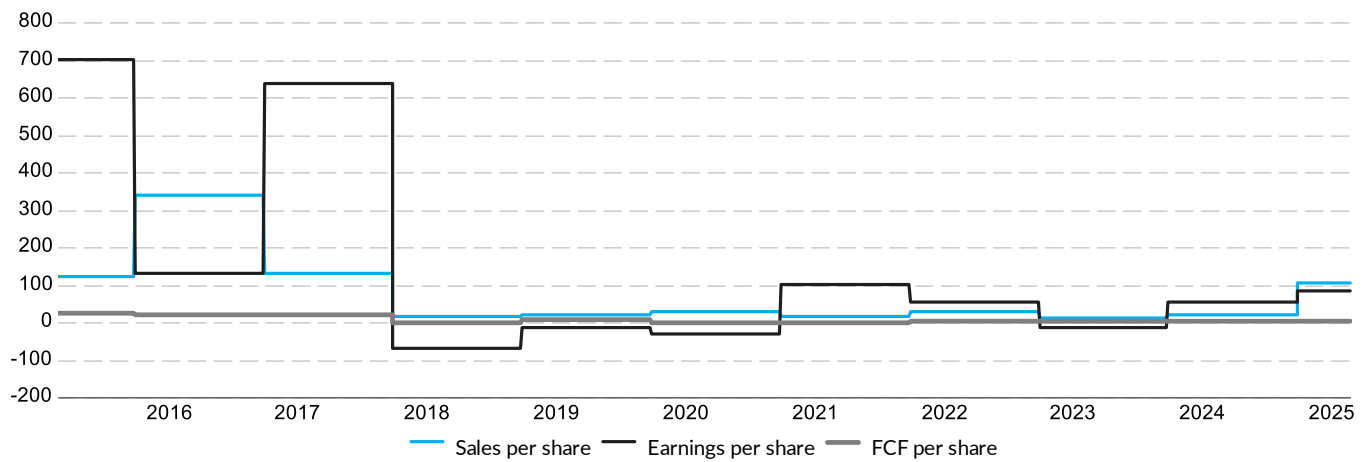
Source: FactSet

Graph 7: ROE and ROA (%)



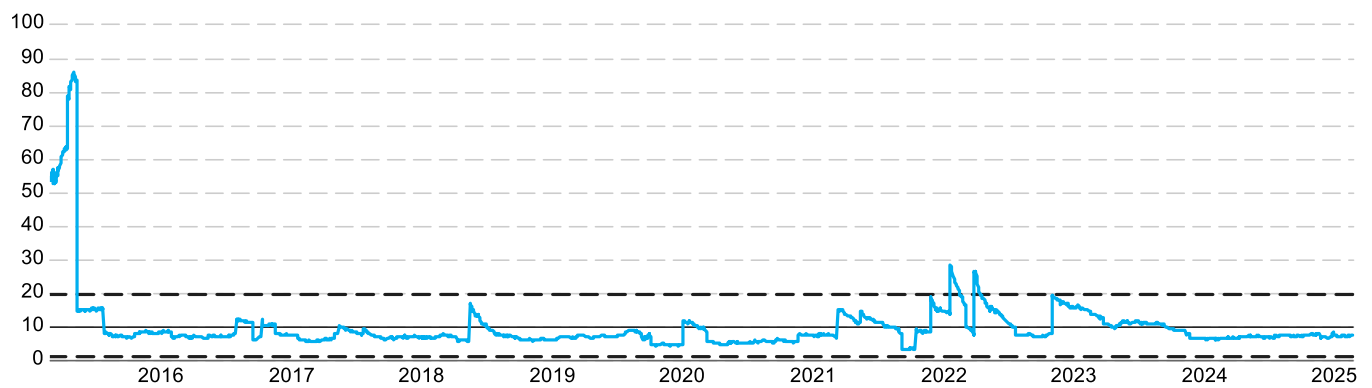
Source: FactSet

Graph 8: Sales, earnings and FCF per share (Rand)



Source: FactSet

Graph 9: NTM P:E



Source: FactSet



Table 4: Financials and ratios

| Income statement (Rm) | Mar 21 | Mar 22 | Mar 23 | Mar 24 | Mar 25 | 1Y Growth | 3Y CAGR | 5Y CAGR |
|----------------------------|--------|--------|---------|---------|---------|-----------|---------|---------|
| Revenue | 3 280 | 6 089 | 2 901 | 4 308 | 19 478 | 352% | 47% | 27% |
| Cost of sales | 744 | 828 | 885 | 2 824 | 1 175 | -58% | 12% | 11% |
| Gross income | 2 536 | 5 261 | 2 017 | 1 483 | 18 303 | 1134% | 52% | 29% |
| EBIT | 19 773 | 10 488 | -1 981 | 10 607 | 16 502 | 56% | 16% | -225% |
| Net income | 19 373 | 10 384 | -2 123 | 10 546 | 15 563 | 48% | 14% | -223% |
| EPS (Rand) | 105 | 56 | -12 | 58 | 86 | 48% | 15% | -224% |
| Balance sheet (Rm) | Mar 21 | Mar 22 | Mar 23 | Mar 24 | Mar 25 | 1Y Growth | 3Y CAGR | 5Y CAGR |
| Total assets | 93 490 | 96 560 | 110 280 | 126 490 | 137 420 | 9% | 12% | 10% |
| Total shareholders' equity | 93 438 | 95 763 | 110 261 | 126 470 | 137 380 | 9% | 13% | 10% |
| Total liabilities | 52 | 797 | 19 | 20 | 40 | 94% | -63% | 0% |
| Ratios | Mar 21 | Mar 22 | Mar 23 | Mar 24 | Mar 25 | 5Y Avg | | |
| Price/Book Value | 0.6 | 0.6 | 0.6 | 0.7 | 0.6 | 0.6 | | |
| Price/Earnings | 2.8 | 5.4 | *0 | 7.5 | 5.4 | -1.2 | | |

Source: FactSet

*0 = Loss-making year

Table 5: Standard finance and investment abbreviations

| Abbreviation | Definition |
|--------------|--|
| RNI | Reinet Investments SCA |
| EBITDA | Earnings before interest, tax, depreciation and amortisation |
| EBIT | Earnings before interest and tax |
| CAGR | Compounded annual growth rate |
| EPS | Earnings per share |
| NTM | Next twelve months (also known as forward) |
| LTM | Last twelve months (also known as trailing) |
| ROE | Return on equity |
| ROA | Return on assets |
| DCF | Discounted Cash Flow |
| YTD | Year to date |
| MTD | Month to date |
| M | Month |
| Y/y | Year(s) |
| P:E | Price to earnings |
| GP | Gross profit |
| FCF | Free cash flow |
| FY | Financial year |
| NAV | Net asset value |
| BATS-GB | British American Tobacco plc |
| USA/US | United States of America |
| PICG | Pension Insurance Corporation Group |



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*Share price as at closing.

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