CHIEF EXECUTIVE OFFICER'S report

We are encouraged by Remgro's positive operational momentum, as well as the expected benefits from the various transformative corporate actions currently being pursued and implemented. We remain optimistic about Remgro's future prospects as it stays committed to shape the future and partner for South Africa's prosperity.

Jannie Durand
Chief Executive Officer

Introduction

It is with a mix of pride and humility that we report another year of positive financial performance, for which we thank all our staff, investee companies and numerous other stakeholders without which it would not be possible. We continue to offer our investors strong returns and ensure our business is sustainable for the future.

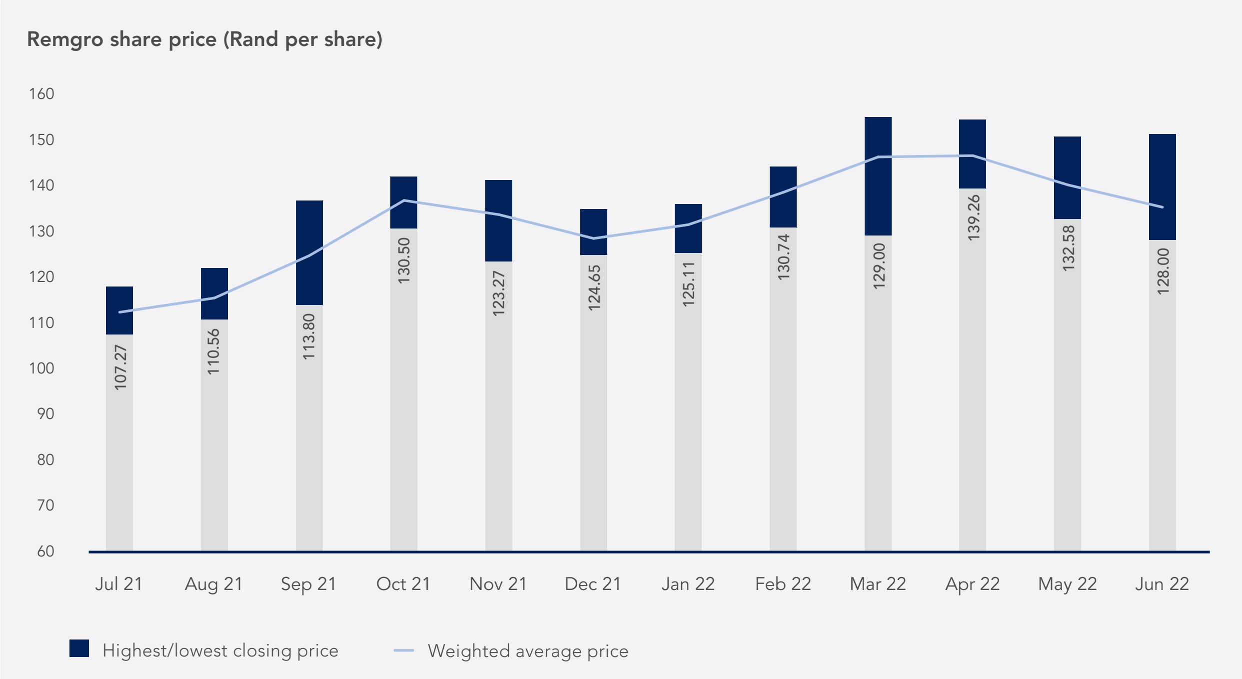
The financial year under review had many headwinds that can be regarded as extreme events, which disrupted the global and local economy. Whilst dealing with the peak of the Covid-19 pandemic, the country was stunned by the civil unrest in KwaZulu-Natal and Gauteng during July 2021, which was followed by the ongoing Russia-Ukraine conflict, continuous power supply constraints and high inflation in the US and elsewhere. Despite these challenges, we have managed to deliver a robust recovery, with most financial metrics ahead of pre-pandemic levels, and made good progress in our journey to optimise our portfolio and unlock value for our stakeholders, as evidenced by the various corporate actions initiated during this financial year.

Despite the evident challenges and negative outlook on a global scale, I believe that our track record of prudent management and strong financial position stand us in good stead to weather the current storms and deliver on our vision to be the trusted investment company of choice that consistently creates sustainable stakeholder value. As we continue to create value and aim to contribute towards South Africa's prosperity, the various challenges aforementioned have again highlighted the increasing need for collective action to create a sustainable future.

From an environmental perspective, droughts and floods in South Africa remind us that we need to apply greater urgency to address climate change and drive towards net zero emissions. We need to better manage the environmental risks already threatening our communities and society, and more broadly enhance our resilience against them.

Covid-19 has also underlined and increased the inequalities in South Africa and globally. It has emphasised that we need a more equitable society, where everyone has the opportunity to create and sustain a healthy and prosperous livelihood, in safe and supportive communities.

At Remgro, we have long believed that we have a fundamental responsibility to be a good corporate citizen, have clear principles of behaviour and have always strived to make this part of our core value system. We are a values-led business and acknowledge our social and environmental responsibility on the same terms. Remgro's long-standing principles for responsible and ethical business and our track record in community initiatives, give us a solid foundation for our sustainability strategy. We are ready to take this a step further, and have increased our focus on Environmental, Social and Governance (ESG) practices over the past year.



Last year, we announced our goal to be a leader in the development of ESG and corporate sustainability in a South African context, intentionally making it integral to our business. Since then, we have placed renewed impetus on doing business sustainably. Guided by local and international best practice, Remgro has made a commitment to enhance our sustainability strategy and approach to ESG and to fully integrate it into Remgro's business strategy.

Remgro recognises the critical role of stewardship of its investments and believes it can achieve the greatest progress in advancing its sustainability agenda by partnering with our investee companies across their ecosystems, in order to create more collaborative and sustainable value throughout all the communities where Remgro and its investee companies have a footprint.

This journey is long and ongoing, but one which also requires immediate action from everyone. We hope all our investors and other stakeholders will join us on this journey so that we can collectively bring about the positive and enduring changes to the economy and society that will benefit us all, in line with Remgro's purpose.

While Remgro's intrinsic net asset value remains the most appropriate indicator of the value added for our shareholders, the rest of this report aims to provide (i) insight into Remgro's valuation methodology and the integrity thereof; (ii) a summary of our investment activities and commitments for the year; (iii) commentary on the prevailing economic climate; and (iv) an overview of the relative performance of Remgro's INAV per share and internal rate of return measured against selected JSE indices.

Intrinsic net asset value

Remgro's intrinsic net asset value per share increased by 20.2% from R177.33 at 30 June 2021 to R213.10 at 30 June 2022. The closing share price at 30 June 2022 was R129.91 (30 June 2021: R114.60), representing a discount of 39.0% (30 June 2021: 35.4%) to the intrinsic net asset value. As at 30 June 2022, 33% of Remgro's underlying investee companies were represented by unlisted investments (2021: 37%). In this regard, it is worth noting that prior to the unbundling of Remgro's interest in RMB Holdings Limited (RMH) on 8 June 2020, 23% of Remgro's underlying investee companies were represented by unlisted investments, with the share price trading at a discount to intrinsic net asset value of less than 30%. While the subsequent widening of the discount was not anticipated at the time, it does highlight the importance of demonstrating the veracity of the intrinsic net asset valuations in a portfolio that will increasingly consist of more unlisted investments going forward.

The intrinsic net asset value of the Group includes valuations of all investments, incorporating subsidiaries, associates and joint ventures, either at listed market value, or in the case of unlisted investments, other inputs for the assets that are not based on observable market data.

Guidance in completing the valuations is obtained from *IFRS 13: Fair Value Measurement*, where *Fair Value* is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that a hypothetical transaction to sell an asset takes place in the principal market, or in its absence, the most advantageous market for the asset.

The values derived from the valuation exercise performed at measurement date fall within the *IFRS 13* framework, which requires that, in the context of discounted cash flow valuations, the equity beta, capital structure and cost of debt be determined based on information obtained for similar assets or market participants, after certain adjustments are made. This impacts on the weighted average cost of capital (WACC) used when discounting the cash flows for purposes of the *IFRS 13* valuation and is expected to be different from those applied in a transactional valuation approach as the target or actual inputs are replaced with inputs derived from considering the position of hypothetical market participants. Consequently, a valuation derived by applying the *IFRS 13* framework is expected to differ from a transactional valuation.

During the prior year, and as a step towards ensuring the veracity of Remgro's intrinsic net asset valuations, the Audit and Risk Committee established a Valuation Subcommittee to assist the Audit and Risk Committee to –

- determine the valuations of Remgro's unlisted investments and the internal valuations of Remgro's material listed investments; and
- recommend the valuations of Remgro's unlisted investments and the internal valuations of Remgro's material listed investments to the Remgro Board.

The Valuation Subcommittee is chaired by Mr Fred Robertson and consists of five non-executive directors (being two directors who serve on the Audit and Risk Committee and three directors who serve on the Investment Committee), the Chief Executive Officer and the Chief Financial Officer. As noted above, this function will become increasingly important as Remgro's portfolio trends towards more unlisted investments.

Significant investment activities

On 4 August 2022 the boards of Manta Bidco Limited (Bidco), MSC Mediterranean Shipping Company SA (MSC), Remgro and Mediclinic International plc (Mediclinic) announced that they have reached agreement on the terms of a recommended cash offer by Bidco to acquire the entire issued and to be issued ordinary share capital of Mediclinic, other than the Mediclinic shares Remgro already owns (the Acquisition). Remgro currently holds 328 497 888 Mediclinic ordinary shares (representing an interest of approximately 44.6%). Bidco is a newly formed company, which is jointly owned by Remgro and MSC. In terms of the Acquisition, Mediclinic shareholders will receive 504 pence per Mediclinic share (the offer price). The offer price represents a premium of 35% to the Mediclinic share price on 25 May 2022 of 373 pence, the day prior to the initial offer. Bidco reserves the right to reduce the offer price by future Mediclinic dividends (including the 3 pence per Mediclinic share declared by Mediclinic on 25 May 2022, paid on 26 August 2022), distributions or other returns of value in instances where current Mediclinic shareholders retain the right to such dividends, distributions or other returns of value declared, made or paid. Remgro, MSC and Bidco have also agreed that Remgro will sell its existing Mediclinic shares to Bidco in exchange for shares in Bidco and subscribe for further shares in Bidco for approximately £201 million (representing an additional indirect interest in Mediclinic of approximately 5.4%). MSC will also subscribe for shares in Bidco (representing an indirect interest in Mediclinic of 50.0%). The share subscription in Bidco will enable the Acquisition. Bidco's issued share capital will be held equally by Remgro and MSC. The Acquisition is still subject to various conditions precedent.

During April 2022, Rand Merchant Investment Holdings Limited (RMI) unbundled its two life insurance-focused assets, Discovery Limited (Discovery) and Momentum Metropolitan Holdings Limited (Momentum Metropolitan), and Remgro received 51 254 365 Discovery shares (7.7% interest), in the ratio of 10.91799 Discovery shares for every 100 RMI shares held, and 122 908 061 Momentum Metropolitan shares (8.6% interest), in the ratio of 26.18136 Momentum Metropolitan shares for every 100 RMI shares held.

On 15 November 2021, Distell Group Holdings Limited (Distell) and Heineken International B.V. (Heineken) announced their intention to combine the Heineken Southern African business, including an interest in Namibia Breweries Limited, with the bulk of the Distell business (consisting of its cider, other RTDs and spirits and wine business) in a new unlisted entity controlled by Heineken and referred to as Newco. The proposed transaction will include the unbundling by Distell of the unlisted shares in Distell's subsidiary, Capevin Holdings Proprietary Limited (Capevin), which holds Distell's remaining assets, including its Scotch whisky business. The proposed transaction will also include an offer by Newco to Distell shareholders to acquire their Distell shares for R165 per share and/or unlisted shares in Newco, or a combination thereof and an offer by Heineken to Distell shareholders to acquire their Capevin shares for R15 per share. The proposed transaction was approved by the Distell shareholders on 15 February 2022. During September 2022, the Namibian Competition Commission approved the transaction with conditions and the Competition Commission of South Africa recommended it to the Competition Tribunal with various conditions attached. Once all the regulatory approvals have been obtained, shareholders will still be required to make an election. Remgro intends to elect to receive Newco shares for its Distell shares and is accordingly expected to be a significant shareholder in Newco. Furthermore, Remgro does not intend to accept the cash offer to be made by Heineken for the Capevin shares that it will receive and is therefore expected to retain a controlling shareholding in Capevin.

During July 2021, Remgro subscribed for 67 364 shares in Community Investment Ventures Holdings Proprietary Limited (CIVH) for a total amount of R2 124 million in terms of a rights issue. The proceeds of the rights issue was used to reduce the CIVH group's debt and to facilitate further growth.

On 10 November 2021, Remgro advised its shareholders that CIVH and Vodacom Proprietary Limited (Vodacom) reached an agreement in terms of which Vodacom will, through a combination of assets of approximately R4.2 billion and cash of at least R6.0 billion, acquire up to 40% of the ordinary shares of a newly created wholly owned subsidiary of CIVH (namely Infraco), which will hold *inter alia* CIVH's current interests in Vumatel and DFA. As a result of the proposed transaction, Remgro's indirect interest in DFA and Vumatel will dilute with the entrance of Vodacom as a shareholder, but Remgro will also obtain an indirect interest in the assets contributed by Vodacom. The proposed transaction is still subject to various conditions precedent, *inter alia* regulatory approvals.

During June and July 2020, Remgro entered a series of options (zero cost collars) to hedge the value of 60 000 000 of its FirstRand Limited (FirstRand) shares. The 60 000 000 FirstRand shares were hedged on a 1:1 basis. The zero cost collars became exercisable during June and July 2022 and Remgro decided to sell the 60 000 000 FirstRand hedged shares to net settle the option liabilities. The net effect of the disposal of the 60 000 000 FirstRand hedged shares amounted to proceeds on disposal of R2 997 million (being R49.945 per FirstRand share). Remgro effectively sold 40 800 000 FirstRand shares for R2 038 million during June 2022 and 19 200 000 FirstRand shares for R959 million during July 2022.

During January 2022, Remgro sold its 4 329 580 Grindrod Shipping Holdings Limited (Grindrod Shipping) shares for a gross consideration of R1 191 million.

The following tables represent the cash effects of Remgro's investment activities for the year to 30 June 2022. These activities exclude the investing activities of Remgro's operating subsidiaries, i.e. Distell Group Holdings Limited, RCL Foods Limited, Siqalo Foods Proprietary Limited and Wispeco Holdings Proprietary Limited.

Investments made and loans granted	R million
CIVH	**2 124**
Asia Partners (offshore)	**128**
Pembani Remgro Infrastructure Fund (PRIF)	**91**
Invenfin Proprietary Limited	**54**
Other	**47**
	2 444

Investments sold and loans repaid	R million
FirstRand	**1 798**
Grindrod Shipping	**1 180**
Ad Dynamo	**196**
Bolt	**179**
Milestone Capital Funds (offshore)	**71**
Other	**5**
	3 429

Investment commitments

The table below summarises the investment commitments of Remgro as at 30 June 2022.

Investment commitments	R million
Asia Partners (offshore)	**918**
PRIF	**1 377**
Other	**34**
	2 329

Relative performance of intrinsic net asset value and Remgro internal rate of return (IRR)

The table below compares the Remgro intrinsic net asset value per share with certain selected JSE indices at 30 June during the last five years. The material decrease in the Remgro share price and intrinsic net asset value on 30 June 2020 reflects the unbundling of Remgro's interest in RMH on 8 June 2020, as well as the negative impact of the Covid-19 pandemic.

	30 June 2022	30 June 2021	30 June 2020	30 June 2019	30 June 2018
Intrinsic net asset value – Rand per share	**213.10**	177.33	154.47	233.03	256.97
JSE – All Share Index	**66 223**	66 249	54 362	58 204	57 611
– Capped Swix All Share Index	**19 371**	18 865	15 184	17 685	18 162
– Fin & Ind 30 Index	**81 092**	83 912	70 975	77 459	78 391
– Financial 15 Index	**14 686**	13 103	10 034	16 993	16 139
– Healthcare[1]	**5 362**	4 981	4 344	5 225	7 373
Remgro share price (Rand)	**129.91**	114.60	99.90	187.90	204.29

The following table compares Remgro's IRR with that of certain selected JSE indices. For this purpose it has been assumed that dividends, which include the unbundling of Remgro's interest in RMH, have been reinvested in either Remgro shares or in the particular index, depending on the specific calculation.

	One year 30 June 2022 (% year on year)	**Five years 30 June 2022 (% compounded per annum)**	**Ten years 30 June 2022 (% compounded per annum)**
JSE – All Share Index	**4.7**	**8.7**	**10.4**
– Capped Swix All Share Index	**6.9**	**5.9**	**9.1**
– Fin & Ind 30 Index	**(0.8)**	**4.7**	**11.4**
– Financial 15 Index	**16.9**	**4.9**	**8.9**
– Healthcare[1, 2]	**9.1**	**n/a**	**n/a**
Remgro share	**14.6**	**(1.6)**	**5.3**

1 *Restated from J540 Healthcare to JS2011 Healthcare Providers to better reflect the industry Mediclinic operates.*
2 *Restated comparatives not available.*

Economic commentary and outlook

Following a solid start to 2022 when South Africa's real GDP growth outpaced even the most optimistic expectations in the first quarter, the economy was hit by multiple headwinds in the second quarter. The multiplicity of shocks resulted in a quarterly real GDP contraction in the three months to June. Looking forward, a full reopening of the economy and expected further (modest) momentum in employment growth should provide some growth lift in the second half of the year. Especially in the hospitality sector, a return of foreign tourists should support the employment numbers. Working against an improved performance in the second half of the year is less supportive global growth, fast-rising domestic and international inflation, higher short- and long-term borrowing costs, as well as sustained power rationing. Covid-19 also continues to pose downside risks, albeit less so than before amidst elevated levels of natural immunity in South Africa.

While South Africa's economy continues to face various headwinds, it is encouraging to see progress being made with Transnet's plans to upgrade its railway network infrastructure and its port and terminal facilities. Successful partnerships between the private sector and Transnet on these initiatives, which we are supportive of, will be extremely positive for South Africa's long-term economic growth.

On the global front, real GDP growth prospects have worsened materially. Exacerbated by adverse energy and food supply impacts from Russia's unprovoked invasion of Ukraine, an unrelenting rise in inflation has had multiple negative impacts. These include a cost-of-living crisis in many parts of the globe. As a result, consumer confidence in developed countries has plunged, while poorer regions face heightened food security and hunger concerns. The multi-decade high inflation in developed countries also forced the hand of central banks, especially in the US, to aggressively raise policy interest rates. In June, for the first time since 1994, the US central bank (Fed) increased its policy rate by 75bps. This was followed up by further hikes of 75bps in July and September. On top of these constraints, the Chinese government's damaging zero-Covid-19 policy severely suppressed economic activity in China and was yet another blow to global supply chains during the second quarter. The reopening boost in China since June could be short-lived if Covid-19 infections flare up again.

Despite strong labour markets in advanced countries, economic activity has shifted to a lower gear, with the prospects for world growth downgraded sharply. Also, more forecasters are flagging recession risks in the US, the Eurozone and the UK. In Europe and the UK, authorities have announced large fiscal support packages to cushion the blow of higher energy bills on consumers. This somewhat mitigates against the risk of deep recessions.

Against this backdrop of high inflation and downside growth risks, global bond yields remain at multi-year highs. The growth concerns have seen widespread declines in major commodity prices, including oil and wheat, from elevated levels reached in the wake of the Russian invasion. Along with a fall in global shipping rates, this may signal a peak for input cost pressures. Beyond the very short term, this augurs well for future global inflation.

The constrained global environment should contribute to cap South Africa's real GDP growth at around 2% in the near term. On the upside, President Cyril Ramaphosa announced major energy market reforms in late July. If implemented, these steps should, over time, remove the loadshedding straitjacket on the South African economy. In the interim, the energy reforms have the potential to significantly lift private sector fixed investment. The unleashing of major investments in green energy and, as noted above, railway and ports infrastructure is set to be one of the key drivers of real GDP growth over the next several years.

Although domestic input costs have been rising sharply for a while, it is only recently that consumer inflation (CPI) in South Africa has started to catch up with the global trend of rapid increases. For now, this is largely a headline CPI story, with underlying (core) CPI remaining well contained in South Africa. Still, there is now a clear build-up of consumer price pressures, with both the May and June headline CPI figures exceeding expectations. Although headline CPI inflation likely peaked at 7.8% year-on-year in July, inflation could remain around 7% year-on-year for the rest of 2022.

With the oil price expected to decline on a 12-month view and the rate of increase for food prices likely to slow, there should be some relief from the key drivers of the current rising inflation cycle. The boost from a lower oil price was already evident in August and September when the domestic petrol price declined by a cumulative R3.36/litre. However, as goods inflation eases, services inflation is set to move higher. Therefore, some persistence in retail price pressure is likely. A firmer rand exchange rate would support an easing of domestic inflationary pressures. Assuming US real GDP growth slows materially in 2023, the US central bank should cease rate hikes and potentially move to a policy easing bias. This implies that the US dollar rally could run out of steam, providing support to the rand on a 12-month view.

Cognisant of the risks to inflation, the SA Reserve Bank started raising the policy interest rate relatively early in November 2021. So far, the cost of borrowing has been raised by 275 basis points. The prime rate is expected to increase by roughly a further 50bps during the next six months. This will take the repo rate to 6.75%, i.e., back to just above the pre-Covid-19 level in late-2019. The still fragile state of the domestic economy should cap the overall quantum of domestic interest rate increases.

Conclusion

I wish to thank my colleagues at Remgro and our underlying investee companies for the passion, discipline and resilience they have shown to enable us to deliver on our strong financial performance. I am also grateful to our Board, whose continued trust in us is a prerequisite to our future success.

While considerable uncertainty still remains with much of the global economic outlook being negative amidst continued geopolitical volatility, we are encouraged by Remgro's positive operational momentum, as well as the expected benefits from the various transformative corporate actions currently being pursued and implemented. We remain optimistic about Remgro's future prospects as it stays committed to shape the future and partner for South Africa's prosperity. Key to our ongoing commitment to our country is to ensure that we put our ethical approach to business that we have long pursued into a practical, modern form and address the most pressing social and environmental issues we face. We remain committed to do that, understanding not only that they present challenges, but also opportunities to change for the better, for all.

As an organisation, much of our focus remains on the execution of our strategic priorities to deliver on our vision of creating sustainable stakeholder value, despite the challenging macro environment.

As I conclude I want to reiterate our commitment to continue to play our role in seeing South Africa come through these challenging times stronger as a nation in line with our purpose to shape the future and partner for South Africa's prosperity.

Jannie Durand
Chief Executive Officer

Stellenbosch
26 September 2022

Remgro's unlisted investments were valued as follows:

INVESTMENT	VALUATION METHODOLOGY
CIVH	Discounted cash flow method
Siqalo Foods	Discounted cash flow method
Air Products	Discounted cash flow method
TotalEnergies	Discounted cash flow method
Kagiso Tiso Holdings (KTH)	Sum-of-the-parts (external valuation)
Wispeco	Discounted cash flow method
Business Partners	Net asset value
Prescient China Equity Fund	Sum-of-the-parts
Milestone China Opportunities Fund III (Milestone III)	Sum-of-the-parts
SEACOM	Discounted cash flow method
eMedia Investments	Comparable market price
PRIF	Sum-of-the-parts
PGSI	Discounted cash flow method

Intrinsic net asset value

R million	30 June 2022 Book value	30 June 2022 Intrinsic value[1]	30 June 2021 Book value	30 June 2021 Intrinsic value[1]
Healthcare				
Mediclinic	**26 681**	**29 568**	24 581	19 358
Consumer products				
Distell	**8 386**	**11 969**	7 578	11 665
RCL Foods[2]	**8 816**	**7 355**	8 262	6 926
Siqalo Foods	**6 261**	**6 345**	6 226	7 277
Financial services				
RMI	**5 307**	**13 069**	10 174	14 713
Business Partners	**1 193**	**1 193**	1 273	1 273
Infrastructure				
CIVH	**6 905**	**13 756**	4 981	12 054
Grindrod	**1 559**	**1 559**	842	842
SEACOM	**40**	**776**	23	799
Other infrastructure investments	**67**	**67**	701	701
Industrial				
Air Products	**1 162**	**4 690**	1 063	4 523
TotalEnergies	**3 158**	**3 274**	2 242	2 539
Wispeco[2]	**1 448**	**1 402**	1 229	1 188
Other industrial investments	**189**	**379**	198	415
Diversified investment vehicles				
KTH	**1 497**	**2 145**	1 456	2 044
Prescient China Equity Fund	**1 189**	**1 189**	1 211	1 211
Milestone III	**792**	**792**	1 234	1 234
Other diversified investment vehicles	**1 876**	**2 122**	1 449	1 567
Media				
eMedia Investments[2]	**856**	**738**	815	616
Other media investments	**111**	**150**	3	137
Portfolio investments				
FirstRand[3]	**7 141**	**7 141**	7 659	7 659
Discovery	**5 410**	**5 410**	–	–
Momentum Metropolitan	**1 439**	**1 439**	–	–
Other portfolio investments	**809**	**809**	661	661
Social impact investments	**132**	**132**	135	135
Central treasury				
Cash at the centre[4]	**12 280**	**12 280**	9 706	9 706
Debt at the centre	**(7 838)**	**(7 838)**	(7 821)	(7 821)
Other net corporate assets	**1 577**	**2 221**	2 178	2 919
Intrinsic net asset value (INAV)	**98 443**	**124 132**	88 059	104 341
Potential CGT liability[5]		**(3 930)**		(4 150)
INAV after tax	**98 443**	**120 202**	88 059	100 191
Issued shares after deduction of shares repurchased (million)	**564.1**	**564.1**	565.0	565.0
INAV after tax per share (Rand)	**174.52**	**213.10**	155.86	177.33
Remgro share price (Rand)		**129.91**		114.60
Percentage discount to INAV		**39.0**		35.4

(1) *For purposes of determining the intrinsic net asset value, the unlisted investments are shown at IFRS 13: Fair Value Measurement valuations and the listed investments are shown at closing stock exchange prices.*

(2) *Remgro determined the recoverable amounts for RCL Foods, Wispeco and eMedia Investments which are in excess of the investments' carrying values.*

(3) *The intrinsic value for FirstRand includes the investment at market value less deferred capital gains tax (CGT) on the investment, as well as the after tax zero cost collar hedge on 19 200 000 FirstRand shares amounting to a liability of R187 million (2021: a liability of R384 million).*

(4) *Cash at the centre excludes cash held by subsidiaries that are separately valued above (mainly Distell, RCL Foods, Siqalo Foods and Wispeco).*

(5) *The potential CGT liability is calculated on the specific identification method using the most favourable calculation for investments acquired before 1 October 2001 and also taking into account the corporate relief provisions. However, provision for CGT has been made for the proposed Distell/Heineken transaction. In addition to FirstRand, the deferred CGT on other investments at fair value through other comprehensive income is included in the investee line item above.*