

A photograph of two industrial workers in safety gear (hard hats, safety glasses, and high-visibility vests) kneeling and inspecting a large, curved, metallic component of a turbine or engine. The component has a series of curved blades or vanes. The background is blurred, showing industrial structures.

RANTUM CAPITAL

Quarterly Investor Reporting No. 3

Rantum Private Equity Fund II

Q3 2020

Introduction & Fund Update

Dear Investors,

Rantum is pleased to present the quarterly investor reporting for Rantum Private Equity Fund II covering the time period until 30 September 2020.

Portfolio Update

Despite the challenging macro economic environment we are overall very satisfied with the further development of the Fund and the Fund pipeline in the past quarter. In particular we are pleased with the performance of the first portfolio company, Bonowi:

- **Strong current trading:** After booking significant business even during the pandemic (selling protective gear to the German military), Bonowi focused on its core business during the summer months and was able to win important orders during this time. Bonowi is performing significantly above last year and budget and has generated ample cash reserves that can now be used on further investments.
- **Add-on acquisition in advanced negotiation, closing expected in Q4:** During September we spent two weeks on the ground in the USA, at the site of a highly successful police equipment manufacturer in order to complete our due diligence on an important add-on opportunity. The due diligence yielded fully satisfactory results and we are now in the advanced stages of legal negotiations of the share purchase agreement. A structure has been agreed that combines an upfront purchase price with an earn-out payment that is based on the continued success of the business. We are particularly excited to use the business as a platform to sell Bonowi's products into the huge US police market and expect significant synergy potential. We will report more about the transaction once it has been completed.
- **Further add-on transactions being explored:** We have during the last months started early negotiations with five additional add-on candidates in Europe. While some of these would extend Bonowi's product range further, we are particularly focused on one add-on candidate that would strengthen even further its value chain and therefore its EBITDA margins. Together with our earlier investment into corporate design, IT and procurement systems as well as a new CFO, we believe this to create significant value once the integration with Bonowi is complete.

Valuation Update

During the regular quarterly Valuation Committee meeting on 15 October 2020, the external auditor valued the investment at a fair value of 28.6 Mio. EUR which is equal to a multiple of 2.17x of the invested capital. The write-up was caused by the strong current trading and the significant outperformance of our initial expectations.

Pipeline Update

We are very pleased to report good momentum in our investment pipeline. We are in exclusive negotiations with the second portfolio company of the fund, an opportunity we are very excited about. Purchase price has already been agreed and our diligence is in advanced stages. We will report the new transaction to you immediately after signing, as usual.

1 Fund Overview	2 Fund Information	3 Investor Information	4 Portfolio Information	5 General Information
	a. Executive Summary	a. Net Cash Flows from/to Investors	a. Current Trading Overview	a. Key Economic Terms
	b. The Portfolio	b. Partners' Analysis	b. Portfolio Company Detail <ul style="list-style-type: none">• Bonowi	b. Valuation & Miscellaneous
	c. Changes in Portfolio Valuation			c. Contact Information

1. Fund Overview

Rantum Private Equity Fund II

Quarterly Investor Reporting Q3 2020
(1 Jul 2020 – 30 Sep 2020)

Document dated 12 November 2020

Summary

Fund Full Name

Rantum Private Equity Fund II, S.C.S.

Fund Currency

Euro

Total Commitments

70,500,000 EUR

Vintage Year

2019

Date of First Closing

30 August 2019

Fund Term

8 years

(subject to two extension options of 1 year each)

Investment Period

4 years

(subject to one extension option of 1 year)

Domicile

Luxembourg

Legal Form/Structure

Société en commandite simple
(Luxembourg LP)

General Partner

Rantum Private Equity GP S.à r.l

AIFM

Luxembourg Investment Solutions S.A.

Depository

Sanne Group Luxembourg S.A.

Investment Advisor

Rantum Advisors GmbH

Investment Strategy

The Fund is organized for the principal purposes of (a) investing (either directly or indirectly through an Intermediate Vehicle or otherwise) primarily in equity and equity-related investments in mid- market enterprises across industries with their headquarters or principal place of business in Europe (predominantly in Germany, Austria or Switzerland) with a view to generating income and capital appreciation, (b) managing, supervising and disposing of such investments, and (c) engaging in such other activities incidental or ancillary thereto as the General Partner deems necessary or advisable

Portfolio

- Bonowi

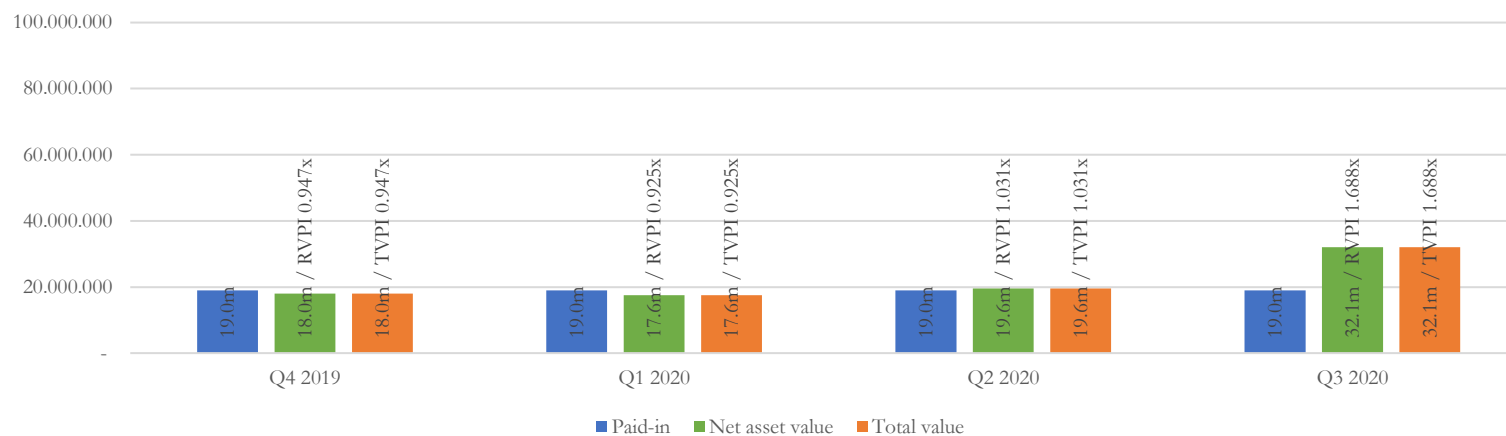
2. Fund Information

a Executive Summary

Invested €13.2m 1 active portfolio company	Cash drawn down and earmarked for Bonowi add-on acquisition, management fees & expenses €5.8m Drawn commitments	Available €51.5m Undrawn commitments
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	Fair value	Investment	Write-ups / (impairments)	Fair value
in EUR	30 Jun 2020	Q3 2020	Q3 2020	30 Sep 2020
Bonowi	15,608,626	-	12,978,925	28,587,551
Total	15,608,626	-	12,978,925	28,587,551

Rantum Private Equity Fund II – Value Progression Chart



2. Fund Information

b The Portfolio

Company	Sector	Entry date	Exit date	Holding period (months)	% of ownership	Called capital	% of total commitment	Total cash realised	Fair value	Total value incl. total cash realised	Profit / (Loss)	TVPI	IRR
in EUR								30 Sep 2020	30 Sep 2020	30 Sep 2020	30 Sep 2020	30 Sep 2020	30 Sep 2020
Bonowi	Police equipment	12.03.20		6	70.38%	13,202,496	18.73%	-	28,587,551	28,587,551	15,385,055	2.165x	159.26%
Portfolio level						13,202,496	18.73%	-	28,587,551	28,587,551	15,385,055	2.165x	159.26%
Costs¹													
Cumulative management fee						1,534,587					(1,534,587)	(0.081x)	
Partnership expenses						775,454					(775,454)	(0.041x)	
Assets & liabilities													
Cash on fund level ²						3,487,463			3,561,877	3,561,877			
Receivables on fund level									-	-			
Liabilities on fund level									(74,314)	(74,314)			
Adjustment for capital contribution of CIP and GP ³						100							
Fund level						19,000,100	26.95%		32,075,114	32,075,114	13,075,014	1.688x	90.73%

¹ Costs shown under *Called capital* have been called from investors. Costs shown under *Total value incl. total cash realised* have been paid by the fund.

² Cash on fund level shown under *Called capital* has been called from investors and shows the netted amount of cash and liabilities shown under *Fair value* and *Total value incl. total cash realised*.

³ Adjustment for capital contribution of CIP and GP shown under *Called capital* is the capital contribution and no called capital from investors.

2. Fund Information

c Changes in Portfolio Valuation

	3 months to	3 months to	3 months to
in EUR	31 Mar 2020	30 Jun 2020	30 Sep 2020
Opening fair value of investments	-	13,202,496	15,608,626
New investments	13,202,496	-	-
Write-ups / (impairments)	-	2,406,130	12,978,925
Fair value of investments	13,202,496	15,608,626	28,587,551
Total cash realised	-	-	-
Fair value of investments incl. total cash realised	13,202,496	15,608,626	28,587,551

Summary of valuation by independent valuation committee

Portfolio company	Capital drawn	Valuation as per	Valuation as per	Valuation as per	Valuation as per
in EUR		31 Dec 2019	31 Mar 2020	30 Jun 2020	30 Sep 2020
Bonowi	13,202,496	-	13,202,496	15,608,626	28,587,551
Total	13,202,496	-	13,202,496	15,608,626	28,587,551

3. Investor Information

a Net Cash Flows from / to Investors

Event	#	Date	Capital call	Distribution	NAV
			EUR	EUR	EUR
Capital call	1	09 Dec 2019	19,000,100		-
Audited financial statement	1	31 Dec 2019	-		17,989,224
Reporting	1	31 Mar 2020	-		17,574,629
Reporting	2	30 Jun 2020	-		19,582,418
Reporting	3	30 Sep 2020	-		32,075,114

Net IRR
90.73%

RVPI
1.688x

DPI
0.000x

TVPI
1.688x

3. Investor Information

b Partners' Analysis (1 of 2)

Capital accounts

	Capital contribution	Commitment	Share	Paid in capital from investors	Distributions to investors	Realised portfolio gains/(losses)	Unrealised portfolio gains/(losses)	Partnership expenses	Management fee	Capital account at fair value	Undrawn commitment
	30 Sep 2020	30 Sep 2020	30 Sep 2020	30 Sep 2020	30 Sep 2020	30 Sep 2020	30 Sep 2020	30 Sep 2020	30 Sep 2020	30 Sep 2020	30 Sep 2020
	EUR	EUR	%	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
B&C Ares Holding GmbH		50,000,000	70.92	13,475,177	-	-	10,911,387	(549,967)	(1,088,360)	22,748,237	36,524,823
BFH Beteiligungsholding GmbH		15,000,000	21.28	4,042,553	-	-	3,273,416	(164,990)	(326,508)	6,824,471	10,957,447
Deutsche Post Stiftung		4,000,000	5.67	1,078,014	-	-	872,911	(43,997)	(87,069)	1,819,859	2,921,986
Dr. Bernd Scheifele		1,500,000	2.13	404,255	-	-	327,342	(16,499)	(32,651)	682,447	1,095,745
Rantum Equity II CIP S.à r.l.	100,000	-	-	99	-	-	-	-	-	99	-
Rantum Private Equity GP S.à r.l.	100	-	-	1	-	-	-	-	-	1	-
Total	100,100	70,500,000	100.00	19,000,100	-	-	15,385,055	(775,454)	(1,534,587)	32,075,114	51,500,000

3. Investor Information

b Partners' Analysis (2 of 2)

Management fee

	Commitment	Management fee	Management fee	Management fee
	30 Sep 2020	Q1 2020	Q2 2020	Q3 2020
	EUR	EUR	EUR	EUR
B&C Ares Holding GmbH	50,000,000	252,807	246,871	251,366
BFH Beteiligungsholding GmbH	15,000,000	75,842	74,061	75,410
Deutsche Post Stiftung	4,000,000	20,225	19,750	20,109
Dr. Bernd Scheifele	1,500,000	7,584	7,406	7,541
Total	70,500,000	356,457	348,087	354,426

4. Investment Portfolio Information

a Current Trading Overview

	FY2018	FY2018	FY2018	FY2018	FY2019	FY2019	FY2019	FY2019	YTD
in EURm	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1-Q3 2020
Total output									
Bonowi	2,033.6	3,607.7	4,496.8	4,243.6	3,644.6	2,884.4	2,717.6	7,367.5	38,332.5
EBITDA									
Bonowi	244.2	813.5	1,188.2	(434.0)	1,260.3	89.3	(465.7)	1,491.0	8,843.1

4. Investment Portfolio Information

b Portfolio Company Detail

Business Overview

BONOWI IPE GmbH (“BONOWI”), was founded by a former German police instructor in 1987 and is a leading supplier of specialist equipment and protection technology for both police forces and private sector security services. The company produces and distributes protective equipment including batons, bullet-proof vests and body armor that can protect and save lives. The asset light business is located in Mainz, Germany with approx. 40 employees. Total output in 2019 is c. €16.6m with c. €2.4m in EBITDA, a 14% EBITDA margin and a historical revenue CAGR of c. 30%. The management team possesses >100 years of combined expertise in the industry and has built a loyal customer base with its core footprint in Germany. BONOWI operates in a global growth sector driven by various macro trends, e.g. increased crime rates, spreading terrorism, and increased border protection measures accentuated by increased public spending due to the low yielding financial environment. This investment offers a unique fit with Rantum’s Industrial Partner network, who posses the expertise to support additional growth.

Investment Thesis

BONOWI is an organically growing, entrepreneurially-led, asset light, cash generative business with strong margins, operating in an attractive market with strong long-term growth prospects. The transaction was sourced on a proprietary basis through Rantum’s network at a modest valuation of around 5.0x EBITDA 2019. Future growth will be driven by a new product pipeline and strong demand in Europe. BONOWI is a strong buy-and-build case with 10 potential targets already identified (further deployment of approx. €50m additional capital) which could form a global market leader. Additional growth potential will be achieved from the development of a unique training center, capitalizing on significant unfilled demand of high-end training capacities for police forces across Germany with long-term tenant contracts from German government. Furthermore, there are future potential export markets with strong demand for protection technology “made in Germany”.

Key Transaction Facts

Rantum equity ticket:

- Rantum has implemented a €14.05m investment, split into two parts: First, a €7.05m purchase of shares. Second, an investment via capital increase of €7.0m into BONOWI to support growth
- Additional equity ticket potential for add-on acquisitions of approx. €50m

Valuation:

- The valuation implies an equity value of €18.8m *post investment*, i.e. €11.8m *pre investment*, and an enterprise value of €11.8m, given no net debt
- 5.0x EBITDA multiple based on 2019 EBITDA

Capital structure post transaction:

- The transaction was financed all-equity without any debt financing
- Rantum acquired 74.9% of BONOWI, 25.1% remained with the Founder and his investment vehicle

Structure:

- A new tax efficient Luxembourg holding (BIPE) was formed under which the existing and new add-on businesses will be combined

General Information

Rantum role	Majority shareholder
Co-investors	Rantum team invest
Transaction type	Primary transaction
Investment date	13 March 2020
Industrial partner(s)	Dr. Frank-Jürgen Weise and Klaus Eberhardt
Board representation	two advisory board seats
Focus industry	Police equipment
Sector	Protective law enforcement equipment
Head office	Mainz
Country	Germany
Name of CEO	Wolfgang Bopp
Website	www.bonowi.de
Outstanding commitment	-
Amount invested	€13,202,496
Fair value	€28,587,551
Total value / Paid-in	2.165x
Holding period (months)	6



Vertrauen verpflichtet

Wir wissen wo wir herkommen und die Nähe zu unseren Kunden und ihr Vertrauen ist unser Kapital. Unsere Produkte und Innovationen sind kein Selbstzweck – sie müssen das Leben der Polizistin und des Polizisten besser und sicherer machen.

Ihnen zu dienen und ihnen mit unserer Arbeit jeden Tag aufs Neue den Respekt entgegenzubringen, den sie verdienen, macht uns stolz und treibt uns mit ehrlicher Freude an.

4. Investment Portfolio Information

b Portfolio Company Detail

Current Developments

Please see the detailed update on page 2 of this document.

Financial Data

	FY2018	FY2019	FY2020	FY2020
in EURm	Actual	Actual	YTD Sep	Budget
Total output	14,381.7	16,614.1	38,332.5	22,152.5
EBITDA	1,811.8	2,374.9	8,843.1	3,713.3

Transaction Summary

	Quarter to	Quarter to	Quarter to	
in EURm	31 Mar 2020	30 Jun 2020	30 Sep 2020	Valuation
Investments	- 13,202,496	-	-	2.17x
Fair value	- 13,202,496	15,608,626	28,587,551	Status
Profit / (Loss)	-	- 2,406,130	15,385,055	ON PLAN
Gross IRR	-	- 34.92%	159.26%	
Total value / Paid-in	- 1.000x	1.182x	2.165x	

5. General Information

a Key Economic Terms

Fees & Carried Interest	Legal structure	Term	Valuation
Management Fee 2% p.a. based on total commitments, after Investment period end 2% p.a. based on invested capital	Domicile Luxembourg	Vintage Year 2019	Financial Year-end of the Fund 31 December
Distribution Provisions Distributions of available net income and net proceeds from capital events with respect to investments will be allocated to the Investors pro rata to their Commitments, adjusted for Management Fee attributable to each Investor	Legal Form/Structure Société en commandite simple (Luxembourg LP)	Initial Close Date 30 August 2019	Fund's Fair Value Estimation Policies, Processes and Procedures Confer to Rantum Equity Valuation Guideline
Profit and Loss Allocation, Carried Interest and Preferred Return First to LPs until principal amount and preferred return of 8% have been returned. Then to Carried Interest Partner (CIP) until it has received an amount equal to 20% of all amounts distributed to LPs and CIP. Then 80% to LPs and 20% to CIP. For details please confer to the LPA	General Partner Rantum Private Equity GP S.à r.l. (No Commitment)	Final Close Date -	
	Carried Interest Partner Rantum Equity II CIP S.à r.l. (Minimum Commitment 2% at final closing)	Investment Period End 4 years from first closing (subject to one extension option of 1 year)	
	Investment Advisor Rantum Advisors GmbH	Fund Term 8 years from final closing (subject to two extension options of 1 year each)	
Transaction Fees Rantum may accept and retain all transaction fees, provided that subsequent payments of the Management Fee are reduced accordingly after deduction of any unreimbursed out-of-pocket expenses of Rantum. Such reductions will be credited to Investors in the same proportion that they bear the aggregate Management Fee for the relevant accounting period.	Members of the Limited Partner Advisory Committee Limited Partner Advisory Committee will be formed at final closing		

5. General Information

b Valuation & Miscellaneous

Statement of compliance with the IPEV Valuation Guidelines	Rantum follows IPEV Valuation Guidelines
Changes to the Fund's Fair Value estimation policies, processes, or procedures	None
Significant events within the Fund's Manager / GP / investment advisor, including personnel changes, change in control, etc.	None
Changes in investment strategy	None
Material amendments or changes to the Fund Formation Documents	Amendments of the LPA were made in accordance with the AGM in September 2020
If applicable, timing and nature of Fund meetings	AGM took place without physical presence, but therefore with a voting ballot in September 2020
The extent to which NAV or partners' capital has been adjusted to reflect earned, or deemed Carried Interest and potential clawbacks	None
Statement of compliance with the Investment policy outlined in the Fund Formation Documents	The investment policy outlined in the Fund Formation Documents has been complied with
Use of internal or external third party valuation expert	For the valuation, the fund uses a valuation committee, which is advised by an external valuation expert (ETL, Mr. Ambros German Public Auditor – Chairman of the valuation committee) on the basis of the valuation committee's rules of procedure which can be obtained by investors on request
If applicable, key findings in the Fund's advisor or external administrator's independent compliance or control reports	None

5. General Information

c Contact Information

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