

PRESS RELEASE FOR IMMEDIATE RELEASE

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CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2010

The Board of Reinet Investments Manager S.A. announces the results of Reinet Investments S.C.A. for the year ended 31 March 2010.

Key financial data

- **Net asset value at 31 March 2010: € 2 537 million, an increase of 37 per cent from 31 March 2009**
- **Net asset value per ordinary share at 31 March 2010: € 12.95 (31 March 2009: € 9.42)**
- **Continued strong performance of Reinet's investment in British American Tobacco p.l.c.**
- **Consolidated profit for the year attributable to shareholders: € 691 million**

Consolidated Net Asset Value ('NAV')

	31 March 2010		31 March 2009	
	€ m	%	€ m	%
Listed investments				
- British American Tobacco p.l.c.	2 159	85.1	1 470	79.7
- Other	5	0.2	1	-
	2 164	85.3	1 471	79.7
Cash and liquid funds	343	13.5	331	17.9
Unlisted investments				
- Trilantic Capital Partners funds ⁽¹⁾	29	1.1	-	-
- US land development and mortgages	23	0.9	-	-
- Other	35	1.4	46	2.5
Fees payable and other liabilities, net of other assets	(55)	(2.2)	(2)	(0.1)
	2 539	100.0	1 846	100.0
Minority interest	(2)	-	-	-
	2 537	100.0	1 846	100.0

⁽¹⁾ This amount includes the full investment in Trilantic, whereas the discussion below refers to figures which represent Reinet's 90 per cent interest.

All of the underlying assets are held by Reinet Fund S.C.A. F.I.S. ('Reinet Fund').

A provision of € 40 million has been made in respect of the potential performance fee, which may be payable after 31 March 2011, if certain conditions are met. Further information is given on page 5 of this document.

The summary information contained in this announcement has been extracted from the consolidated financial statements prepared in accordance with International Financial Reporting Standards. The consolidated financial statements have been audited.

BUSINESS REVIEW

Listed investment in British American Tobacco p.l.c. ('BAT')

Reinet remains one of the largest shareholders in BAT, holding some 84 million shares representing 4.2 per cent of BAT's capital. At 31 March 2010, the value of the investment in BAT in the balance sheet of Reinet was € 2 159 million, being 85 per cent of Reinet's net asset value.

Reinet Fund's NAV has been positively impacted by the strengthening of the BAT share price from £16.13 to £22.72 during the year. BAT shares are listed principally on the London Stock Exchange and are denominated in pounds sterling.

Although BAT's share price is denominated in sterling, its revenues are generated substantially outside the United Kingdom in a basket of currencies. Although the value of the share in euro terms is subject to exchange rate fluctuations, in the long-run, the share price is indirectly hedged against sterling weakness. Reported profits measured in sterling should grow in the event that the currency would continue to weaken. Reinet does not hedge the sterling value of the investment against the euro for that reason.

Reinet received dividends from BAT during the year amounting to € 84 million.

Other listed investments are small portfolio investments, previously reported under 'other investments'

Cash and liquid funds

Reinet Fund's cash is held on deposit with banks in Luxembourg and the United Kingdom. In addition, Reinet Fund has invested € 200 million in a euro-denominated government bond fund. This holds exclusively short-dated bonds issued by western European governments and short-term loans backed by government bonds.

The cash balance also includes approximately € 2 million of funds advanced and awaiting investment.

Unlisted investments

During the year under review, Reinet has considered numerous potential investment opportunities. In evaluating these opportunities, Reinet applies a minimum hurdle rate of return, recognising the performance target set by the investment in BAT.

To date funding commitments in the amount of € 312 million have been entered into in respect of the businesses detailed below, excluding the smaller investments acquired as part of the Richemont restructuring.

Trilantic Capital Partners

Amount committed: € 164 million

Early last year, Reinet announced its decision to invest in the private equity management business formerly owned by Lehman Brothers. Reinet bought this interest, in conjunction with the management team, from the bankruptcy estate for US\$ 10 million in April 2009. This business is now known as Trilantic Capital Partners ('Trilantic').

At the time of the acquisition of the Trilantic interests, informal commitments were made to colleagues who were instrumental in helping Reinet participate in the Trilantic opportunity. It was agreed that Mr Ruggero Magnoni and Mr Alan Quasha would be allowed to participate alongside Reinet in the Trilantic investment once their involvement as members of the Board of Overseers terminated after last year's annual general meeting.

Recognising the role played by Mr Magnoni in introducing Reinet to the potential investment in Trilantic, a company in which he is a major investor purchased a 10 per cent interest in the Reinet subsidiary company which holds the Trilantic investment. The acquiring company fully funded its participation in the subsidiary and has and will continue to contribute its pro rata share of the capital calls received from Trilantic, reducing Reinet's overall commitment to Trilantic.

Mr Quasha was instrumental in negotiating the acquisition of the buy out transaction, working with the bankruptcy estate and the Trilantic management team to structure this complex transaction. Recognising his contribution, Mr Quasha will receive a one sixth share of any carried interest attributable to Reinet and its co-investors from Trilantic. This is in lieu of any fee for his work in connection with the acquisition.

Also reflecting the commitment made when Reinet initially invested in Trilantic, funds in which Mr. Quasha is an investor and has a management role (including Vanterra Flex Investments L.P. – see below) will, during the year ahead, acquire a 15% interest in the Reinet subsidiary company which holds the Trilantic investment. The acquiring funds will also contribute their pro-rata share of the capital calls received from Trilantic, thus further reducing Reinet's commitment to Trilantic.

The combined effect of the two transactions implemented to date is to reduce Reinet's remaining commitment to Trilantic by 10 per cent from € 170 million to € 153 million and to reduce Reinet's share of the carried interest attributable to the management company on the realisation of investments from 15 per cent to 11.25 per cent. The transaction that is to be completed during the year ahead will reduce Reinet's commitment to Trilantic by a further 15 per cent. Reinet's direct share of the carried interest attributable to the management company on the realisation of investments will therefore be reduced from 11.25 per cent to 9.375 per cent.

Up to 31 March 2010, Reinet Fund and its minority partner had invested the equivalent of € 7.6 million in the initial Trilantic management company investment, € 2.1 million to acquire an interest in Trilantic Fund IV Europe and a further € 12 million in the funds under Trilantic management. The investment in Trilantic is carried at the estimated fair value of € 29 million at 31 March 2010, based on valuations prepared by Trilantic. Accordingly, of the year-end valuation of € 29 million, some € 3 million is attributable to the minority partner, being shown as € 2 million in respect of minority interest and € 1 million under other liabilities.

At 31 March 2010, Reinet Fund had remaining commitments of € 153 million, being US\$ 106 million and € 75 million, to invest in these funds, after taking into account the amounts payable by the existing minority partner.

United States land development and mortgages

Amount committed: € 74 million

During the year under review, Reinet invested € 25 million in property-related investments located mainly in Florida and North and South Carolina. This was principally mortgage debt in respect of land held for future development. The debts were acquired from local lenders at substantial discounts to nominal value, reflecting the depressed economic situation in the United States and the risk that the development companies may not be able to meet their obligations. Alongside its partners, Reinet is committed to invest a further € 49 million in total to acquire further mortgage debt and to fund development projects. Reinet is working closely with its partners and co-investors in the United States, who have considerable experience in managing such projects, recognising that this is an area where industry knowledge is critical to making the right investment decisions.

Vanterra Flex Investments L.P.

Amount committed: € 74 million

In March 2010, Reinet entered into an agreement with Vanterra Flex Investments L.P. ('Vanterra'), a newly created fund which was established for the purpose of investing in other listed and unlisted funds and direct investments in the United States and emerging markets. Reinet's commitment is to invest up to US\$ 100 million over the life of the fund. As at 31 March 2010, no capital contributions had been made to the fund in respect of this commitment, however in April 2010 capital contributions totalling US\$ 5 million were made.

Vanterra will seek to construct a globally diversified private equity portfolio providing investors with long-term capital appreciation through private equity investment funds investments and direct investments.

Other unlisted investments

Amount committed: € 34 million

In addition, Reinet continues to hold the small portfolio of unlisted investments that it acquired as a consequence of the Richemont restructuring. The portfolio includes small businesses with growth potential as well as investments in specialised investment funds focused on developing markets and niche sectors. This portfolio is valued at its fair value of € 35 million in the balance sheet at 31 March 2010, based on a detailed independent evaluation of each of the investments. Given the difficult economic conditions and the difficulties in raising supplementary funding for development capital investments, Reinet has aggressively marked down the valuations of certain of these investments. During the year under review, two investments were realised.

Committed funds				
The table below summarises Reinet's outstanding investment commitments as at 31 March 2010.				
	Original Commitment € m	Funded in previous year € m	Funded in current year € m	Remaining commitment € m
- Trilantic Capital Partners ⁽¹⁾	164	-	11	153
- US land development and mortgages	74	-	25 ⁽²⁾	49
- Vanterra Flex Investments L.P.	74	-	-	74
	<u>312</u>	<u>-</u>	<u>36</u>	<u>276</u>
- Other	34	13	6	15
	<u>346</u>	<u>13</u>	<u>42</u>	<u>291</u>

⁽¹⁾ amounts represent 90 per cent of the initial commitment assumed by Reinet, 10 per cent having been sold during the year.

⁽²⁾ shown in the NAV statement as € 23 million in investments and € 2 million in cash.

Fees payable and other liabilities, net of other assets

Fees payable and other liabilities comprise principally a provision of € 40 million in respect of the potential performance fee payable after 31 March 2011, together with the management fee and other operating expenses currently payable.

The performance fee is only payable if certain conditions are met. Specifically the volume weighted average closing market price of the Reinet share on the Luxembourg Stock Exchange over the last 20 trading days prior to 31 March 2011 must exceed € 7.1945. Whilst no performance fee is currently payable and no fee will be payable if the market price would fall below € 7.1945, it is considered prudent to make a pro-rata provision at this time, based on the latest available share price information.

The management fee for the year under review amounted to € 17 million, of which € 8 million was payable at 31 March 2010.

Summarised consolidated income statement	Year ended	Six-months ended
	31 March 2010	31 March 2009
	€ m	€ m
Financial income	87	5
Operating expenses and transaction-related costs	(23)	(7)
	64	(2)
Realised losses on investments	(2)	-
Unrealised fair value adjustments		
- BAT	689	(66)
- Other investments	(19)	(48)
Provision for performance fee	(40)	-
	692	(116)
Non-recurring items related to the Richemont restructuring in 2008	-	542
Minority interest	(1)	-
Profit attributable to the shareholders of the Company	691	426

Financial income represents the dividend received from BAT, other dividends and interest income received on Reinet Fund's cash and liquid resources. During the year under review, Reinet received € 84 million in dividends from BAT and earned € 3 million on other investments and liquid funds.

Operating expenses include € 17 million in respect of the management fee for the year ended 31 March 2010. The management fee in respect of the period ended 31 March 2009 was waived. Also included are € 2 million in charges from the General Partner and transaction-related expenses, including legal and other advisory fees, which amounted to € 2 million.

The investment in BAT increased in value by € 689 million during the year under review. Of this, € 600 million was attributable to the increase in value of the underlying BAT shares in sterling terms and € 89 million arose due to the appreciation of sterling against the euro over the course of the year. The unrealised fair value adjustment in respect of other investments reflects the decision to further write down the carrying value of certain small investments, offset to some extent by increases in the value of others.

A performance fee may become payable after 31 March 2011, if certain conditions are met. As detailed above, a provision of € 40 million has been made during the year under review.

The minority interest arises in respect of a third party's ten per cent holding of the vehicle which owns the Trilantic interests as described above.

Profit attributable to shareholders for the year amounted to € 691 million.

In the comparative period ended 31 March 2009, Reinet's results were impacted by transactions linked to the restructuring of Richemont. These included the one-off holding gain realised when 90 per cent of Reinet's holding of BAT shares was distributed to shareholders in November 2008, the equity-accounted share of BAT's income for the period from 1 October 2008 up to the date of the distribution of the shares as well as the contribution received from Richemont's luxury goods activities held by Reinet during the period from 1 October 2008 to 20 October 2008, when the current Reinet structure was created. These restructuring-related items were non-recurring and had no impact on Reinet's net income in the year under review.

Cash flow	Year ended 31 March 2010 € m		Six-months ended 31 March 2009 € m	
Investing activities				
Government bond fund	(100)		(100)	
Investments made	(71)		(19)	
Proceeds of sale of investments	<u>5</u>	(166)	<u>-</u>	(119)
Dividends, interest and other income received		87		5
Operating and related expenses		<u>(9)</u>		(6)
Net cash outflow		(88)		(120)
Opening cash position	231		1 482	
Less cash flow relating to discontinued operations	<u>-</u>	231	<u>(1 131)</u>	351
Closing cash position		<u>143</u>		<u>231</u>
Liquid funds were held as follows				
Cash		143		231
Government Bond Fund		<u>200</u>		<u>100</u>
Total		<u>343</u>		<u>331</u>

An additional € 100 million was added to the euro-denominated government bond fund during the year. In accordance with IFRS, this is shown as an investment rather than liquid funds in the balance sheet, notwithstanding that the funds are readily realisable and short-term in nature. These funds are invested principally in short-term French and German bonds. In addition to bank deposits of € 143 million, Reinet held € 200 million on deposit in the government bond fund at 31 March 2010. In total, available liquid funds therefore amounted to € 343 million at the balance sheet date.

Liquid funds increased by € 12 million over the year to € 343 million as the inflow from dividends received from BAT, net of operating expenses, was substantially offset by the amounts invested in new investments.

Investments totaling € 71 million were made during the year, including € 25 million in respect of US real-estate related opportunities and € 22 million in respect of investments in Trilantic. The balance relates to other unlisted investments. Two small investments were sold during the year, generating proceeds of € 5 million.

Dividends of € 84 million were received from BAT in the year, comprising a final dividend in respect of the 2008 financial year of € 59 million (£ 52 million) and an interim dividend for 2009 of € 25 million (£ 23 million).

Dividends

Recognising the need to accumulate retained earnings within Reinet Fund and taking into account the uncertain economic environment, the Board of the General Partner believes it prudent not to propose any dividend at this time.

Shares in issue

The number of shares in issue remained unchanged during the period at 195 942 286. This figure includes 1 000 management shares held by the General Partner.

Financial statements

The consolidated financial statements at 31 March 2010, on which this announcement is based, have been audited and approved by the Board of the General Partner on 24 May 2010 and are subject to shareholder approval at the annual general meeting to be held in September 2010. The printed Reinet Annual Report and Accounts will be available upon request from mid-July 2010.

Website: www.reinet.com

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. (the 'Fund'), a specialised investment fund also incorporated in Luxembourg. Reinet shares are listed on the Luxembourg Stock Exchange and Reinet South African Depository Receipts are listed in Johannesburg. Reinet shares are included in the 'LuxX' index of the principal shares traded on the Luxembourg exchange and the South African Depository Receipts are included in the JSE 'Top 40' Share Index.