

REINET INVESTMENTS S.C.A.

Interim Report at 30 September 2017

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Cautionary statement regarding forward-looking statements

This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. 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 control. Reinet does not undertake to update, nor does it have any obligation to provide updates or to revise, any forward-looking statements.

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 € 5 398 million, reflects a compound return of 14 per cent per annum in euro terms, since March 2009, including dividends paid
 - Net asset value at 30 September 2017: € 5 398 million, a decrease of € 604 million or 10 per cent from € 6 002 million at 31 March 2017
 - Net asset value per share at 30 September 2017: € 27.55 (31 March 2017: € 30.63)
 - Commitments totalling € 31 million in respect of new and existing investments were made during the period
 - Dividends received from British American Tobacco during the period amounted to € 138 million
 - Reinet dividend of some € 32 million, or € 0.165 per share, paid during the period
 - On 14 November 2017, Reinet's ordinary shares were listed on Euronext Amsterdam
 - On 29 November 2017, Reinet's ordinary shares will be listed on the Johannesburg Stock Exchange and the depository receipts subsequently cancelled
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PERFORMANCE

NET ASSET VALUE

The decrease in the net asset value of € 604 million during the period is mainly due to the decrease in value of the investment in British American Tobacco p.l.c. ('BAT'), decreases in certain other investments including United States land development and mortgages, the payment of a dividend and expenses. Offsetting these decreases is the receipt of dividends from BAT in the period, an increase in the value of Pension Insurance Corporation Group Limited, an increase in the value of the derivative asset associated with the collar financing and the decrease in the estimated fair value of borrowings mainly due to the weakening of sterling against the euro in the period.

The Company records its assets and liabilities in euro; the depreciation of other currencies against the euro has resulted in an overall decrease in the value of certain assets and liabilities in euro terms. Applying current period-end exchange rates to the March 2017 assets and liabilities would have resulted in a decrease in value of some € 269 million.

SHARE PRICE

The Company's share price decreased from € 18.11 at 31 March 2017 to € 18.00 at 30 September 2017, with the highest trade being at € 22.50 during the period. The total shareholder return since inception (taking into account the Initial Price and including dividends paid) is 12 per cent per annum. In the period under review, the Company's ordinary shares were only traded on the Luxembourg Stock Exchange; and as of 14 November 2017 were also listed on Euronext Amsterdam.

The price of depository receipts ('DRs') issued by Reinet Securities SA in respect of the Company's ordinary shares decreased slightly from ZAR 29.16 at 31 March 2017 to ZAR 28.70 at 30 September 2017. These DRs are listed on the Johannesburg Stock Exchange ('JSE') and will be suspended from trading with effect from 29 November 2017 at which time the Company's ordinary shares will be listed on the JSE.

DIVIDEND

The Company paid a dividend of € 0.165 per share in September 2017, a 2.5 per cent increase from € 0.161 per share in 2016. The Company only declares an annual dividend.

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 and Euronext Amsterdam and the depository receipts issued by Reinet Securities SA in respect of the Company's ordinary shares are listed on the Johannesburg Stock Exchange, the 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'.

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 and income 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 30 September 2017 comprised:

	30 September 2017		31 March 2017	
	€ m	%	€ m	%
Listed investments				
British American Tobacco p.l.c.	3 606	66.8	4 249	70.8
SPDR Gold shares	24	0.4	26	0.4
Selecta Biosciences, Inc.	5	–	5	–
Unlisted investments				
Pension Insurance Corporation Group Limited	1 206	22.4	1 175	19.6
Private equity and related partnerships	779	14.4	780	13.0
Trilantic Capital Partners	214	4.0	202	3.4
Fund IV, Fund V, TEP, related general partners and management companies				
36 South macro/volatility funds	44	0.8	49	0.8
Asian private equity and portfolio funds	184	3.4	182	3.0
Milestone China Opportunities funds, investment holdings and management company participation	136		135	
Prescient China Balanced Fund and investment management company	48		47	
Specialised investment funds	337	6.2	347	5.8
Vanterra Flex Investments	26		30	
Vanterra C Change TEM	20		23	
NanoDimension funds and co-investment opportunities	47		44	
Fountainhead Expert Fund	24		29	
Snow Phipps funds and co-investment opportunities	72		48	
Palm Lane Credit Opportunities Fund ⁽¹⁾	87		94	
GAM Real Estate Finance Fund	58		75	
Other fund investments	3		4	
United States land development and mortgages	100	1.9	154	2.6
Diamond interests	43	0.8	56	0.9
Other investments	56	1.1	64	1.1
Total investments	5 819	107.8	6 509	108.4
Cash and liquid funds	313	5.8	360	6.0
Bank borrowings and derivatives				
Borrowings	(670)	(12.4)	(813)	(13.5)
Net derivative assets/(liabilities)	38	0.7	26	0.4
Other liabilities				
Minority interest, fees payable and other liabilities, net of other assets	(102)	(1.9)	(80)	(1.3)
Net asset value	5 398	100.0	6 002	100.0

(1) During the period JPS Credit Opportunities Fund (Cayman) Ltd. changed its name to Palm Lane Credit Opportunities Fund (Cayman) Ltd.

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	1 830	3 606	5 436
	GBP	–	–	1 418	1 502	3 179	4 681
SPDR Gold shares	EUR	21	–	22	–	24	24
	USD	25	–	25	–	28	28
Selecta Biosciences, Inc.	EUR	4	–	4	–	5	5
	USD	5	–	5	–	6	6
Unlisted investments							
Pension Insurance Corporation Group Limited	EUR	611	–	656	–	1 206	1 206
	GBP	539	–	539	–	1 063	1 063
Trilantic Capital Partners	EUR	319	88	263	305	214	519
Euro investment	EUR	86	20	66	111	69	180
US dollar investment ⁽⁴⁾	USD	296	81	225	240	171	411
36 South macro/volatility funds	EUR	88	–	88	6	44	50
Asian private equity and portfolio funds							
Milestone China Opportunities funds, investment holdings and management company participation	EUR	143	7	123	18	136	154
	USD	169	9	160	22	160	182
Prescient China Balanced Fund and investment management company	EUR	27	–	25	–	48	48
	USD	32	–	32	–	57	57
Specialised investment funds							
Vanterra Flex Investments	EUR	88	34	49	23	26	49
	USD	104	40	64	27	31	58
Vanterra C Change TEM	EUR	55	5	43	1	20	21
	USD	65	6	59	1	24	25
NanoDimension funds and co-investment opportunities	EUR	55	6	48	1	47	48
	EUR	4	–	4	1	4	5
Euro investment	EUR	4	–	4	1	4	5
US dollar investment	USD	61	7	54	–	51	51
Fountainhead Expert Fund	EUR	34	17	15	–	24	24
	USD	40	20	20	–	28	28
Snow Phipps funds and co-investment opportunities	EUR	119	57	64	4	72	76
	USD	141	68	73	5	85	90
Palm Lane Credit Opportunities Fund	EUR	59	–	54	–	87	87
	USD	70	–	70	–	103	103
GAM Real Estate Finance Fund	EUR	113	34	54	31	58	89
	GBP	100	30	70	26	51	77
United States land development and mortgages	EUR	180	2	160	–	100	100
	USD	213	2	211	–	118	118
Diamond interests ⁽⁵⁾	EUR	77	2	116	74	43	117
	ZAR	1 230	40	1 190	1 069	690	1 759

(1) Calculated using period 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 over € 2.1 billion and at 30 September 2017 committed to provide further funding of € 252 million to its current investments. Details of the funding commitments outstanding are given in the table on page 8 of this report. The increase in commitments during the period under review amounted to € 31 million, and a total of € 42 million was funded during the period.

Major items impacting the NAV, significant changes in carrying value and new investments during the period under review are described below.

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.

During the period under review, Reinet received dividends from BAT amounting to € 138 million (£ 119 million), being BAT's final 2016 dividend and interim 2017 dividend.

Reinet holds 68.1 million shares in BAT, representing some 2.97 per cent of BAT's issued share capital, a decrease from 3.65 per cent at 31 March 2017. This dilution is a result of the increase in BAT's share capital following the Reynolds American Inc. acquisition. The value of Reinet's investment in BAT amounted to € 3 606 million at 30 September 2017, being some 67 per cent of Reinet's NAV (31 March 2017: € 4 249 million). The BAT share price on the London Stock Exchange decreased from £ 53.00 at 31 March 2017 to £ 46.72 at 30 September 2017, resulting in a decrease in value of € 485 million; the carrying value is also impacted by the weakening of sterling against the euro during the period, the effect of which amounts to some € 158 million.

The BAT share price has been volatile during the current period, with an initial increase in price following the completion of the acquisition of the remaining 57.8 per cent of Reynolds American Inc. but subsequently decreasing following the announcement of the US Food and Drug Administration's decision to pursue regulation that requires nicotine in cigarettes to be reduced to non-addictive levels.

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

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 net asset value of investment funds, discounted cash flow models and comparable valuation multiples, as appropriate.



PENSION INSURANCE CORPORATION GROUP LIMITED

Pension Insurance Corporation Group Limited's ('Pension Corporation') wholly-owned subsidiary, Pension Insurance Corporation plc ('Pension Insurance Corporation') is one of the UK's leading providers of risk management solutions to 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 brings safety and security to scheme members' benefits through innovative, bespoke insurance solutions, which include deferred premiums and the use of company assets as part payment.

At 30 June 2017, Pension Insurance Corporation had £ 24.2 billion in financial investments (31 December 2016: £ 22.6 billion) and had insured more than 145 000 pension fund members (31 December 2016: 134 900). Clients include FTSE 100 companies, multinationals and the public sector.

In the first six months of 2017, Pension Corporation made an operating profit of £ 93 million, an 18 per cent increase over the same period in 2016, and wrote £ 1.9 billion of premiums compared to £ 918 million in the same period in 2016.

During 2017, Pension Corporation reinsured £ 1 billion of longevity risk with SCOR, a new counterparty, reached an agreement with Retirement Advantage to fund equity release mortgages and welcomed CVC as a new shareholder.

Reinet's investment in Pension Corporation is carried at an estimated fair value of € 1 206 million at 30 September 2017 (31 March 2017: € 1 175 million). This value takes into account Pension Corporation's embedded value at 30 June 2017 of £ 2.6 billion (31 December 2016: £ 2.6 billion), valuation multiples drawn from industry data at 30 September 2017 and a discount of 10 per cent which takes into account the relatively illiquid nature of Reinet's investment.

The increase in the estimated fair value is due to increases in comparable company valuation multiples derived from public information relating to listed companies in the UK insurance sector and an increase in embedded value, offset by the weakening of sterling against the euro in the period.

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

MANAGEMENT REPORT

BUSINESS OVERVIEW CONTINUED

PRIVATE EQUITY AND RELATED PARTNERSHIPS

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 consumer, energy, and business services sectors, and currently manages five funds. Trilantic Europe primarily targets investments in the industrials, consumer and leisure, telecommunication, media and technology, business services and healthcare sectors, and currently manages two funds.

Reinet and its minority partners invest in the Trilantic general partnerships and management companies (together 'Trilantic Management') and five of the seven current funds under Trilantic's management.

Trilantic Capital Partners IV L.P. and Trilantic Capital Partners IV (Europe) L.P. are in the process of realising value from underlying investments. In the period under review, distributions of € 1 million were received (30 September 2016: € 8 million).

Trilantic Capital Partners V (North America) L.P., Trilantic Energy Partners (North America) L.P., and their respective general partners continue to build their portfolios with Reinet making capital contributions of some € 19 million and receiving distributions of some € 31 million in the period under review. These US-based funds are focused on North American opportunities with Trilantic Energy Partners (North America) L.P. being especially focused on the oil and gas sector.

In August 2017, Reinet committed an amount of some € 18 million (\$ 21 million) to Trilantic Energy Partners II (North America) L.P. ('TEP II') and its general partner. TEP II had its first closing in August 2017 and expects further closings in the coming months, at which time Reinet's commitment will increase in line with the overall fund size. As at 30 September 2017, TEP II had no investments and no capital contributions had been made.

Reinet's and its minority partners' investment in Trilantic Management and all the above funds is carried at the estimated fair value of € 214 million at 30 September 2017 (31 March 2017: € 202 million) of which € 9 million (31 March 2017: € 10 million) is attributable to minority partners. The estimated fair value is based on unaudited valuation data provided by Trilantic Management at 30 June 2017, adjusted for changes in the value of listed investments included in the portfolios. The increase in the estimated fair value is due to net capital contributions of € 10 million together with increases in the estimated fair value of underlying investments.

During the period under review, gains of € 22 million were realised (30 September 2016: € 4 million).

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

SNOW PHIPPS



SPECIALISED INVESTMENT FUNDS

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.

In 2011, Reinet committed to invest in Snow Phipps II, L.P. In the year ended 31 March 2016, Reinet made a commitment to Snow Phipps III, L.P., the successor fund to Snow Phipps II, L.P. Reinet has also invested in three co-investment opportunities alongside Snow Phipps III, L.P.

Reinet's investment in the two funds and associated co-investments is carried at an estimated fair value of € 72 million at 30 September 2017 (31 March 2017: € 48 million), based on unaudited valuation data provided by Snow Phipps at 30 June 2017. The increase in value being due to additional capital invested and an increase in the estimated fair value of underlying investments in the period.

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

GAM Real Estate Finance Fund

The GAM Real Estate Finance Fund 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 a primary focus on the UK.

The investment is carried at the estimated fair value of € 58 million at 30 September 2017 (31 March 2017: € 75 million) based on unaudited valuation data provided by the fund manager at 30 June 2017.

The decrease in estimated fair value is mainly due to repayments of capital in the period, mostly owing to early settlement of loans, together with the weakening of sterling against the euro in the period.

UNITED STATES LAND DEVELOPMENT AND MORTGAGES

Reinet has invested both directly and with partners to acquire interests in real estate development projects. The investments are located in Florida, Georgia, Colorado, North and South Carolina and Nevada. These include properties where infrastructure services have been laid but where the construction of properties has not yet commenced. Reinet has also purchased mortgage debt linked to such developments from financial institutions, usually at significant discounts to face value.

In addition, Reinet has invested in residential golf communities, owning the land for sale to future homeowners together with infrastructure assets. These investments are held in Arendale Holdings Corp.

The investment is carried at the estimated fair value of € 100 million (31 March 2017: € 154 million), of which € 3 million is attributable to minority partners (31 March 2017: € 3 million).

The current valuation is based on unaudited financial statements as at 30 June 2017 adjusted for cash movements up to 30 September 2017. The decrease in the estimated fair value reflects reductions in the expected rate of lot sales and lot prices, and revised future expenses. The decrease in value also reflects the weakening of the US dollar against the euro during the period.

Further information on Arendale Holdings Corp., which holds the residential golf community assets, may be found at www.arendale.com

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 30 September 2017 exchange rates.

The table below summarises Reinet's outstanding investment commitments at 30 September 2017.

	31 March 2017 ⁽¹⁾ € m	Exchange rate effects ⁽²⁾ € m	Committed during the period ⁽³⁾ € m	Funded during the period ⁽³⁾ € m	30 September 2017 ⁽³⁾ € m	30 September 2017 %
Pension Insurance Corporation Group Limited	–	–	–	–	–	–
Private equity and related partnerships						
Trilantic Capital Partners						
Fund IV, Fund V, TEP, related general partners and management companies ⁽⁴⁾	93	(8)	18	(19)	84	33.3
36 South macro/volatility fund	–	–	–	–	–	–
Asian private equity and portfolio funds						
Milestone China Opportunities funds, investment holdings and management company participation	8	(1)	–	–	7	2.8
Prescient China Balanced Fund and investment management company	–	–	–	–	–	–
Specialised investment funds						
Vanterra Flex Investments	37	(3)	–	–	34	13.5
Vanterra C Change TEM	5	–	–	–	5	2.0
NanoDimension funds and co-investment opportunities	10	(2)	5	(7)	6	2.4
Fountainhead Expert Fund	19	(2)	–	–	17	6.7
Snow Phipps funds and co-investment opportunities	73	(7)	8	(17)	57	22.6
Palm Lane Credit Opportunities Fund	–	–	–	–	–	–
GAM Real Estate Finance Fund	35	(1)	–	–	34	13.5
Other fund investments	–	–	–	–	–	–
United States land development and mortgages⁽⁴⁾	1	–	–	1	2	0.8
Diamond interests	3	(1)	–	–	2	0.8
Other investments	4	–	–	–	4	1.6
	288	(25)	31	(42)	252	100.0

(1) Commitments calculated using 31 March 2017 exchange rates.

(2) Reflects exchange rate movements between 31 March 2017 and 30 September 2017.

(3) Amounts calculated using 30 September 2017 exchange rates.

(4) Commitments noted represent only Reinet's share of the investments at 30 September 2017, additional commitments payable by minority partners amount to € 4 million in respect of Trilantic and € nil in respect of United States land development and mortgages.

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 can be summarised as follows:

Cash and liquid funds	€ 313 m
Undrawn borrowing facility	€ 284 m
Cash required for unfunded commitments (refer to table on previous page)	(€ 252 m)
Cash required to meet ZAR borrowing obligations	(€ 28 m)

The undrawn borrowing facility comprises a revolving facility with Bank of America, N.A. of £ 250 million. At 30 September 2017 amounts drawn down were € nil (31 March 2017: € 101 million (£ 85 million)).

Medium-term bank borrowings of € 642 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

During early 2017, Reinet entered into a £ 500 million, medium-term financing arrangement with Merrill Lynch International, which runs to 2022. At 30 September 2017, the estimated fair value of the borrowing was € 564 million (£ 497 million) (31 March 2017: € 591 million (£ 502 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. As at 30 September 2017, the premium loan is carried as a liability at an estimated fair value of € 78 million (£ 69 million) (31 March 2017: € 90 million (£ 77 million)). Some 4.1 million BAT shares have also been pledged to collateralise the premium loan and future interest payments. As part of this agreement a portion of BAT shares are on loan to Merrill Lynch International. The Company 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 30 September 2017, the estimated fair value of the borrowing was € 28 million (31 March 2017: € 31 million), the decrease reflects the weakening of the South African rand against the euro in the period. This loan matures in March 2018.

DERIVATIVE ASSETS/(LIABILITIES) – OPTIONS AND FORWARD EXCHANGE CONTRACTS

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 € 38 million at 30 September 2017 (31 March 2017: € 29 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 period. 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 10.

In the period under review, Reinet settled outstanding forward exchange contracts amounting to ZAR 480 million realising a loss of € 1 million. Reinet also entered into a new forward exchange contract to sell ZAR 230 million (31 March 2017: ZAR 480 million) which is carried at an estimated fair value of € nil at 30 September 2017 (31 March 2017: liability of € 3 million).

Refer to page 51 of the Reinet 2017 annual report for a description of Reinet's policy on foreign exchange exposure.

OTHER LIABILITIES

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

The minority interest liability amounts to € 16 million (31 March 2017: € 16 million) and is in respect of minority partners' share in the gains and losses not yet distributed to them arising from the estimated fair value movement of investments in which they have interests.

Fees payable and other liabilities comprise principally an accrual of € 25 million in respect of the management fee payable at 30 September 2017 (31 March 2017: € 22 million) a provision for deferred taxes of € 27 million (31 March 2017: € 7 million) relating to realised and unrealised gains arising from the investments in Trilantic and Snow Phipps, and withholding and corporate taxes of € 26 million (31 March 2017: € 25 million) relating to the investment in United States land development and mortgages. Accruals and other payables amount to some € 8 million (31 March 2017: € 10 million).

No provision has been made in respect of a performance fee as at 30 September 2017 (31 March 2017: € 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 Reinet Investment Advisors Limited.

MANAGEMENT REPORT

BUSINESS OVERVIEW
CONTINUED

INCOME STATEMENT

The income statement set out below differs from the format used in the IFRS reporting on page 14 and is presented to provide investors with a more comprehensive picture of the movement in the estimated fair value of assets held by the Company.

	Six-month period ended 30 September 2017		Six-month period ended 30 September 2016	
	€ m	€ m	€ m	€ m
Income				
BAT dividends	138		127	
Interest and other investment income	27		16	
Realised gains on investments	22		4	
Realised loss on foreign exchange contracts	(1)		(4)	
Carried interest earned on investments	–		4	
Total income		186		147
Expenses				
Management fee	(27)		(23)	
Operating expenses, foreign exchange and transaction-related costs	(3)		(3)	
Interest expense	(5)		(6)	
Tax expense	(25)		(4)	
Total expenses		(60)		(36)
Realised investment income, net of expenses		126		111
Fair value adjustments				
BAT – unrealised (loss)/gain on shares held	(643)		362	
Other investments	(74)		(68)	
Derivative instruments – fair value adjustment on outstanding contracts	12		(104)	
Borrowings – unrealised gain on outstanding loans	35		31	
Total fair value adjustments		(670)		221
		(544)		332
Effect of exchange rate changes on cash balances		(28)		(11)
Net (loss)/profit		(572)		321
Minority interest		–		–
(Loss)/profit attributable to the shareholders of the Company		(572)		321

INCOME

Dividends received from BAT increased from € 127 million (£ 103 million) during the period to September 2016 to € 138 million (£ 119 million) during the period under review. The increase is due to an increase of £ 0.19 in the total dividend per BAT share offset by the weakening of the sterling/euro exchange rate at the time of the dividend payments. The dividends received from BAT during the period represent the final 2016 dividend paid in May 2017, as well as the interim 2017 dividend paid in September 2017.

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.

Realised gains on investments of € 22 million were mainly in respect of investments realised by the Trilantic funds.

Losses of € 1 million were realised on the settlement of the euro/South African rand foreign exchange contracts during the period.

EXPENSES

The management fee for the period ended 30 September 2017 amounts to € 27 million (30 September 2016: € 23 million). Operating expenses of € 3 million include € 1 million in respect of charges from Reinet Investments Manager S.A. (the 'General Partner') and other expenses, including legal and other fees, which amounted to € 2 million.

A performance fee may be payable for the year ended 31 March 2018 if certain conditions are met. 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, including dividends paid, over the period since completion of the rights issue in December 2008 up to 31 March 2018, less the sum of all performance fees paid in respect of previous periods. The provision for the performance fee accrued in respect of the six-month period ended 30 September 2017 amounts to € nil (30 September 2016: € nil).

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

The net tax expense of € 25 million includes corporate and withholding taxes payable in respect of gains realised on Trilantic investments, together with an increase 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 68.1 million BAT shares decreased in value by € 643 million during the period under review. Of this, € 485 million was attributable to the decrease in value of the underlying BAT shares in sterling terms and € 158 million due to the weakening of sterling against the euro during the period under review.

The unrealised fair value decrease of € 74 million in respect of other investments includes an increase in the estimated fair value of the investment in Pension Corporation of € 31 million (refer to page 5 for a full description of the overall movement of Pension Corporation during the period), and decreases in the estimated fair value in respect of United States land development and mortgages and other investments of € 62 million and € 43 million respectively (see detailed analysis on page 18). The above amounts include the negative effect of changes in foreign exchange rates due to the depreciation of other currencies against the euro in the period under review.

The estimated fair value of the collar financing derivative asset increased by € 9 million during the period, reflecting the decrease in the price of the BAT shares underlying the put options. The estimated fair value of the derivative liability in respect of the forward exchange contracts decreased by € 3 million; the contracts were settled on 30 September 2017 resulting in a loss of € 1 million.

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 € 3 million arose in respect of the South African rand borrowing due to the weakening of the South African rand during the period. An unrealised gain of € 32 million arose in respect of the sterling borrowing. Of this, a gain of € 25 million is due to the weakening of sterling against the euro during the period.

MINORITY INTEREST

The minority interest expense arises in respect of the minority partners' shares in the earnings of the Reinet entities which hold the Trilantic and United States land development and mortgages interests, respectively.

DIVIDEND

A cash dividend of € 0.165 per share totalling some € 32 million was paid in September 2017, following approval at the annual general meeting on 29 August 2017. The Company only declares an annual dividend.

This interim financial report should be read in conjunction with the annual report for the year ended 31 March 2017, which includes a description of the principal risks and uncertainties the Company and its subsidiaries face. This description is equally applicable for the remaining six months of the current financial year.

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, to the best of its knowledge:

1. The unaudited interim 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; and
2. 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, and, together with the annual report, includes a description of the principal risks and uncertainties that they face.

The unaudited interim consolidated financial statements for the six-month period ended 30 September 2017 on pages 13 to 24 of this report were approved by the Board 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
Acting on behalf of the Company
14 November 2017

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2017

- 13 Consolidated balance sheet
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CONSOLIDATED BALANCE SHEET

	Notes	30 September 2017 € m	31 March 2017 € m
ASSETS			
Non-current assets			
Financial assets held at fair value through profit or loss	4, 5	5 399	6 004
Total assets		5 399	6 004
EQUITY			
Equity attributable to the shareholders			
Share capital		220	220
Share premium		770	770
Non-distributable reserve		22	22
Retained earnings		4 386	4 990
Total equity		5 398	6 002
LIABILITIES			
Current liabilities			
Amounts owed to affiliated undertakings – becoming due and payable after less than one year		1	2
Total liabilities		1	2
Total equity and liabilities		5 399	6 004
Net asset value per share (€ per share)		27.55	30.63

The notes on pages 17 to 24 are an integral part of these interim consolidated financial statements.

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six-month period ended 30 September 2017 € m	Six-month period ended 30 September 2016 € m
Income			
Dividend received from Reinet Fund S.C.A., F.I.S.		35	32
Net change in the fair value of financial assets at fair value through profit or loss	4	(605)	290
Total income		(570)	322
Expenses			
Operating expenses		(2)	(1)
Total expenses		(2)	(1)
(Loss)/profit for the period		(572)	321
Earnings per share from (loss)/profit for the period (€ per share)			
– basic and diluted	7	(2.92)	1.64

The notes on pages 17 to 24 are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the shareholders			
	Equity holders' capital € m	Non-distributable reserve € m	Retained earnings € m	Total € m
Balance at 31 March 2016	990	22	4 209	5 221
Dividend paid	–	–	(32)	(32)
Profit attributable to the shareholders for the six-month period ended 30 September 2016	–	–	321	321
Balance at 30 September 2016 – unaudited	990	22	4 498	5 510
Profit attributable to the shareholders for the six-month period ended 31 March 2017	–	–	492	492
Balance at 31 March 2017	990	22	4 990	6 002
Dividend paid	–	–	(32)	(32)
Loss attributable to the shareholders for the six-month period ended 30 September 2017	–	–	(572)	(572)
Balance at 30 September 2017 – unaudited	990	22	4 386	5 398

The notes on pages 17 to 24 are an integral part of these interim consolidated financial statements.

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

	Six-month period ended 30 September 2017 € m	Six-month period ended 30 September 2016 € m
Cash flows from operating activities		
Dividend received from Reinet Fund S.C.A., F.I.S.	35	32
Operating expenses	(2)	(1)
Net cash from operating activities	33	31
Cash flows from financing activities		
Paid to affiliated undertakings	(1)	–
Dividend paid	(32)	(32)
Net cash used in financing activities	(33)	(32)
Net movement in cash and cash equivalents	–	(1)
Cash and cash equivalents at beginning of the period	–	1
Cash and cash equivalents at end of the period	–	–

The notes on pages 17 to 24 are an integral part of these interim consolidated financial statements.

NOTES TO THE INTERIM 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 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 and with effect from 14 November 2017 also on Euronext Amsterdam. In addition, Reinet Securities SA, acting on behalf of the Company, has issued depository receipts in

respect of the Company's ordinary shares ('DRs'), which are traded on the Johannesburg Stock Exchange ('JSE'). DRs trade in the ratio of ten DRs to each Company ordinary share. With effect from 29 November 2017, the DRs will be suspended from trading on the JSE at which time the Company's ordinary shares will be listed on the JSE.

1.3 APPROVAL OF THESE FINANCIAL STATEMENTS

These interim consolidated financial statements have been approved for submission to the General Partner by the Board of Overseers on 6 November 2017, and by the Board of Directors of the General Partner on 14 November 2017.

2. BASIS OF PREPARATION

These interim consolidated financial statements have not been audited.

The Company applies International Financial Reporting Standards ('IFRS') as endorsed by the European Union ('EU'). As a result, subsidiaries are consolidated in the fair value of Reinet Fund, which is disclosed as a single line item in the consolidated balance sheet and throughout the interim consolidated financial statements as 'financial assets held at fair value through profit or loss'.

This interim financial information for the six-month period ended 30 September 2017 has been prepared in accordance with IAS 34, *Interim Financial Reporting*. The interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2017, which have been prepared in accordance with IFRS as adopted by the EU.

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those described in the annual consolidated financial statements for the year ended 31 March 2017.

There are currently no new standards, amendments to standards or interpretations which are mandatory for the financial year beginning 1 April 2017 that will have a material effect on the Company's financial position.

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

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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

	30 September 2017 € m	31 March 2017 € m
Financial assets held at fair value through profit or loss:		
– Unlisted investments – Reinet Fund	5 399	6 004
Total financial assets at fair value through profit or loss	5 399	6 004
	Six-month period ended 30 September 2017 € m	Six-month period ended 30 September 2016 € m
Net change in the fair value of financial assets at fair value through profit or loss:		
– Realised	–	–
– Unrealised	(605)	290
Total	(605)	290

The investment held is in Reinet Fund, which is considered to be a related party of the Company. Also refer to note 8 for related party disclosures.

The following table presents the movement of the investments held by Reinet Fund for the period ended 30 September 2017:

Assets held at fair value through profit or loss	Opening balance 1 April 2017 € m	Purchases/ (repayments) € m	Sale proceeds € m	Realised gains or (losses) in the period € m	Movement in unrealised gains or (losses) in the period ⁽¹⁾ € m	Closing balance 30 September 2017 € m
Listed investments						
British American Tobacco p.l.c. ('BAT')	4 249	–	–	–	(643)	3 606
SPDR Gold Shares ('GLD')	26	–	–	–	(2)	24
Selecta Biosciences, Inc.	5	–	–	–	–	5
Unlisted investments						
Pension Insurance Corporation Group Limited ('Pension Corporation')	1 175	–	–	–	31	1 206
Trilantic Capital Partners	202	19	(30)	22	1	214
36 South macro/volatility funds	49	–	–	–	(5)	44
Asian private equity and portfolio funds	182	–	–	–	2	184
Specialised investment funds	347	13	–	–	(23)	337
United States land development and mortgages	154	(1)	–	–	(53)	100
Diamond interests	56	(7)	–	–	(6)	43
Other investments	64	–	–	–	(8)	56
	6 509	24	(30)	22	(706)	5 819
Cash and liquid funds	360					313
Other assets and liabilities	(865)					(733)
Total	6 004					5 399

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

The following table presents the movement of the investments held by Reinet Fund for the period ended 30 September 2016:

	Opening balance 1 April 2016 € m	Purchases/ (repayments) € m	Sale proceeds € m	Realised gains or (losses) in the period € m	Movement in unrealised gains or (losses) in the period ⁽¹⁾ € m	Closing balance 30 September 2016 € m
Assets held at fair value through profit or loss						
Listed investments						
BAT	3 512	–	–	–	362	3 874
GLD	24	–	–	–	2	26
Selecta Biosciences, Inc.	–	4	–	–	–	4
Unlisted Investments						
Pension Corporation	920	179	–	–	(29)	1 070
Trilantic Capital Partners	143	19	(4)	4	(1)	161
36 South macro/volatility funds	62	(1)	–	–	(8)	53
Asian private equity and portfolio funds	155	2	–	–	18	175
Specialised investment funds ⁽²⁾	300	27	–	–	(15)	312
United States land development and mortgages	164	5	–	–	(20)	149
Diamond interests	59	(3)	–	–	5	61
Other investments ⁽²⁾	77	3	–	–	(10)	70
	5 416	235	(4)	4	304	5 955
Cash and liquid funds	379					194
Other assets and liabilities	(574)					(638)
Total	5 221					5 511

(1) Unrealised gains or (losses) in the period include accrued interest income from investments.

(2) The investment in Renshaw Bay advisory and management company is now included in 'Other investments'; the investments in Palm Lane Credit Opportunities Fund (Cayman) Ltd. (previously JPS Credit Opportunities Fund (Cayman) Ltd.) and GAM Real Estate Finance Fund are now included in 'Specialised investment funds'. Comparative figures have been updated accordingly.

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.

The interim consolidated financial statements do not include the different methods to measure and manage the various types of risk and the related disclosures required in the annual consolidated financial statements; they should be read in conjunction with the annual consolidated financial statements as at 31 March 2017.

There have been no changes in the methods used in the period under review which impact the financial risks disclosed in the annual consolidated financial statements of the Company as at 31 March 2017.

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE INTERIM CONSOLIDATED
FINANCIAL STATEMENTS CONTINUED

5.2 FAIR VALUE ESTIMATION

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 (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the assets that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table analyses, within the fair value hierarchy, the Company's financial assets and liabilities measured at fair value at 30 September 2017 and 31 March 2017:

	Level 1 € m	Level 2 € m	Level 3 € m	Total € m
30 September 2017				
Assets				
Financial assets held at fair value through profit or loss:				
– Unlisted investment – Reinet Fund	–	–	5 399	5 399
Total financial assets	–	–	5 399	5 399

31 March 2017

Assets				
Financial assets held at fair value through profit or loss:				
– Unlisted investment – Reinet Fund	–	–	6 004	6 004
Total financial assets	–	–	6 004	6 004

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

The following table presents the movement in level 3 investments for the Company for the periods ended 30 September 2017 and 30 September 2016:

	30 September 2017 € m	30 September 2016 € m
Opening balance	6 004	5 221
Gains and losses recognised in profit or loss	(605)	290
Closing balance	5 399	5 511

The following tables analyse, within the fair value hierarchy, Reinet Fund's financial assets and liabilities measured at fair value at 30 September 2017 and 31 March 2017:

	Level 1 € m	Level 2 € m	Level 3 € m	Total € m
30 September 2017				
Assets				
Financial assets held at fair value through profit or loss:				
– Equity securities and funds	3 635	195	1 855	5 685
– Loans	–	–	134	134
Derivative financial instruments	–	38	–	38
Total financial assets	3 635	233	1 989	5 857
Liabilities				
Borrowings	–	(670)	–	(670)
Total financial liabilities	–	(670)	–	(670)
Net financial assets				5 187
Non-financial assets/(liabilities)				212
Reinet Fund net asset value				5 399
31 March 2017				
Assets				
Financial assets held at fair value through profit or loss:				
– Equity securities and funds	4 280	211	1 833	6 324
– Loans	–	–	185	185
Derivative financial instruments	–	29	–	29
Total financial assets	4 280	240	2 018	6 538
Liabilities				
Derivative financial instruments	–	(3)	–	(3)
Borrowings	–	(712)	–	(712)
Total financial liabilities	–	(715)	–	(715)
Net financial assets				5 823
Non-financial assets/(liabilities)				181
Reinet Fund net asset value				6 004

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 unaudited financial statements provided by fund managers, valuations obtained from third-party experts using appropriate valuation methods, and market comparable companies and discounted cash flow analyses to derive fair values.

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.

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE INTERIM 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 30 September 2017. 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 30 September 2017 € m	Primary valuation technique	Unobservable inputs	Range (weighted average)	Reasonable possible change +/- (absolute value) ⁽¹⁾ € m
Unlisted investments					
Pension Corporation		Market comparable companies ⁽²⁾	Market multiples	1.13 – 0.93 (1.03)	+121/-121
	1 206		Discount	5% – 15% (10%)	+67/-67
Trilantic Capital Partners	214	Net asset value ⁽³⁾	n/a	n/a	n/a
36 South macro/volatility funds	7	Discounted cash flow	n/a	n/a	Not material
Asian private equity and portfolio funds	137	Net asset value ⁽³⁾	n/a	n/a	n/a
Specialised investment funds	207	Net asset value ⁽³⁾	n/a	n/a	n/a
	19	Recent financing round	Discount rate	n/a	Not material
United States land development and mortgages	100	Discounted cash flow ⁽⁴⁾	Discount rate	8% – 30% (15.2%)	+19/-15
Diamond interests including receivables from third parties	43	Discounted cash flow ⁽⁵⁾	Discount rate	15.5% – 25.5% (20.5%)	Not material
Other investments	56	Net asset value ⁽³⁾	n/a	n/a	n/a
Total	1 989				

(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 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.

(3) Reinet Fund has relied upon the latest available net asset value data provided by investment/fund managers. 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 30 June 2017 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 8 per cent to 30 per cent have been applied in determining the fair values 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 30 September 2017. 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 15.5 per cent to 25.5 per cent to take account of the risks and variables described above.

6. 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.

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the (loss)/profit for the period attributable to the shareholders by the weighted average number of shares in issue during the period.

	Realised € m	Unrealised € m	30 September 2017 € m	30 September 2016 € m
(Loss)/profit for the period	33	(605)	(572)	321
Weighted average number of ordinary shares in issue (millions of shares)	195.9	195.9	195.9	195.9
Earnings per share from (loss)/profit for the period – basic and diluted (€ per share)	0.17	(3.09)	(2.92)	1.64

The Company has not issued any shares or other instruments that are considered to have dilutive potential. There were no movements in the period ended 30 September 2017.

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 2/2015 ‘Headline Earnings’, as issued by the South African Institute of Chartered Accountants.

	30 September 2017	30 September 2016
Headline earnings per share		
Unadjusted earnings per share	(€ 2.92)	€ 1.64
Headline earnings per share	(€ 2.92)	€ 1.64

8. 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 normal course of business.

Parties identified as related parties are:

FORMER PARENT COMPANY – 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.

OTHER RELATED PARTIES

The Company has also identified Remgro Limited, a public company incorporated in South Africa, as a related party. Mr Rupert is the Non-Executive Chairman of Remgro Limited.

SIGNIFICANT SHAREHOLDERS

Mr Rupert, Chairman of the General Partner and the Fund Manager, is a trustee of the Anton Rupert Trust.

The group of parties regarded as being affiliated to the Anton Rupert 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. As a consequence, share dealings by such entities or persons are not disclosed as dealings by connected parties.

The Anton Rupert Trust and parties affiliated with it, including certain beneficiaries, together with Mr Rupert in his personal capacity,

own 48 843 684 shares (24.93 per cent) of the Company as at 30 September 2017 (31 March 2017: 48 843 684 (24.93 per cent)).

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

On 2 February 2011, Allan Gray Limited notified the Company that accounts under its management held the equivalent of 5.01 per cent of the shares and voting rights in the Company.

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.

The Company has not been notified of any other holdings in excess of 3 per cent of its issued capital.

MANAGEMENT AND ADVISORY COMPANIES

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 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.

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

The Investment Advisor owns 963 540 shares of the Company as at 30 September 2017 (31 March 2017: 963 540).

Under the terms of the Investment Advisory Agreement dated 9 October 2008, as amended on 24 May 2010 and 10 November 2011, 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.

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 is payable in the current period. A performance fee will only be payable in respect of the current financial year if the Cumulative Total Shareholder Return exceeds that at 31 March 2017. In order for a performance fee to be payable at 31 March 2018 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 needs to exceed € 19.47. The Company's share price at 30 September 2017 was € 18.00 and therefore no provision has been made in respect of any performance fee which may become payable at 31 March 2018.

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

9. CAPITAL COMMITMENTS

At 30 September 2017, the Company had no capital commitments, however its wholly-owned subsidiary Reinet Fund had committed to invest a further € 252 million (31 March 2017: € 288 million) in unlisted investments. See table on page 8. 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.

10. CONTINGENT LIABILITIES

A subsidiary of Reinet Fund has pledged a total of 19.6 million BAT shares in respect of its borrowing from Merrill Lynch International.

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

11. DIVIDEND

A dividend of € 0.165 per share totalling some € 32 million was paid in September 2017, following approval at the annual general meeting on 29 August 2017.

12. SUBSEQUENT EVENTS

There have been no events subsequent to 30 September 2017, which would have any material impact on these interim consolidated financial statements.

EXCHANGE RATES AND SHARE INFORMATION

EXCHANGE RATES AGAINST THE EURO

	Six months to 30 September 2017	Six months to 30 September 2016
Average for the period		
Sterling	0.8794	0.8190
US dollar	1.1384	1.1228
Swiss franc	1.1078	1.0927
South African rand	15.0114	16.3161
	At 30 September 2017	At 31 March 2017
Closing – at the end of the period		
Sterling	0.8817	0.8488
US dollar	1.1814	1.0652
Swiss franc	1.1439	1.0686
South African rand	16.0366	14.3027

SHARE INFORMATION

Reinet Investments S.C.A. (the 'Company') ordinary shares are listed and traded on the Luxembourg Stock Exchange (symbol 'REINT', Thomson Reuters code REIT.LU) and on Euronext Amsterdam (symbol 'REINA', Thomson Reuters code REINA.AS, with effect from 14 November 2017) with the ISIN number LU0383812293. The Company's ordinary shares are included in the 'LuxX' index of the principal shares traded on the Luxembourg Stock Exchange.

The depository receipts ('DRs') issued by Reinet Securities SA in respect of the Company's ordinary shares are traded as a secondary listing on the Johannesburg Stock Exchange ('JSE') under the ISIN number CH0045793657 (symbol 'REI', Thomson Reuters code REIJ.J). One DR issued by Reinet Securities SA represents one-tenth of one ordinary share in the Company. With effect from 29 November 2017, the DRs will be suspended from trading on the JSE at which time the Company's ordinary shares will be listed on the JSE under ISIN LU0383812293 (symbol 'RNI').

At 30 September 2017 and 31 March 2017 there were 195 942 286 shares in issue.

STATUTORY INFORMATION

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Company Secretary: Mr S Grundmann

REGISTERED NUMBER

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