REINET INVESTMENTS S.C.A.

Annual Report at 31 March 2013

CONTENTS

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.

- Net asset value at 31 March 2013: € 4 023 million, an increase of 10 per cent from 31 March 2012
- Net asset value per ordinary share at 31 March 2013: € 20.53 (31 March 2012: € 18.62)
- Profit for the year: € 375 million
- Fair value at 31 March 2013 of 79 million British American Tobacco ('BAT') shares increased by € 317 million during the year, reflecting strong growth in the underlying share price
- Sale of 5 million BAT shares in the year realised proceeds of € 201 million
- New investments with overall funding commitments of € 770 million closed during the year
- Initial investment in Pension Corporation Group Limited
- Subsequent to the year-end, further sale of 5 million BAT shares

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' or 'the Fund'), a specialised investment fund also incorporated in Luxembourg. The Company's shares are listed on the Luxembourg Stock Exchange, the primary listing, and its South African Depository Receipts are listed in Johannesburg, the secondary listing. The Company's shares are included in the 'LuxX' index of the principal shares traded on the Luxembourg exchange. The Company and the Fund together with the Fund's subsidiaries are referred to as 'Reinet'.

MANAGEMENT REPORT

CHAIRMAN'S COMMENTARY

FINANCIAL PERFORMANCE

The year saw good development of Reinet's net asset value, which increased by 10 per cent from € 3 649 million to € 4 023 million at 31 March 2013. Profit for the year ended 31 March 2013 amounted to € 375 million, of which € 199 million reflected realised income and gains from investments, net of operating expenses, minority interests and taxes.

Aggregate new investment commitments during the year amounted to € 770 million; € 329 million was invested during the year.

DEVELOPMENTS DURING THE YEAR

This year has been one of considerable change for Reinet.

A key development was the commitment to invest £ 400 million in Pension Corporation Group Limited and its subsidiary Pension Insurance Corporation. This is a significant amount and an important step in the diversification of the Reinet portfolio of investments.

Pension Insurance Corporation specialises in offering companies that have provided their employees with defined benefit pension plans with the means to eliminate what is often their largest liability. It is a leading pension insurer and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom. Pension Insurance Corporation has an excellent track record of working with blue-chip companies in the United Kingdom, multinationals and institutions and, with the backing of Reinet, is actively developing its business. New opportunities arise as an increasing number of companies close their defined benefit plans to new members and seek to eliminate both their administration and funding requirements.

Pension Insurance Corporation turned to Reinet as a potential investor given our stated preference to be a long-term partner. The investment fits perfectly with Reinet's philosophy and we look forward to a long and rewarding involvement with Pension Insurance Corporation.

During the year, Reinet has also increased its involvement with Renshaw Bay, both agreeing to take a larger equity position in its management company and participating in its investment programmes. The first fruits of Reinet's involvement can be seen in the investment made in the JPS Credit Opportunities Fund, which was introduced by Renshaw Bay, and in Reinet's commitment to invest £ 100 million in the recently formed Renshaw Bay Real Estate Finance Fund. We anticipate further collaboration with Renshaw Bay and its management team.

Reinet's involvement with Trilantic Capital Partners has been very successful to date. During the year under review, Reinet recognised € 42 million in gross gains, principally from Trilantic Fund IV Global, as that fund began realising the value of some of its investments.

Reinet committed to invest $ 100 million in a new US-based Trilantic fund launched during the year. It is worth remembering that, under the terms of the initial deal struck with the Trilantic management team, Reinet participates as a partner in these funds with no management fee expense or carried interest payable to Trilantic. In addition, Reinet is entitled to share in any carried interest earned by the management company.

Reinet is also developing its presence in Asia – most notably in China – through collaboration with the Milestone Capital team. Based in Shanghai, Milestone Capital has successfully launched three investment funds to date. Reinet has a significant stake in the third fund as well as an interest in its management company. Reinet has also invested in a long-term investment vehicle with the founders of Milestone Capital and other partners.

To fund these investments, Reinet has realised part of its investment in BAT. In November and December 2012, Reinet sold 5 million BAT shares, realising € 201 million. This was in addition to the collar financing which Reinet put in place in February 2012 backed by BAT shares, which raised € 358 million. In April and May 2013, Reinet has sold a further 5 million BAT shares, realising some € 212 million. As a consequence of the latest sale, Reinet's interest in BAT has been reduced from 4.3 per cent to 3.9 per cent.

OUTLOOK

Reinet is now well positioned. The diversification steps that we have taken have broadened the portfolio and have reduced the exposure to one specific business area. The tobacco interests have performed exceptionally well to date and the investment in BAT remains a pillar of the business.

Despite the booming markets that we have seen in recent months, many global uncertainties remain. Reinet will continue its approach of cautious investment and diversification, at all times seeking to build value for our shareholders over the long term.

Johann Rupert

Chairman
Reinet Investments Manager S.A.

Luxembourg, 22 May 2013

MANAGEMENT REPORT

BUSINESS OVERVIEW

CONSOLIDATED NET ASSET VALUE

The Consolidated Net Asset Value ('NAV') of Reinet Investments S.C.A. at 31 March 2013 comprised:

	31 March 2013		31 March 2012	
	€ m	%	€ m	%
Listed investments				
British American Tobacco p.l.c.	3 317	82.5	3 190	87.4
Unlisted investments				
Private equity and related partnerships	549	13.7	420	11.6
Trilantic Capital Partners	163	4.0	149	4.1
Fund IV, Fund V and related management companies				
Renshaw Bay and related investments	75	1.9	58	1.6
Renshaw Bay advisory and investment management company	14		4	
JPS Credit Opportunities Fund	61		54	
Renshaw Bay Real Estate Finance Fund	–		–	
36 South macro/volatility funds	83	2.1	90	2.5
Asian private equity and portfolio funds	92	2.3	44	1.2
Milestone China Opportunities funds, co-investment and related opportunities	61		33	
GEMS	8		11	
Prescient China Balanced Fund	23		–	
Specialised private equity funds	136	3.4	79	2.2
Vanterra Flex Investments	47		29	
Vanterra C Change TEM	37		24	
NanoDimension Funds and co-investment opportunities	25		4	
Fountainhead Expert Fund	21		16	
Other fund investments	6		6	
Pension Corporation	134	3.3	–	–
US land development and mortgages	105	2.6	95	2.6
Jagersfontein and other diamond exploration interests	102	2.5	82	2.2
Other investments	30	0.7	23	0.6
	4 237	105.3	3 810	104.4
Cash and liquid funds	326	8.1	368	10.1
Bank borrowings and collar financing				
Borrowings	(435)	(10.8)	(445)	(12.2)
Derivative assets/(liabilities)	(11)	(0.3)	30	0.8
Other liabilities				
Fees payable and other liabilities, net of other assets	(60)	(1.5)	(70)	(1.9)
Funding by minority partners	(21)	(0.5)	(32)	(0.9)
	4 036	100.3	3 661	100.3
Minority interests	(13)	(0.3)	(12)	(0.3)
	4 023	100.0	3 649	100.0

All of the underlying assets are held by Reinet Fund S.C.A., F.I.S. ('Reinet Fund' or 'the Fund'). Reinet Investments S.C.A. and the Fund together with the Fund's subsidiaries are referred to as 'Reinet'.

LISTED INVESTMENT IN BRITISH AMERICAN TOBACCO P.L.C.

British American Tobacco p.l.c. is a leading tobacco group, employing more than 55 000 people and selling over 200 brands in 180 markets globally.

In 2008, after the formation of Reinet and reflecting the outcome of the subsequent rights issue in December of that year, which allowed shareholders to contribute BAT shares to Reinet for shares, Reinet held 84.3 million shares in BAT.

The investment in BAT is 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. The share price of BAT has increased significantly from around £ 17.00 in October 2008 to £ 35.27 at 31 March 2013, largely driving the growth in Reinet's NAV over that period.

During the financial year ended 31 March 2012, Reinet entered into a £ 300 million medium-term financing facility, pledging 13.7 million BAT shares as security in respect of the financing. The 13.7 million BAT shares are subject to 'call' options held by the lending bank. These call options have strike prices at levels between £ 37.56 and £ 38.16. Reinet has 'put' options over the shares, albeit at strike prices significantly below current market levels. During November and December 2012, 5 million BAT shares were sold through the market in order to fund Reinet's continuing investment and diversification programme. The shares were sold at an average price of £ 32.50; the sales proceeds totalling some € 201 million.

At 31 March 2013, Reinet held some 79.3 million shares in BAT, representing 4.1 per cent of BAT's issued share capital. The value of the investment in BAT in the balance sheet of Reinet was € 3 317 million, being 82.5 per cent of Reinet's NAV. The BAT share price on the London Stock Exchange increased over the year under review from £ 31.51 to £ 35.27.

Subsequent to the end of the financial year and up to the date of this report, Reinet has sold a further 5 million BAT shares at an average price of £ 35.88 per share. Aggregate proceeds of this share sale programme amounted to some € 212 million. These funds will be utilised to meet Reinet's commitments to fund new and existing investment opportunities.

Reinet received dividends from BAT during the year amounting to € 136 million (£ 110 million), being BAT's final 2011 dividend and its 2012 interim dividend. In May 2013, after the end of the financial year, Reinet received BAT's final dividend in respect of its 2012 financial year; this amounted to £ 73 million.

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

UNLISTED INVESTMENTS

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. In evaluating these opportunities, Reinet applies a minimum hurdle rate of return, taking into account the performance of the investment in BAT.

In addition to investments funded since its formation, Reinet is committed to provide funding of € 763 million over the lives of its current investments. Details of the funding commitments outstanding at 31 March 2013 are given in the table on page 14 of this report. The increase in commitments during the year under review amounts to € 770 million.

Unlisted investments are carried at their estimated fair value. In determining fair value, Reinet Fund Manager S.A. (the 'Fund Manager') relies on audited financial statements of investee companies, management reporting and, where appropriate, valuations provided by third-party experts. Valuations are based on the net asset value of investment funds, discounted cash flow models and the use of comparable valuation multiples for other entities.

MANAGEMENT REPORT

BUSINESS OVERVIEW
CONTINUED

The table on page 4 shows the value of the 100 per cent investment in Trilantic Capital Partners and United States land development and mortgages. In each case, Reinet co-invests with minority parties. Amounts attributable to minority parties are shown in the table either as 'funding by minority partners' or 'minority interest'.

Funding commitments are entered into in various currencies including pounds sterling, US dollars and South African rand and are converted into euro below using 31 March 2013 exchange rates.

PRIVATE EQUITY AND RELATED PARTNERSHIPS

Where Reinet invests in funds managed by third parties its philosophy is to partner with the managers of such funds and to share in fees generated by funds under management. This is the case with funds managed by Trilantic, 36 South, Milestone, Prescient, Renshaw Bay and Vanterra. Under the terms of the Investment Advisory Agreement, Reinet pays no management fee to Reinet Investment Advisors Limited ('the Investment Advisor') on such investments except in the case where no fee or a reduced fee below 1 per cent is paid to the third-party manager. In such cases, the aggregate fee payable to RIAL and the third-party manager is capped at 1 per cent.

TRILANTIC CAPITAL PARTNERS

Fund IV

Original commitment: € 167 million (including commitment in respect of an additional interest acquired from a minority partner during the year)

Trilantic Capital Partners ('Trilantic') is a global private equity firm focused on controlling and significant minority interest investments in North America and Europe. Trilantic employs flexible transaction structures and has a strong record of partnering with family-owned businesses and providing growth capital to management teams. Current investments held in the Trilantic Fund IV portfolio in the United States include interests in hospital supplies services; natural gas and oil exploration; aggregates extraction and distribution; sports and casual accessories; soft goods and electronics; electricity transmission component manufacture and supply; and outdoor and fitness accessories. In Europe, Fund IV has interests in gaming machines and video-lotteries; events management; publishing; commodities broking; mobile telephony and high-speed rail equipment manufacture and maintenance.

Reinet bought an interest in the Trilantic Capital Partners management companies ('Trilantic Management'), in conjunction with the management team, from the Lehman Brothers bankruptcy estate for € 8 million in 2009.

At that time, Reinet also committed to invest in two funds managed by Trilantic Management, Trilantic Capital Partners Fund IV Global L.P., which invests primarily in the United States, and Trilantic Capital Partners Fund IV (Europe) L.P. (together 'Fund IV'). A holding company was established to hold the investment in Trilantic Management and Fund IV. Reinet acquired an 80 per cent interest in this holding company with two partners holding the balance and sharing in the investment commitments. During the year under review Reinet repurchased a 10 per cent interest in the holding company from one of its partners, bringing its ownership to 90 per cent and increasing its remaining commitment by 12.5 per cent.

The investment in Trilantic Management provides that Reinet and its partner will not pay any management fees or carried interest cost on substantially all of the investments in funds under Trilantic Management. In addition, the agreement provides for Reinet and its partner to receive a share of the carried interest payable to Trilantic Management on the realisation of investments held in the funds, once a hurdle rate has been achieved. This applies to the existing funds and to any future funds to be launched by Trilantic. Reinet's share of any carried interest earned by Trilantic Management is 11.25 per cent.

As at 31 March 2013, Reinet and its partner have invested the equivalent of € 113 million (31 March 2012: € 109 million), net of capital repayments, in Trilantic Management and Fund IV. Significant capital repayments were received during the year under review, as Fund IV began the process of realising investments.

The investment is carried at the estimated fair value of € 163 million at 31 March 2013 (31 March 2012: € 149 million). The investment in Fund IV is based on audited valuation data provided by Trilantic Management as at 31 December 2012. The increase in the valuation is due to increases in unrealised gains on underlying investments together with the strengthening of the US dollar against the euro during the year. Of the € 163 million carrying value, some € 147 million is attributable to Reinet, with the balance being attributable to its minority partner.

During the year under review, Reinet and its partner earned net carried interest of € 6 million and realised gains of € 42 million, before tax, on their share of the investments realised by Fund IV. Of these amounts, in aggregate, € 43 million was attributable to Reinet and € 5 million to the minority partner. Total cash proceeds received from Fund IV during the year, being gains, carried interest and repayments of capital, amounted to € 79 million.

At 31 March 2013, Reinet had remaining commitments of € 41 million to invest in Fund IV.

Fund V
Original commitment: € 80 million

In May 2012, Reinet approved a commitment of some € 78 million to Trilantic Capital Partners V (North America) L.P. ('Fund V') together with a commitment of some € 2 million to Fund V's general partner. Fund V will invest principally in North America. Reinet may increase its commitment up to 10 per cent of aggregate investors' commitments to Fund V. Fund V should complete its fundraising activities in the coming months and will thereafter roll-out its investment activities in line with the philosophy applied to earlier funds.

Under the terms of the original strategic agreement, no management fee or carried interest will be payable to Trilantic Management in respect of the funds to be invested in Fund V. Reinet will also be entitled to receive a share of any carried interest earned by Trilantic Management on the investments held through Fund V.

In April 2013, Reinet made an initial investment of € 6 million in Fund V.

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

RENSHAW BAY AND RELATED INVESTMENTS

Renshaw Bay advisory and investment management entity
Original commitment: € 16 million (including additional interest acquired during the year)

Reinet has co-invested with Mr William T. Winters and RIT Capital Partners plc in an investment advisory and management business, known as Renshaw Bay. Renshaw Bay is focused on investment opportunities resulting from dislocations and structural changes in capital markets. The business is managed by Mr Winters, a former Co-Chief Executive Officer of JP Morgan Investment Bank.

Initially, Reinet held 25.01 per cent of the business alongside Mr Winters, who held 50 per cent, and RIT Capital Partners, which held 24.99 per cent. During the year under review, Reinet purchased an additional 7.7 per cent of the business from RIT Capital Partners to bring its total holding to 32.7 per cent and reduce RIT Capital Partners' stake to 17.3 per cent. Mr Winters and senior management hold 50 per cent of the entity.

MANAGEMENT REPORT

BUSINESS OVERVIEW
CONTINUED

Reinet has invested € 14 million to date in Renshaw Bay (31 March 2012: € 3 million). The investment is carried at the estimated fair value of € 14 million at 31 March 2013 (31 March 2012: € 4 million). The current carrying value is based on a recent independent valuation of Renshaw Bay.

At 31 March 2013, Reinet had commitments of € 2 million to invest in Renshaw Bay; this amount was invested in April 2013.

To date, Reinet has also invested in the JPS Credit Opportunities Fund and the Renshaw Bay Real Estate Finance Fund, both opportunities identified and developed by Renshaw Bay.

JPS Credit Opportunities Fund (Cayman) Ltd. ('JPS Credit Fund')
Original commitment: € 55 million

The investment in JPS Credit Fund, which was the first transaction introduced to Reinet by Renshaw Bay, focuses on liquid opportunities in the credit markets. JPS Credit Fund is managed by JP Morgan Asset Management.

JPS Credit Fund's investment objective is to achieve attractive risk-adjusted returns through both capital appreciation and current income by taking positions in publicly traded and privately held securities, derivatives and other instruments (including bonds, credit default swaps and index options), primarily in credit and credit-related markets.

Reinet invested its full commitment to JPS Credit Fund during the year ended 31 March 2012. The investment is carried at the estimated fair value of € 61 million at 31 March 2013 (31 March 2012: € 54 million) based on the valuation at that date provided by the fund manager.

Renshaw Bay Real Estate Finance Fund
Original commitment: € 119 million

In November 2012, Reinet committed to invest € 119 million in this fund.

The Renshaw Bay 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.

Reinet's investment to date of € 1 million has been largely absorbed by the costs incurred in setting up the fund. Consequently, the fair value at 31 March 2013 is considered to be nil. Reinet is committed to invest a further € 118 million in the fund. Of this commitment, € 8 million was invested in April 2013.

Further information on Renshaw Bay may be found at www.renshawbay.com.

36 SOUTH GLOBAL MACRO/VOLATILITY FUNDS
Original commitment: € 88 million

36 South is an absolute return fund manager that specialises in managing global macro/volatility funds. The fund management philosophy is to invest when market estimates of volatility are mis-priced. The volatility may apply to a wide range of underlying asset classes ranging from currencies and interest rates to equities. 36 South's strategies are designed to perform well in most market environments, but substantially outperform in periods of extreme market movement and volatility.

Reinet has co-invested with the 36 South management team in the fund management and distribution companies. Reinet is also an investor in the 36 South funds. The funds are established through an Irish-registered investment fund – 36 South Funds plc.

During the year ended 31 March 2012, Reinet's € 88 million commitment to 36 South was invested in full. Of this, € 15 million represented its initial investment in and loans to the jointly-held fund management companies; € 3 million of the loan has been repaid to date.

The balance of € 73 million is Reinet's investment in the 36 South Funds plc. This investment is carried at its estimated fair value of € 71 million based on unaudited capital statements received from the fund manager as at 31 March 2013 (31 March 2012: € 78 million), together with the fair value of the short-term loan of € 12 million (31 March 2012: € 12 million), for a total of € 83 million (31 March 2012: € 90 million). The change in valuation reflects the movement in the value of the underlying funds.

Further information on 36 South may be found at www.36south.com.

ASIAN PRIVATE EQUITY AND PORTFOLIO FUNDS

Milestone China Opportunities Funds ('Milestone'), co-investments and management company participation

Original commitment: € 13 million (Milestone II), € 78 million (Milestone III) and € 54 million (co-investments and management companies)

The Milestone China Opportunities Fund II L.P. ('Milestone II') and Fund III L.P. ('Milestone III') invest primarily in domestic Chinese high-growth companies seeking expansion or acquisition capital. Milestone funds seek to maximise medium to long-term capital appreciation by making direct investments to acquire minority or majority equity stakes in those companies identified by Milestone's investment team. Milestone has a strong track record in helping portfolio companies list on either domestic or foreign stock exchanges. Current areas of investment include: restaurants; B2B and B2C online travel services; bio-technology; branded sportswear; online group buying services; power generation equipment; fashion retailing; and retail pharmacies.

Reinet has a participation in Milestone II, which it assumed from Richemont when Reinet was formed in 2008. At 31 March 2013, this investment is estimated to have a fair value of € 6 million based on unaudited capital statements received from the fund manager as at 31 December 2012 (31 March 2012: € 10 million). The fund is at a mature stage and assets are being realised over the remaining life of the fund. Reinet's remaining commitment to Milestone Fund II is € 2 million.

In June 2011, Reinet entered into an agreement to invest in Milestone III and its general partner and to co-invest, at its option, in certain of Milestone III's proposed investments.

As at 31 March 2013, capital contributions of € 22 million had been made to Milestone III (31 March 2012: € 3 million). The investment in the fund together with the co-investment are carried at the estimated fair value of € 20 million at 31 March 2013 based on a recent independent valuation (31 March 2012: € 16 million).

Reinet has also invested € 7 million in the general partner of Milestone III. The investment is carried at management's estimated fair value of € 7 million at 31 March 2013 taking into account the cost of the investment made in late 2011 and the performance since that date (31 March 2012: € 7 million).

During the year, Reinet invested € 28 million in a long-term investment vehicle in partnership with certain of the Milestone general partner principals and other partners, including Remgro Limited. This vehicle will co-invest in opportunities identified by Milestone and forms part of the co-investment commitment. The investment is carried at the estimated fair value of € 28 million at 31 March 2013 based on the unaudited financial statements at that date.

MANAGEMENT REPORT

BUSINESS OVERVIEW
CONTINUED

The investments in Milestone III, its general partner and co-investments are carried at a total estimated fair value of € 55 million as at 31 March 2013 (31 March 2012: € 23 million).

At 31 March 2013, Reinet's remaining commitment to Milestone Fund III and co-investment opportunities is € 61 million.

Further information in respect of the Milestone Funds can be found at www.mcmchina.com.

General Enterprise Management Services International Limited ('GEMS')
Original commitment: No Reinet commitment; investment assumed from Richemont and fully funded at that time

Based in Hong Kong, GEMS operates investment funds focused on the natural resources sector and on growth opportunities. GEMS' principal objective is to achieve medium to long-term capital appreciation by investing in a diversified portfolio of equity or equity-linked investments in Asia. GEMS growth funds have made investments in a variety of industries including financial services, consumer/retail, telecommunications, and electronics.

At the time of its formation in 2008, Reinet assumed the investments in the GEMS II and GEMS III funds that had been made by Richemont. Both funds were fully funded by Richemont and no further investment or commitment has been made by Reinet. Both GEMS II and GEMS III are now in the divestment stage and it is expected that Reinet will realise the value of the remainder of its investments in these funds in due course. At 31 March 2013, the aggregate investment in the GEMS funds is carried at the estimated fair value of € 8 million based on a recent independent valuation (31 March 2012: € 11 million).

Further information on GEMS can be found at www.gems.com.hk.

Prescient China Balanced Fund ('Prescient China')
Original commitment: € 25 million

Prescient China is a fund managed by a subsidiary of Prescient Holdings Limited, a South African-listed fund manager. The newly-launched fund invests in equities, bonds, cash and derivatives with the objective of generating inflation-beating returns at acceptable risk levels. It invests principally in equities and other instruments listed on the Shanghai and Shenzhen Stock Exchanges.

In March 2013, Reinet committed to invest € 23 million in Prescient China and € 2 million in its management company. Reinet invested its full capital commitment of € 23 million in the fund in March 2013. This investment is carried at the estimated fair value of € 23 million based on unaudited valuation statements provided by the fund manager at 31 March 2013. Reinet's commitment to invest € 2 million in the management company structure remained uncalled at 31 March 2013.

Further information on Prescient may be found at www.prescient.co.za.

SPECIALISED PRIVATE EQUITY FUNDS
Vanterra Flex Investments L.P. ('Vanterra')
Original commitment: € 78 million

Vanterra was established in March 2010 to invest in listed and unlisted funds and to make direct investments in the United States and emerging markets. Vanterra seeks to construct a globally diversified private equity portfolio providing investors with long-term capital appreciation. Vanterra has co-invested alongside Reinet in Trilantic, in the United States land development and mortgages and in Vanterra C Change Transformative Energy & Materials I, L.P. In addition, Vanterra has investments in US healthcare and in a specialist fund in Brazil. During the year under review, Vanterra also co-invested with Trilantic Fund IV Europe in a Spanish high-speed train manufacturer.

Reinet is an investor in both Vanterra and in its general partner.

As at 31 March 2013, € 43 million of committed funds (31 March 2012: € 28 million), together with € 3 million in respect of expenses (31 March 2012: € 2 million) had been invested in the fund. This investment is carried at the estimated fair value of € 47 million at 31 March 2013 (31 March 2012: € 29 million), based on unaudited financial information as at 31 December 2012.

Reinet is committed to invest a further € 35 million in Vanterra.

Vanterra C Change Transformative Energy & Materials I, L.P. ('Vanterra C Change TEM')
Original commitment: € 51 million

Vanterra C Change TEM was established in July 2010 to invest in companies and projects providing products or services that supply cleaner energy; create a more cost-effective building environment through the use of energy efficient technologies; and develop renewable resources as a substitute for fossil and other traditional fuels.

Reinet is an investor in Vanterra C Change TEM and in its general partner.

As at 31 March 2013, capital contributions of € 41 million had been made to the fund (31 March 2012: € 27 million). This investment is carried at the estimated fair value of € 37 million (31 March 2012: € 24 million), based on unaudited financial information as at 31 December 2012.

Reinet is committed to invest a further € 10 million in Vanterra C Change TEM. Of this, a further € 1 million was invested in April 2013.

Further information on Vanterra may be found at www.vanterra.com.

NanoDimension funds and co-investment opportunities
Original commitment: € 47 million

NanoDimension Management Limited has established two funds in which Reinet is an investor. The focus of each fund is to invest in and support the growth and commercialisation of nanotechnology, the manipulation of matter at an atomic and molecular level. Areas of investment by the funds include: pharmaceuticals and drug delivery structures; optical and electronic switches; and thin film photo-chromatic coatings.

Reinet assumed Richemont's initial investment in the first NanoDimension fund and its commitments to that fund and in May 2012 committed a further € 42 million to invest in the second NanoDimension fund and to co-invest with the fund in one specific project.

At 31 March 2013, the fair value of Reinet's investment in the two funds and the co-investment amounted to € 25 million (31 March 2012: € 4 million). The estimate of fair value is based on valuation statements received from the fund manager as at 31 December 2012 together with an independent valuation of the co-investment. Reinet's remaining commitments to the funds amounted to € 19 million at 31 March 2013.

Further information on NanoDimension may be found at www.nanodimension.com.

Fountainhead Expert Fund
Original commitment: € 16 million

Fountainhead Expert Fund ('Fountainhead') is a newly created absolute return fund investing in a concentrated manner in global equities offering superior potential for capital appreciation and value realisation.

MANAGEMENT REPORT

BUSINESS OVERVIEW
CONTINUED

In February 2012, Reinet invested € 16 million in Fountainhead. The amount invested represents Reinet's full commitment to the fund.

As at 31 March 2013, the fair value of the investment was € 21 million (31 March 2012: € 16 million), based on the valuation at that date provided by the fund manager.

Further information on Fountainhead may be found at www.fountainheadpartners.co.za.

Other fund investments
This includes small, specialist funds investing in private equity businesses, start-up ventures and listed securities. These investments are valued at their fair value of € 6 million at 31 March 2013 (31 March 2012: € 6 million), based on valuation statements received from the fund managers.

PENSION CORPORATION GROUP LIMITED
Original commitment: € 475 million

Pension Corporation Group Limited's wholly-owned subsidiary, Pension Insurance Corporation is one of the UK's leading providers of risk management solutions to defined benefit pension funds. Pension Insurance Corporation is authorised and regulated as an insurance company by the Prudential Regulation Authority in the United Kingdom. It has in excess of £ 6 billion in assets and has insured almost 60 000 pension fund members. Clients include FTSE 100 companies, multinationals and the public sector.

In October 2012, Reinet invested an initial € 119 million in Pension Corporation Group Limited. The initial investment represents a 16 per cent ordinary shareholding in Pension Corporation Group Limited, a newly-established group holding company. Reinet is committed to invest a further € 356 million in one or several tranches to finance new business over the period to 2017. This will lead to Reinet ultimately having an equity position of 43 per cent in the company. Reinet's shareholding in Pension Corporation Group Limited carries at all times voting rights commensurate with its ultimate 43 per cent shareholding.

The investment is carried at an estimated fair value of € 134 million at 31 March 2013 based on Reinet's internal valuation model, taking into account the embedded value at 31 December 2012 and multiples drawn from industry data.

In accordance with its commitment, Reinet invested a further € 59 million in Pension Corporation Group Limited in April 2013, bringing its equity holding to 22 per cent.

Further information in respect of Pension Corporation is available at www.pensioncorporation.com.

UNITED STATES LAND DEVELOPMENT AND MORTGAGES
Original commitment: € 78 million

Reinet has co-invested with partners to acquire interests in real estate development projects, usually properties where infrastructure services have been laid but where construction of properties has not yet commenced. It has also invested in mortgage debt on such developments and in specific properties. The investments are principally in Florida, Colorado and North and South Carolina.

At 31 March 2013, Reinet had invested its total commitment of € 78 million in these projects (31 March 2012: € 68 million). The investment is carried at the estimated fair value of € 105 million (31 March 2012: € 95 million) of which € 88 million is attributable to Reinet and € 17 million to its partners.

The current valuation is based on independent valuations of underlying assets as at 31 December 2012. The increase in the valuation reflects the strengthening of the US dollar against the euro during the year. There are initial signs of strengthening in the US property market generally, although it is too soon to consider any large-scale realisation of these assets for the time being.

Reinet has no further commitment to invest in these investments as of 31 March 2013.

JAGERSFONTEIN AND OTHER DIAMOND EXPLORATION INTERESTS
Project cost: € 104 million

Reinet is an investor in an entity which extracts diamonds from the waste tailings of mining operations which began over a century ago. The tailings are located at Jagersfontein in South Africa. Developments in terms of gemstone extraction technology since the mines were first excavated mean that there is now the potential to recover stones which were previously treated as waste.

As anticipated at the time of making the investment, Reinet has entered into agreements to sell a substantial part of its equity holdings in this project to third parties. The sales were completed during the year under review, resulting in Reinet reducing its effective interest in the Jagersfontein project to 48 per cent. Other shareholders include a local community Black Economic Empowerment ('BEE') organisation and the parties who are responsible for the day-to-day operations. Reinet has provided loans to the BEE partner and other partners to allow them to acquire their equity interests in the project. The loans will be repaid out of cash flow from the project.

Reinet has also invested in a separate project, which is in the process of acquiring rights to source diamonds on an as yet unexploited site near Kimberley in South Africa.

As with the Jagersfontein investment, at the time of making the investment, it was anticipated that Reinet would enter into agreements to sell a substantial part of its equity holdings in this project to third parties, including local BEE interests. These agreements are subject to regulatory approvals being obtained and conditions precedent being met. Upon finalisation of the regulatory issues and completion of the anticipated equity sales, Reinet will have an equity interest of 49 per cent in this project.

As at 31 March 2013, Reinet held equity interests of € 22 million (31 March 2012: € 26 million) in the above investments and had provided loans of € 60 million (31 March 2012: € 48 million). In addition, € 7 million is receivable from third parties in respect of sales of part of the equity investments and Reinet has accrued income of € 13 million (31 March 2012: € 8 million) in respect of the funding that it has provided in connection with the projects to date.

In aggregate, these investments are carried at their estimated fair value of € 102 million at 31 March 2013 (31 March 2012: € 82 million). The current valuations are based on discounted cash flow analyses prepared by local management in each case. Reinet increased its commitment by € 13 million during the year and as at 31 March 2013 is committed to invest a further € 22 million in these projects.

The exposure to the South African rand has been substantially hedged by borrowings in that currency and through forward exchange contracts.

OTHER INVESTMENTS
This portfolio includes small businesses with significant growth potential as well as interests in businesses which require assistance in restructuring their activities before value can be realised. Also included is one small position in a listed security. These assets are valued at their aggregate fair value of € 30 million at 31 March 2013 (31 March 2012: € 23 million), based on an analysis of each of the investments.

MANAGEMENT REPORT

BUSINESS OVERVIEW
CONTINUED

COMMITTED FUNDS

The table below summarises Reinet's outstanding investment commitments as at 31 March 2013.

	As at 31 March 2012[(1)] € m	Exchange rate effects[(2)] € m	Commitments in year € m	Funded € m	As at 31 March 2013 € m	As at 31 March 2013 %
Private equity and related partnerships						
Trilantic Capital Partners[(3)]	62	1	87	(29)	121	15.9
Renshaw Bay and related investments						
Renshaw Bay advisory and investment management company	9	–	4	(11)	2	0.2
JPS Credit Opportunities Fund	–	–	–	–	–	–
Renshaw Bay Real Estate Finance Fund	–	–	119	(1)	118	15.5
Asian private equity and portfolio funds						
Milestone China Opportunities funds co-investment and related opportunities	105	3	–	(45)	63	8.3
GEMS	–	–	–	–	–	–
Prescient China Balanced Fund	–	–	25	(23)	2	0.2
Specialised private equity funds						
Vanterra Flex Investments	47	2	–	(14)	35	4.6
Vanterra C Change TEM	23	1	–	(14)	10	1.3
NanoDimension funds and co-investments opportunities	2	–	42	(25)	19	2.5
Other fund investments	6	–	–	(2)	4	0.5
Pension Corporation	–	–	475	(119)	356	46.7
US land development and mortgages	7	–	–	(7)	–	–
Jagersfontein and other diamond exploration interests	32	(3)	13	(20)	22	2.9
Other investments	25	–	5	(19)	11	1.4
	318	4	770	(329)	763	100.0

(1) Commitments are calculated using 31 March 2012 exchange rates.

(2) Reflects exchange rate movements between 31 March 2012 and 31 March 2013.

(3) The new commitment reflects the 10 per cent interest related to the purchase of shares from a minority partner during the year together with the commitment to invest in Fund V.

Funding commitments are entered into in various currencies including sterling, US dollars and South African rand and are converted into euros using 31 March 2013 exchange rates.

The amounts shown above are Reinet's commitments to invest; where Reinet co-invests with minority partners the amounts do not include the partners' commitments.

CASH AND LIQUID FUNDS

Reinet holds cash on deposit principally in European banks and in a sterling liquidity fund holding highly rated short-term commercial paper. Interest rates remain exceptionally low in respect of both euro and sterling deposits, the currencies in which the bulk of funds are held.

BANK BORROWINGS AND RELATED DERIVATIVE CONTRACTS

BORROWINGS

In February 2012, in order to meet its ongoing commitments, Reinet entered into a £ 300 million medium-term financing facility. At 31 March 2013, the fair value of the borrowing was € 356 million (31 March 2012: € 350 million). The transaction incorporates the purchase by Reinet of put options and the sale by Reinet of call options over 13.7 million BAT shares. The unpaid net option premium is payable over the period to 2017 and is carried as a liability at its fair value of € 42 million as at 31 March 2013 (31 March 2012: € 52 million).

Reinet has also borrowed ZAR 443 million to fund its investments in South African projects. At 31 March 2013, the fair value of the borrowing was € 37 million (31 March 2012: € 43 million).

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

As part of the £ 300 million financing facility, Reinet has purchased put options which provide protection should the value of the BAT shares used to secure the borrowings fall below a certain amount. Reinet has also sold call options over an equal number of BAT shares. Both the put options and the call options are carried at their respective fair values at the balance sheet date. The net derivative liability is carried at its fair value of € 15 million at 31 March 2013 (31 March 2012: net asset value of € 30 million).

Reinet has entered into forward exchange contracts to sell ZAR 600 million. The rand has weakened significantly against the euro over the course of the year under review resulting in a reduction in the fair value of rand denominated assets. Reinet has invested a total of ZAR 975 million in South African projects to date. Of this ZAR 443 million has been borrowed locally, which acts as a natural hedge. The exposure in respect of the balance of ZAR 532 million is mitigated by the use of the forward exchange contracts. The net asset in respect of the forward exchange contracts is carried at its fair value of € 4 million at 31 March 2013.

OTHER LIABILITIES

FEES PAYABLE AND OTHER LIABILITIES, NET OF OTHER ASSETS

Fees payable and other liabilities comprise principally € 32 million in respect of the performance fee payable as at 31 March 2013, the management fee payable and a provision for deferred taxes of € 19 million relating to gains arising from the investments in Trilantic Capital Partners and withholding taxes relating to the investment in US land development and mortgages, together with other operating expenses currently payable. The performance fee and management fee are payable to the Investment Advisor.

The management fee for the year under review amounted to € 33 million (31 March 2012: € 26 million), of which € 15 million was payable at 31 March 2013.

FUNDING BY MINORITY PARTNERS

Reinet invests in certain investments, principally Trilantic Capital Partners and US land development and mortgages, along with minority partners. As capital calls are received, minority partners fund their share by advancing funds to Reinet; as distributions are received from investees, Reinet refunds their pro-rata share to the minority partners. The purchase of 10 per cent of the investment in Trilantic Capital Partners from a minority partner in the year included the repayment of funding previously received and resulted in a reduction in the amount due to minority partners. The net amounts received of € 21 million, are shown as 'Funding by minority partners' in the table on page 4.

MANAGEMENT REPORT

BUSINESS OVERVIEW
CONTINUED

MINORITY INTERESTS

Minority partners share in the gains and losses arising in the investments in which they have interests. To the extent that gains are not distributed to minority partners, their share of the uplift in valuation is accounted for as a liability to them.

SUMMARISED CONSOLIDATED INCOME STATEMENT

	Year ended 31 March 2013		Year ended 31 March 2012	
	€ m	€ m	€ m	€ m
Income				
BAT dividends	136		114	
Interest and other investment income	12		11	
Realised gains on investments	140		9	
Carried interest earned on investments	6	294	7	141
Expenses				
Performance fee	(32)		(38)	
Management fee	(33)		(26)	
Operating expenses, foreign exchange and transaction-related costs	(9)		(9)	
Interest expense	(12)	(86)	(4)	(77)
Realised investment income, net of expenses		208		64
Fair value adjustments				
BAT	231		803	
Other investments	(12)		31	
Derivative asset/liability	(45)		(10)	
Borrowings	2	176	3	827
		384		891
Other charges				
Tax expense		(4)		(19)
Minority interest		(5)		(7)
Profit attributable to the shareholders of the Company		375		865

INCOME

Dividends received from BAT increased by 19 per cent from € 114 million (£ 100 million) to € 136 million (£ 110 million) during the year under review. The increase is due to an increase of £ 0.12 per share in the underlying dividends paid by BAT and a favourable sterling/euro exchange rate at the time of the dividend payments. The dividends received from BAT represent the final 2011 dividend, paid in May 2012, as well as the interim 2012 dividend paid in September 2012. The BAT final 2012 dividend was approved at the BAT AGM held on 25 April 2013 and was paid on 8 May 2013. That dividend has not been accrued at 31 March 2013 and does not form part of the income received during the year under review.

Interest income is earned on bank deposits and loans made to underlying investments.

Total realised gains of € 140 million includes € 98 million in respect of the sale of 5 million BAT shares calculated by reference to the cost of the investment when the BAT shares were first carried at fair value when Reinet was established in 2008 and gains of € 42 million in respect of investments realised by the Trilantic funds. Reinet's share of the Trilantic gains amounts to € 38 million with € 4 million being due to the minority partners.

Carried interest of € 6 million was earned in respect of investments realised by the Trilantic funds. Of this, Reinet's share amounts to € 5 million with € 1 million being due to the minority partners.

EXPENSES

The performance fee for the year ended 31 March 2013 amounts to € 32 million (31 March 2012: € 38 million). The performance fee is calculated as 10 per cent of the increase in the aggregate market value of Reinet Investments S.C.A. over the period since completion of the rights issue in December 2008 up to 31 March 2013, less the sum of all performance fees paid in respect of previous periods.

The management fee for the year ended 31 March 2013 amounts to € 33 million (31 March 2012: € 26 million) with other operating expenses of € 1 million in respect of charges from Reinet Investments Manager S.A. (the 'General Partner'), transaction costs of € 5 million and other expenses, including legal and other fees, which amounted to € 3 million.

Interest expense relates to rand and sterling borrowings.

FAIR VALUE ADJUSTMENTS

The investment in the remaining 79 million BAT shares increased in value by € 317 million during the year under review. Of this, € 359 million was attributable to the increase in value of the underlying BAT shares in sterling terms offset by € 42 million due to the depreciation of sterling against the euro over the course of the year. The sale of 5 million BAT shares resulted in a reversal of the previously recorded unrealised gain of € 86 million at 31 March 2012.

The unrealised fair value adjustment of € 12 million reflects decreases, for the most part, in the value of the Milestone investments offset by the increase in the fair value of the investment in Pension Corporation.

The fair value of the collar financing derivative decreased by € 45 million during the year thereby changing from an asset at the beginning of the year to a liability at the end of the year, reflecting mainly the increase in the price of the BAT shares underlying the put and call options.

Borrowings are carried at fair value reflecting the discounted cash flow value of future principal and interest payments taking into account prevailing interest rates. An unrealised gain of € 6 million arose in respect of the rand borrowing due to the weakening of the South African rand during the year. An unrealised loss of € 4 million arose in respect of the sterling borrowing. Of this, a gain of € 5 million is due to the weakening of the sterling/euro exchange rate during the year and a loss of € 9 million arose due to the effect of lower interest rates used in discounting future cash flows.

OTHER CHARGES

The net tax expense of € 4 million includes corporate and withholding taxes paid in respect of gains realised on Trilantic investments as well as a deferred tax provision in respect of unrealised gains, expected distributions and accrued interest in respect of Trilantic and other US investments. Over provisions for taxes relating to prior periods reduced the net tax expense for the year under review.

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

Profit attributable to shareholders of the Company for the year amounted to € 375 million.

MANAGEMENT REPORT

BUSINESS OVERVIEW
CONTINUED

CASH FLOW

	Year ended 31 March 2013		Year ended 31 March 2012	
	€ m	€ m	€ m	€ m
Investing activities				
Proceeds from sale of investments	271		19	
Investments made	(327)		(256)	
Proceeds from movements in government bond and sterling liquidity funds	57	1	64	(173)
Financing activities				
Repayment of funding to minority partners	(3)		–	
Funding from minority partners	–		11	
Payment to minority partner	(15)		–	
Repayment of bank borrowings	(10)		–	
Proceeds from bank borrowings	–	(28)	358	369
Operating activities				
Dividends, interest and other income received	139		115	
Carried interest received	6		7	
Interest expense	(10)		(3)	
Operating and related expenses	(39)		(32)	
Performance fee paid	(38)		(86)	
Taxes paid	(12)	46	(4)	(3)
Net cash inflow		19		193
Opening cash position		249		53
Effect of exchange rate changes on cash balances		(4)		3
Closing cash position		264		249
Liquid funds were held as follows:				
Cash		264		249
Sterling liquidity fund		62		101
Government bond fund		–		18
Total		326		368

INVESTING ACTIVITIES

Proceeds from the sale of investments include € 201 million in respect of the sale of BAT shares and € 69 million realised through Trilantic.

Investments totalling € 327 million were made during the year, including Pension Corporation Group, US real estate related opportunities, Trilantic, Jagersfontein and other diamond exploration interests, Milestone, Renshaw Bay and Prescient China Fund. The balance relates to other unlisted investments.

€ 18 million was redeemed from the euro-denominated government bond fund during the year and € 39 million (£ 33 million) redeemed from the sterling liquidity fund. In accordance with International Financial Reporting Standards ('IFRS'), these funds are shown as financial assets rather than liquid funds in the balance sheet, notwithstanding that the funds are readily realisable and short-term in nature. In addition to bank deposits of € 264 million, Reinet held € 62 million in the sterling liquidity fund at 31 March 2013. In total, available liquid funds therefore amounted to € 326 million at the balance sheet date.

FINANCING ACTIVITIES

Funding received in respect of 10 per cent of investments made in Trilantic and 20 per cent of investments made in US land development and mortgages, net of sales proceeds received, was repaid to the minority partners.

A payment of € 15 million represents the purchase of 10 per cent of the investment in Trilantic Capital Partners from a minority partner in the year.

No additional bank borrowings were incurred during the year under review (2012: € 358 million).

OPERATING ACTIVITIES

Dividends received from BAT increased by 20 per cent from € 114 million (£ 100 million) to € 136 million (£ 110 million) during the year under review. The increase is due to an increase of £ 0.12 per share in the underlying dividends paid by BAT and a strengthening in the sterling/euro exchange rate at the time of the dividend payments. The dividends received from BAT represent the final 2011 dividend, paid in May 2012, as well as the interim 2012 dividend paid in September 2012.

Carried interest of € 6 million was received in respect of the investment in Trilantic.

Interest of € 7 million was paid in respect of the sterling loan and € 3 million in respect of the ZAR-denominated loan in the year.

The performance fee of € 38 million was paid in respect of the year ending 31 March 2012. The performance fee payable in respect of the current year will be paid in May 2013.

US taxes of € 12 million were paid in the year under review. This amount comprises taxes withheld by Trilantic in respect of gains and carried interest received, together with estimated taxes paid on gains and income which will be taxable in the United States.

Liquid funds increased by € 15 million over the year to € 264 million as the proceeds from the sales of BAT shares and the inflow of dividends received from BAT exceeded amounts invested in new investments together with payment of the performance fee and operating expenses.

RISKS AND UNCERTAINTIES

Reinet's current investments and future investment strategy are subject to a number of risks and uncertainties. The General Partner and Fund Manager have established policies and procedures to identify and monitor these risks.

Responsibility for investment risk and treasury risk is borne by the Board of the Fund Manager. The day-to-day treasury position is monitored by the Chief Executive Officer and the Chief Financial Officer and policy decisions in respect of the investment of cash resources are taken by the Board of the Fund Manager.

Investment decisions are the responsibility of the Fund Manager, acting on the advice of the Investment Advisor.

Reinet's activities expose it 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.

MANAGEMENT REPORT

BUSINESS OVERVIEW
CONTINUED

The principal risks are as follows:

PRICE RISK

Reinet is exposed to price risk. This arises from investments held by Reinet Fund for which prices in the future are uncertain. The fair value of listed securities is dependent upon stock exchange movements which are determined by the market's expectations reflecting interest rates, sentiment, volatility, currency and other factors both specific to each investment and those affecting the market as a whole. Investments in venture capital and start-up projects will also tend to have higher price volatility than more mature investments.

Where non-monetary financial instruments are denominated in currencies other than the euro, the price initially expressed in foreign currency and then converted into euros will also fluctuate because of changes in foreign exchange rates.

Reinet's policy is to manage price risk through diversification and selection of securities and other financial instruments.

FOREIGN EXCHANGE RISK

Reinet operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the euro, primarily the US dollar, sterling and South African rand. Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. The Fund Manager, however, monitors the exposure on all foreign currency denominated assets and liabilities.

Reinet's policy is currently to minimise its exposure to monetary foreign exchange movements on liquid funds by holding such liquid funds in euros and sterling where there are corresponding sterling liabilities. That policy may change to reflect the Fund Manager's view as to the likely development of foreign exchange rates in the medium term or to take account of requirements for funds for investment purposes in currencies other than the euro. Where appropriate, Reinet may borrow in foreign currency and enter into foreign exchange hedging transactions to minimise foreign exchange risk.

INTEREST RATE RISK

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. Reinet holds fixed interest bonds and loans and has long-term borrowings that expose it to fair value interest rate risk.

The Fund Manager monitors Reinet's overall interest rate sensitivity on a regular basis.

CREDIT RISK

Reinet is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due.

The main credit risk to which Reinet is exposed arises from bank deposits, bonds, loans to third parties and borrowings where Reinet's assets are pledged in favour of a third party. Reinet is also exposed to counterparty credit risk on other receivable balances.

Reinet's policy to manage this risk is to place funds only with banks which have strong credit ratings and to regularly monitor the collectability of its claims against third parties.

LIQUIDITY RISK

Liquidity risk is the risk that Reinet may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund Manager monitors Reinet's liquidity position on a daily basis.

A limited proportion of Reinet's invested assets are not actively traded on a stock exchange. Reinet's listed investment in BAT is considered readily realisable as its shares are traded with significant daily volumes on the London Stock Exchange.

LEGAL AND COMPLIANCE RISKS

Laws and regulations governing the operations of the Company and the Fund may adversely affect their business, investments and results of operations.

The Company is required to comply with certain regulatory requirements applicable to a Luxembourg securitisation company, and the Fund with certain regulatory requirements that are applicable to a Luxembourg specialised investment fund. The Company is also required to comply with regulations applicable to a company admitted to the Official List of the Luxembourg Stock Exchange.

Additional laws and regulations may apply to the portfolio assets in which the Fund makes investments, and those laws and regulations, as well as those applicable to the Fund and the Company themselves, may restrict the ability of the Fund to make certain types of investments in certain countries or affect the returns available from those investments.

Laws and regulations and their interpretation and application may also change from time to time and such laws and regulations or those changes could have a material adverse effect on the business, investments and results of operations of the Fund and the Company. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, or to maintain any necessary regulatory licenses, by any of the General Partner, the Fund Manager or Investment Advisor, could have a material adverse effect on the business, investments and results of operations of the Fund and the Company. Where investee companies are subject to regulation, failure to obtain appropriate licences or to comply with regulatory requirements may impact the valuation of the underlying investment.

OPERATIONAL RISKS

The Company does not have any operations of its own. Its principal source of earnings is returns in the form of income and capital gains from the investments made through the Fund and its subsidiaries.

The ability of the Fund to make cash distributions to the Company will depend on a number of factors, including, among others, the actual results of operations and financial condition of the Fund, its subsidiaries and investee companies, restrictions on cash distributions that are imposed by applicable law or the constitutional documents of the Fund, the terms of any future financing agreements entered into by the Fund or its subsidiaries, the timing and amount of cash generated by investments that are made by the Fund, any contingent liabilities to which the Fund may be subject, the amount of income generated by the Fund and other factors that the Fund Manager deems relevant.

DIVIDEND

Taking into account the continuing investment commitments of Reinet Fund, the General Partner considers it appropriate not to propose a dividend at this time.

There is no Luxembourg withholding tax payable on dividends which may be declared by the Company.

During the year under review, Reinet sought clarification from the South African Revenue Service ('SARS') as to the treatment of any dividends to be declared by the Company and paid to South African resident holders of Reinet Depository Receipts ('DRs'). SARS has confirmed to Reinet that any such dividends will be treated as 'foreign dividends' as defined in the Income Tax Act No. 58 of 1962. Accordingly, any such dividends will be subject to South African dividends withholding tax at 15 per cent in the hands of South African resident DR holders unless those holders are otherwise exempt from the tax.

MANAGEMENT REPORT

CORPORATE GOVERNANCE

INTRODUCTION

Reinet recognises the importance of appropriate corporate governance procedures in the management and oversight of its business. It acknowledges the obligations placed upon it as a public company listed in Luxembourg with a secondary listing of its depository receipts in Johannesburg. Reinet's corporate governance principles are codified in the Reinet Prospectus, published on 10 October 2008, and the Statutes of the Company ('the Statutes'), both of which may be downloaded from the Reinet website, www.reinet.com. The requirements of the Statutes and the principles set out in the prospectus adequately establish the framework of corporate governance within which Reinet and its management companies operate and no supplementary corporate governance charter has been adopted by the Company.

The Company, a partnership limited by shares (société en commandite par actions) under the laws of Luxembourg, gives its shareholders exposure to Reinet Fund, a specialised investment fund.

The Company was formerly known as Richemont S.A. and was a subsidiary of Compagnie Financière Richemont SA ('CFR SA'), a Swiss company with significant luxury goods interests. The Company separated from its former parent on 20 October 2008, which saw the luxury businesses transferred to CFR SA. The Company retained Richemont's former interests in BAT together with cash and certain smaller investments.

MANAGEMENT

As a partnership limited by shares, the Company is managed by a general partner rather than a Board of Directors. The general partner is 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 and which has unlimited liability for any obligations of the Company that cannot be met from the assets of the Company.

Both the General Partner and the Fund Manager are owned and controlled by Rupert family interests.

During the year ended 31 March 2013, the Board of Directors of the General Partner met four times. Four directors attended four meetings and one director attended three meetings. The statutes of the General Partner require that the Board of Directors consists of a minimum of three directors.

BOARD OF DIRECTORS OF THE GENERAL PARTNER

The following were directors of the General Partner during the year ended 31 March 2013.

JOHANN RUPERT
Chairman
South African, born 1950
Mr Rupert was appointed to the Board of Directors in 2008.

Mr Rupert studied economics and company law at the University of Stellenbosch, South Africa. After working for the Chase Manhattan Bank and Lazard Frères in New York, he founded Rand Merchant Bank in 1979. In 1985 he joined Rembrandt. He founded Richemont in 1988 and became Group Chief Executive. Appointed as Executive Chairman in September 2002, he also served as Group Chief Executive Officer during the periods from October 2003 to September 2004 and from April 2010 to March 2013. He is Chairman of Richemont, is Non-Executive Chairman of Remgro Limited, is the Managing Partner of Compagnie Financière Rupert and serves as a director of Renshaw Bay Limited.

Mr Rupert holds honorary doctorates in Law, Economics and in Commerce and is the Chancellor of the University of Stellenbosch. He is the Chairman of the Peace Parks Foundation.

ALAN GRIEVE
Chief Executive Officer
British, born 1952
Mr Grieve was appointed to the Board of Directors in 2008.

Mr Grieve was appointed to the board of directors of Richemont S.A. (the predecessor company to Reinet Investments S.C.A.) in 2004. Mr Grieve holds a degree in business administration from Heriot-Watt University, Edinburgh and is a member of the Institute of Chartered Accountants of Scotland. Prior to joining Richemont's predecessor companies in 1986, he worked with Price Waterhouse & Co (now PricewaterhouseCoopers) and Arthur Young (now Ernst & Young). He served as Company Secretary of Richemont from 1988 until 2004 and is Corporate Affairs director of Richemont. He is a director of various subsidiary companies of both Reinet and Richemont, is a founding member of the Laureus Sport for Good Global Foundation and is a non-executive director of Mediclinic International Limited, the South African-based international private hospital group.

ELOY MICHOTTE
Belgian, born 1948
Mr Michotte was appointed to the Board of Directors in 2008.

Mr Michotte was appointed to the board of directors of Richemont S.A. (the predecessor company to Reinet Investments S.C.A.) in 1988. Mr Michotte graduated in engineering from the University of Louvain in Belgium and holds an MBA from the University of Chicago. He has had an extensive career in international business and finance and worked for Ford, McKinsey & Co and Bankers Trust Company prior to joining Richemont at the time of its formation in 1988. As Head of Corporate Finance for Richemont, Mr Michotte has responsibility in particular for mergers and acquisitions and serves on the boards of a number of companies in which Richemont holds an interest. He is a director of Pension Corporation.

MANAGEMENT REPORT

CORPORATE GOVERNANCE
CONTINUED

JOSUA MALHERBE
South African, born 1955
Mr Malherbe was appointed to the Board of Directors in 2009.

Mr Malherbe qualified as a chartered accountant in South Africa in 1984 having commenced his career with the predecessor firm to PricewaterhouseCoopers. He then joined the Corporate Finance Department of Rand Merchant Bank in 1985 and was a general manager of the bank before moving to Rembrandt Group Limited in 1990, also being involved with Richemont at that time.

He was appointed as Director – Investments of Rembrandt in 1993 and served in this position until the formation of VenFin Limited in 2000 where he served as Chief Executive Officer until 2006. Thereafter he held the position of Deputy Chairman of VenFin Limited until November 2009 at which time Remgro acquired all the shares in VenFin. He was appointed to the board of Compagnie Financière Richemont SA in September 2010 where he serves as Non-Executive Director. He also serves as a director on boards of a number of companies, including Remgro Limited, Pension Corporation and Renshaw Bay Limited.

FREDERICK MOSTERT
Chief Legal Counsel
South African, born 1959
Dr Mostert was appointed to the Board of Directors in 2009.

Dr Mostert holds a Master's degree from Columbia University School of Law in New York City and a doctorate from the University of Johannesburg. He is a member of the New York Bar, a solicitor of England and Wales, and practised corporate law at Shearman and Sterling and international intellectual property law at Fross, Zelnick, Lehrman & Zissu in New York. He joined Richemont in 1990 and was appointed Chief Legal Counsel to Richemont in March 2010, having formerly been Chief Intellectual Property Counsel. He was appointed to the board of Compagnie Financière Richemont SA in September 2010.

Dr Mostert is a past President of the International Trademark Association, serves on the Advisory Council of the McCarthy Institute for Intellectual Property and Technology Law, is a guest professor at Peking University and is a Fellow of the London School of Economics. He is a Director of The Net-à-Porter Group Limited, Richemont North America, The Walpole Committee Limited, Laureus World Sports Awards Limited, and Freedom Under Law.

REINET FUND

The Company owns the entire ordinary share capital of Reinet Fund, a specialised investment fund established as a partnership limited by shares (société en commandite par actions) under the laws of Luxembourg.

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 the Fund. The Fund Manager is the general partner in the Fund, with unlimited liability.

The directors of the General Partner are also directors of the Fund Manager together with:

SWEN GRUNDMANN
Company Secretary
Dutch, born 1968
Mr Grundmann was appointed to the Board of Directors in September 2012.

Mr Grundmann holds a law degree from the Faculty of Law of the University of Amsterdam and is a member of the Dutch Association of Corporate Litigation. He joined Richemont in January 1996 and has since been responsible for the corporate law affairs of many of its subsidiaries and is involved in various merger and acquisition projects. In 2009, he was appointed as Company Secretary of both Reinet Investments Manager S.A. and Reinet Fund Manager S.A. and, since 2011, has been responsible for Reinet's general legal affairs. He serves on the boards of a number of companies in which Richemont and Reinet hold an interest.

DIANE LONGDEN
Chief Financial Officer
British, born 1961
Ms Longden was appointed to the Board of Directors in September 2012.

Ms Longden is a member of the Institute of Chartered Accountants in England and Wales and holds a Masters in Business Administration from the Sacred Heart University, John F. Welch College of Business in Luxembourg. Prior to joining Reinet Fund Manager in 2009, Ms Longden worked in the accountancy profession and international insurance industry. She is a director of various subsidiaries of Reinet Fund S.C.A., F.I.S.

KURT NAUER
Chief Investment Officer (up to 31 December 2012)
Swiss, born 1950
Mr Nauer was appointed to the Board of Directors in 2008 and did not stand for re-election at the Annual General Meeting held in September 2012. He retired from the Company on 31 December 2012.

Mr Nauer has many years of experience in banking and international business, having worked with the Cantonal Bank of Zug, Merrill Lynch and the Metro organisation in Switzerland, Canada and Germany. Since joining Richemont's predecessor companies in 1981, he has held various positions in accounting and finance. He was Group Treasurer for Richemont and for its subsidiary, Vendôme Luxury Group S.A., in Luxembourg. He has been a director of various subsidiary companies within Richemont.

BOARD COMMITTEES AND MANAGEMENT

The Company has no executive management or employees. As a consequence, aspects of corporate governance which relate to the establishment of board committees, the determination of remuneration policy and related processes linked to the establishment of a management structure are not applicable to Reinet.

CORPORATE GOVERNANCE
CONTINUED

BOARD OF OVERSEERS

In accordance with the Luxembourg law, a Board of Overseers ('Collège des Commissaires') has been appointed to review the activities of the Company. The Board of Overseers' role is one of oversight and control in addition to the specific powers conferred upon the Board of Overseers by virtue of the Statutes. It has no executive responsibility for the management of Reinet except that the Board of Overseers may be consulted by the General Partner on such matters as the General Partner may determine and no action of the General Partner that may exceed its powers shall be valid unless authorised by the Board of Overseers.

The members of the Board of Overseers may not be directors or employees of the General Partner or of the principal shareholder of the General Partner or any entity in which the Company has a material direct or indirect interest.

The Board of Overseers reports each year to the general meeting of shareholders on the results of the mandate entrusted to it, making such recommendations as it considers appropriate.

In addition to its role as defined by law, the Board of Overseers also acts as the Audit Committee of the Company. In this capacity, the functions of the Board of Overseers include:

- Reviewing the financial statements of the Company and Reinet Fund in order to ensure that they are fair, accurate and complete;
- Monitoring the Company's and Reinet Fund's compliance with applicable legal and regulatory obligations;
- Assessing the quality of the external audit of the Company and Reinet Fund; and
- Verifying the existence and adequacy of internal control and risk management procedures.

At the Annual General Meeting of shareholders held on 11 September 2012 the following members of the Board of Overseers were re-appointed:

DENIS FALCK
South African, born 1945
Mr Falck is a South African chartered accountant and after working in the auditing profession joined Rembrandt Tobacco Company in 1971, where he became the Chief Financial Officer before being transferred to Rembrandt Group Limited in 1979. After various senior positions, he was appointed as the Financial Director of the parent company in 1990. He was a member of the Remgro Executive Committee and its Audit and Risk Committee and was the Chairman of the group's Pension and Retirement Funds' Boards of Trustees. He retired at the end of June 2008 after a career of close to 37 years with Rembrandt Group Limited/Remgro Limited in South Africa. Mr Falck also served as a non-executive director on the boards and audit/risk committees of listed and unlisted investee companies of Remgro, including FirstRand Bank Holdings Ltd, RMB Holdings Ltd, Medi-Clinic Corporation Ltd, Total South Africa (Pty) Limited and Trans Hex Group Limited.

PETER KAUL

German, born 1949

Dr Kaul is a managing director at Commerzbank AG (previously Dresdner Kleinwort). He joined Dresdner Bank Luxembourg S.A. in 1980 and has had an extensive career with Dresdner Bank, where he has served in a wide range of positions covering, amongst other things, treasury and capital markets, acquisitions, sovereign debt reschedulings/restructurings as well as sovereign and corporate debt financing activities. Since 2001, his focus has been on Client Relationship Management and he has advised on and arranged numerous acquisition and project related financing for major international companies. In addition to his responsibilities at the bank, he serves on a number of boards and was a member of the Luxembourg Stock Exchange Committee for 10 years.

YVES PRUSSEN

Luxembourger, born 1947

Mr Prussen graduated as a doctor at law in 1971 and holds a diploma from the 'Institut d'Etudes Politiques' of the University of Grenoble. During the same year he became a member of the Luxembourg bar and since 1975 has been a partner in Elvinger, Hoss & Prussen, a Luxembourg legal firm. Mr Prussen is a member of the International Bar Association, the Luxembourg Section of the International Fiscal Association and the Luxembourg Association for Arbitration. He is the author of various publications in the field of tax law, arbitration, securities laws and the law relating to undertakings for collective investments.

IAN WHITECOURT

British, born 1946

Mr Whitecourt was formerly a senior partner of Price Waterhouse in Luxembourg and now operates his own accountancy and advisory practice in Luxembourg. He is an English chartered accountant. He has considerable experience of the financial world, in particular the Luxembourg banking and investment fund areas, and is a member of the boards of funds managed by UBS, ING and BOUWFONDS and of the board of PTR Holdings Inc.

The Board of Overseers of the Company has also been appointed as the Board of Overseers of Reinet Fund. Each of the members of the Board of Overseers is independent from the General Partner and the Fund Manager.

During the year under review, the Board of Overseers met formally on four occasions. Subsequent to the year-end the Board of Overseers approved the Fund NAV on 25 April 2013 and met on 8 May 2013 to consider and approve the financial statements of the Company and the consolidated financial statements of Reinet.

THE MEMBERS OF THE BOARD OF OVERSEERS

The Statutes provide for a Board of Overseers composed of at least three Overseers. The members of the Board of Overseers are appointed by a resolution of the general meeting of shareholders by a simple majority of the votes cast. The general meeting of shareholders fixes their remuneration as well as the term of their office. They may be re-elected. Their appointment is not subject to the approval of the General Partner.

MANAGEMENT REPORT

CORPORATE GOVERNANCE
CONTINUED

REMUNERATION

Neither the Company nor the Fund has any employees. Rather, both entities pay fees to their respective managers, the General Partner and the Fund Manager, in respect of the management services provided (see Significant Agreements below).

The payment of an annual compensation of € 40 000 per annum to each of the members of the Board of Overseers was approved at the Annual General Meeting of shareholders held on 11 September 2012. Fees of € 40 000 were paid to each of the members of the Board of Overseers in the year ended 31 March 2013.

Although the management of Reinet is distinct from Richemont following the restructuring effected in 2008, a number of executives who have management responsibilities within the General Partner and the Fund Manager have executive roles in and are employed by Richemont. With effect from 1 April 2010, separate employment arrangements in respect of their Richemont and Reinet duties apply in respect of those individuals having roles within both organisations.

SHAREHOLDINGS AND LOANS

Details of shareholdings by members of the Board of Directors of the General Partner and the Board of Overseers are given in note 24 to the consolidated financial statements on pages 69 and 71 of this report. As noted above, the General Partner holds 1 000 management shares in the Company.

The Company has procedures in place requiring persons connected with the Company, the Fund, the General Partner and the Fund Manager together with the Investment Advisor not to trade in the Company's securities during closed periods in advance of the release of financial information in respect of the Company or at other times when they may be in possession of price-sensitive information. Approval to buy or sell securities is required from the Chairman of the General Partner and transactions by members of the Board of Directors of the General Partner and the Board of Overseers are disclosed through the regulatory mechanism operated by the Luxembourg financial sector regulator and on the Company's website.

There were no loans outstanding to members of the Board of Directors of the General Partner or the Board of Overseers during the year or at 31 March 2013.

At 31 March 2013, the Company owed € 1.6 million to the General Partner and Reinet Fund was owed € 0.7 million by the Fund Manager.

SIGNIFICANT AGREEMENTS

The Company is managed by its 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, directors' fees and any other disbursements, and pays an annual administration fee equal to 10 per cent of such expenses. During the year ended 31 March 2013, the Company paid € 0.9 million to the General Partner in respect of the costs that it had incurred and the related administration fee.

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, directors' fees and any other disbursements. Any such amounts payable to the Fund Manager are deductible from any management fees payable to the Investment Advisor.

Under the terms of the Investment Advisory Agreement dated 9 October 2008, as amended on 24 May 2010 and 10 November 2011 between the Fund and the Investment Advisor, the Fund pays both management fees and performance fees to the Investment Advisor.

Mr JP Rupert, Mr J Malherbe, Mr E Michotte and Dr F Mostert, who are Directors of the General Partner, are also members of the Board of Directors of the Investment Advisor.

The management fee is payable to the Investment Advisor at a rate of 1 per cent per annum on the NAV of the Fund, excluding cash and interests in funds managed by third parties. It is calculated semi-annually based on the closing NAV 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 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 the Fund to the management company, net of income received by Reinet 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 management fee for the year under review amounted to € 33 million.

As detailed in the Reinet Prospectus, the performance fee in any period is to be calculated as 10 per cent of the Cumulative Total Shareholder Return at the end of the Performance Measurement Period, adjusted for all dividends and returns of capital to Reinet shareholders, less the sum of all performance fees paid in previous Performance Measurement Periods. The Cumulative Total Shareholder Return will be the difference between the volume weighted average closing price of the Reinet share on the Luxembourg Stock Exchange over the last 20 trading days of each financial year of the Company less the Initial Price, calculated as the volume weighted average market price of the share on the Luxembourg Stock Exchange over the first 60 trading days following the third day after the conclusion of the rights issue in December 2008. The Initial Price, calculated over the trading period from 22 December 2008 to 19 March 2009, is € 7.1945.

MANAGEMENT REPORT

CORPORATE GOVERNANCE
CONTINUED

The performance fee is payable as of 31 March 2013 in the amount of € 32 million. A performance fee of € 38 million was paid in May 2012 in respect of the year ended 31 March 2012.

The Investment Advisor shall be entitled to all accrued but unpaid Management Fees and Performance Fees should the Fund Manager (acting on the instructions of the Board of Overseers) terminate the Investment Advisory Agreement with notice. Such entitlement will not arise where the Fund Manager (acting on the instructions of the Board of Overseers) is entitled to, and does, terminate the Investment Advisory Agreement immediately or if the Investment Advisory Agreement terminates automatically.

CONFLICTS OF INTEREST

Individuals who are involved in the management of the Company, the General Partner or the Fund Manager may also be involved in the management of other industrial and investment companies, including but not limited to CFR SA and Remgro Limited. There is a possibility that these individuals may have a conflict of interest between the duties they owe to the Company or Reinet Fund and the duties they owe to the other entities relying upon their expertise. Such a conflict may arise in relation to, in particular, proposed investment opportunities. The Company and Reinet Fund will be managed to avoid any such conflicts of interest in all possible circumstances. If a conflict of interest in relation to an investment opportunity would arise between any entities affiliated with Rupert family interests the opportunity to co-invest may be offered to the appropriate entities (taking into consideration, among other things, the investment objective, policies and restrictions of each of those entities). Specifically, in terms of the Reinet Prospectus, it is expected that any investments in luxury goods businesses will be made by CFR SA.

CAPITAL STRUCTURE

At 31 March 2013, the Company had 195 941 286 ordinary registered shares and 1 000 management registered shares of no par value in issue.

The Company has an authorised share capital (including the issued capital) of € 1 123 302 000 represented by 999 999 000 ordinary shares and 1 000 management shares. The General Partner has been authorised to issue ordinary shares (and/or instruments convertible into ordinary shares or giving rights to subscribe to ordinary shares) up to the total authorised share capital. Ordinary shares may be issued within the authorised share capital of the Company with or without reserving any pre-emptive subscription rights existing under Luxembourg company law to existing ordinary shareholders at the discretion of the General Partner.

The total number of voting rights at 31 March 2013 was 195 942 286.

REINET SOUTH AFRICAN DEPOSITORY RECEIPTS

Ownership of the ordinary shares is split between those which are held in the form of shares and those held through the form of DRs. The DRs are listed in Johannesburg.

DRs were issued to the former Richemont DR holders when the Company was established and additional DRs were issued to the shareholders of Remgro Limited in exchange for the contribution to the Company by Remgro of 10 per cent of its holding of BAT shares in November 2008. In addition, DR holders who participated in the rights issue also received additional DRs in exchange for the BAT shares contributed to the Company pursuant to the rights issue.

Reinet Securities SA is the successor to Richemont Securities AG. Richemont Securities AG was a jointly held Swiss affiliate of CFR SA and the Fund, and was divided in terms of Swiss law on 16 December 2010 into two new entities, being Reinet Securities SA and Richemont Securities SA, which are responsible for the Reinet DR and Richemont DR schemes, respectively. The division into two entities had no effect whatsoever on the underlying Reinet DRs or Richemont DRs.

DRs trade in the ratio of ten DRs to each Company share. The terms and conditions applicable to DRs are set out in the Deposit Agreement entered into between Reinet Securities SA, as Depository, and the Company, as issuer. In its capacity as Depository, Reinet Securities SA holds one share in safe custody for every ten DRs in issue. Reinet Securities SA's interest in the shares that it holds is therefore non-beneficial.

Any dividends received by Reinet Securities SA from the Company are payable in rand to South African residents. Dividends are converted upon receipt by Reinet Securities SA and then remitted to holders of DRs. Non-South African resident holders of DRs may receive the dividends in euros, subject to their residence status.

Holders of DRs issued by Reinet Securities SA are not entitled to attend the shareholders' meetings of the Company or to vote in person. Rather, DR holders are canvassed as to their voting instructions by Reinet Securities SA, which then represents the holders as their proxy at shareholders' meetings.

SIGNIFICANT SHAREHOLDERS

The General Partner holds 1 000 management shares in the Company, being 100 per cent of the management shares in issue.

Parties affiliated to the Anton Rupert Trust hold a total of 48.4 million Reinet Investments S.C.A. shares representing 24.72 per cent of the Company's share capital. 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 1 paragraph 13 of the Law on Market Abuse. As a consequence, share dealings by such parties are not disclosed as dealings by connected parties in terms of the Law on Market Abuse.

On 10 May 2013, the Public Investment Corporation ('PIC') notified the Company that it held 15.49 per cent of the shares and voting rights in the Company, PIC previously held 14.98 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.

As at the date of this report, the Company has not received any other notifications of significant shareholdings in excess of 3 per cent of the shares in issue.

MANAGEMENT REPORT

CORPORATE GOVERNANCE
CONTINUED

SHAREHOLDERS' MEETINGS AND VOTING RIGHTS

Shareholders' meetings may be convened by the General Partner or by the Board of Overseers. All shareholders are invited to attend and speak at all general meetings of shareholders. Any shareholder may appoint another person, who need not be a shareholder, to represent him at the meeting. As noted above, holders of Reinet DRs may only appoint Reinet Securities SA to represent them at such meetings of shareholders.

Other than as required by law, resolutions to be approved at a meeting of shareholders will be passed by an absolute majority of those present and voting. There is no quorum requirement for a meeting convened to consider the business ordinarily to be considered by a shareholder meeting. The business ordinarily to be considered at a shareholder meeting is the approval of the annual consolidated and company financial statements as presented by the General Partner; the consideration and approval of the appropriation of the result of the year as proposed by the General Partner; the appointment, removal and remuneration of the Board of Overseers; and the discharge to be given to the General Partner and to the members of the Board of Overseers. All other business at a general meeting shall be considered only upon a proposal of the General Partner unless otherwise provided for in the law.

Any other matter which does not fall within the scope of a general meeting, as set out above, shall be dealt with by way of an extraordinary meeting. An extraordinary meeting shall require that 50 per cent of each class of shareholder is represented, failing which the meeting must be reconvened in accordance with the notice requirements laid down by the law. Resolutions proposed at such a meeting shall be passed by a vote in favour of at least two-thirds of the votes present or represented at the meeting, provided that no resolution tabled at such a meeting shall be validly passed unless approved by the General Partner.

The Annual General Meeting of shareholders of the Company was held on 11 September 2012. Out of a total of 195 941 286 ordinary shares and 1 000 management shares in issue, a total of 140 536 507 ordinary shares (some 71.72 per cent of the total) and all the 1 000 management shares were represented by proxy at that meeting. The proposals of the General Partner in respect of the resolutions to be considered at the meeting were approved by an overwhelming majority of the votes represented at the meeting.

The rights of a shareholder to participate in a general meeting and to vote in respect of his shares shall be determined with respect to the shares held by that shareholder on the 14th day prior to the general meeting at midnight (Luxembourg time) (the 'Record Date'). No later than on the Record Date, or the date as provided for in the notice of the meeting, the shareholder indicates to the Company his intention to participate in the general meeting. The Company determines the manner in which this declaration is made. The Statutes provide that certificates of the shareholdings and proxies be received by the Company a certain time before the date of the relevant meeting. In accordance with the Statutes, the General Partner may determine such other conditions that must be fulfilled by shareholders for them to take part in any meeting of shareholders in person or by proxy.

The notice of the 2013 Annual General Meeting of shareholders is given on pages 82 and 83 of this report.

FINANCIAL REPORTING, INTERNAL CONTROL AND RISK MANAGEMENT

The preparation of the annual consolidated financial statements and the entity financial statements of the Company is the responsibility of the General Partner. The Company's role is limited to the holding of the investment in Reinet Fund, the issuance of its own shares and related activities and therefore its own entity financial statements are straightforward. The Board of Directors of the General Partner has established strict rules designed to protect the Company's interests in the areas of financial reporting, internal control and risk management. An internal control process has been defined and implemented by the Board of Directors of the General Partner and approved by the Board of Overseers, with the aim of achieving reliability of financial and accounting information and full compliance with applicable laws and regulations. The internal controls over financial reporting are designed to provide assurance that the financial reporting does not contain any material inadequacies. The level of financial controls that have been established are considered by the General Partner to be adequate for the scale of the Company's and Reinet Fund's operations and their level of complexity.

Responsibility for investment risk and treasury risk is borne by the Board of the Fund Manager. The day-to-day treasury position is monitored by the Chief Executive Officer and the Chief Financial Officer and policy decisions in respect of the investment of cash resources are taken by the Board of the Fund Manager.

Investment decisions are the responsibility of the Fund Manager, acting on the advice of the Investment Advisor.

The Company is subject to financial risks, certain of which are discussed in note 4 to the consolidated financial statements on page 50 of this report.

INFORMATION POLICY

The Company reports to shareholders in accordance with the requirements of Luxembourg law and the guidance provided by the Luxembourg Stock Exchange and the Commission de Surveillance du Secteur Financier ('CSSF'). The annual report is the principal source of financial and business information for shareholders. The Company's preliminary announcement of the results for the financial year is usually issued in May each year. In addition to the annual report, Reinet publishes its half-yearly financial report in November as well as interim management statements in July and January covering the Company's performance during the first and third quarters, respectively, of the financial year. Ad hoc news announcements are made in respect of matters which the Company considers to be of significance to shareholders, in accordance with the specific guidelines laid down by the Luxembourg Stock Exchange and the CSSF.

The annual audited and half-yearly unaudited financial reports are distributed to all parties who have asked to be placed on the Company's mailing list and to registered holders of South African Depository Receipts. Investors may request electronic notification that such reports have been published on the Company's website.

All news announcements are distributed by e-mail. Shareholders and other interested parties may ask to be included on the distribution list by contacting the Company Secretary at the Company's registered office or by e-mail (info@reinet.com) or by registering on the Company's website (http://www.reinet.com/investor-relations/company-announcements.html).

Copies of the annual audited and half-yearly unaudited financial reports, the preliminary announcement, trading statements and ad hoc press releases may also be downloaded from the Reinet website. Copies of the Statutes of the Company, together with the report on Corporate Governance, are also available on the website.

MANAGEMENT REPORT

CORPORATE GOVERNANCE
CONTINUED

In addition, the Company publishes the Fund's Net Asset Value statements. Following a change in the Fund's prospectus, which was approved by the CSSF on 18 October 2012, these Net Asset Value statements will be published within 20 business days of the end of each calendar quarter. These statements are also available on the Company's website www.reinet.com.

Statutory and regulatory announcements are filed with the CSSF, published on the Company's website and made available to the Luxembourg Stock Exchange.

AUDITORS
The annual consolidated accounts as well as the entity accounts of the Company for the accounting year ended 31 March 2013 were audited by PricewaterhouseCoopers Société coopérative, Réviseur d'entreprises agréé, Luxembourg. PricewaterhouseCoopers falls to be reappointed by the General Partner in accordance with the terms of the Securitisation Law.

SUSTAINABILITY
For businesses to be successful, it is not sufficient to focus solely on the single bottom line of profitability at all costs. Rather, businesses are expected to meet the needs of all stakeholders – shareholders, employees, business partners, local communities, the global community and the environment. It is imperative for businesses to work responsibly, recognising that the world's resources are finite and that we all have a role to play in their conservation. Initiatives to reduce carbon dioxide emissions, reduce water usage and minimise emissions are to be welcomed.

Investors such as Reinet have a role to play by seeking out companies which do act responsibly and avoiding those which do not. Reinet's investment criteria reflect our concerns; we look for responsible management in businesses which take account of their stakeholders' interests, treat their employees fairly and respect the environment. A large proportion of Reinet's smaller investments (excluding the significant holding in BAT) are financial in nature being either in investment funds or investment advisory and management activities. By their nature, such operations have a minimal direct environmental impact.

Reinet's business philosophy is to find investments that offer long-term growth potential. Reinet's long-term investment philosophy minimises the risk of businesses in which we invest taking short-cuts to achieve 'quick-fix' returns. That logic applies to our partners as well. Reinet does not want to invest in businesses which do not share our goals and values. BAT is a good example of a company which has built a reputation for being a good corporate citizen within the industry in which it operates, whilst growing its business and consistently improving profitability.

In some cases – notably the co-investment in Jagersfontein and Vanterra TEM – Reinet is making an investment in projects which we expect will have positive, direct benefits for communities and the environment. Other investments, for example certain of those held through the NanoDimension funds, are exploring the use of new technologies to create new drugs or to improve the mechanisms for the delivery of drugs, targeting the site of the problem within the body and reducing side-effects.

As an investment vehicle, Reinet does not have any operations or staff of its own. It is managed by Reinet Investments Manager S.A. and Reinet Fund Manager S.A., whose teams are based in Luxembourg.

ARTICLE 11 OF THE LUXEMBOURG LAW ON TAKEOVER BIDS OF 19 MAY 2006

Reinet publishes the following detailed information as required by Article 11 (1) of the law of 19 May 2006 on takeover bids.

CAPITAL STRUCTURE OF THE COMPANY

Reinet has issued two classes of shares, namely management shares and ordinary shares. The ordinary shares are split between those which are held in the form of shares listed on the Luxembourg Stock Exchange and those held in the form of DRs which trade in the ratio of ten DRs to each Company share and are listed on the Johannesburg Stock Exchange.

The Company has an authorised share capital of € 1 123 302 000 represented by 999 999 000 ordinary shares and 1 000 management shares.

At 31 March 2013, the Company had 195 941 286 ordinary shares and 1 000 management shares of no par value in issue.

The ordinary shares confer on the shareholder the entitlement to participate in and to vote at meetings of shareholders, with each share carrying the right to one vote. Each share also entitles each shareholder to receive a proportionate share of any dividend that the Company may declare and a proportionate share of the net assets of the Company on liquidation. The liability of shareholders is limited to the amount of their investment in the Company. The ordinary shares are listed on the Luxembourg Stock Exchange.

The management shares confer the same rights with regard to voting, dividends and the distribution of assets on liquidation as the ordinary shares. In addition, as holder of management shares, the General Partner has broad powers to manage the Company and has unlimited liability for any obligations of the Company that cannot be met out of the assets of the Company. The management shares are not listed.

Holders of DRs issued by Reinet Securities SA are not entitled to attend the shareholders' meetings of the Company or to vote in person. Rather, DR holders are canvassed as to their voting instructions by Reinet Securities SA, which then represents the holders as their proxy at shareholders' meetings.

RESTRICTIONS ON THE TRANSFER OF SECURITIES

The ordinary shares are freely transferable. The Company and its shareholders must comply with the requirements of the Luxembourg law of 11 January 2008 on transparency requirements (the 'Transparency Law'), provided however that in addition to the thresholds set out in such law, each shareholder shall, in accordance with the Statutes of the Company, be liable to notify the Company of any acquisition or disposal if the proportion of the holding of shares held by him, whether directly and/or indirectly, including those that are deemed to be controlled by him in the circumstances contemplated by Article 9 of the Transparency Law, reaches, exceeds or falls below the threshold of 3 per cent, failing which the General Partner may disregard the voting rights attaching to the shares and certain restrictions may apply to such shareholdings in accordance with the terms of Article 10 of the Company's Statutes.

The management shares are transferable only to a successor or an additional manager with unlimited liability for the Company's financial liabilities.

MANAGEMENT REPORT

CORPORATE GOVERNANCE
CONTINUED

SIGNIFICANT SHAREHOLDINGS
The details of significant shareholders within the meaning of Directive 2004/109/EC are given on page 31 of this report.

SEPARATE CLASSES OF SECURITIES
The management shares held by the General Partner confer the same rights with regard to voting, dividends and the distribution of assets on liquidation as the ordinary shares. In addition, as holder of management shares, the General Partner shall have broad powers to manage the Company. The General Partner will have unlimited liability for any obligations of the Company that cannot be met out of the assets of the Company.

SHARES HELD IN RESPECT OF SHARE INCENTIVE SCHEMES FOR EMPLOYEES OF THE GENERAL PARTNER, FUND MANAGER AND INVESTMENT ADVISOR
The Investment Advisor owns 995 850 ordinary shares of the Company as at 31 March 2013. These shares have been acquired to hedge share appreciation rights and related awards to key executives. Until the rights awarded under these schemes may be exercised by the employees concerned, the voting rights on these shares may be exercised by the Investment Advisor.

VOTING RIGHTS AND SHAREHOLDER MEETINGS
Each issued share represents one vote. The rights of a shareholder to participate in a general meeting and to vote in respect of his shares shall be determined with respect to the shares held by the shareholder on the 14th day prior to the general meeting, as required by Luxembourg law. Further information is set out on page 32 of this report.

SHAREHOLDER AGREEMENTS AND TRANSFER RESTRICTIONS
There are no agreements between shareholders which are known to the Company. The Company is not aware of any agreements which may result in restrictions on the transfer of securities or voting rights.

RULES GOVERNING THE APPOINTMENT OF THE GENERAL PARTNER AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY
The Company has no executive management or employees. In accordance with Luxembourg law, the management of the Company is carried out by the General Partner, the unlimited shareholder of the Company, which has been designated as such in the Statutes.

The replacement of the General Partner or the appointment of additional managers requires an amendment to the Statutes at an extraordinary general meeting of shareholders to be held before a public notary at which at least one half of the capital is represented; resolutions must be approved by at least two-thirds of the votes of the shareholders present or represented.

Any proposal to amend the Statutes shall be considered and approved by an extraordinary general meeting of shareholders. At any such meeting, the shareholders may only validly deliberate if the quorum required by the law is satisfied. Resolutions shall be passed by at least two-thirds of the votes cast, provided that no resolution at any extraordinary general meeting of shareholders shall be validly passed unless approved by the General Partner, unless otherwise provided by law. In that respect it is to be noted that no decision of the General Partner on behalf of the Company in respect of the exercise by the Company of any power to amend the Statutes shall be valid unless approved by the Board of Overseers.

POWERS OF THE GENERAL PARTNER

The General Partner is vested with the broadest powers to perform all acts of administration in compliance with the Company's corporate objects set out in the Statutes except for matters expressly reserved by Luxembourg law or the Statutes to be approved by the general meeting of shareholders. Certain decisions of the General Partner must be approved by the Board of Overseers.

The General Partner has authority to purchase, acquire or receive in the name of the Company, shares in the Company up to 10 per cent of the issued share capital, from time to time, over the stock exchange or in privately negotiated transactions or otherwise.

SIGNIFICANT AGREEMENTS

There are no significant agreements to which the Company is a party and which take effect, alter or terminate upon a change of control of the Company following a takeover bid.

AGREEMENTS WITH DIRECTORS AND EMPLOYEES

The Company is managed by the General Partner, it has no directors, executive management or employees. Details of the agreements with the General Partner, the Fund Manager and the Investment Advisor are set out on pages 28 and 29 of this report.

APPROVAL

The General Partner, represented by Alan Grieve, its Chief Executive Officer and Diane Longden, its Chief Financial Officer, confirms that, to the best of its knowledge:

1. The 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;

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, together with a description of the principal risks and uncertainties that they face.

The consolidated financial statements for the year ended 31 March 2013 on pages 40 to 73 of this report were approved by the Board of the General Partner and signed on its behalf by Alan Grieve and Diane Longden.

Alan Grieve	**Diane Longden**
Chief Executive Officer	Chief Financial Officer

Reinet Investments Manager S.A.

General Partner

16 May 2013

REPORT OF THE BOARD OF OVERSEERS

Pursuant to Articles 103 and 62 of the Luxembourg company law and Article 18 of the Statutes of the Company, we hereby report to the shareholders' meeting in respect of the accounting year ended 31 March 2013 and the financial statements prepared for such period.

The financial statements of the Company and the consolidated financial statements have been audited by the Réviseur d'entreprises agréé, PricewaterhouseCoopers Société coopérative, Luxembourg, in accordance with international standards on auditing. The audit reports on the financial statements of the Company and on the consolidated financial statements are presented on page 81 and page 74 of this report, respectively.

We refer to those financial statements, which we have reviewed and discussed with the Réviseur d'entreprises agréé, and we are of the opinion that these provide a true and fair view of the financial situation of the Company.

During the period referred to above, we have been kept fully informed by the Board of Directors of the General Partner about developments in the Company.

The Board of Overseers recommends that the financial statements of the Company and the consolidated financial statements to be presented to the Annual General Meeting of shareholders of the Company be approved.

The Board of Overseers

Reinet Investments S.C.A.

8 May 2013

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

	Note	31 March 2013 € m	31 March 2012 € m
ASSETS			
Non-current assets			
Financial assets held at fair value through profit or loss	*4, 7*	4 223	3 796
Derivative financial instruments	*4, 8*	–	30
Non-current assets – held for sale	*4, 9*	7	14
		4 230	3 840
Current assets			
Derivative financial instruments	*4, 8*	4	–
Receivables	*10*	19	2
Financial assets held at fair value through profit or loss	*4, 7*	62	119
Cash and cash equivalents	*4, 11*	264	249
		349	370
Total assets		4 579	4 210
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	*12*	220	220
Share premium		770	770
Non-distributable reserve	*13*	22	22
Cumulative translation adjustment reserve	*14*	(203)	(203)
Retained earnings		3 214	2 840
		4 023	3 649
Minority interest		13	12
Total equity		4 036	3 661
LIABILITIES			
Non-current liabilities			
Derivative financial instruments	*4, 8*	15	–
Deferred tax liability	*15*	19	16
Funding from minority partners	*4, 16*	21	32
Borrowings	*4, 17*	416	425
		471	473
Current liabilities			
Payables	*18*	51	53
Accruals and provisions		2	3
Borrowings	*4, 17*	19	20
		72	76
Total liabilities		543	549
Total equity and liabilities		4 579	4 210

The notes on pages 44 to 73 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 March 2013 € m	Year ended 31 March 2012 € m
Income			
Dividend and other investment income	*20*	137	114
Interest income	*20*	15	8
Carried interest earned	*20*	6	7
Net change in the fair value of financial assets and financial liabilities at fair value through profit or loss	*7*	316	836
Effect of exchange rate changes on cash balances		(4)	3
Total income		470	968
Expenses			
Performance fee	*24*	32	38
Management fee	*21, 24*	33	26
Custodian, secretarial and administration fees		4	5
Transaction costs		5	4
Interest expense		12	4
Total expenses		86	77
Profit for the year before tax		384	891
Tax expense	*22*	4	19
Profit for the year after tax		380	872
Other comprehensive income			
Currency translation adjustment		–	–
Total comprehensive income		380	872
Attributable to:			
– owners of the parent		375	865
– minority interest		5	7
Total comprehensive income		380	872
Profit for the year		380	872
Attributable to:			
– owners of the parent		375	865
– minority interest		5	7
		380	872
Earnings per share from profit for the year			
– basic and diluted	*23*	€ 1.91	€ 4.41

The notes on pages 44 to 73 are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the parent						
	Note	Equity holders' capital € m	Non-distributable reserve € m	Cumulative translation adjustment reserve € m	Retained earnings € m	Total € m	Minority interest € m	Total equity € m
Balance at 31 March 2011		990	22	(204)	1 976	2 784	4	2 788
Adjustment due to change in consolidation treatment of certain companies[(1)]		–	–	1	(1)	–	1	1
Profit attributable to the shareholders		–	–	–	865	865	7	872
Balance at 31 March 2012		990	22	(203)	2 840	3 649	12	3 661
Purchase of minority interest	*19*	–	–	–	(1)	(1)	(4)	(5)
Profit attributable to the shareholders		–	–	–	375	375	5	380
Balance at 31 March 2013		990	22	(203)	3 214	4 023	13	4 036

(1) As detailed in note 3.2.1, certain subsidiaries are reflected in the financial statements at 31 March 2013 and 31 March 2012 as 'Financial assets at fair value through profit or loss' rather than consolidated on a line by line basis as in the previous year.

The notes on pages 44 to 73 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 March 2013 € m	Year ended 31 March 2012 € m
Cash flows from operating activities			
Purchase of non-current financial assets	7	(327)	(256)
Redemption of current financial assets	7	57	64
Proceeds from sale of financial assets	7	271	19
Dividends and investment income received	20	139	115
Carried interest received	20	6	7
Interest paid		(10)	(3)
Taxes paid		(12)	(4)
Performance fee paid	24	(38)	(86)
Operating expenses paid		(39)	(32)
Net cash from/(used in) operating activities		47	(176)
Cash flow from financing activities			
Repayment of funding from minority partners	16	(3)	–
Funding from minority partners	16	–	11
Payment to minority partner		(15)	–
Repayment of bank borrowings		(10)	–
Proceeds from bank borrowings	17	–	358
Net cash (used in)/from financing activities		(28)	369
Net increase in cash and cash equivalents		19	193
Cash and cash equivalents at beginning of the year		249	53
Effect of exchange rate changes on cash balances		(4)	3
Cash and cash equivalents at end of the year	11	264	249

The notes on pages 44 to 73 are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE 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 registered office is at 35, boulevard Prince Henri, 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 registered office is at 35, boulevard Prince Henri, Luxembourg.

The Company owns the entire ordinary share capital of Reinet Fund S.C.A., F.I.S. ('Reinet Fund' or 'the Fund'), a specialised investment fund established as a partnership limited by shares (*société en commandite par actions*) under the laws of Luxembourg.

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 the Fund. The Fund Manager is the general partner in the Fund and is liable for any obligations of the Fund that cannot be met out of the assets of the Fund. The address of its registered office is 35, boulevard Prince Henri, Luxembourg.

Reinet Fund's objective is to generate significant long-term capital growth. It aims to achieve this objective by investing over time in a diversified portfolio of securities. The Fund may also seek partners with whom it may co-invest. The Fund is advised by Reinet Investment Advisors Limited (the 'Investment Advisor') under the terms of the Investment Advisory Agreement.

The Company and Reinet Fund together with the Fund's subsidiaries are referred to as 'Reinet'.

1.2 SECURITIES LISTINGS AND TRADING

The Company's shares are listed and traded on the Luxembourg Stock Exchange. In addition, Reinet Securities SA, acting on behalf of the Company, has issued Reinet South African Depository Receipts ('DRs'), which are traded on the stock exchange operated by the JSE Limited in Johannesburg. DRs trade in the ratio of 10 DRs to each Reinet Investments S.C.A. share.

1.3 APPROVAL OF THESE FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Overseers on 8 May 2013 and by the Board of Directors of the General Partner on 16 May 2013.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS

Reinet applies International Financial Reporting Standards ('IFRS') as endorsed by the European Union ('EU'). As part of its ongoing programme, the International Accounting Standards Board ('IASB') has issued new or revised IFRS during the period covered by these financial statements.

(a) New standards and amended standards adopted in the year

There are no IFRS or amendments that are effective for the first time for the financial year under review that have had a material impact on the financial statements.

(b) New standards, amendments and interpretations issued but not effective for the year beginning 1 April 2012 and not early adopted

Certain new accounting standards issued by the IASB and new interpretations issued by the International Financial Reporting Interpretations Committee are not yet effective and have not been applied in preparing these consolidated financial statements. The General Partner is reviewing all of the new accounting standards.

- IAS 1 (amendment), *Financial statement presentation* regarding other comprehensive income – effective for financial reporting periods commencing on or after 1 July 2012. Endorsed by the EU on 5 June 2012.
- IAS 27 (revised 2011), *Separate financial statements* – effective for financial reporting periods commencing on or after 1 January 2014. Endorsed by the EU on 11 December 2012.
- IAS 28 (revised 2011), *Associates and joint ventures* – effective for financial reporting periods commencing on or after 1 January 2014. Endorsed by the EU on 11 December 2012.
- IAS 32 (amendment), *Financial instruments: Presentation* regarding offsetting financial assets and financial liabilities – effective for financial reporting periods commencing on or after 1 January 2014. Endorsed by the EU on 13 December 2012.
- IFRS 7 (amendment), *Financial instruments disclosures* regarding offsetting financial assets and financial liabilities – effective for financial reporting periods commencing on or after 1 January 2013. Endorsed by the EU on 11 December 2012.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS CONTINUED

– IFRS 9 (amendment), *Financial instruments classification and measurement* – effective for financial reporting periods commencing on or after 1 January 2015 (IASB date). Not yet endorsed by the EU.

– IFRS 10, *Consolidated financial statements* – effective for financial reporting periods commencing on or after 1 January 2014. Endorsed by the EU on 11 December 2012. This IFRS establishes principles for the preparation of financial statements when an entity controls one or more other entities and will replace IAS 27. Reinet continues to assess this IFRS in conjunction with proposed amendments which aim to exempt investment entities from the requirement to consolidate.

– IFRS 11, *Joint arrangements* – effective for financial reporting periods commencing on or after 1 January 2014. Endorsed by the EU on 11 December 2012. This IFRS establishes principles for financial reporting by parties to a joint arrangement and will supersede IAS 31.

– IFRS 12, *Disclosures of interests in other entities* – effective for financial reporting periods commencing on or after 1 January 2014. Endorsed by the EU on 11 December 2012. This IFRS sets out disclosure requirements that apply to entities that have an interest in a subsidiary, a joint venture arrangement, an associate or an unconsolidated structured entity.

The following standard is expected to have an effect on the consolidated financial statements, in particular the financial disclosures in the notes to the accounts.

– IFRS 13, *Fair value measurement* – effective for financial reporting periods commencing on or after 1 January 2013. Endorsed by the EU on 11 December 2012, IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. Reinet is currently reviewing the reporting requirements of IFRS 13 and does not expect any impact on reported amounts, however additional note disclosures will be required in future reporting periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements insofar as they relate to Reinet's ongoing activities are set out below. These policies have been consistently applied to both periods presented, unless otherwise stated.

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

3.1 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

The financial statements are prepared in accordance with IFRS as issued by the IASB and adopted by the European Union.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the General Partner to exercise its judgement in the process of applying Reinet's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

3.2 CONSOLIDATION

3.2.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which Reinet has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Reinet controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to Reinet. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by Reinet. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of Reinet's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Reinet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Assets and liabilities held in subsidiaries where the functional currency is not the euro are translated to euros at exchange rates ruling at the balance sheet date. The revenues and expenses of these subsidiaries are translated into euros at average exchange rates for the period. Translation differences arising on the translation of the financial statements of such subsidiaries into euros are recognised directly as a separate component of equity and are released back to profit or loss upon disposal of the non-euro-denominated entity.

In respect of investments where Reinet holds more than 50 per cent of the voting rights but does not control the day-to-day activities or investment decisions of the entity, the investment is recorded at fair value and included in 'Financial assets at fair value through profit or loss'.

3.2.2 Changes in ownership interests in subsidiaries without change in control

Transactions with minority partners that do not result in a change in control are accounted for as equity transactions. The difference between the fair value of any consideration paid and the share of the carrying value of net assets of the subsidiary acquired is recorded as a movement in equity. Gains or losses on disposals to minority partners are also recorded in equity.

3.2.3 Associates

An associate is an entity, including an unincorporated entity such as a partnership, over which Reinet has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments that are held as part of Reinet's investment portfolio are carried in the balance sheet at fair value even though Reinet may have significant influence over those companies. This treatment is permitted by IAS 28, *Investment in associates*, which allows investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in the statement of comprehensive income in the period of the change.

3.3 FOREIGN CURRENCY TRANSLATION

3.3.1 Functional and presentation currency

The primary activity of the Fund is to invest globally in companies, joint ventures and partnerships by way of shares, debt or a combination of such instruments.

The performance of Reinet is measured and reported to the investors in euros. The General Partner considers the euro as the currency which is most appropriate for the representation of Reinet's results. The financial statements are presented in euros. The euro is Reinet's functional and presentation currency.

Reinet's largest investment remains its interest in British American Tobacco ('BAT'), which is a UK-based company with global operations. Its shares are listed on the London Stock Exchange. Although BAT shares are denominated in sterling, its profits are largely generated outside the United Kingdom. As such, the underlying value generation in respect of BAT may be viewed as being in a basket of currencies rather than sterling.

In addition to its investment in BAT, Reinet holds investments and has liabilities denominated in US dollars, South African rand and sterling. These are translated into euros using rates prevailing at the balance sheet date.

3.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the balance sheet date.

Where assets and liabilities are denominated in a currency other than the functional currency of the entity that holds such assets and liabilities, foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are included in the statement of comprehensive income within 'Dividend and other investment income'.

Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within 'Net change in the fair value of financial assets and financial liabilities at fair value through profit or loss'.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.4 SEGMENT REPORTING

Segments are reported in a manner consistent with the internal reporting provided in respect of the Fund to the Fund Manager. The Fund Manager is the key decision maker and is responsible for allocating resources and assessing performance of the segments.

3.5 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.6 NON-IFRS DISCLOSURES

In the reporting of financial information, Reinet uses certain measures that are not required under IFRS.

Due to the secondary listing of the ordinary shares of Reinet Investments S.C.A. on the exchange operated by the JSE Limited ('JSE') in South Africa, Reinet is required to present 'headline' earnings per share and diluted 'headline' earnings per share, as alternative measures of earnings per share, calculated in accordance with Circular 3/2012 'Headline Earnings' issued by the South African Institute of Chartered Accountants. This is presented on page 69.

3.7 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

3.7.1 Classification

Reinet classifies its investments in debt and equity securities as financial assets held at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

– *Financial assets held for trading*

  A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

– *Financial assets and liabilities designated at fair value through profit or loss at inception*

  Financial assets and liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with Reinet's investment strategy.

  Reinet's policy requires the Fund Manager to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

  Current assets are those which are expected to fall due, be receivable or realised within 12 months from the balance sheet date. Long-term assets are those where no realisation is currently expected within a 12-month time period from the balance sheet date.

3.7.2 Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which Reinet commits to purchase or sell the investment. Financial assets held at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or Reinet has transferred substantially all risks and rewards of ownership. Where Reinet is in the process of restructuring the ownership of an asset, amounts which are to be sold to third parties and where a signed contract of sale exists, are included as assets held for sale.

Subsequent to initial recognition, all financial assets held at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets held at fair value through profit or loss category are presented in the statement of comprehensive income within 'Net change in the fair value of financial assets and financial liabilities at fair value through profit or loss' in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Dividend income from financial assets held at fair value through profit or loss is recognised in the statement of comprehensive income within 'Dividend and other investment income' when Reinet's right to receive payments is established. Interest on debt securities held at fair value through profit or loss is recognised in the statement of comprehensive income within 'Interest income' based on the effective interest rate.

3.7.3 Fair value estimation

The fair value of financial assets traded in active markets (such as publicly traded securities) are based on quoted market prices at the balance sheet date. The quoted market price used for financial assets is the closing bid price.

The fair value of financial assets that are not traded in an active market is determined by the Fund Manager using valuation techniques in accordance with European Private Equity and Venture Capital Association guidelines. Reinet uses a variety of valuation methods in each case considered to be most appropriate to the assets concerned. Where necessary, valuations are obtained by the Fund Manager from third-party experts to support the valuations being used in the financial statements. Valuation techniques used include the use of comparable recent arm's-length transactions, reference to other instruments that have substantially the same characteristics, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For recent investments in unquoted investments, cost may be considered to be the best estimate of fair value (in accordance with the International Private Equity and Venture Capital Association guidelines issued in December 2012), for a limited period after the date of the transaction and in the absence of any indications to the contrary.

3.8 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at economic fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

All derivative financial instruments are considered to be economic fair value hedges. Changes in the fair value of the hedge are recorded in the statement of comprehensive income, together with any changes in the economic fair value of the hedged asset or liability that are attributable to the hedged risk.

The fair value of derivative financial instruments are disclosed in note 8.

3.9 NON-CURRENT ASSETS – HELD FOR SALE

Non-current assets are classified as assets held for sale when their carrying value is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

3.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

3.11 RECEIVABLES

Receivables are carried at fair value.

3.12 ACCRUED EXPENSES

Accrued expenses are recognised at fair value.

3.13 BORROWINGS

All borrowing costs are expensed as incurred including facility fees, interest and foreign exchange fluctuations. Borrowings are recognised initially at fair value and are designated as financial liabilities at fair value through profit or loss. Fair value is calculated using discounted cash flow analyses at market interest rates, converted into euro at the year-end rate.

3.14 DIVIDEND INCOME

Dividends from investments are recognised in the statement of comprehensive income when they are appropriately authorised by the shareholders of the investee company and are no longer at the discretion of the investee company. This typically occurs when a proposed distribution is ratified at the Annual General Meeting.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.15 INTEREST INCOME

Interest income is recognised on a time-proportionate basis and includes interest income from cash and cash equivalents and on debt securities held at fair value through profit or loss.

3.16 INTEREST EXPENSE

Interest expense is recognised on a time-proportionate basis.

3.17 CARRIED INTEREST INCOME

Carried interest is recorded as received and is net of amounts payable to minority partners. Unrealised carried interest attributable to Reinet's interest as a general partner and identified in the valuation of such assets is included in the valuation of the underlying investments in the general partners.

3.18 TRANSACTION COSTS

Transaction costs are costs incurred to acquire or sell financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense.

3.19 PERFORMANCE FEE

Reinet is committed to pay a performance fee calculated by reference to the volume weighted average closing share price of Reinet Investments S.C.A. as detailed in the Reinet Prospectus published on 10 October 2008. The performance fee is accrued throughout the year and expensed in the period to which it relates.

3.20 TAXATION

Income taxes represent the sum of the tax currently payable, withholding taxes suffered and deferred tax. Tax is charged or credited in the statement of comprehensive income, except where it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity.

The tax currently payable is based on the taxable profit for the year. This may differ from the profit included in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Reinet's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit ('temporary differences'), and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Where there are taxable differences arising on investments in subsidiaries and associates, and interests in joint ventures, deferred tax liabilities are recognised except where Reinet is able to control reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, where there are deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that both the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill and other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Reinet may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included in tax expense in the statement of comprehensive income.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

4. FINANCIAL RISKS

4.1 FINANCIAL RISK FACTORS

Reinet's activities expose it 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 the Fund is exposed and seeks to minimise potential adverse effects on Reinet's financial performance. Reinet's policy allows it to use derivative financial instruments to both moderate and create certain risk exposures. All securities investments present a risk of loss of capital. The management of these risks is carried out by the Fund Manager.

Reinet will use different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below. There have been no changes in the methods used in the year under review.

4.1.1 MARKET RISK

Financial assets and liabilities subject to market risks

31 March 2013	Total € m	Price risk € m	Foreign exchange risk € m	Interest rate risk € m
Assets				
Listed equity securities	3 318	3 318	3 318	–
Unlisted equity securities and funds	731	731	556	–
Loans and interest receivable	181	–	170	181
Receivables	7	–	7	7
Derivative financial instruments	4	–	4	–
	4 241	4 049	4 055	188
Sterling liquidity fund	62	–	62	62
Cash and cash equivalents	264	–	233	–
Liabilities				
Derivative financial instruments	(15)	(15)	(15)	(15)
Funding from minority partners	(21)	–	(21)	(15)
Borrowings	(435)	–	(435)	(435)

31 March 2012	Total € m	Price risk € m	Foreign exchange risk € m	Interest rate risk € m
Assets				
Listed equity securities	3 192	3 192	3 192	–
Unlisted equity securities and funds	544	544	389	–
Loans and interest receivable	74	–	64	74
Derivative financial instruments	30	30	30	30
	3 840	3 766	3 675	104
Euro bond fund and sterling liquidity fund	119	–	101	119
Cash and cash equivalents	249	–	231	–
Liabilities				
Funding from minority partners	(32)	–	(32)	–
Borrowings	(445)	–	(445)	(445)

4.1.1.1 Price risk

Reinet is exposed to price risk. This arises from investments held by Reinet for which prices in the future are uncertain. The fair value of listed securities is dependent upon stock exchange movements which are determined by the market's expectations reflecting interest rates, sentiment, volatility, currency and other factors both specific to each investment and those affecting the market as a whole. Investments in venture capital and start-up projects will also tend to have higher price volatility than more mature investments.

4. FINANCIAL RISKS CONTINUED

Where non-monetary financial instruments are denominated in currencies other than the euro, the price initially expressed in foreign currency and then converted into euros will also fluctuate because of changes in foreign exchange rates. Note 4.1.1.2 'Foreign exchange risk' below sets out how this component of price risk is managed and measured.

Reinet's policy is to manage price risk through diversification and selection of securities and other financial instruments. It is expected that this diversification policy will be implemented on a measured basis, over a period of time.

At 31 March 2013, Reinet's exposure to price risk in respect of long-term assets was as follows:

	31 March 2013 € m	31 March 2012 € m
Listed equity securities	3 318	3 192
Unlisted equity securities and funds	731	544
	4 049	3 736
Derivative financial instruments	(15)	30
Total exposure to price risk	4 034	3 766

During the years ended 31 March 2013 and 31 March 2012, Reinet's exposure to various industry sectors was principally in respect of its investment in BAT. This represented some 82 per cent of the net asset value of Reinet as at 31 March 2013 (2012: 87 per cent).

The table below summarises the sensitivity of Reinet's assets to price movements as at 31 March 2013 and 31 March 2012.

The analysis is based on the assumption that prices would increase or decrease by 10 per cent with all other variables held constant. The 10 per cent change is based on the reasonable possible change in the fair value of the investment in BAT shares as at 31 March 2013.

Effect of a 10 per cent increase in prices	31 March 2013 € m	31 March 2012 € m
Effect on equity securities and funds	405	374
Effect on derivative financial instruments	(31)	(25)
Effect on net assets attributable to shareholders	374	349

Effect of a 10 per cent decrease in prices	31 March 2013 € m	31 March 2012 € m
Effect on equity securities and funds	(405)	(374)
Effect on derivative financial instruments	27	25
Effect on net assets attributable to shareholders	(378)	(349)

The above analysis indicates that a 10 per cent increase or decrease in the value of the BAT shares underlying the derivative financial instruments will have a significant impact on the value of the derivative liability. The fair value of the derivative liability will generally move in the opposite direction to the movement in the underlying BAT shares.

4.1.1.2 Foreign exchange risk

Reinet operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the euro, primarily the US dollar, sterling and South African rand. Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. The Fund Manager, however, monitors the exposure on all foreign currency denominated assets and liabilities, and hence, the table on page 52 has been analysed between monetary and non-monetary items to meet the requirements of IFRS 7.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

4. FINANCIAL RISKS CONTINUED

Reinet's policy is currently to minimise its exposure to monetary foreign exchange movements on liquid funds by holding such liquid funds in euros and sterling where there are corresponding sterling liabilities. That policy may change to reflect the Fund Manager's view as to the likely development of foreign exchange rates in the medium term or to take account of requirements for funds for investment purposes in currencies other than the euro. Where appropriate, Reinet may enter into foreign exchange hedging transactions.

When the Fund Manager formulates a view on the future direction of foreign exchange rates and the potential impact on Reinet, the Fund Manager factors that into its resource allocation decisions. While Reinet may have direct exposure to foreign exchange rate changes on the price of non-euro denominated securities, it may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of certain companies in which Reinet invests, most notably BAT. For that reason, the sensitivity analysis below will not necessarily indicate the total effect on Reinet's net assets attributable to shareholders of future movements in foreign exchange rates.

Reinet has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Where appropriate, borrowings in foreign currencies may be used as a natural hedge of foreign currency assets. Currency exposure arising from the net assets of the foreign operations is managed where considered necessary through borrowings denominated in the relevant foreign currencies.

The table below summarises Reinet's monetary assets and liabilities by currency.

Concentration of assets and liabilities by currency:

	GBP		EURO		USD		ZAR	
	2013 € m	2012 € m	2013 € m	2012 € m	2013 € m	2012 € m	2013 € m	2012 € m
Assets								
Monetary assets	3 756	3 563	223	204	497	360	103	83
Liabilities								
Monetary liabilities	413	402	55	62	37	40	38	44

The Fund Manager monitors Reinet's foreign exchange exposure on a daily basis and the Board of the Fund Manager reviews it at each meeting.

The table below summarises the sensitivity of Reinet's monetary assets and liabilities to changes in foreign exchange movements at 31 March 2013 and 31 March 2012. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by 5 per cent to the euro, with all other variables held constant. This increase or decrease in the net assets attributable to shareholders arises mainly from a change in the fair value of UK equities, notably the investment in BAT, and other investments denominated in USD that are classified as financial assets held at fair value through profit or loss.

Movement in each currency against euro:

	31 March 2013 Increase or decrease € m	31 March 2012 Increase or decrease € m
Pounds sterling		
Monetary	167	157
US dollar		
Monetary	23	17
South African rand		
Monetary	3	2

4. FINANCIAL RISKS CONTINUED

4.1.1.3 Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. Reinet holds fixed interest loans and has long-term borrowings that expose it to fair value interest rate risk.

As at 31 March 2013 Reinet held financial assets with fixed interest rates amounting to € 110 million (2012: € 20 million) and with variable interest rates amounting to € 78 million (2012: € 54 million) together with the euro-denominated bond fund of € nil (2012: € 18 million) and the sterling liquidity fund of € 62 million (2012: € 101 million).

In respect of financial assets with variable interest rates, a movement in interest rates of 100 basis points, with all other variables held constant, would result in an impact on operating results of € 2 million (2012: € 2 million).

Borrowings at variable rates expose Reinet to cash flow interest rate risk, this is partly offset by cash and financial assets held at variable rates. Borrowings at variable rates amounted to € 37 million at 31 March 2013 (2012: € 43 million).

In respect of borrowings with variable interest rates, a movement in interest rates of 100 basis points, with all other variables held constant, would result in an impact on operating results of € 0.4 million (2012: € 0.4 million).

Changes in interest rates affect the carrying value of fixed interest financial assets and liabilities. A change in interest rates of 100 basis points would increase/decrease the fair value by € 15 million (2012: € 16 million).

The Fund Manager monitors Reinet's overall interest rate sensitivity on a regular basis.

4.1.2 CREDIT RISK

Reinet is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due.

The main credit risk to which Reinet is exposed arises from bank deposits, bonds, loans to third parties and borrowings where Reinet's assets are pledged in favour of a third party. Reinet is also exposed to counterparty credit risk on other receivable balances.

Reinet's policy to manage this risk is to place funds only with banks which have strong credit ratings. The analysis below summarises the credit quality of Reinet's bank deposits.

Banks by rating category (Moody's)

	31 March 2013		31 March 2012	
	€ m	%	€ m	%
Aa1	–	–	6	2
Aa2	–	–	130	52
Aa3	125	47	1	1
A2	–	–	112	45
Baa1 (1)	139	53	–	–
Total	264	100	249	100

(1) Downgraded to Baa2 after the year end.

In addition, Reinet has the following investments and receivables that are exposed to credit risk:

	31 March 2013		31 March 2012	
	€ m	%	€ m	%
Loans to private equity interests at fair value	181	94	74	71
Derivative assets	4	2	30	29
Receivable from third parties in respect of sales of assets held for sale	7	4	–	–
Total	192	100	104	100

Investments in loans are reviewed periodically and impaired where necessary. The loans are neither rated nor listed.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

4. FINANCIAL RISKS CONTINUED

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

No amounts are currently considered to be impaired or past due.

4.1.3 LIQUIDITY RISK

Liquidity risk is the risk that Reinet may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Fund Manager monitors Reinet's liquidity position on a daily basis.

In March 2011 a loan of ZAR 443.4 million was obtained from Rand Merchant Bank in South Africa. The loan is repayable in March 2018 but can be prepaid at any time without penalty from own resources at Reinet's option.

In February 2012 a loan of £ 300 million was obtained from Deutsche Bank, London. The loan is for a five-year period and secured by a pledge over a part of Reinet's holding of BAT shares. In conjunction with the loan, a collar transaction was entered into with Deutsche Bank. The collar involved Reinet purchasing a put option and selling a call option over BAT shares. The put option has an exercise price set at a level which will ensure the provision of funds to repay the borrowing. The net outstanding premium of € 42 million at 31 March 2013 in respect of the collar is also due to Deutsche Bank.

As at 31 March 2013, 22 per cent of Reinet's invested assets are not actively traded on a stock exchange. Reinet's listed investment in BAT is considered readily realisable as its shares are traded with significant daily volumes on the London Stock Exchange. During the year, Reinet sold 5 million BAT shares at an average price of £ 32.50, generating sales proceeds of £ 162.5 million; these proceeds are used to fund ongoing obligations.

The table below shows the contractual undiscounted cash flows in respect of borrowings and interest thereon.

Payments due in year ended:

	31 March 2013 € m	31 March 2014 € m	31 March 2015 € m	31 March 2016 € m	31 March 2017 € m	31 March 2018 € m
As at 31 March 2013						
Borrowings ZAR 443.4 million	–	3	3	3	3	39
Borrowings GBP 300 million	–	17	17	17	372	–
As at 31 March 2012						
Borrowings ZAR 443.4 million	2	3	3	3	4	46
Borrowings GBP 300 million	17	17	17	17	377	–

As at 31 March 2013, Reinet has a derivative financial liability in the amount of € 15 million in respect of the collar financing transaction with Deutsche Bank. Reinet sold a call over 13.7 million BAT shares with an average strike price of £ 37.88. As the BAT share price increases towards the strike price the value of the derivative liability increases, however the BAT shares can only be called on maturity in 2017 at which time Reinet would have the option to settle in BAT shares or in cash.

4.2 CAPITAL RISK MANAGEMENT

Reinet's principal objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of Reinet.

Capital is comprised of share capital, share premium, non-distributable reserves and retained earnings.

Reinet Fund is required to maintain its net asset value (capital) in excess of € 1 billion in respect of its borrowing from a bank. Reinet is not subject to any other externally imposed capital requirements.

There have been no changes in capital in the year other than profits generated in the ordinary course of business.

During the year Reinet Fund complied with the above requirement and reported a net asset value of € 4 029 million as at 31 March 2013 (2012: € 3 653 million).

4. FINANCIAL RISKS CONTINUED

4.3 FAIR VALUE ESTIMATION

The fair value of financial assets traded in active markets (such as publicly traded securities) are based on quoted market prices at the balance sheet date. The quoted market price used for financial assets is the closing bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using appropriate valuation techniques. Reinet uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where necessary, valuations are obtained by the Fund Manager from third-party experts to support the valuations being used in the financial statements. Valuation techniques used include the use of comparable recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, the price/earnings method, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs. Recent investments in unquoted investments are carried at fair value which may be estimated to be equal to cost for a limited period following the transaction in the absence of any indications to the contrary.

In accordance with IFRS 7 Reinet 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).

– Inputs for the assets that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by Reinet. Reinet considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses, within the fair value hierarchy, Reinet's financial assets and liabilities measured at fair value at 31 March 2013:

	Level 1 € m	Level 2 € m	Level 3 € m	Total € m
Assets				
Financial assets designated at fair value through profit or loss:				
– Liquidity funds	62	–	–	62
– Equity securities and funds	3 318	176	555	4 049
– Loans	–	–	181	181
Derivative financial instruments	–	4	–	4
Receivable from third parties in respect of sales of assets held for sale	–	–	7	7
Total financial assets	3 380	180	743	4 303
Liabilities				
Derivative financial instruments	–	(15)	–	(15)
Borrowings	–	(435)	–	(435)
Total financial liabilities	–	(450)	–	(450)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

4. FINANCIAL RISKS CONTINUED

The following table analyses, within the fair value hierarchy, Reinet's financial assets and liabilities measured at fair value at 31 March 2012:

	Level 1 € m	Level 2 € m	Level 3 € m	Total € m
Assets				
Financial assets designated at fair value through profit or loss:				
– Liquidity funds	119	–	–	119
– Equity securities and funds	3 192	–	544	3 736
– Loans	–	–	74	74
Derivative financial instruments	–	–	30	30
Total financial assets	3 311	–	648	3 959
Liabilities				
Borrowings	–	(445)	–	(445)

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. Reinet 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 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 unlisted equities, private equity funds and loans. As observable prices are not available for these investments, Reinet has used fair values obtained from audited statements provided by fund managers, valuations obtained from third-party experts using appropriate valuation methods and discounted cash flow analyses to derive fair values.

The following table presents the transfers between levels for the year ended 31 March 2013:

	Level 2 € m	Level 3 € m
Transfers between levels 2 and 3:		
– Equity securities and funds	148	(148)
– Derivative financial instruments	30	(30)

The transfer of funds from level 3 to level 2 relates to certain funds which, at the time of initial investment, were relatively inactive and illiquid; hence Reinet would not have been able to easily realise its investments and considered them to be level 3 investments. Recent evaluation of these funds indicates that they are now more established and liquid, Reinet therefore considers the funds to be level 2 investments. In respect of the derivative financial instrument, the issuing bank has advised that in the current year, all inputs to the valuation model are observable, whereas this was not the case in the prior year. The transfer values above are based on 31 March 2012 values.

4. FINANCIAL RISKS CONTINUED

Certain level 3 investments are valued using the latest available valuations at 31 December 2012 together with additional investments made after that date. In this case the amount of the additional investments is assumed to be the best estimate of fair value. Certain assets are valued by independent third-party experts and discounted cash flow analyses are used to value other assets shown below under internal valuation. Other investments may be valued at cost which is considered to be the best estimate of fair value.

Level 3 assets valuations	External valuation(1) € m	Internal valuation(2) € m	Other valuation(3) € m	Total € m
31 March 2013				
Financial assets designated at fair value through profit or loss:				
– Equity securities and funds	369	186	–	555
– Loans	74	96	11	181
Receivable from third parties in respect of sales of assets held for sale	–	7	–	7
Total level 3 assets	443	289	11	743
31 March 2012				
Financial assets designated at fair value through profit or loss:				
– Equity securities and funds	459	28	57	544
– Loans	8	54	12	74
Derivative financial instruments	30	–	–	30
Total level 3 assets	497	82	69	648

(1) External valuations include net asset value statements received from fund managers as at 31 December 2012 together with additional investments made up to 31 March 2013 and valuations carried out by an independent expert as at 31 March 2013.

(2) For certain unlisted investments, the fair value assessment has been determined by management using discounted cash flow analyses and valuation models.

(3) For certain unlisted investments, the fair value assessment has determined that fair value is best represented by the cost of the investment.

The following table presents the movement in level 3 investments for the years ended 31 March 2013 and 31 March 2012:

	31 March 2013 € m	31 March 2012 € m
Opening balance	648	327
Reallocation due to non-consolidation of subsidiaries	–	(1)
Transfers out of level 3 into level 2	(178)	–
Purchases	304	296
Sales	(71)	(19)
Interest earned	16	10
Gains and losses recognised in profit or loss	24	35
Closing balance	743	648
Total gains or losses for the year included in the statement of comprehensive income for assets held at the end of the year	24	35

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

5.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The General Partner, Reinet Investments Manager, must make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value of unquoted investments and derivative financial instruments

The fair value of such investments not quoted in an active market may be determined by the Fund Manager using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Fund Manager exercises judgement and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Fund Manager may value positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The inputs into these models are primarily earnings multiples and discounted cash flows. The models used to determine fair values are validated and periodically reviewed by personnel independent of the party that created them. The models used for private equity securities are based mainly on earnings multiples, adjusted for lack of marketability and control premiums. The models used for debt securities are based on net present value of estimated future cash flows, adjusted as appropriate for liquidity, and credit and market risk factors.

Models use observable data to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The determination of what constitutes 'observable' requires significant judgement by the Fund Manager. The Fund Manager considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Income taxes

Reinet is subject to income taxes in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. Reinet recognises liabilities for anticipated tax payments using estimates of the amount of taxes due. Where the final outcome is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

5.2 CRITICAL JUDGEMENTS

Functional currency

The General Partner considers the euro to be the currency that most appropriately represents the economic effect of the underlying transactions, events and conditions. The euro is the currency in which Reinet measures its performance and reports its results.

Control

The General Partner has assessed the level of control and influence it has over certain investments. The materiality of subsidiaries and control is re-assessed each year and Reinet does not consider itself to be in a position to exercise control over any significant underlying investments. Reinet seeks to make significant investments in companies and other investment funds but without putting itself in a position to exercise control. Reinet seeks to take board positions in investee companies in which it has a significant investment in order to protect its shareholders' interests.

6. SEGMENT INFORMATION

Segment reporting is prepared at the level of the Fund.

The Fund Manager makes the strategic resource allocations on behalf of the Fund.

The Fund considers its investment portfolio as three distinct segments, (i) listed investments, (ii) cash and liquid funds and (iii) unlisted investments.

Returns on these investments consist of realised gains and losses, unrealised gains and losses, dividend income, carried interest and interest income.

The allocation of assets and liabilities between the segments is as follows:

	31 March 2013		31 March 2012	
	€ m	€ m	€ m	€ m
Assets				
(i) Listed investments				
– BAT		3 317		3 190
– Other		1		2
(ii) Cash and liquid funds		326		368
(iii) Unlisted investments				
– long-term	905		604	
– held for sale	7		14	
– derivative asset	4		30	
– receivables	17	933	–	648
Total segment assets		4 577		4 208
Liabilities				
(i) Cash and liquid funds				
– borrowings		398		402
(ii) Unlisted investments				
– derivative financial instruments	15		–	
– funding from minority partners	22		32	
– borrowings	37		43	
Total segment liabilities		472		477

All assets other than cash and liquid funds are held at fair value through profit or loss.

There were no transactions between reportable segments other than payment of cash to acquire new investments and receipt of sales proceeds for existing investments.

A reconciliation of reportable segments' assets to total assets is as follows:

	31 March 2013 € m	31 March 2012 € m
Total segment assets	4 577	4 208
Other assets	2	2
Total assets	4 579	4 210
Total segment liabilities	472	477
Other liabilities	71	72
Total liabilities	543	549

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

6. SEGMENT INFORMATION CONTINUED

Income per segment is as follows:

	31 March 2013		31 March 2012	
	€ m	€ m	€ m	€ m
(i) Listed investments				
– dividend	136		114	
– realised gains	98		–	
– fair value adjustment	230	464	797	911
(ii) Cash and liquid funds				
– interest income	1		1	
– foreign exchange effect	(4)	(3)	3	4
(iii) Unlisted investments				
– interest income	14		7	
– realised gains/(losses)	42		9	
– carried interest	6		7	
– fair value adjustment	(53)	9	30	53
Total income		470		968

Expenses and taxes cannot be allocated over the above segments.

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

	31 March 2013 € m	31 March 2012 € m
Financial assets held at fair value through profit or loss – non-current:		
– Listed investments	3 318	3 192
– Unlisted investments	905	604
Total financial assets held at fair value through profit or loss – non-current	4 223	3 796
Financial assets held at fair value through profit or loss – current:		
– Investment in euro-denominated government bond fund	–	18
– Investment in sterling liquidity fund	62	101
Total financial assets at fair value through profit or loss	4 285	3 915
Net changes in fair value on financial assets at fair value through profit or loss:		
– Realised	140	9
– Unrealised	219	834
	359	843
Unrealised loss on derivative asset	(45)	(10)
Unrealised gain on borrowings	2	3
Total gains	316	836

7. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

The movement in non-current financial assets at fair value through profit or loss may be summarised as follows:

Non-current financial assets	€ m
Balance at 31 March 2011	2 713
Reclassification in respect of non-consolidated subsidiaries	(1)
Investments in non-current assets – Unlisted investments	256
Sales proceeds	(19)
Interest income	10
Transfer to non-current assets – held for sale (note 9)	(6)
Fair value movements	843
Balance at 31 March 2012	3 796
Investments in non-current assets – Unlisted investments	**327**
Sales proceeds	**(271)**
Interest income	**16**
Transfer to non-current assets – held for sale (note 9)	**(3)**
Fair value movements	**358**
Balance at 31 March 2013	**4 223**

Current financial assets	€ m
Balance at 31 March 2011	183
Redemption of euro-denominated government bond fund	(165)
Investment in sterling liquidity fund	101
Balance at 31 March 2012	119
Redemption of euro-denominated government bond fund	**(18)**
Redemption of sterling liquidity fund	**(39)**
Balance at 31 March 2013	**62**

The sterling liquidity fund holds highly rated short-term commercial paper. Distributions from this fund are included in dividend income. This instrument carries very low risk and provides daily liquidity. This investment is considered to be an equity instrument categorised as a financial asset at fair value through profit or loss. The value of the investment corresponds to the net asset value of the instrument held by the fund as it is the best indicator of the fair value at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

7. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

The valuation of unlisted investments is as follows:

Unlisted investments		31 March 2013 € m	31 March 2012 € m
Private equity and related partnerships		549	420
Trilantic Capital Partners	(1)	163	149
Fund IV, Fund V and related management companies			
Renshaw Bay and related investments	(2)	75	58
Renshaw Bay advisory and investment management company		14	4
JPS Credit Opportunities Fund		61	54
Renshaw Bay Real Estate Finance Fund		–	–
36 South macro/volatility funds	(3)	83	90
Asian private equity and portfolio funds	(4)	92	44
Milestone China Opportunities funds, co-investment and related opportunities		61	33
GEMS		8	11
Prescient China Balanced Fund		23	–
Specialised private equity funds	(5)	136	79
Vanterra Flex Investments		47	29
Vanterra C Change TEM		37	24
NanoDimension Funds and co-investment opportunities		25	4
Fountainhead Expert Fund IC		21	16
Other fund investments		6	6
Pension Corporation	(6)	134	–
US land development and mortgages	(7)	105	95
Jagersfontein and other diamond exploration interests	(8)	88	68
Other investments	(9)	29	21
		905	604

Management attributes fair values to unlisted investments, applying principles set out in guidelines issued by the European Private Equity and Venture Capital Association.

The unlisted investment portfolio has been valued applying the methodologies detailed below:

(1) **Trilantic Capital Partners**

Management's valuation of the LP and GP interests is based on net asset value using statements received from fund managers as at 31 December 2012 together with additional investments made after that date. In this case the amount of the additional investment is assumed to be the best estimate of fair value. The valuation includes carried interest based on the net asset value statements received from fund managers as at 31 December 2012.

The fair value of Reinet's interest in the management companies is based on a discounted cash flow ('DCF') analysis, taking into account the anticipated savings on future management fees that would otherwise be payable, but does not reflect any valuation of the share of carried interest which could be attributable to Reinet at some time in the future.

(2) **Renshaw Bay and related investments**

The valuation of the investment in the Renshaw Bay advisory and investment management company is based on a valuation prepared by an independent expert as at 31 March 2013. Cost of the investment to date has been taken as the best indicator of fair value.

The valuation of JPS Credit Opportunities Fund is at net asset value using unaudited statements received from the fund administrators as at 31 March 2013.

The Renshaw Bay Real Estate Finance Fund valuation is based on the unaudited net asset value statement received from the fund manager as at 31 December 2012.

7. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

(3) **36 South macro/volatility funds**

The valuation of 36 South macro/volatility funds is at net asset value based on an unaudited statement received from the fund administrators as at 31 March 2013. A short-term loan to the management company is carried at face value.

(4) **Asian private equity and portfolio funds**

The management valuation of the Milestone China Opportunities funds is based on a combination of net asset value and an independent valuation. The net asset value is based on the statement received from the fund manager as at 31 December 2012. The valuation is prepared by an independent expert as at 31 March 2013.

Reinet's interest in the management company is carried at management's estimate of fair value, taking into account the cost of the investment made in late 2011 and the performance of the management company since that date.

The co-investments are valued based on a combination of a valuation prepared by an independent expert and the net asset value as at 31 March 2013.

The investments funds are based on net asset value. A valuation has been carried out by an independent expert as at 31 March 2013.

The valuation of Prescient China Balanced Fund is based on the net asset value using the unaudited net asset value statement received from the fund managers as at 31 March 2013.

(5) **Specialised private equity funds**

The management valuation of the Vanterra funds is at net asset value based on unaudited net asset value statements received from fund managers as at 31 December 2012.

The investment in the Vanterra general partners is based on management's estimation of the value as at 31 March 2013.

Management's valuation of the NanoDimension funds is at net asset value based on unaudited net asset value statements received from the fund managers as at 31 December 2012. The co-investment is valued based on a valuation prepared by an independent expert as at 31 March 2013.

Fountainhead Expert Fund is valued based on unaudited net asset value statements provided by the fund manager at 31 March 2013.

Other fund investments are valued at net asset value, based on a combination of net asset value statements received from the fund managers as at 31 December 2012 together with an unaudited statement received from third-party administrators as at 31 March 2013.

(6) **Pension Corporation**

The investment in Pension Corporation has been valued by management using market multiples taking into account the audited embedded value of the underlying business as at 31 December 2012.

(7) **US land development and mortgages**

Included in this investment are US land lots and properties which have been valued as at 31 December 2012 by an independent real estate valuer.

Mortgage loans receivable and other financial instruments have been valued using a DCF approach.

(8) **Jagersfontein and other diamond exploration interests**

These investments are carried at DCF-based valuations. DCF analyses have been prepared using data provided by management of the underlying projects. Discounts are applied to the DCF by the Fund Manager based on the risks relating to each of the investments.

(9) **Other investments**

The valuation of these other investments is based on a combination of a valuation prepared by an independent expert as at 31 March 2013, together with unaudited net asset value data as at 31 December 2012 for certain investments.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

8. DERIVATIVE FINANCIAL INSTRUMENTS

As part of the £ 300 million financing facility, Reinet has 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 option being exercised would be used to repay the amounts borrowed. Reinet has also sold call options over an equal number of BAT shares. Both the put options and the call options are carried at their respective fair values at the balance sheet date. The fair value of the derivative asset/(liability) decreased by € 45 million during the year mainly due to the increase in the price of the BAT shares underlying the put and call options.

In addition, Reinet has entered into forward exchange contracts to sell ZAR 600 million in connection with the investment in and loans related to Jagersfontein and the related diamond exploration interests.

The derivative financial instruments comprise:

	31 March 2013 € m	31 March 2012 € m
Net value of put and call options	(15)	30
Forward exchange contracts	4	–
Total	(11)	30

The put and call options are classified as non-current liabilities, the maturity being after more than 12 months. The forward exchange contracts are classified as current assets, the maturity being in less than 12 months. Changes in fair value are included in the statement of comprehensive income.

9. NON-CURRENT ASSETS – HELD FOR SALE

As at 31 March 2013, Reinet's investment in Jagersfontein and other diamond exploration interests consisted of ordinary shares, loans and preferred shares. As anticipated at the time of making these investments Reinet has entered into agreements with third parties to sell a substantial part of its holdings in these projects. While certain sales have been completed during the year other contracts are subject to certain regulatory approvals being obtained and conditions precedent being met.

	31 March 2013 € m	31 March 2012 € m
Balance at beginning of year	14	8
Additions	3	6
Disposals	(8)	–
Exchange differences	(2)	–
	7	14

10. RECEIVABLES

The balance receivable at 31 March 2013 is made up as follows:

	31 March 2013 € m	31 March 2012 € m
Due from Reinet Fund Manager S.A.	1	1
Due from third parties in respect of sales of assets held for sale	7	–
US taxes recoverable	10	–
Miscellaneous	1	1
	19	2

11. CASH AND CASH EQUIVALENTS

	31 March 2013 € m	31 March 2012 € m
Short-term deposits	264	249

Cash deposits of € 6 million are pledged in respect of a letter of credit issued in support of a potential investment opportunity and € 5 million is pledged as security for forward exchange contracts which mature on 30 September 2013.

12. SHARE CAPITAL

Ordinary share capital	31 March 2013 € m	31 March 2012 € m
Authorised capital		
999 999 000 ordinary shares with no par value	1 123	1 123
Issued capital		
195 941 286 ordinary shares issued and fully paid	220	220

The ordinary shares confer on the shareholder the entitlement to participate in and to vote at meetings of shareholders, with each share carrying the right to one vote. Each share also entitles each shareholder to receive a proportionate share of any dividend that the Company may declare and a proportionate share of the net assets of the Company on liquidation. The liability of shareholders is limited to the amount of their investment in the Company.

The relevant movements in the capital are shown on the statement of changes in equity.

The ordinary shares are listed on the Luxembourg Stock Exchange.

Management share capital	31 March 2013 € 000's	31 March 2012 € 000's
Authorised capital		
1 000 shares with no par value	1	1
Issued capital		
1 000 shares issued and fully paid	1	1

The management shares are held by the General Partner and confer the same rights with regard to voting, dividends and the distribution of assets on liquidation as the ordinary shares. In addition, as the holder of management shares, the General Partner has broad powers to manage the Company and has unlimited liability for any obligations of the Company that cannot be met from the assets of the Company.

13. NON-DISTRIBUTABLE RESERVE

The legal reserve amounting to € 22 million at 31 March 2013 and 2012 is not available for distribution.

14. CUMULATIVE TRANSLATION ADJUSTMENT RESERVE

Reinet was created on 20 October 2008 from the restructuring of the assets previously held in Richemont S.A. During this period, Reinet held its interest in BAT through a joint venture vehicle, R&R Holdings S.A. Reinet's joint venture partner was Remgro Limited and pursuant to the restructuring referred to above, R&R Holdings S.A. distributed to Reinet its 19.5 per cent share of the underlying holding of BAT shares by way of a partial liquidation. Reinet subsequently distributed 90 per cent of its BAT shares to its shareholders and Remgro Limited contributed 10 per cent of its holding of BAT shares to Reinet in exchange for the issuance of Reinet securities to its shareholders. As a consequence, the joint venture with Remgro Limited was terminated and Reinet considered itself no longer to be in a position to exercise significant influence over BAT. This restructuring was not a disposal event (as the BAT shares were distributed to Reinet's shareholders); the cumulative translation adjustment has been treated as an equity transaction. The reserve will only be reversed upon the ultimate sale of the subsidiary which holds the BAT shares.

There was no change in this reserve during the year ended 31 March 2013. During the year ended 31 March 2012 the cumulative translation adjustment reserve decreased by € 1 million in respect of the adjustment required on the non-consolidation of certain US dollar denominated subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

15. DEFERRED TAX LIABILITY

Deferred tax liabilities are expected to become payable after more than 12 months.

Deferred tax liabilities arise as a result of unrealised gains on financial assets held by US subsidiaries. It is anticipated that unrealised gains will be realised in the future, and this will result in corporate taxes being paid on realised gains. Future distributions of earnings and profits from US subsidiaries are anticipated to attract withholding taxes or branch profits taxes. The estimated corporate tax rate is assumed to be 35 per cent and withholding tax on distributions and branch profits tax are accrued at a rate of 30 per cent. The effective tax rate therefore amounts to 54.5 per cent.

Deferred tax liabilities also arise in respect of US withholding taxes related to interest receivable by non-US companies. Withholding tax is assumed to be 30 per cent of gross interest income.

The movement in the deferred tax liability is as follows:

	31 March 2013 € m	31 March 2012 € m
Opening balance	16	1
Charge to statement of comprehensive income*	3	15
Closing balance	19	16

* The net charge to the statement of comprehensive income is after the release of prior year over provisions.

16. FUNDING FROM MINORITY PARTNERS

Reinet receives funding from its minority partners in respect of their share of underlying investments made and expenses paid. Funding provided by minority partners amounts to € 21 million at 31 March 2013 (2012: € 32 million) and is repayable as distributions of capital and profit are received from the underlying investments.

Reinet owns 90 per cent of the subsidiary company which invests in Trilantic, having increased this interest from 80 per cent at 31 March 2012. The purchase of 10 per cent of the investment from a minority partner in the period included the repayment of funding previously received and resulted in a reduction in the amount due to minority partners.

Minority partners own a 20 per cent interest in the subsidiary companies which invest in US land development and mortgages.

17. BORROWINGS

Borrowings are carried at fair value based on future cash flows discounted at market interest rates.

In March 2011, a loan of ZAR 443 million (€ 46 million) was obtained from Rand Merchant Bank in South Africa. The loan is repayable in March 2018 but can be prepaid at any time without penalty from Reinet's own resources. The loan is unsecured and carries interest at a market rate based on the Johannesburg Interbank Agreed Rate.

In February 2012 a loan of £ 300 million (€ 358 million) was obtained from Deutsche Bank, London. The loan is for a five-year period and secured by a pledge over a part of Reinet's holding of BAT shares. The transaction incorporates put and call options over approximately 13.7 million BAT shares. The net premium cost of some £ 44 million in respect of the options is payable to the counterparty over the life of the transactions, which run to 2017. The outstanding premium is carried as a liability. 2.9 million BAT shares have also been pledged to guarantee the balance of the net option premium and a portion of the interest payments.

	31 March 2013 € m	31 March 2012 € m
Non-current		
Bank borrowings	416	425
Current		
Bank borrowings	19	20
	435	445

17. BORROWINGS CONTINUED

The face value and fair value of the borrowings are as follows:

	Face value		Fair value	
	Discount rate		31 March 2013 € m	31 March 2012 € m
Variable interest rate loans	6.875 %	ZAR 443 m	37	43
Fixed interest rate loans	1.71-1.75 %	GBP 335 m	398	402
			435	445

18. PAYABLES

The balances payable include the performance fee and management fee payable to the Investment Advisor of € 32 million and € 15 million, respectively as at 31 March 2013 (2012: € 38 million and € 13 million, respectively).

19. TRANSACTIONS WITH MINORITY PARTNERS

Effective 1 April 2012, Reinet acquired an additional 10 per cent shareholding in the subsidiary company which holds the Trilantic interests from a minority partner. This transaction increases Reinet's shareholding in the subsidiary from 80 per cent to 90 per cent. The purchase price paid was € 15 million and the carrying value of the interest acquired was € 14.5 million, resulting in a charge to shareholders' equity of € 0.5 million.

20. FINANCIAL INCOME

	31 March 2013 € m	31 March 2012 € m
Dividend and other investment income	137	114
Interest income on loans receivable	14	7
Interest income arising from cash and cash equivalents	1	1
Carried interest earned	6	7
	158	129

During the year ended 31 March 2013, Reinet Fund received a final dividend from BAT in respect of the 2011 financial year of € 92 million (£ 75 million) and an interim dividend for 2012 of € 44 million (£ 35 million).

Interest income on loans receivable is in respect of loans made to Jagersfontein and other diamond interests together with the investments in US land development and mortgages. The loans and interest receivable are included in 'Financial assets at fair value' in the balance sheet.

Carried interest of € 6 million was received in respect of the investment in Trilantic Fund IV.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

21. MANAGEMENT FEE, ADMINISTRATION FEE AND REIMBURSEMENT OF EXPENSES

The Company is managed by its General Partner. As detailed in note 24, the Company reimburses expenses incurred by the General Partner together with an annual administration fee equal to 10 per cent of such expenses. During the year ended 31 March 2013, the Company paid € 0.9 million (2012: € 0.8 million) to the General Partner in respect of the costs incurred and the related administration fee.

The Company's wholly-owned subsidiary, Reinet Fund, is managed by the Fund Manager. As set out in note 24, Reinet Fund reimburses those expenses incurred by the Fund Manager. Amounts reimbursed to the Fund Manager are deducted from any management fees payable to the Investment Advisor by the Fund.

The management fee is payable to the Investment Advisor. As detailed in note 24, the management fee is calculated semi-annually based on the closing NAV at the end of the previous six-month period.

Management fee payable	31 March 2013 € m	31 March 2012 € m
Investment Advisor	28	22
Fund Manager	5	4
Total management fee	33	26

22. TAX EXPENSE

	31 March 2013 € m	31 March 2012 € m
Foreign corporate and withholding taxes paid on US based income	1	4
Total current tax	1	4
Deferred tax charge (note 15)	3	15
Tax expense	4	19

Under the current laws of Luxembourg, Reinet Investments S.C.A. and certain subsidiaries pay corporation tax on profits at rates enacted in Luxembourg.

Reinet Fund, as a specialised investment fund, is not subject to taxation on income or capital gains in Luxembourg. Reinet Fund pays taxes in Luxembourg based on its NAV, calculated on a quarterly basis.

Certain subsidiaries are domiciled outside Luxembourg and are subject to taxes on profits at rates enacted in such domiciles.

Tax rate reconciliation	31 March 2013 € m	31 March 2012 € m
Profit before tax	384	891
Tax on profit calculated at statutory rate of 29.22 % (2012: 28.80 %)	112	257
Non-taxable net income	(130)	(271)
Non-deductible expenses	18	13
Withholding and other taxes	3	19
Non-recognition of current year tax losses	1	1
Taxation charge	4	19

The statutory rate used of 29.22 per cent is the basic Luxembourg corporate tax of 22.47 per cent plus municipal business tax of 6.75 per cent.

23. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of shares in issue during the year.

	Realised € m	Unrealised € m	31 March 2013 € m	31 March 2012 € m
Profit for the year (after tax)	199	176	375	865
Weighted average number of ordinary shares in issue (millions of shares)	195.9	195.9	195.9	195.9
Earnings per share from profit for the year – basic and diluted (€ per share)	1.01	0.90	1.91	4.41

The Company has not issued any shares or other instruments that are considered to have dilutive potential. There were no movements in the year ended 31 March 2013.

The presentation of headline earnings per share, as an alternative measure of earnings per share, is mandated under the JSE Listing Requirements. It is calculated in accordance with Circular 3/2012 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.

Headline earnings per share:	31 March 2013	31 March 2012
Unadjusted earnings per share	€ 1.91	€ 4.41
Headline earnings per share	€ 1.91	€ 4.41

24. RELATED PARTY TRANSACTIONS

Reinet has a number of relationships and transactions with related parties, as defined by 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 S.A. ('CFR SA')

Reinet has identified CFR SA, a public company incorporated in Switzerland, as a related party. Mr Johann Rupert is Chairman of CFR SA.

Although the management of Reinet is quite distinct from Richemont, a number of executives who have management responsibilities for Reinet through contracts with the General Partner and Fund Manager, continue to have executive roles in and are also employed by Richemont. CFR SA is not responsible in any way for the services provided by the executives concerned to Reinet.

SIGNIFICANT SHAREHOLDERS

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

Details of shareholdings by the Anton Rupert Trust and parties affiliated with it including certain beneficiaries, together with Mr Johann Rupert in his personal capacity, are as follows:

	31 March 2012	Acquired during the year	Sold during the year	31 March 2013
Number of shares	48 315 676	119 100	–	48 434 776

	31 March 2011	Acquired during the year	Sold during the year	31 March 2012
Number of shares	48 312 176	3 500	–	48 315 676

On 10 May 2013, the Public Investment Corporation ('PIC') notified the Company that it held 15.49 per cent of the shares and voting rights in the Company. PIC previously held 14.98 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 in the form of DRs.

The Company is not aware of any other holdings in excess of 3 per cent of its issued capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

24. RELATED PARTY TRANSACTIONS CONTINUED

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, directors' fees 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, directors' fee and any other disbursements. Any such amounts payable to the Fund Manager are deductible from any management fees payable to the Investment Advisor in respect of any accounting period.

The Investment Advisor owns 995 850 shares of the Company as at 31 March 2013 (2012: 834 900). These shares have been acquired to hedge share appreciation rights and related awards to key executives of the General Partner, the Fund Manager and the Investment Advisor.

Under the terms of the Investment Advisory Agreement dated 9 October 2008, as amended on 24 May 2010 and 10 November 2011, between the Fund and the Investment Advisor, the 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 NAV of the Fund, excluding cash and interests in funds managed by third parties. It is calculated semi-annually based on the closing NAV 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 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 the Fund to the management company, net of income received by Reinet 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 Reinet Prospectus, published on 10 October 2008), adjusted for all dividends and returns of capital to Reinet shareholders, less the sum of all performance fees paid in previous Performance Measurement Periods.

A performance fee of € 38 million was paid in May 2012 in respect of the year ended 31 March 2012. A performance fee will only be payable in respect of the current financial year if the volume weighted average closing price of the Reinet share on the Luxembourg Stock Exchange over the last 20 trading days of the current financial year exceeds that calculated on the same basis in respect of the financial year ended 31 March 2012 of € 13.5455.

As indicated in note 18 the performance fee payable at 31 March 2013 amounts to € 32 million (2012: € 38 million), based on the volume weighted average price in March 2013 of € 15.1931.

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

BOARDS OF THE GENERAL PARTNER AND THE FUND MANAGER

Members of the Boards of Directors of the General Partner and the Fund Manager are considered to be related parties. Details of the Boards of Directors are set out in the corporate governance report on pages 23 to 25 of this annual report.

24. RELATED PARTY TRANSACTIONS CONTINUED

KEY SHAREHOLDINGS

Aggregate shareholdings of directors of the General Partner and the Fund Manager (excluding Mr Johann Rupert – see page 69).

	31 March 2012	Acquired during the year(1)	Sold during the year	**31 March 2013**
Number of shares	1 183 547	8 277	–	**1 191 824**

	31 March 2011	Acquired during the year	Sold during the year	31 March 2012
Number of shares	78 809	1 111 103	(6 365)	1 183 547

(1) The shares acquired during the year represent holdings of the new directors at the date they joined the Board of Directors of the Fund Manager.

BOARD OF OVERSEERS

Members of the Board of Overseers are considered to be related parties.

Fees of € 40 000 per Board member were paid to the Board of Overseers in respect of the year ended 31 March 2013, such fees to be split equally between the Company and Reinet Fund S.C.A., F.I.S. (2012: € 40 000).

Aggregate shareholdings of the members of the Board of Overseers.

	31 March 2012	Acquired during the year	Sold during the year	**31 March 2013**
Number of shares	44 307	–	–	**44 307**

	31 March 2011	Acquired during the year	Sold during the year	31 March 2012
Number of shares	44 307	–	–	44 307

OTHER RELATED PARTIES

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

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Compagnie Financière Richemont SA

There were no fees paid during the year and no balances payable to or receivable from CFR SA at 31 March 2013.

Reinet Investments Manager S.A. (the General Partner)

	31 March 2013 € m	31 March 2012 € m
Expenses charged by the General Partner to the Company during the year	**0.8**	0.7
Administration fee for the year	**0.1**	0.1
Balance payable by the Company to the General Partner	**1.6**	1.7

Reinet Fund Manager S.A. (the Fund Manager)

	31 March 2013 € m	31 March 2012 € m
Expenses charged to the Fund during the year	**5.2**	3.8
Balance payable/(receivable) by the Fund from the Fund Manager	**0.7**	(1.1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

24. RELATED PARTY TRANSACTIONS CONTINUED

Reinet Investment Advisors Limited (the Investment Advisor)

	31 March 2013 € m	31 March 2012 € m
Management fee charged during the year	27.7	22.7
Performance fee charged during the year	32.3	38.0
Balance payable by the Fund to the Investment Advisor	47.4	50.8

No fees were charged or paid to significant shareholders or to Remgro Limited during the year and no balances were outstanding with these parties at 31 March 2013.

There are no commitments between the Company and its related parties as at 31 March 2013.

25. AUDIT AND OTHER FEES PAID TO PRICEWATERHOUSECOOPERS

Fees for the year ended 31 March 2013 billed and unbilled by PricewaterhouseCoopers Société coopérative Luxembourg and other member firms of the PricewaterhouseCoopers network, which relate to the audit of the consolidated and individual company accounts, amounted to € 0.5 million (2012: € 0.4 million).

Such fees are presented under 'Custodian, secretarial and administration fees' in the statement of comprehensive income.

26. CAPITAL COMMITMENTS

At 31 March 2013, Reinet had committed to invest a further € 763 million (2012: € 318 million) in unlisted investments. See table on page 14. This amount relates to Reinet's commitment to invest. Where Reinet co-invests with minority partners the amount does not include the partners' commitment.

27. CONTINGENT LIABILITIES

Reinet has a fixed term bank deposit in the amount of € 6 million which has been pledged to JPMorgan Chase Bank N.A. (London) as security for a guarantee issued.

In September 2010, Reinet provided guarantees in respect of certain ongoing financial obligations of Jagersfontein in the amount of ZAR 95 million. One guarantee was partially extinguished by the payment of ZAR 35 million in April 2011 and the guarantee of ZAR 60 million was extinguished by the payment of ZAR 60 million in August 2012.

Reinet has also provided guarantees amounting to ZAR 85 million in respect of financial obligations related to the purchase of certain South African assets.

28. DIVIDEND PAYABLE

Taking into account the continuing investment commitments of Reinet Fund, the Board of the General Partner believes it prudent not to propose any dividend at this time.

29. SUBSEQUENT EVENTS

Reinet received a final dividend of approximately £ 73 million from its investment in BAT. The dividend was approved by the shareholders of BAT on 25 April 2013 and paid on 8 May 2013.

During April and May 2013, Reinet sold 5 million BAT shares at an average price of £ 35.88. Sale proceeds totalled € 212 million, the transactions being effected over a three-week period up to 2 May 2013. These sales reduce Reinet's holding in BAT to 3.9 per cent from 4.1 per cent at 31 March 2013.

During April and May 2013, Reinet made payments in the amount of € 79 million in respect of its commitments referenced in note 26 above.

30. SCOPE OF THE CONSOLIDATION

Principal companies included within the scope of the consolidation:

Name	Domicile	Percentage held
Parent company:		
Reinet Investments S.C.A.	Luxembourg	
Subsidiaries:		
Reinet Fund S.C.A., F.I.S.	Luxembourg	100 %
Reinet Columbus Limited	Jersey, Channel Islands	100 %
Reinet Jersey Holdings Limited	Jersey, Channel Islands	100 %
Reinet TCP Holdings Limited	Jersey, Channel Islands	90 %
Reinet Flex Holdings Ltd	Jersey, Channel Islands	100 %
RSF II Limited	Jersey, Channel Islands	80 %
Reinet Stokes Holdings S.A.	Luxembourg	100 %
RPH Limited	Jersey, Channel Islands	80 %
Reinet TEM Limited	Jersey, Channel Islands	100 %
Reinet Securities SA	Switzerland	100 %
Reinet PC Investments (Jersey) Limited	Jersey, Channel Islands	100 %
Associates:(1)		
Jagersfontein Investments (Pty) Ltd	South Africa	48 %
Rooipoort Holdings (Pty) Ltd(2)	South Africa	74 %
Renshaw Bay Limited	Guernsey, Channel Islands	33 %
Mosmart International S.A.	Luxembourg	49 %

(1) These companies are reflected in the financial statements at 31 March 2013 as 'Financial assets at fair value through profit or loss'.

(2) Contracts have been signed to sell majority interests, subject to regulatory approvals being obtained and conditions precedent being met.

CONSOLIDATED FINANCIAL STATEMENTS

AUDIT REPORT

To the Shareholders of Reinet Investments S.C.A.

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of Reinet Investments S.C.A. (the 'Company') and its subsidiaries (the 'Group'), which comprise the consolidated balance sheet as at 31 March 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

Manager's responsibility for the consolidated financial statements
The Manager is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Manager determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the 'Réviseur d'entreprises agréé'
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the 'Commission de Surveillance du Secteur Financier'. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the 'Réviseur d'entreprises agréé' including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the 'Réviseur d'entreprises agréé' considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 March 2013, and of its consolidated financial performance and its consolidated cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements
The management report, including the corporate governance statement, which is the responsibility of the Manager is consistent with the consolidated financial statements and includes the information required by the law with respect to the corporate governance statement.

PricewaterhouseCoopers, Société coopérative
Luxembourg, 24 June 2013

Represented by

Véronique Lefebvre

COMPANY FINANCIAL STATEMENTS

BALANCE SHEET

as at 31 March 2013

	Note	31 March 2013 € 000's	31 March 2012 € 000's
ASSETS			
Fixed assets			
Financial assets			
Shares in affiliated undertakings	3	1 929 289	1 929 289
Current assets			
Cash at bank and in hand		2	1
Prepayments and accrued income		21	20
Total assets		1 929 312	1 929 310
LIABILITIES			
Capital and reserves			
Subscribed capital	4	220 103	220 103
Share premium and similar premiums	5	770 310	770 310
Reserves			
– Legal reserve	6	22 100	22 100
Profit brought forward	7	912 349	914 569
Result for the financial year		(2 247)	(2 220)
		1 922 615	1 924 862
Provisions			
Other provisions		238	259
Non subordinated debts			
Amounts owed to affiliated undertakings			
– becoming due and payable after less than one year	8	6 438	4 118
Other creditors			
– becoming due and payable after less than one year		21	71
		6 459	4 189
Total liabilities		1 929 312	1 929 310

The accompanying notes form an integral part of these financial statements.

COMPANY FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2013

	Notes	Year ended 31 March 2013 € 000's	Year ended 31 March 2012 € 000's
Charges			
Other operating charges		2 142	2 198
Value adjustments and fair value adjustments on financial current assets/loss on disposal of transferable securities		101	5
Interest payable and similar charges:			
– concerning affiliated undertakings		4	18
Total charges		2 247	2 221
Income			
Other interest and other financial income:			
– other interest receivable and similar income		–	1
Loss for the financial year		2 247	2 220
Total income		2 247	2 221

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Reinet Investments S.C.A. (the 'Company'), incorporated on 5 March 1979, is a partnership limited by shares (société en commandite par actions) and is governed by the Luxembourg law on securitisation. The registered office is at 35, boulevard Prince Henri, Luxembourg. The Company owns the entire ordinary issued capital of Reinet Fund S.C.A., F.I.S. ('Reinet Fund' or 'the Fund'), a partnership limited by shares established in Luxembourg.

The Company was formerly known as Richemont S.A. and was a subsidiary of Compagnie Financière Richemont SA ('CFR SA'), a Swiss company with significant luxury goods interests. 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 has unlimited liability for any obligations of the Company that cannot be met from the assets of the Company. The registered office is at 35, boulevard Prince Henri, Luxembourg.

The Company's financial year starts on 1 April and ends on 31 March of each year.

The Company has also prepared consolidated financial statements which will be made available at the Company's head office as required by Luxembourg law.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention, as well as with generally accepted accounting principles in Luxembourg.

Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002 (as amended), determined and applied by the General Partner.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the General Partner to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The General Partner believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2 FORMATION EXPENSES

The formation expenses of the Company are directly charged to the profit and loss account of the year in which they are incurred.

2.3 FINANCIAL ASSETS

Shares in affiliated undertakings held as fixed assets are valued at purchase price including the expenses incidental thereto. In case of permanent impairment in value in the opinion of the General Partner, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.4 DEBTORS AND CREDITORS

Debtors and creditors are valued at their nominal value. The debtors are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.5 FOREIGN CURRENCY TRANSLATION

Transactions expressed in currencies other than euros are translated into euros at the exchange rate effective at the time of the transaction.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange gains and losses are recorded in the profit and loss account of the year.

COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Fixed assets expressed in currencies other than euros are translated into euros at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain at historic exchange rates.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange gains and losses are thus recorded in the profit and loss account. The realised exchange gains are recorded in the profit and loss account at the moment of their realisation.

2.6 PREPAYMENTS AND ACCRUED INCOME

Includes expenditure incurred in the financial year but relating to a subsequent financial year.

2.7 PROVISIONS

Provisions are created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount at the date on which they will arise.

3. SHARES IN AFFILIATED UNDERTAKINGS

	31 March 2013 € 000's	31 March 2012 € 000's
Book value – opening and closing balance	1 929 289	1 929 289

The Company holds the entire share capital of Reinet Fund S.C.A., F.I.S. ('Reinet Fund'), whose functional currency is the euro. At 31 March 2013, the net asset value of Reinet Fund was € 4 029 million (2012: € 3 653 million) and it recorded a profit for the year of € 376 million (2012: € 867 million).

4. SUBSCRIBED CAPITAL

	31 March 2013 € 000's	31 March 2012 € 000's
Ordinary shares		
The subscribed capital at 31 March 2013 amounts to € 220 102 100 (2012: € 220 102 100) and is divided into 195 941 286 ordinary shares (2012: 195 941 286), fully paid with no par value	220 102	220 102
Total ordinary share capital	220 102	220 102
Management shares		
The subscribed capital at 31 March 2013 amounts to € 1 000 (2012: € 1 000) and is divided into 1 000 ordinary shares with no par value	1	1
Total management share capital	1	1
Total capital	220 103	220 103

The ordinary shares confer on the shareholder the entitlement to participate in and to vote at meetings of shareholders, with each share carrying the right to one vote. Each share also entitles each shareholder to receive a proportionate share of any dividend that the Company may declare and a proportionate share of the net assets of the Company on liquidation. The liability of ordinary shareholders is limited to the amount of their investment in the Company.

The management shares are held by the General Partner and confer the same rights with regard to voting, dividends and the distribution of assets on liquidation as the ordinary shares. In addition, as the holder of the management shares, the General Partner has broad powers to manage the Company and has unlimited liability for any obligations of the Company that cannot be met from the assets of the Company.

5. SHARE PREMIUM AND SIMILAR PREMIUMS

The share premium relates to a reserve amounting to € 770 310 429 (2012: € 770 310 429), available for distribution subject to the approval of the shareholders.

6. LEGAL RESERVE

In accordance with Luxembourg law, the Company allocates annually a minimum of 5 per cent of its net profit to the legal reserve, until the aggregate reserve equals 10 per cent of the subscribed capital.

The legal reserve amounting to € 22 100 000 (2012: € 22 100 000) is not available for distribution.

7. PROFIT BROUGHT FORWARD

	31 March 2013 € 000's	31 March 2012 € 000's
Opening balance	914 569	916 445
Result from the prior year	(2 220)	(1 876)
Balance at end of the year	912 349	914 569

8. AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

	31 March 2013 € 000's	31 March 2012 € 000's
Becoming due and payable after less than one year	6 438	4 118

9. EMOLUMENTS GRANTED TO MEMBERS OF THE ADMINISTRATIVE, MANAGERIAL AND SUPERVISORY BODIES

	Year ended 31 March 2013 € 000's	Year ended 31 March 2012 € 000's
Board of Overseers	80	80
General Partner	851	809
	931	889

10. RELATED PARTY TRANSACTIONS

During the financial year under review, all transactions with related parties have been conducted on an arm's-length basis.

11. CONTINGENT LIABILITIES

At 31 March 2013, the Company has no contingent liabilities.

12. TAXATION

The Company is subject to tax as determined by Luxembourg law.

13. SUBSEQUENT EVENTS

There have been no events subsequent to 31 March 2013 which would have any material impact on these financial statements.

COMPANY FINANCIAL STATEMENTS

PROPOSED APPROPRIATION OF RETAINED EARNINGS

as at 31 March 2013

	€ 000's
Available retained earnings	
Profit and loss brought forward	912 349
Net loss for the financial year	(2 247)
	910 102
Proposed appropriation	
Balance to be carried forward	910 102

Reinet Investments Manager S.A.

General Partner
Luxembourg, 16 May 2013

AUDIT REPORT

To the Shareholders of Reinet Investments S.C.A.

Report on the annual accounts

We have audited the accompanying annual accounts of Reinet Investments S.C.A., which comprise the balance sheet as at 31 March 2013, the profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

Manager's responsibility for the annual accounts

The Manager is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Manager determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the 'Réviseur d'entreprises agréé'

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the 'Commission de Surveillance du Secteur Financier'. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the 'Réviseur d'entreprises agréé', including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the 'Réviseur d'entreprises agréé' considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Reinet Investments S.C.A. as of 31 March 2013, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, including the corporate governance statement, which is the responsibility of the Manager is consistent with the annual accounts and includes the information required by the law with respect to the corporate governance statement.

PricewaterhouseCoopers, Société coopérative
Luxembourg, 24 June 2013

Represented by

Véronique Lefebvre

NOTICE OF ANNUAL GENERAL MEETING

Notice of the Annual General Meeting of shareholders of Reinet Investments S.C.A. to be held on 10 September 2013.

Shareholders are invited to attend in person or by proxy the Annual General Meeting of shareholders of the Company.

As provided for in the Statutes of the Company, the Annual General Meeting will take place on: Tuesday, 10 September 2013 at 2:30 pm at Hotel Le Royal, 12, boulevard Royal, Luxembourg.

AGENDA

Business reports for the accounting year ended 31 March 2013

1. To consider the report of the General Partner to the shareholders; the report of the Board of Overseers; and the reports by the Réviseur d'entreprises agréé of the Company in respect of the statutory financial statements of the Company and in respect of the consolidated financial statements for the accounting year ended 31 March 2013;

Financial statements

2. To approve the statutory financial statements of the Company for the accounting year ended 31 March 2013;

3. To approve the consolidated financial statements of the Company for the accounting year ended 31 March 2013;

Appropriations

4. To approve the proposed appropriation of the retained earnings of the Company at 31 March 2013 as follows:

Balance to be carried forward	€ 910 101 619

Discharge of the General Partner and Board of Overseers

5. To discharge the General Partner from its obligations in respect of the accounting year ended 31 March 2013 and to discharge the members of the Board of Overseers who held office in respect of the accounting year ended 31 March 2013 from their obligations;

Board of Overseers

6. To re-elect Mr D Falck, Dr P Kaul, Mr Y Prussen and Mr I Whitecourt as members of the Board of Overseers for the year ending at the next Annual General Meeting;

7. To fix the remuneration of each member of the Board of Overseers at € 50 000 per annum, such fees to be split equally between the Company and Reinet Fund S.C.A., F.I.S.

The statutory financial statements of the Company and the consolidated financial statements for the accounting year ended 31 March 2013, together with the reports of the Réviseur d'entreprises agréé, of the Board of Overseers and of the General Partner and the draft resolutions, are available at the registered office of the Company and on the Company's website, www.reinet.com.

The Annual General Meeting will be validly constituted to resolve on the matters raised in the agenda regardless of the number of shares represented at the meeting; resolutions to be considered at the meeting are approved by a simple majority of the votes cast. The meeting will be held in English.

Shareholders who together hold at least 5 per cent of the share capital may place items on the agenda of the meeting and submit draft resolutions for all the items on the agenda. Any such request must reach the Company no later than 19 August 2013.

Every shareholder who attends the meeting shall have the right to ask questions related to the items on the agenda of the Annual General Meeting.

Shareholders wishing to attend the meeting or who wish to appoint a proxy to represent them at the meeting must notify the Registrar, European Fund Administration S.A., 2, rue d'Alsace, L-1122 Luxembourg no later than 3 September 2013. The Registrar will draw up a list of shareholders and proxyholders authorised to attend the meeting.

Registration forms to request admission to the meeting or to appoint a proxy to attend the meeting may be obtained from the Registrar or downloaded from the Company's website, www.reinet.com.

The meeting may be attended by all persons (or their proxy) who were shareholders of record of the Company at midnight on 27 August 2013 Luxembourg time.

Shareholders who hold their shares with a bank or other financial intermediary and who wish to attend the meeting in person or appoint a proxy must also instruct their bank or financial intermediary with whom the shares are on deposit to send a certificate (the 'Shareholding Certificate') to European Fund Administration S.A. to be received no later than 3 September 2013 indicating clearly the precise identity of the shareholder and confirming the number of shares being held by the shareholder as at midnight on 27 August 2013 Luxembourg time.

Shareholders may appoint a proxy, who need not be a shareholder, as their representative at the meeting. Forms of proxy are provided on the registration forms for admission to the meeting. The signed proxy must be sent by mail, telefax or email to either the Company or the European Fund Administration S.A. (register.bi@efa.eu). Shareholders and proxy holders should present suitable identification to the entrance control on the day of the meeting.

Proxy voting instructions may be given to the Chairman of the meeting; these must be received by the Company duly completed and signed by 3 September 2013. A Shareholding Certificate in respect of the shares must be provided to the Company or to European Fund Administration S.A. by that date by mail, telefax, or email (register.bi@efa.eu). Failure to provide the Shareholding Certificate will invalidate the proxy voting instructions. Unless proxies given to the Chairman of the meeting include explicit instructions as to the contrary, voting rights will be exercised in support of the proposals of the General Partner.

Registration forms for admission to the meeting and Shareholding Certificates must be delivered to European Fund Administration S.A. on 3 September 2013 at the latest. No admission cards will be issued after that day and shareholders or proxyholders not registered to attend the meeting will not be allowed to participate.

Reinet Investments Manager S.A.

General Partner
For and on behalf of
REINET INVESTMENTS S.C.A.

Luxembourg, 16 May 2013

EXCHANGE RATES AND SHARE PRICES

EXCHANGE RATES AGAINST THE EURO

	Year ended 31 March 2013	Year ended 31 March 2012
Average for the year		
pound sterling	**0.8151**	0.8630
US dollar	**1.2879**	1.3781
Swiss franc	**1.2101**	1.2132
South African rand	**10.9566**	10.2374
Closing – as at the end of the year		
pound sterling	**0.8432**	0.8327
US dollar	**1.2821**	1.3344
Swiss franc	**1.2171**	1.2042
South African rand	**11.841**	10.2282

SHARE INFORMATION

PRIMARY LISTING

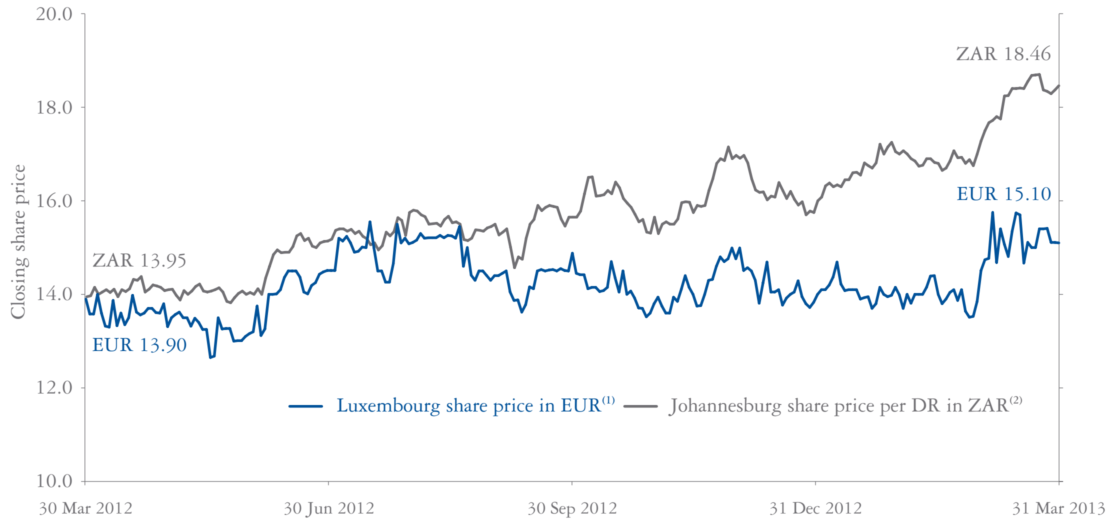
Reinet Investments S.C.A. shares are listed on the Luxembourg Stock Exchange with the ISIN number LU0383812293. Thomson Reuters code REIT.LU and Bloomberg code REIN.LX. Reinet shares are included in the 'LuxX' index of the principal shares traded on the Luxembourg exchange.

SECONDARY LISTING

Reinet Investments S.C.A. South African Depository Receipts are traded on the stock exchange in Johannesburg under the ISIN number CH 0045793657. Thomson Reuters code REIJ.J and Bloomberg code REI:SJ.

As at 31 March 2013 and 31 March 2012 there were 195 942 286 shares in issue.

DAILY CLOSING PRICES FROM 31 MARCH 2012 TO 31 MARCH 2013[3]



(1) Represents the closing share price of Reinet Investments S.C.A. on the Luxembourg Stock Exchange (listed under the symbol 'ReinetInvest').

(2) Represents the closing DR price of Reinet Investments S.C.A. on the Johannesburg Stock Exchange operated by JSE Limited (listed under the symbol 'REI'). One depository receipt of Reinet Investments S.C.A. represents one tenth of one ordinary share in Reinet Investments S.C.A.

(3) The EUR:ZAR exchange rate was 1:10.2282 on 31 March 2012 and 1:11.8408 on 31 March 2013.

Source: Bloomberg

STATUTORY INFORMATION

Reinet Investments S.C.A.

REGISTERED OFFICE

REINET INVESTMENTS S.C.A.
35, boulevard Prince Henri
L-1724 Luxembourg
Grand Duchy of Luxembourg
Telephone: +352 22 42 10

Company Secretary: Mr S H Grundmann

REGISTERED NUMBER

Reinet Investments, Société en commandite par actions
Registre de commerce et des sociétés, Luxembourg B 16.576

GENERAL PARTNER

REINET INVESTMENTS MANAGER S.A.
35, boulevard Prince Henri
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Grand Duchy of Luxembourg
Telephone: +352 22 42 10

Company Secretary: Mr S H Grundmann

CUSTODIAN

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Grand Duchy of Luxembourg

REGISTRAR AND PAYING AGENT

EUROPEAN FUND ADMINISTRATION S.A.
2, rue d'Alsace
P.O. Box 1725
L-1017 Luxembourg
Grand Duchy of Luxembourg

RÉVISEUR D'ENTREPRISES AGRÉÉ

PRICEWATERHOUSECOOPERS SOCIÉTÉ COOPÉRATIVE
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FURTHER INFORMATION

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