

COMPANY ANNOUNCEMENT FOR IMMEDIATE RELEASE

24 JANUARY 2018

MANAGEMENT STATEMENT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

The Board of Reinet Investments Manager S.A. announces the results of Reinet Investments S.C.A. for the quarter ended 31 December 2017.

Key financial data

- **Net asset value at 31 December 2017: € 5 693 million, an increase of € 295 million from 30 September 2017**
- **Net asset value per share at 31 December 2017: € 29.06 (30 September 2017: € 27.55)**
- **Commitments increased by € 127 million during the quarter, and a total of € 28 million were funded during the quarter**
- **On 14 November 2017, Reinet's ordinary shares were listed on Euronext Amsterdam**
- **On 29 November 2017, Reinet's ordinary shares were listed on the Johannesburg Stock Exchange and the depository receipts subsequently cancelled**

Reinet Investments S.C.A. (the 'Company') is a partnership limited by shares incorporated in the Grand Duchy of Luxembourg and having its registered office at 35, boulevard Prince Henri, L-1724 Luxembourg. It is governed by the Luxembourg law on securitisation and in this capacity allows its shareholders to participate indirectly in the portfolio of assets held by its wholly-owned subsidiary Reinet Fund S.C.A., F.I.S. ('Reinet Fund'), a specialised investment fund also incorporated in Luxembourg. The Company's ordinary shares are listed on the Luxembourg Stock Exchange, Euronext Amsterdam and the Johannesburg Stock Exchange, the listing on the Johannesburg Stock Exchange is a secondary listing. The Company's ordinary shares are included in the 'LuxX' index of the principal shares traded on the Luxembourg Stock Exchange. The Company and Reinet Fund together with Reinet Fund's subsidiaries are referred to as 'Reinet'.

Cautionary statement regarding forward-looking statements

This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Words such as 'may', 'should', 'estimate', 'project', 'plan', 'believe', 'expect', 'anticipate', 'intend', 'potential', 'goal', 'strategy', 'target', 'will', 'seek' and similar expressions may identify forward-looking statements. Such forward-looking statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside Reinet's control. Reinet does not undertake to update, nor does it have any obligation to provide updates or to revise, any forward-looking statements. Certain information included in the Management Report is text attributed to the management of investee entities. While no facts have come to our attention that lead us to conclude that any such information is inaccurate, we have not independently verified such information and do not assume any responsibility for the accuracy or completeness of such information.

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BUSINESS OVERVIEW

Net asset value				
The net asset value at 31 December 2017 comprised:				
	31 December 2017		30 September 2017	
	€ m	%	€ m	%
Listed investments				
British American Tobacco p.l.c.	3 836	67.3	3 606	66.8
SPDR Gold shares	24	0.4	24	0.4
Selecta Biosciences, Inc.	3	-	5	-
Unlisted investments				
Pension Insurance Corporation Group Limited	1 286	22.6	1 206	22.4
Private equity and related partnerships	748	13.2	779	14.4
Trilantic Capital Partners	197	3.5	214	4.0
Fund IV, Fund V, TEP, related general partners and management companies				
36 South macro/volatility funds	40	0.7	44	0.8
Asian private equity and portfolio funds	177	3.1	184	3.4
Milestone China Opportunities funds, investment holdings and management company participation	128		136	
Prescient China Balanced Fund and investment management company	49		48	
Specialised investment funds	334	5.9	337	6.2
Vanterra Flex Investments ⁽¹⁾	13		26	
Vanterra C Change TEM and holding companies	24		20	
NanoDimension funds and co-investment opportunities	47		47	
Fountainhead Expert Fund	21		24	
Snow Phipps funds and co-investment opportunities	86		72	
Palm Lane Credit Opportunities Fund	87		87	
GAM Real Estate Finance Fund	53		58	
Other fund investments	3		3	
United States land development and mortgages	100	1.8	100	1.9
Diamond interests	44	0.8	43	0.8
Other investments	52	0.9	56	1.1
Total investments	6 093	107.0	5 819	107.8
Cash and liquid funds	281	4.9	313	5.8
Bank borrowings and derivatives				
Borrowings	(664)	(11.6)	(670)	(12.4)
Net derivative assets/(liabilities)	25	0.4	38	0.7
Other liabilities				
Minority interest, fees payable and other liabilities, net of other assets	(42)	(0.7)	(102)	(1.9)
Net asset value	5 693	100.0	5 398	100.0
<i>(1) Certain assets previously included in the investment in Vanterra Flex have been distributed to Reinet Fund and are now included in Vanterra C Change TEM and holding companies. The liability for minority interest was also reduced in respect of certain assets.</i>				

All investments are held, either directly or indirectly, by Reinet Fund S.C.A., F.I.S. ('Reinet Fund'). The Company and Reinet Fund together with Reinet Fund's subsidiaries are referred to as 'Reinet'.

INFORMATION RELATING TO CURRENT KEY INVESTMENTS

		Committed amount ⁽¹⁾ in millions	Remaining committed amount ⁽¹⁾ in millions	Invested amount ⁽²⁾ in millions	Realised proceeds ⁽²⁾ in millions	Current fair value ⁽¹⁾ in millions	Total realised and unrealised value ⁽³⁾ in millions
Listed investments							
British American Tobacco p.l.c.	EUR	-	-	1 739	1 830	3 836	5 666
	GBP	-	-	1 418	1 502	3 408	4 910
SPDR Gold shares	EUR	21	-	22	-	24	24
	USD	25	-	25	-	28	28
Selecta Biosciences, Inc.	EUR	4	-	4	-	3	3
	USD	5	-	5	-	3	3
Unlisted investments							
Pension Insurance Corporation Group Limited	EUR	607	-	656	-	1 286	1 286
	GBP	539	-	539	-	1 143	1 143
Trilantic Capital Partners Euro investment US dollar investment ⁽⁴⁾	EUR	416	168	265	323	197	520
	EUR	86	20	66	111	67	178
	USD	394	177	227	263	155	418
36 South macro/volatility funds	EUR	93	-	93	11	40	51
	EUR	88	-	88	11	36	47
	USD	6	-	6	-	5	5
Asian private equity and portfolio funds							
Milestone China Opportunities funds, investment holdings and management company participation	EUR	141	7	124	21	128	149
	USD	169	8	161	25	154	179
Prescient China Balanced Fund and investment management company	EUR	27	-	25	-	49	49
	USD	32	-	32	-	59	59
Specialised investment funds							
Vanterra Flex Investments ⁽⁵⁾	EUR	87	33	49	36	13	49
	USD	104	40	64	42	16	58
Vanterra C Change TEM and holding companies	EUR	59	6	52	1	24	25
	USD	71	7	64	1	29	30
NanoDimension funds and co-investment opportunities	EUR	84	32	51	1	47	48
	EUR	4	-	4	1	3	4
	USD	96	38	58	-	52	52
Fountainhead Expert Fund	EUR	33	17	15	-	21	21
	USD	40	20	20	-	25	25
Snow Phipps funds and co-investment opportunities	EUR	126	49	79	4	86	90
	USD	151	60	91	5	103	108
Palm Lane Credit Opportunities Fund	EUR	58	-	54	-	87	87
	USD	70	-	70	-	104	104
GAM Real Estate Finance Fund	EUR	113	34	54	36	53	89
	GBP	100	30	70	29	47	76
United States land development and mortgages	EUR	180	3	161	-	100	100
	USD	215	3	212	-	120	120
Diamond interests⁽⁶⁾	EUR	83	3	116	76	44	120
	ZAR	1 230	40	1 190	1 108	651	1 759

(1) Calculated using period end foreign exchange rates.

(2) Calculated using actual foreign exchange rates at transaction date.

(3) Total of realised proceeds and current fair value.

(4) The invested amount for 'Trilantic Capital Partners' includes an initial payment of \$ 10 million.

(5) Certain assets have been distributed and are now included in 'Vanterra C Change TEM and holding companies' and in 'United States land development and mortgages'.

(6) The exposure to the South African rand has been partially hedged by a forward exchange contract and borrowings in this currency.

PERFORMANCE

NET ASSET VALUE

The increase in the net asset value ('NAV') of € 295 million during the quarter is largely a result of movements in the fair value of British American Tobacco p.l.c. ('BAT') and Pension Insurance Corporation Group Limited, together with the BAT dividend receivable of € 32 million. Partially offsetting these increases in NAV are decreases in the estimated fair value of derivative assets associated with put options related to borrowings due to an increase in the BAT share price, and the effect of the weakening of sterling and the US dollar against the euro in the quarter.

The Company records its assets and liabilities in euro; the depreciation of other currencies against the euro has resulted in a decrease in the value of certain assets and liabilities in euro terms. Applying current quarter end exchange rates to the September 2017 assets and liabilities would have resulted in a decrease in value of some € 48 million.

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

LISTED INVESTMENTS

BRITISH AMERICAN TOBACCO P.L.C.

The investment in BAT remains Reinet's single largest investment position and is kept under constant review, considering the company's performance, the industry outlook, cash flows from dividends, stock market performance, volatility and liquidity.

Reinet holds 68.1 million shares in BAT, representing some 2.97 per cent of BAT's issued share capital. The value of Reinet's investment in BAT amounted to € 3 836 million at 31 December 2017, being 67 per cent of Reinet's NAV (30 September 2017: € 3 606 million). The BAT share price on the London Stock Exchange increased from £ 46.72 at 30 September 2017 to £ 50.08 at 31 December 2017. This increase in value is offset to some extent by the weakening of sterling against the euro during the quarter.

BAT declared a dividend of 43.6 p per share for holders on record at 28 December 2017. The dividend of some € 32 million will be paid on 8 February 2018 and has been included in the NAV as at 31 December 2017.

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

UNLISTED INVESTMENTS

PENSION INSURANCE CORPORATION GROUP LIMITED

During the current quarter, Pension Insurance Corporation Group Limited ('Pension Corporation') completed a £ 115 million investment in the Walney Extension Offshore Wind Farm Project; concluded a pension insurance buy-in with the trustees of the Wolsley Group Retirements Benefits Plan for a premium of some £ 600 million; concluded a pension insurance buy-in with the trustees of the Former Registered Dock Workers Pension Fund for a premium of some £ 725 million and concluded a pension insurance buy-in with the trustees of three defined benefit pension schemes sponsored by Pirelli UK Limited and Pirelli Tyres Limited for a premium of some £ 100 million. Pension Corporation also entered into its fifth longevity reinsurance transaction since 2015 with Prudential Insurance Company of America who will reinsure and additional £ 0.9 billion of longevity risk.

Reinet's investment in Pension Insurance Corporation Group Limited ('Pension Corporation') is carried at an estimated fair value of € 1 286 million at 31 December 2017 (30 September 2017: € 1 206 million). This value takes into account Reinet's estimate of Pension Corporation's embedded value at 30 September 2017 and valuation multiples drawn from industry data at 31 December 2017.

The increase in estimated fair value at 31 December 2017 reflects an estimated increase in Pension Corporation's embedded value and increases in comparable valuation multiples being applied by the market in valuing listed companies in the UK insurance sector, offset by the weakening of sterling against the euro in the quarter. Reinet retained the 10 per cent additional valuation adjustment previously applied largely allowing for the lack of ready liquidity for this investment.

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

PRIVATE EQUITY AND RELATED PARTNERSHIPS

TRILANTIC CAPITAL PARTNERS

Reinet's and its minority partner's investment in Trilantic Management and related funds is carried at the estimated fair value of €197 million at 31 December 2017 (30 September 2017: €214 million) of which €5 million (30 September 2017: €9 million) is attributable to the minority partner. The estimated fair value is based on unaudited valuation data provided by Trilantic Management at 30 September 2017 adjusted for changes in the value of listed investments included in the portfolios and cash movements in the quarter. The decrease in the estimated fair value is due to capital distributions received in the quarter of €8 million and the weakening of the US dollar against the euro, offset by capital contributions of €2 million and increases in the estimated fair value of underlying investments.

As at 31 December 2017, Reinet has committed an amount of some €22 million (\$26 million) to Trilantic Energy Partners II (North America) L.P. ('TEP II') and its general partner. In addition, in the current quarter Reinet committed €79 million (\$94 million) to Trilantic Capital Partners VI North America ('Fund VI') and its general partner. TEP II had its first closing in August 2017 and Fund VI had its first closing in December 2017; each fund expects further closings in the coming months, at which time Reinet's commitment will increase in line with the overall fund size. As at 31 December 2017, TEP II and Fund VI had no investments and no capital contributions have been made.

During the period under review, gains of €3 million were realised and carried interest of €10 million received.

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

SPECIALISED PRIVATE EQUITY FUNDS

VANTERRA FLEX INVESTMENTS L.P.

Reinet's investment in Vanterra Flex Investments L.P. ('Vanterra Flex') decreased in value from €26 million at 30 September 2017 to €13 million at 31 December 2017 due to a distribution of assets in the period under review amounting to some €13 million. Certain of the distributed assets are now included in the caption 'Vanterra C Change TEM and holding companies' (€4 million) and 'United States land development and mortgages' (€1 million); other distributions resulted in a reduction in the minority interest liability (€8 million).

The remaining investment in Vanterra Flex is carried at the estimated fair value of €13 million at 31 December 2017 (30 September 2017: €26 million). The estimated fair value is based on unaudited valuation data provided by the fund manager at 30 September 2017.

The remaining assets held by Vanterra Flex are expected to be distributed directly to Reinet Fund or its subsidiaries before the end of March 2018; at which time all the assets acquired will be reallocated to the appropriate asset category which will include 'Other fund investments' and 'Other investments' as shown in the net asset value table on page 2.

Further information on Vanterra Flex is available at www.vanterra.com.

SNOW PHIPPS FUNDS AND CO-INVESTMENT OPPORTUNITIES

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

Reinet's investment in the two funds and associated co-investments is carried at an estimated fair value of €86 million at 31 December 2017 (30 September 2017: €72 million), based on unaudited valuation data provided by Snow Phipps at 30 September 2017 adjusted for cash invested in the current quarter. The movement in value is due to additional capital invested, together with an increase in the estimated fair value of underlying investments, offset by the weakening of the US dollar against the euro in the quarter.

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

Further information on Reinet's investments may be found in the Reinet 2017 annual report which is available at www.reinet.com.

CASH AND LIQUID FUNDS

Reinet holds cash on deposit principally in European-based banks and in liquidity funds holding highly rated short-term commercial paper.

Reinet's cash and liquid funds decreased from € 313 million at 30 September 2017 to € 281 million at 31 December 2017. Reinet invested some € 28 million in underlying investments, including € 15 million in Snow Phipps III, L.P. Management fees of € 25 million, accrued as at 30 September 2017, were paid to Reinet Investment Advisors Limited (the 'Investment Advisor'). US taxes paid amounted to € 11 million and payments of loans and interest amounted to € 7 million. Distributions from investments amounted to some € 41 million and other expenses amounted to € 2 million.

BANK BORROWINGS AND DERIVATIVES

Borrowings

In December 2016, Reinet entered into borrowing facilities with Bank of America N.A which permit it to drawdown the equivalent of up to £ 250 million in a combination of currencies to fund further investment commitments. At 31 December 2017, these facilities had not been drawn upon.

During early 2017, Reinet entered into a £ 500 million, medium-term financing arrangement with Merrill Lynch International, which runs to 2022. At 31 December 2017, the estimated fair value of the borrowing was € 561 million (£ 499 million) (30 September 2017: € 564 million (£ 497 million)). The £ 500 million financing transaction includes the purchase by Reinet of put options over approximately 15.5 million BAT shares for a premium of some € 92 million (£ 79 million) payable over the life of the transaction (the 'Premium loan'). As at 31 December 2017, the Premium loan is carried as a liability at an estimated fair value of € 73 million (£ 65 million) (30 September 2017: € 78 million (£ 69 million)). Some 4.1 million BAT shares have also been pledged to collateralise the Premium loan and future interest payments. As part of the medium-term financing arrangement and Premium loan a portion of BAT shares are on loan to Merrill Lynch International. The Company retains the economic benefit of all shares on loan.

Reinet has also borrowed ZAR 443 million to fund its investments in South African projects. At 31 December 2017, the estimated fair value of the borrowing was € 30 million (30 September 2017: € 28 million), the increase reflects the strengthening of the South African rand against the euro in the period. This loan matures in March 2018.

Derivative assets/(liabilities) – put and call options and forward exchange contracts

As part of the aforementioned £ 500 million medium-term financing arrangement, Reinet purchased put options which provide protection should the value of the BAT shares used to secure the borrowings fall below a certain amount. Proceeds received as a result of the put options being exercised could be used to repay the amounts borrowed in full. The put options are carried at their estimated fair value of € 26 million at 31 December 2017 (30 September 2017: € 38 million). The decrease in the carrying value of the put options reflects the increase in value of the underlying BAT shares together with the decrease in the time to maturity and the weakening of sterling against the euro in the period.

Reinet has entered into a forward exchange contract to sell ZAR 230 million (30 September 2017: ZAR 230 million). The derivative liability in respect of the forward exchange contract is carried at its estimated fair value of € 1 million at 31 December 2017 (30 September 2017: nil).

OTHER LIABILITIES

Minority interest, fees payable and other liabilities, net of other assets

The minority interest liability amounts to € 7 million (30 September 2017: € 16 million) and is in respect of a minority partner's share in the gains and losses not yet distributed arising from the estimated fair value movement of investments in which it has an interest. The decrease in value during the period reflects Reinet's acquisition following the distribution of certain interests in Trilantic and United States land development and mortgages previously held in Vanterra Flex (see explanation on page 5), along with a dividend of € 1 million paid to a minority partner.

Fees payable and other liabilities comprise principally an accrual of € 12 million in respect of the management fee payable at 31 December 2017 (30 September 2017: € 25 million) a provision for deferred taxes of € 20 million (30 September 2017: € 27 million) relating to realised and unrealised gains arising from the investments in Trilantic and Snow Phipps, and withholding and corporate taxes of € 26 million (30 September 2017: € 26 million) relating to the investment in United States land development and mortgages. Accruals and other payables amount to some € 9 million (30 September 2017: € 8 million).

No provision has been made in respect of a performance fee as at 31 December 2017 (30 September 2017: € nil) as the conditions required to pay a fee had not been met at that date.

The performance fee (if applicable) and management fee are payable to Reinet Investment Advisors Limited.

Other assets comprise the dividend receivable from BAT of some € 32 million. BAT declared a dividend of 43.6 p per share for holders on record at 28 December 2017, this will be paid on 8 February 2018. The dividend has been recorded as a receivable as at 31 December 2017.

SHARES IN ISSUE

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

SHARE INFORMATION

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

With effect from 14 November 2017, the Company's ordinary shares were listed on Euronext Amsterdam.

With effect from 29 November 2017, the depository receipts issued by Reinet Securities SA in respect of the Company's ordinary shares which traded as a secondary listing on the Johannesburg Stock Exchange were suspended from trading at which time the Company's ordinary shares were listed.

Reinet Investments Manager S.A.
General Partner
For and on behalf of Reinet Investments S.C.A.

Website: www.reinet.com