Remgro today announced the proposed terms to separate its tobacco interests from its other interests, providing Remgro shareholders with a direct interest in its R60 billion British American Tobacco plc (BAT) shareholding.

The transaction also resolves the negative impact of a change in taxation on its Luxembourg based joint venture vehicle R&R Holdings (R&R) and creates a new international investment fund, Reinet Investments to be established with Richemont, incorporated in Luxembourg and to be listed on the Luxembourg and Johannesburg Stock Exchanges.

Remgro owns 10.7% in BAT through its interest in the joint venture vehicle R&R, a Luxembourg 1929 holding company. The remaining interest in R&R is held by its co-shareholder, Richemont.

Following a review of alternatives, Remgro and Richemont agreed on a joint course of action to address the change in tax status of R&R, including the decentralisation of its tobacco asset and proposals for the reorganisation of Richemont S.A, a wholly-owned subsidiary of Richemont incorporated in Luxembourg, into a new investment vehicle, Reinet Investments.

The salient features of the proposed restructuring of Remgro’s interests are:

- R&H Holdings will collapse and Remgro will become the holder of 214 300 000 BAT ordinary shares directly, currently valued at approximately R60 billion
- Richemont S.A will be reorganised into a new investment vehicle, Reinet Investments controlled by Rupert family interests and chaired by Mr. Johann Rupert
- Reinet Investments will own as its sole subsidiary Reinet Fund. The investment objective of Reinet Fund is to achieve long-term capital growth. It will not have any restrictions on the asset classes in which it can invest and intends, over time, to invest in a diversified portfolio of assets
- Remgro will contribute 21 430 000 or 10% of its BAT ordinary shares to part capitalise Reinet Investments in exchange for depositary receipts in respect of Reinet Investments shares
- Remgro will distribute the remaining 90% of its holding in BAT ordinary shares or 192 870 000 shares and all its depositary receipts in respect of Reinet Investments shares directly to Remgro shareholders
Subject to the necessary approvals being obtained, Remgro shareholders will receive:

- 40.6054 BAT ordinary shares; and
- 63.6977 Reinet depositary receipts,

for every 100 Remgro ordinary shares held on the distribution record date 3 November 2008

The Reinet depositary receipts will be listed on the JSE and will commence trading on or about Tuesday 21 October 2008

Reinet Investments will undertake a rights offer following its listing

Remgro has obtained a binding ruling from SARS regarding the transaction. In terms of the ruling, the total estimated tax payable, including secondary tax on companies (STC), capital gains tax and securities transfer tax is approximately R850 million

Application will be made by BAT to the JSE for a secondary listing of BAT ordinary shares, that, subject to the Richemont reconstruction and the Remgro distribution being implemented, is expected to commence on or before Tuesday 28 October 2008

The benefits of the transaction to Remgro shareholders are:

- Direct exposure to BAT and tradability on the JSE
- Unlocking value from the BAT shareholding
- Tax efficient dividend extraction from the BAT shareholding
- Opportunity to participate in an international investment fund without utilising existing foreign exchange allowances and tradability on the JSE

Johann Rupert, Chairman of Remgro commented: “Today marks an important and significant step forward in our commitment to provide Remgro shareholders with the choice and diversity of investment opportunities. We are placing Remgro’s tobacco interest directly in shareholders hands and in doing so we’re closing the valuation discount on R60 billion of shareholder value.

With the formation of Reinet Investments, Remgro shareholders now have an additional foreign investment platform without using existing foreign exchange allowances. As chairman and cornerstone investor I am confident of the ability of both Remgro and Reinet Investments to continue our proud track record of creating shareholder value.”

Thys Visser, CEO of Remgro commented: “This landmark transaction realises substantial shareholder value and resolves the negative tax consequences of our holding vehicle in Luxembourg. As a management team we remain focused on building value in our investment portfolio. We are well positioned for growth with substantial cash resources and an enviable range of quality assets, conservatively valued at R50 billion following the BAT distribution.”
The transaction is subject to conditions precedent including approval by Remgro shareholders and the secondary listing of BAT ordinary shares on the JSE.

Rand Merchant Bank advised Remgro on the transaction.

8 August 2008

ENQUIRIES

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BACKGROUND NOTES

British American Tobacco plc (BAT)

BAT is one of the world’s leading tobacco groups, with brands sold in more than 180 markets and a strong position in more than 50 markets. Its subsidiaries produce some 684 billion cigarettes through 47 cigarette factories in 40 countries with four separate factories manufacturing cigars, roll-your-own and pipe tobacco. BAT manages a portfolio with 300 brands including the four ‘Global Drive’ Brands: Dunhill, Kent, Lucky Strike and Pall Mall. Much of the growth of the leading brands is driven by product innovation relating to filters, flavours, packaging and cigarette formats. BAT has a significant interest in tobacco leaf growing, working with thousands of farmers internationally. It employs over 53,000 people worldwide. Refer to www.bat.com.

Luxembourg 1929 holding companies

A Luxembourg 1929 holding company is generally exempt from tax. No withholding tax is payable on dividend distributions. Consequently, dividends received by R&R from BAT, which suffer no UK withholding tax, can be paid out to R&R shareholders free from withholding tax. However, in 2006, Luxembourg abolished the special tax status of Luxembourg 1929 holding companies with the effect that from 2010, R&R dividends will be subject to a dividend withholding tax at a rate of 15 percent. This will inevitably have a significant negative impact on Remgro shareholders and Richemont unitholders.

Refer to www.remgro.com for more information