

RECM and Calibre Limited
(Incorporated in the Republic of South Africa)
Registration number 2009/012403/06
Preference Share Code: RACP
ISIN: ZAE000145041
("RAC" or "the Company")



RESULTS OF ANNUAL GENERAL MEETING AND CHAIRMAN'S COMMENTS

The Annual General Meeting of RAC ordinary shareholders was held on Wednesday, 20 August 2014. The RAC ordinary shares are not listed on the JSE.

All the ordinary resolutions and the special resolution, as set out in the notice of Annual General Meeting to ordinary shareholders posted 30 June 2014, were approved by the requisite majority of shareholders.

At the Chairman's meeting with preference shareholders, which was held directly after the Annual General Meeting, the following comments were shared with attendees. In the interest of sharing the information equally with all shareholders, the statement is also published on SENS and on the RAC website www.racltd.co.za.

PORTFOLIO CHANGES SINCE YEAR END

We have invested R42 million into Goldrush (our fast growing alternative gaming business). Around R40 million will follow shortly, and - depending on certain events – another R40 million to follow in due course. This will give us an effective 23% stake in the business. We have agreements in place, which sets the path to increase our shareholding to just below 50% within the next few years.

The Transhex/Namakwaland Mines transaction seems close to being finalized. Transhex expects to be operational on the mine by the end of the year. Our 27% stake will cost R35 million. We have waited 3 years to consummate this transaction, yet some conditions still remain outstanding.

We have added more Transhex to our investment portfolio, to the value of R25 million.

We have reduced the tail of our investment portfolio further. We have written down ProtechKuthule (which is in liquidation) to zero, and sold completely out of two others. There are five investments left in this category, to the value of R50 million. We have an offer on the table for one of them, which represents the bulk of this exposure.

LATEST NAV PER SHARE (ORDINARY AND PREFERENCE)

- As at 31 July 2014, the NAV per share came to R12.55, up from R12.32 at year end. The NAV per share has not been audited or reviewed. This is on the same, conservative valuation methodology as we used at year end, and includes the write-down of Protech.
- Our valuation methodology is consciously ultra-conservative. Many of our businesses are growth assets, which do not produce cash, yet. Others have strong inherent optionality, which is path dependent. In both cases, it is hard to put a single number on the value with a high degree of confidence.
- Over time we will provide our shareholders with more information regarding our investee businesses.
- We continue to believe the accounting NAV significantly understates our intrinsic value, we just don't know by exactly how much.

SOME OBSERVATIONS

Our bigger transactions have, on average, done better than our smaller ones.

Our private transactions have, on average, done better than our listed ones. We believe this is due to:

- Good acquisition prices, as we are not part of an auction.
- A good relationship with management, where the will to work together for the benefit of the company is much stronger. Incentive structures are also very different and sensible.
- There is much less noise surrounding business decisions, as markets' immediate reaction, expressed in short term share price volatility, is of no consequence in guiding management endeavours.

These conclusions will tend to guide our future actions.

CASH REQUIREMENTS

Although we have almost R200 million still available on the balance sheet, much of it may be used in the immediate future.

We intend using debt for future acquisitions, unless we can take a transaction to our shareholders, which is so good that they would be willing to allow us to use our undervalued paper to fund it.

Any forward looking statements contained in this announcement have not been reviewed nor reported on by the Company's auditors.

21 August 2014

Cape Town

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