

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")



PREPARED COMMENTS FROM RAC SHAREHOLDERS MEETING

At a directors meeting with participating preference shareholders, which was held directly after the Annual General Meeting on 25 July 2018, the following prepared 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/sens/.

Goldrush - 46% of assets

Goldrush continues to trade well, despite generally tough economic circumstances in the South African economy, aggravated by the VAT increase in April. The recently acquired businesses (Boss Gaming and Crazy Slots) have been fully integrated into the group.

Existing bingo operations show healthy growth, with the exception of two of our Pretoria bingo properties, which are still affected by the aggressive marketing initiatives of the Times Square Casino. We have opened our second bingo property in KZN, with two more to come later in the year. There were no further new bingo licences awarded in this period.

The LPM business continues to roll out machines at a steady, controlled pace. The retail sports betting business has just about reached scale now, with the completion of a number of new outlets in recent months.

Goldrush will always look to increase its number of licences, but the opportunity for many further licences is diminishing. The management team has therefore shifted focus and energy towards optimally operating existing assets, with a controlled expansion program.

Astoria - 19% of assets

Subsequent to year-end, RAC announced its intention to make a voluntary offer to the shareholders of Astoria Investments Limited, a Mauritian domiciled investment company which has its shares listed in South Africa (JSE), Mauritius (SEM) and Namibia (NSX), designed to acquire control of Astoria.

We maintain that both Astoria and RAC shareholders stand to benefit from the transaction. Beyond the commercial benefits, after acquisition of the desired shareholding Astoria can pursue investments in good businesses, with good management, purchased at good prices. These investments could generate returns as good as RAC's existing group, mainly because they are found in places where we have competence, i.e. places where many investors are loathe to look.

Astoria shareholders who accept the offer, will receive a payment which is substantially higher than any price at which they would have been able to sell their shares in the recent past. They can then invest their cash proceeds in a low-cost tracker, or their favourite investment manager's fund, neither of which would trade at a discount and both of which would have much better liquidity than is currently the case in Astoria.

Earlier this week we announced that we have received the requisite approval from holders of RAC participating preference shares, which enables the company to issue the participating

preference shares to the extent required at a price of R27.77 per share, which is equivalent to our latest disclosed NAV per share.

We are currently finalising documentation with the Mauritian Financial Services Commission in order to be able to post the full offer document to Astoria shareholders.

Unicorn Capital Partners 5% - of assets

All businesses excluding Nkomati anthracite mine are trading positively. Nkomati's development has been delayed by arbitrary section 54 stoppages, which seem to be a thing of the past under the new mines minister. For more information, see <https://www.unicorncapital.co.za/>

Transhex – 6% of assets

Transhex has an interest in two diamond mining operations, West Coast Resources (“WCR”) and Somilwana. After a disappointing start up process over the past two years, WCR is now generating positive operating cash flows, and paying down debt. Somilwana remains a strong mine, somewhat held back by the regulatory environment in Angola.

Management is reducing head office costs, and disposing of excess assets in order to ensure financial viability.

For more information, see <http://www.transhex.co.za/>

OIH – 4% of assets

Outdoor Investment Holdings is trading slightly ahead of expectations in a tough retail environment and is in the process of expanding its store footprint.

DAWN – 4% of assets

Trading conditions at Dawn remain very tough. Various business improvements are being implemented, and alternative strategies are being investigated. We are not out of the woods yet.

For more information, see <http://www.dawnltd.co.za/>

College SA – 3% of assets

In South Africa, College SA continues to face a tough trading environment. IA Seminars which operates globally is doing well.

ISA Carstens – 3% of assets

ISA Carstens is a private tertiary education institution which provides tuition in the wellness and beauty industry. This is a recent investment for us where we have partnered with the founding family and existing management. The capital RAC invested is being used for expansion. Enrolments for 2019 look positive at this stage.

RECM Hedge Fund – 2% of assets

The hedge fund is performing in line with its benchmark (the JSE All Share Index) and continues to see good opportunities, both on the long and short side. For more information, see <https://www.recm.co.za/MinimumDisclosureDocuments>.

La Concorde – 2% of assets

After tax efficiently disposing of all its operating assets at values well in excess of our historic carrying value, La Concorde now owns property and a valuable art collection. We are confident these assets will be dealt with as efficiently as ever. For more information, see <https://laconcordeholdings.co.za/>

Conduit Capital – 2% of assets

Conduit continues to execute on its strategy to aggressively grow its insurance operation, Constantia. The business has been recapitalised, new management has been appointed, and new products are being developed. For more information, see <https://www.conduitcapital.co.za/>

Despite local economic conditions which can best be described as challenging, most of our businesses are performing well. In the few instances where this is not the case, we are spending a lot of time and energy to help management fix the situation.

We are confident our group of companies will continue to generate superior returns.

Cape Town
25 July 2018

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