RECM AND CALIBRE

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”)

ABRIDGED ANNUAL FINANCIAL STATEMENTS

for the year ended
31 March 2019

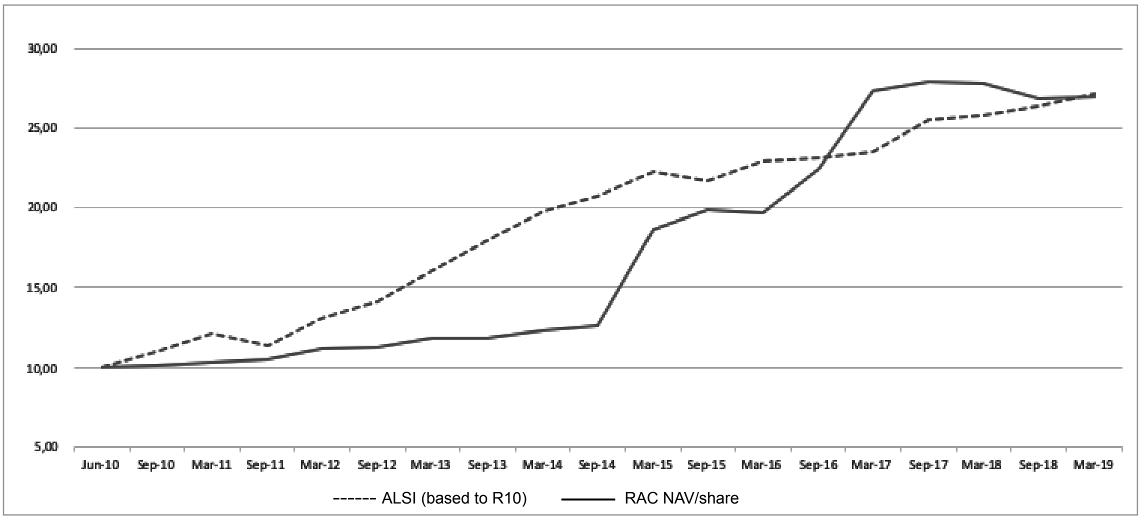
Contents

Shareholders' letter

To our fellow shareholders

During the financial year, the per share Net Asset Value ("NAV") (our preferred method of measuring value creation) of RAC declined by 3% to R26,92. This compares to a gain of the JSE All Share Total Return Index ("ALSI") for the year of 5%.

R10 invested in RAC participating preference shares in June 2010 has grown to R26,92 in NAV after all fees and taxes. The same amount invested in the ALSI would have grown to R27,09, before taking any fees or possible taxes into account.



RAC has grown its NAV per share by 12% p.a. since inception, compared to the ALSI's equivalent growth rate of 12,1%. Over the same period, the rand has depreciated by 7,6% p.a. RAC has thus compounded its NAV by 4,1% p.a. in US$ terms. This represents real growth in hard currency. We think this is a satisfactory, but not exceptional outcome. It definitely falls short of our own expectations and aspirations.

The NAV per share reduction of 3% over the last year implies a decrease of R43,7m in RAC's total NAV. This decrease can be broken down as follows:

	2019 **R**	2018 R
Interest and dividends received	**71 698 813**	32 422 299
Financing expenses	**(48 858 135)**	(34 262 759)
Realised (loss)/profits on sale of assets	**(15 868 225)**	4 940 113
Investment advisory fees	**(24 108 986)**	(20 575 625)
Operating expenses	**(5 129 895)**	(5 256 449)
Tax paid	**(2 931 154)**	(9 146 238)
Adjustments to fair value of assets	**(34 415 765)**	66 718 843
Tax reversed/(provided for)	**15 896 136**	(12 949 549)
Net (decrease)/increase in NAV	**(43 717 211)**	21 890 635

The main expense is the investment advisory fee we pay. This fee amounts to 1% (excluding VAT) of the value of the portfolio. There are other small operating expenses, such as external directors' fees, audit fees etc – but we work hard to keep the total costs of managing the business as low as possible.

The increase in financing expenses is mainly due to the higher debt levels this year as part of our attempt to acquire control of Astoria.

You will note there are negative numbers in the lines "Realised profits" and "Adjustments to fair values of assets". These represent a crystallisation - in this year - of capital allocation mistakes we committed, in some cases quite a number of years ago.

There is a tendency to blame unsatisfactory results on 'a difficult trading environment', 'uncertain political conditions', 'difficult global economic circumstances', 'increased competition', or even hide them under 'discontinued operations'. Not so at RAC. We accept that, as business owners and investors, all of these conditions will become our reality at some stage in our journey. Bad outcomes are solely a result of us not having done our jobs well enough. Look no further. The mistakes are ours, etched into our track record, to live with forever.

This year's fairly acceptable overall result includes our short, painful investment in DAWN. We first invested into DAWN just over two years ago, through underwriting an emergency rights issue at (what we thought was) a deeply discounted price of R1/share. We received 16.8% of the company in exchange for R92mn of our cash. To cut a long story short – the cash was not enough, the company was not strong enough and the turn-around did not turn around. This year we decided to accept an offer of 1c/share from a consortium in a going-private transaction, rather than commit more capital to the business. Apart from the R91mn of capital we lost, this investment also consumed an inordinate amount of our partner Theunis de Bruyn's time – two very valuable assets we can never get back. Talk about a permanent loss! This investment ended up costing all of us R1,39/share in NAV.

Transhex has been a consistently noticeable drag to our results, which we have carried for a number of years now. With the benefit of hindsight, we should have passed on this opportunity when it was first presented to us. Our skills in evaluating mining prospects turned out to be no better than the next. West Coast Resources (a subsidiary of Transhex) ("WCR") looked like a fantastic project on paper. In the real world, it has consistently fallen short of even our very low expectations. The extent of the damage has been over R1,50 in NAV being destroyed in this misguided venture.

In the spirit of Charlie Munger's 'rubbing your nose in your own mistakes', we, with direct input from our non-executive directors, have spent many hours reflecting on them. We could write quite a voluminous treaty – especially on the compounding effect of mistakes – but for the sake of brevity and posterity, we record the common factors below:

- Our due diligence process did not identify all the issues within the businesses. We should have spent a lot more time and effort on obtaining a more in-depth understanding of the current state of the businesses, including speaking to trusted outside experts, before committing.
- Some of the people managing these investments turned out not to be the "partner" material we aspire to. In most cases we should have seen this right from the start. This is likely to remain one of the most difficult things to get right in future.
- We relied too heavily on 'skin in the game' from our partners as a screen for positive outcomes. In our world this means they should also stand to lose money with us when things go wrong. The absence of, or aversion to having skin in the game has been a very strong negative signal. The opposite is not quite true. Our future partners need to possess more than just a willingness to share in a potential loss of wealth.
- In turn-around investments, minority stakes don't work – especially for listed companies. Compliance with stock exchange rules and disclosure requirements inhibits speedy action. Together with egregious remuneration demands in the listed environment, the odds are stacked against minority investors. Come to think of it – this holds true for all listed investments, not only turn-arounds.
- There is no doubt that some of our actions were motivated by overconfidence, coming on the back of previous successful investments.

Many, if not most, of these mistakes were made in 'good' times, but they only show up in the bad times. We know that we will make mistakes again, but we will definitely learn from these.

OUR INVESTMENTS

Our core investments, where we have a significant stake in the business, and associated influence, are grouped together. We expect to be long-term capital partners of these businesses and their management teams. At year-end, this made up 89% of our asset base. Our minority stakes are grouped under the heading of Portfolio Investments and make up 5% of our asset base. There is a third group called Other Investments. This consists of interests in investments we are either in the process of exiting or acquiring. Either way, we do not think it is in our shareholders' best interest that we disclose any specifics of this group, as this could have the effect of jeopardising any transactions.

			Directors Fair Value at 31 March (R'mn)		
	% ownership	% of total assets	**2019**	2018	2017
Core investments		**89**	**1 859,4**	1 567,6	1 127,3
Goldrush	50	52	**1 089,3**	941,1	816,4
Astoria	28	23	**485,5**	386,4	95,0
JB Private Equity (UCP)	90	5	**96,2**	106,1	100,9
Outdoor Investment Holdings	31	5	**96,3**	82,5	59,9
ISA Carstens	49	2	**50,2**	–	–
College SA	97	2	**41,9**	51,5	55,1
Portfolio investments		**5**	**99,0**	318,1	251,8
Transhex	32	2	**37,4**	114,4	110,0
West Coast Resources	–	–	**–**	–	53,3
RECM Hedge Fund	–	2	**37,5**	42,4	–
Conduit Capital	2	1	**24,1**	38,9	46,2
DAWN	–	–	**–**	78,5	–
La Concorde	–	–	**–**	43,9	42,3
Other investments		3	**68,2**	22,2	137,2
Cash and receivables		3	**57,2**	123,1	178,9
Total assets			**2 083,8**	2 031,0	1 695,2
CGT and other liabilities		(6)	**(120,5)**	(132,4)	(146,3)
Bank funding		(28)	**(586,3)**	(477,9)	(150,1)
Net assets			**1 377,0**	1 420,7	1 398,8
Net asset value per share ("R")			**26,92**	27,77	27,35

<u>Some notes on our valuation methodology</u>:

IFRS requires RAC, as an investment entity, to place a fair value on all its assets. We have not changed our valuation methodology. Where possible, we use market prices, either listed or over the counter. For assets where there is no visible price, we perform a valuation exercise, which culminates in a range of fair values, as required by IFRS. Due to the inherent uncertainty of valuing large stakes in unlisted, untraded assets, this range is necessarily quite wide. For some of our unlisted investments, this range includes the original cost price. In select circumstances, we have provided debt to some of our investee companies. In these rare instances, our valuations above include both equity and debt.

We explicitly provide for deferred capital gains tax (CGT), where applicable, on our unrealised gains. This is not a wide spread practice amongst investment companies, but we believe it is the most conservative way to account for the actual value of our investments.

In this vein, we should note that our valuations always err on the side of conservatism. We are firm believers in the power of low expectations, and explicitly build this into our valuations. Our track record shows that when we have exited an investment, it has, almost without fail, taken place at a level above our own fair value estimates. The reason we are conservative is that the future is always highly uncertain, and even the best businesses, run by the best management teams, are sometimes subject to random adverse outcomes. Our valuations always recognise this fact of life.

Goldrush

Goldrush is the largest independent alternative gaming group in the country. At year end, Goldrush operated 3 543 Electronic Bingo Terminals ("EBT's") in 27 Bingo sites. The group operated 1 882 Limited Payout Machines ("LPM's") and 33 sports betting shops.

Goldrush operates in all nine provinces of the country and employs more than 2 300 staff throughout its operations. Its customers are served under the Goldrush (Bingo, LPM), Bingo Royale (Bingo), Crazy Slots (LPM) and G-bets (retail sports betting and online betting) brands.

The biggest development for the year was the successful opening of two new Bingo properties and the redevelopment of two existing properties to include EBT's in Kwazulu Natal. These openings were spaced over the year, and have had an immediate positive impact on the business which was better than we have experienced anywhere else before.

All of our other Bingo properties experienced organic growth, with the exception of the Atterbury and Kolonade branches in Pretoria, where we continue to bear the brunt of the proximity of a large new Casino.

We plan to roll out four of the last remaining Bingo licences in the coming 12 months, which means that our Capex requirements will reduce significantly after that.

The past year saw an acceleration in the roll-out of our LPM's. This was mostly due to a reprieve in administration backlog from various gambling boards, which allowed the team to power ahead with previously prepared sites. We expect another year of strong roll-outs in LPM's.

The sports betting division remains marginally unprofitable, despite rapid growth on the revenue line. Online sports betting turned out to be quite a challenge to get profitable early on.

The primary value of our business resides in the exclusive ownership of gaming licenses. Without the entrenched rights to operate these licenses, our business would be substantially less valuable. As Goldrush matures and improves the scale of its operations, the group has become more successful at acquiring licenses, both through a very competitive bidding process for new licenses and through acquisition of existing licenses from other operators.

Recently the Gauteng Gambling Board decided to issue a further 81 sports betting licences. The inherent value of sports betting licences in the Gauteng province all but disappeared. The continued proliferation of illegal gaming operators near many of our properties also slowly erodes the fundamentals of the value of our licences.

The table below shows Goldrush's progress in terms of the number of licenses across all segments over time.

Summary of gaming licenses in the Goldrush Group

		Mar 2019	Mar 2018	Mar 2017	Mar 2016	Mar 2015
Bingo/Casino	Licences Owned	**35**	33	18	14	11
	Licenses Active	**27**	25	14	14	11
	EBT's in Operation	**3 543**	3 112	1 637	1 637	1 250
LPM	Route Licenses Owned	**6**	6	6	6	4
	Machines Approved	**4 200**	4 200	4 200	2 520	1 900
	Machines in Operation	**1 882**	1 671	1 537	1 360	1 042
Sports Betting	Licenses Owned	**33**	36	36	30	19
	Licenses in Operation	**33**	28	23	18	15

Goldrush managed to increase total sales by 22% to R1,3b for the year. This included 9% organic growth of existing operations. The rest was driven by a combination of adding new bingo properties, redevelopment of existing properties, together with an accelerated roll-out of LPMs and further growth of our sports betting business. Sustainable EBITDAR (the measure we use to evaluate the progress of the business) increased by 17%. Net financial indebtedness increased this year to fund developments of bingo and sports betting properties as well as equipment acquisitions.

Selected financial information for the Goldrush Group

	Mar 2019 R'mn	Mar 2018 R'mn	Mar 2017 R'mn	Mar 2016 R'mn	Mar 2015 R'mn
Total Revenue	**1 319**	1 080	748	627,1	517
– Bingo Division	**905**	738	556	480,6	390
– LPM Division	**319**	277	168	137	126
– Sports Betting Division	**95**	65	24	9	1
Sustainable EBITDAR	**349,7**	300,0	229,5	181,3	151,2
Net Debt	**597,8**	436,5	112,8	96,1	101,0

We value Goldrush using an earnings multiple for the existing operations (as reflected in sustainable EBITDAR, that is, the cashflow from all of our mature operations). We then make an adjustment for the balance sheet structure, which includes net debt as reflected above, plus market-related valuations for non-operational licenses.

The multiple used for our valuation remains unchanged at 7. Goldrush continues in its current growth trajectory, which will no doubt slow down once we have finished the roll-out of all bingo properties, and as the LPM business matures. After many years of re-investing all cashflow back into the company, we are finally getting to the point where we can anticipate some dividends coming our way.

We remain cautious in our valuations, as the proposed Control Of Tobacco Products And Electronic Delivery Systems Bill, the so-called "smoking ban", which seems to include potentially severe restrictions on the use of tobacco products in all public areas, remains unresolved. If promulgated, it could have a detrimental impact on Goldrush.

We expect the 2020 financial year to be the heaviest year in terms of expansion capex for Goldrush, as we push hard to open the KZN market, grow the number of LPM's in operation and grow sports betting.

When RAC set out on its journey, we said we would aim to invest in great businesses, to partner with great management teams and do that at a good price. So far, Goldrush represents a tangible manifestation in our lives of exactly that objective. If you ever come across Mergan Naidoo or Ray Hipkin, buy them a drink and send us the bill. We owe them much gratitude – not only for what they have done in building Goldrush, but also for the way in which they have done it.

Astoria Investments

Astoria is a Mauritian-domiciled investment company which is listed in South Africa (JSE), Mauritius (SEM) and Namibia (NSX). It used to hold a portfolio consisting mainly of small minority stakes in global blue-chip companies and a smattering of private equity investments. Fairly shortly after listing, Astoria traded at a significant discount to its underlying portfolio and RAC managed to acquire close to 30% of the company's shares at a favourable price.

We then approached the Astoria Board and announced that we intended to make an offer for all shares of Astoria in a part cash, part equity offer. This proposed offer was opposed by the Astoria Board in Mauritian courts, which introduced a significant time delay. Astoria shares continued to trade at a steep discount to the value of its underlying portfolio. Eventually, frustrated Astoria shareholders understandably voted for the company to sell off all of its liquid assets and return the freed-up capital to its shareholders via a capital distribution. At the same time it cancelled its management contract with its fund manager, paid a termination fee and the Board of the company took control of all further investment decisions.

The 25% increase in the Astoria share price for the year added R97mn to our NAV. Subsequent to year-end we have received R452mn, our share of the capital distribution. We still own just shy of 30% of what remains of the company, which at last count was worth about R60mn. We originally invested R366mn in Astoria.

Astoria now primarily owns investments in offshore private equity funds, a small listed company and a majority of US dollar cash. The share continues to trade at a discount to its remaining assets. The financial result of this investment has been marginally satisfactory.

This expedition provided us with first-hand experience of why many of our fellow South African management teams find it so difficult to do business in other jurisdictions. The fact that one knows and understands the corporate, legal, regulatory, and most importantly – the cultural framework, in South Africa, does not necessarily translate into success in other countries. A transaction that would have taken three months at the maximum in South Africa, has stretched out to 13 months and counting.

Our shareholding in Astoria remains valuable to us, as it provides us with further potential returns and with options to deploy capital for our shareholders.

JB Private Equity Partnership

RAC owns 90% of JB Private Equity ("JB") an entity that has as its only investment a 37% stake in Unicorn Capital Partners ("UCP"), a company listed on the JSE. RAC initially invested in UCP in April 2015. In October of that year Jacques Badenhorst was appointed as CEO. Over the subsequent three years, Jacques has done a tremendous job turning Unicorn into an investment holding company.

During the 2019 financial year, Ritchie Crane Hire powered ahead, maintaining momentum. JEF Drill & Blast is implementing the final elements of its restructuring programme that started in the first half, while Geosearch is bedding down its aggressive expansion programme in Botswana.

Production at Nkomati Anthracite has been negatively affected by the business rescue proceedings of a key contractor, community action interrupting mining activities, poor management and operational execution at the mine. Unicorn announced during the year that they are investigating options to realise value from this asset. The process is ongoing.

The market's assessment of this effort was a mark-down of 12,5% in the share price of UCP.

More information on UCP can be found at www.unicorncapital.co.za.

Transhex

Transhex is an alluvial diamond miner, with two main assets: WCR, a mine on the West Coast of South Africa, and Somiluana, a mine in Angola. WCR continues to struggle, making large operating cash flow losses, which, to date, have been funded by its main shareholder, Transhex. The result is that debt levels at WCR have become elevated. Somiluana continues to do well.

The result for shareholders has been a drop of 61% in the share price of Transhex over the past year.

Subsequent to year end, a transaction has been entered into which Transhex will ultimately transfer the assets and liabilities of WCR to a third party operator. This operator will also take over all mining activities at WCR. Furthermore, the Transhex head office has been sold for an amount approaching its current market capitalisation.

Outdoor Investment Holdings

Outdoor Investment Holdings ("OIH") is primarily focused on the outdoor and sport shooting industry. It serves the market through the national retailer Safari & Outdoor as well as wholesalers Inyathi Sporting Supplies and Formalito. This year, OIH opened its first concept store for the Family Pet Centre, an animal mega speciality store, with comprehensive grooming and on-site veterinary services. Just before year-end, the retail arm, Safari & Outdoor, opened its 5th store.

OIH performed well for the year, with group turnover growing 4% to R701mn. The operating margin remained around 9%. A judicial share buy-back from some of our fellow shareholders left RAC with a larger, more valuable, shareholding of 31%.

The market for further Safari & Outdoor stores is limited. Family Pet Centre is planning to open its second store in September this year.

More information on Safari & Outdoor can be found at www.safarioutdoor.co.za and for Family Pet Centre at www.familypetcentre.co.za

ISA Carstens

Early in the year RAC became a 49% shareholder of ISA Carstens Holdings South Africa, the holding company for a private tertiary education institution which provides tuition in the health and wellness industry under the ISA Carstens brand.

ISA Carstens has campuses, including boarding facilities for students, in Stellenbosch and Pretoria. Through the transaction, we partnered with the founding family that built the business over the past 40 years.

ISA Carstens has an active alumni of more than 3 000 "ISA's" spread throughout South Africa and many parts of Europe, a range of accredited qualifications that comply with international standards, a reputation for excellence and some spare capacity.

Our agreement with our partners is that RAC's capital and ownership will help the business grow its student numbers on the back of increasing its offering, number of campuses, and areas of teaching. With RAC as a shareholder, the transition from being a family-managed business to having a professional management team in place has commenced.

Since we acquired this investment during the financial year, we have not changed its valuation in our portfolio as yet. We are however very encouraged by the 24% increase in student numbers for the 2019 calendar year.

More information about ISA Carstens can be found at www.isacarstens.co.za

College SA

College SA houses our distance education-focused assets, which serves tertiary students under three brands, namely "College SA", "Tabaldi Online Accounting Classroom" and "IASeminars UK". Through these three brands, the business served 5 400 active students last year, a number very similar to the year before.

At College SA, the Technical and Vocational Education and Training College, sales increased by 10% during the year but very little has changed with regards to the payment behaviour by students, which we highlighted last year.

After a good 2017, IASeminars UK had a disappointing 2018, with sales down significantly. We have accepted that the nature of the business is inherently more volatile than we previously thought.

In Tabaldi Online Accounting Classroom the "CTA support" product was launched. It has become clear that a fair number of other tuition providers have spotted the same opportunity as Tabaldi, and with technology these days the barrier to entry is quite low. CTA support has very quickly become a very crowded space in South Africa.

We have reduced our valuation for College SA and IASeminars further this year and wrote our investment in Tabaldi down to a nominal amount.

RECM Flexible Value Hedge Fund

We were day-1 investors in this fund through the swap of a number of our smaller holdings of cheap listed assets for units in the fund. The fund utilises a Collective Investment Scheme structure that has many benefits to investors such as RAC – long-term orientated, tax sensitive, patient and the pursuit of exceptional – albeit volatile – returns. RECM has since raised further outside capital for the fund.

The returns of the fund have been muted thus far. For the year we currently review, the fund lost 11,6% of its value. However, we are pleased that the fund has outperformed our original portfolio of contributed stocks during that period. The investments in the fund could be classified under the labels of "Investor Disgust", "Neglect", "Illiquid", "Complicated", "Net Asset Plays", "Opportunistic", "Unlisted" and even in a few cases as "Overvalued" or "Over-Levered", but for the most part – completely outside the ambit of any Exchange Traded Fund or index tracker. We have even been able to find some very attractive high-yielding debt investments recently. We have found the structure of the fund to be much better suited to these types of investments and expect most of our future investments outside of our Core Investments to be housed in this fund.

More information about the RECM Flexible Value Hedge Fund can be found at www.recm.co.za

Conduit Capital

RAC owns 2.3% of Conduit Capital, a listed specialist insurance and investment business. We have a high regard for management and their business and investment strategy. Our shareholding has remained unchanged, and we value Conduit at its listed price. More information can be found at www.conduit.co.za.

Exits

During the year, we sold our entire holding in La Concorde, after having received our share of special dividends, as well as the unbundled Hosken Passenger Logistics and Rail shares (which we subsequently sold after having received a series of dividends and special dividends). This concludes our original investment in KWV from 2012.

We have done so in private before, but it is appropriate that we publicly thank the team at HCI for the amount of value which they unlocked for us as fellow shareholders in KWV. Our internal rate of return on this investment came to 10.1% over this period and was done in a very tax efficient manner. A pleasing outcome which took very little time from us to manage, but required patience to conclude.

This realisation continues our experience of selling assets at a premium to which it has been carried in our books.

Meaningful events subsequent to year-end

RAC Received R452m as a capital distribution from Astoria on 29 April 2019. We settled R239m of outstanding term debt and borrowings. On 31 May 2019, RAC acquired a further 4,9% of Goldrush for R89m.

Our Structure

This is such an important part of RAC, that we have chosen to repeat our thoughts from last year verbatim.

Our investment strategy has played, and will continue to play an important role in our success. But our structure also has an important role to play. At year-end, control of the Company vests with the two of us, through our holding in the ordinary shares of the company. Theunis remains our partner in a non-executive capacity. He also remains a significant shareholder in the business.

When we interrogate our shareholders register, it appears that there is only one other investor (an institution on behalf of its clients) which holds a bigger economic interest in RAC than the directors of RAC. We have skin in this game. If you ever wonder about which way potential conflicts in this business get resolved, we would refer you back to this section of our letter.

The three of us all have a very long investment horizon. We plan to remain invested in, and managing the affairs of RAC for a very, very long time. Most investment partnerships do not last a long time, as the partners have different views on important issues. Our partnership disagrees on many things, but not the important ones which relates to strategy.

The Future

As we said for the past two years, negative economic environments increase the odds of RAC being able to buy good companies run by good people at a good price. This situation continues – in fact, it might even have become more pronounced in the past year. We have been able to add some interesting investments to our portfolio, which would not have been available in other circumstances. These are included under our “Other Investments” for now, as these transactions are not complete yet.

We still spend almost no time thinking about the economy. As this year once again proved - our businesses’ management are more than smart and tenacious enough to deal with the economic challenges and opportunities they face. All we know is that as with all cycles, this negative one will also come to an end, and this one is a full year closer to the end than the last time we wrote to you.

Corporate scandals – or rather, the very public realisation over the last year of a number of corporate scandals that have been brewing for years in South Africa, confirmed yet again, that the relationship between the responsibility our non-executive directors at RAC assume and the reward they receive for this is completely skewed.

So far, the only response to these scandals has been a large chorus calling for increased “Governance” and more “Regulation”. We are very sceptical whether higher doses of this medicine will cure the illness.

At RAC, we believe it is crucial that independent directors are independent of management of the company, independent of the company and independent from other directors. They should think for themselves. Many of the frauds that have taken place over the past few years in the corporate world might have been nipped in the bud, had directors been more diligent in their oversight of the management teams of the various companies. We encourage our outside directors to own shares in RAC, as we believe this strengthens their ability to act as impartial judges of management’s performance.

An experienced, strongly independent director is invaluable. To classify a previously independent director as non-independent merely as a result of long tenure, does not make sense to us. Gerhard reaches the end of his nine-year tenure mentioned in the King Code at the end of this year. As we have done in the past, the board has concluded that Gerhard, as well as Trent and Zanele, exercise objective judgement in fulfilling their duties as non-executive directors. We can never pay Gerhard, Zanele and Trent enough for the sterling job they do of providing sounding boards and guidance, not to mention the annual probity process they are subjected to as directors of an owner of a gaming company. We are proud to be associated with them and so should you be!

2019 cemented our relationship with the managers of the various businesses somewhat more than before. We suspect that is what happens when we step up to deal with tough times. (The old Billy Ocean song comes to mind.) Thank you to these managers for the leadership, energy, tough decisions and positive attitude you have displayed this last year, doing all the heavy lifting and allowing us to get on with the fun job of exploring investment opportunities.

Finally, to all our shareholders – thank you for entrusting your capital to us. It is rather gratifying to know that only about 6% of our issued shares changed hands in the last year. This means that we are speaking largely to the same group of people.

We want to leave you with the reminder: If you are involved in any business that meets our investment criteria and that needs capital or a responsible owner with a long-term orientation, please give one of us a call. We can’t promise you a deal, but we can promise you a quick answer. You will be surprised how many opportunities have already come our collective way due to the vigilance of our shareholders.

SHAREHOLDERS' MEETING WITH EXECUTIVE DIRECTORS

We will hold our annual meeting for all shareholders, immediately after the conclusion of the Annual General Meeting of RAC Shareholders. This Annual General Meeting is scheduled to take place on Wednesday, 31 July 2019 at the Southern Sun Hotel in Newlands, Cape Town, at 11:00. At the meeting, we look forward to discussing our investment operations, and answering as many questions as you have. Some of our CEOs will also be present, if you wish to speak to them about their businesses. There is an invitation enclosed with this annual report, and we would appreciate it if you would let us know if you will be attending.

Piet Viljoen
Executive Chairman

Jan van Niekerk
Executive Financial Director

Cape Town
14 June 2019

Directors:
PG Viljoen (Chairman), T de Bruyn, Z Matlala, T Rossini, JG Swiegers, JC van Niekerk

Company Secretary: G Simpson

Financial results preparer: D Schweizer CA(SA)

Registered Office:
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Transfer Secretaries:
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Sponsor:
Questco Corporate Advisory (Pty) Ltd, 1st Floor, Yellowwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston, 2021

Statement of financial position

at 31 March 2019

	Notes	2019 R	2018 R
ASSETS			
Non–current assets		**1 376 853 748**	1 420 152 165
Investments	5	**1 376 853 748**	1 420 152 165
Current assets		**1 000 735**	1 350 670
Investments	5	**969 658**	1 094 061
Trade and other receivables		**9 860**	–
Current tax receivable		**–**	221 365
Cash and cash equivalents		**21 217**	35 244
Total assets		**1 377 854 483**	1 421 502 835
EQUITY AND LIABILITIES			
Equity		**1 376 962 756**	1 420 679 967
Share capital – ordinary shareholders		**18 206 250**	18 206 250
Share capital – preference shareholders		**506 296 000**	506 296 000
Retained income		**852 460 506**	896 177 717
Liabilities			
Current liabilities		**891 727**	822 868
Trade and other payables		**889 297**	822 868
Current tax payable		**2 430**	–
Total equity and liabilities		**1 377 854 483**	1 421 502 835
Net asset value			
Net asset value attributable to ordinary shareholders	7	**100 950 349**	104 155 423
Net asset value attributable to preference shareholders	7	**1 276 012 407**	1 316 524 544
Net asset value per ordinary share (cents)	7	**2 692**	2 777
Net asset value per preference share (cents)	7	**2 692**	2 777

Statement of comprehensive income

for the year ended 31 March 2019

	Notes	**2019** **R**	2018 R
Revenue		**1 523 370**	110 219
Operating expenses		**(1 698 371)**	(1 463 996)
Operating loss		**(175 001)**	(1 353 777)
Fair value (loss)/gain on subsidiary		**(43 314 549)**	23 275 241
(Loss)/profit before taxation		**(43 489 550)**	21 921 464
Taxation		**(227 661)**	(30 829)
(Loss)/profit for the year		**(43 717 211)**	21 890 635
Other comprehensive income for the year net of taxation		**–**	–
Total comprehensive income		**(43 717 211)**	21 890 635
Earnings and headline earnings per share			
Per share information (ordinary and preference)			
Basic and diluted (loss)/earnings per share (cents)	6	**(85)**	43
Headline and diluted headline (loss)/earnings per share (cents)	6	**(85)**	43

Statement of changes in equity

for the year ended 31 March 2019

	Preference share capital R	Ordinary share capital R	Retained income R	Total shareholders' equity R
Balance at 31 March 2017	506 296 000	18 206 250	874 287 082	1 398 789 332
Profit for the year	–	–	21 890 635	21 890 635
Balance 31 March 2018	**506 296 000**	**18 206 250**	**896 177 717**	**1 420 679 967**
Loss for the year	**–**	**–**	**(43 717 211)**	**(43 717 211)**
Balance at 31 March 2019	**506 296 000**	**18 206 250**	**852 460 506**	**1 376 962 756**

Statement of cash flows

for the year ended 31 March 2019

	2019 R	2018 R
Cash flows from operating activities		
Cash utilised in operations	**(1 641 802)**	(1 410 178)
Interest income	**773**	672
Dividends received	**500 000**	–
Tax paid	**(3 866)**	(28 887)
Net cash outflow from operating activities	**(1 144 895)**	(1 438 393)
Cash flows from investing activities		
Net sale of investments	**1 130 868**	1 425 000
Net cash inflow from investing activities	**1 130 868**	1 425 000
Net movement in cash and cash equivalents	**(14 027)**	(13 393)
Cash and cash equivalents at the beginning of the year	**35 244**	48 637
Cash and cash equivalents at the end of the year	**21 217**	35 244

Selected notes to the abridged annual financial statements

1. BASIS OF PREPARATION

The summary financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the financial statements, from which the summary financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the audited annual financial statements.

These abridged annual financial statements do not contain as much detailed information and disclosures as the audited annual financial statements and should therefore not be considered as a substitute for reading the audited financial statements.

2. GROUP STRUCTURE

RECM and Calibre Limited (“RAC”) was established in 2009 as a closed-end investment entity that makes long-term investments, with the objective of generating high real returns from capital appreciation, investment income or both. Investments can be listed or unlisted, public or private, and there are no limits as to the geographic location.

Given that the investment infrastructure of RAC has been set up to facilitate investments and funding in the most efficient manner, investments are made either through a fully owned subsidiary incorporated in South Africa, RAC Investment Holdings (Pty) Ltd (“RIH”), Livingstone Investments (Pty) Ltd (“Livingstone”), or directly.

Given that the majority of investments are held through RIH, RAC has provided the fair value disclosure in two parts in note 5. Notes 5.1 and 5.3 disclose the investment in RIH as required by IFRS and notes 5.2 and 5.4 provide additional disclosures that the directors deem useful by looking through RIH and RIH’s wholly owned subsidiary Livingstone Investments (Pty) Ltd (“Livingstone”) to the underlying investments. All fair value movements on the investment in RIH are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES

Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value rather than consolidate them. The criteria, which define an investment entity, are as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all its investments on a fair value basis (refer to note 5 for additional disclosures relating to fair value).

Based on the above, the Company is considered to meet all three conditions of the definition and, hence, qualifies as an investment entity. Consolidated Financial Statements are, therefore, not prepared.

In line with RAC carrying its investment in RIH at fair value, RAC has also applied the exemption in IAS 28 to carry any interests in associates and joint ventures at fair value through profit or loss. Such application is applied consistently due to the fact that the Company is an investment entity and evaluates its investments on a fair value basis. The Company reports to its investors via annual and semi-annual results and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Company's annual report.

The Board has also concluded that the Company meets the additional characteristics of an investment entity, in that it has exposure, directly or indirectly, to more than one investment; the investments are predominantly in the form of equities and similar securities; and its investors are not related parties. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

4. AUDIT OPINION

This abridged report is extracted from audited information, but is not itself audited. The annual financial statements, which exclude the shareholders' letter, were audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the company's registered office. The Directors take full responsibility for the preparation of the abridged report and that the financial information has been correctly extracted from the underlying annual financial statements.

The audited financial statements, which were prepared under the supervision of the FD, Jan van Niekerk, are available for inspection at the Company's registered office and will be included in the Integrated Annual Report 2019 available for download from www.racltd.co.za.

		2019 R	2018 R
5.	**INVESTMENTS**		
	Fair value hierarchy of financial assets		
	Level 2		
	Class 4 – Money market fund	**969 658**	1 094 061
		969 658	1 094 061
	Level 3		
	Class 5 – Unlisted shares – Unquoted – fair value through profit or loss	**1 376 853 748**	1 420 152 165
		1 376 853 748	1 420 152 165
	Total financial assets at fair value	**1 377 823 406**	1 421 246 226
	Total assets at fair value through profit or loss	**1 377 823 406**	1 421 246 226
	Non-current assets – fair value through profit or loss	**1 376 853 748**	1 420 152 165
	Current assets – fair value through profit or loss	**969 658**	1 094 061
	Total investments	**1 377 823 406**	1 421 246 226
	Management classifies money market fund as current and other investments as non-current.		
	Level 3 reconciliation		
	Opening balance	**1 420 152 165**	1 396 876 924
	Purchases	**16 132**	–
	(Loss)/gain on investments recognised in profit or loss	**(43 314 549)**	23 275 241
	Closing balance	**1 376 853 748**	1 420 152 165

5. INVESTMENTS continued

Level 1

Class 1 financial assets are valued at the listed price per the exchange on which they trade.

Class 2 financial assets are valued at the quoted price based on the latest over the counter trades.

Level 2

Class 3 financial assets are valued based on the price of the underlying assets.

Class 4 financial assets are valued by taking the following market observable data into account and applying them to the holdings:

- credit spread of the institution at which the funds are held
- any difference in the interest rate earned and what is available in the market

Class 6 financial assets are unlisted shares valued at the last traded price between third parties if the transaction occurred within the last six months.

Level 3

Class 5 unlisted unquoted shares are valued using a number of valuation techniques based on the following unobservable market data for each investment as applicable:

- Net profit of investee
- Equity and net debt of investee
- Return on capital
- Price/Earnings ratio
- Expected cash flows
- NAV of the investee if it recognises its assets and liabilities at fair value

Management uses the above information in multiple valuation techniques as applicable by comparing the investee information to similar type entities in the listed market. The nature of the fair value calculations means that fair values range greatly and are sensitive to indirect and direct quantifiable and unquantifiable inputs.

There have been no significant changes to the inputs to the fair valuation calculations of the investments to which RAC is exposed. RIH has continued to be valued based on its NAV which is driven by the valuation of the underlying investments. Management is responsible for preparing the valuations which are reviewed by the Audit and Risk Committee and approved by the Board.

5. INVESTMENTS continued

In terms of IFRS, RAC is an Investment Entity, and therefore no consolidated results are required to be prepared. IFRS requires the fair value disclosure to be prepared at the Unit of Account Level (i.e.: at the level of shares that RAC owns and those are shown above). The Board of Directors has decided to provide the following voluntary disclosures looking through the 100% held investment entity subsidiaries, RIH and Livingstone, to the underlying investments. In addition, a summary of the NAV of RIH as well as the underlying valuation techniques and sensitivities have been provided.

	2019 **R**	2018 R
Fair value hierarchy of financial assets held by RAC Investment Holdings (Pty) Ltd and Livingstone Investments (Pty) Ltd		
Level 1		
Class 1 – Listed shares – Quoted	**533 319 428**	565 781 986
Class 2 – Unlisted shares – Quoted	**–**	43 874 788
	533 319 428	609 656 774
Level 2		
Class 3 – Hedge fund	**37 471 361**	42 401 775
Class 4 – Money market fund	**12 443 554**	72 433 269
	49 914 915	114 835 044
Level 3		
Class 5 – Unlisted shares – Unquoted – available-for-sale	**–**	4 597 611
Class 5 – Unlisted shares – Unquoted – fair value through profit or loss	**1 350 945 307**	1 165 762 769
	1 350 945 307	1 170 360 380
Total financial assets at fair value	**1 934 179 650**	1 894 852 198
Non-current assets	**1 921 736 096**	1 822 418 929
Current assets	**12 443 554**	72 433 269
Total investments	**1 934 179 650**	1 894 852 198
Summary of net asset value of RIH and Livingstone		
Total investments from above	**1 934 179 650**	1 894 852 198
Loans and receivables	**91 377 348**	68 016 765
Cash and cash equivalents	**43 532 573**	49 047 493
Deferred tax	**(110 178 022)**	(126 589 276)
Contingent consideration and options	**16 616 415**	16 209 881
Loans and payables	**(248 329 362)**	(131 044 118)
Preference shares	**(350 344 854)**	(350 340 778)
Net asset value of RIH and Livingstone	**1 376 853 748**	1 420 152 165

5. INVESTMENTS continued

5.1 Description of significant unobservable inputs and their sensitivities of investments held by RAC (level 3 investments)

31 March 2019

	Valuation technique	Fair value Rm	Significant unobservable inputs	Range	Sensitivity
RAC Investment Holdings ("RIH")	NAV	1 377	Earnings and multiple of the underlying investments (refer to breakdown below)	N/A	A change in the valuation techniques as documented below would result in a change in fair value of R220m.

5.2 The below table shows the sensitivities per underlying investment held by RIH as if these were held directly by RAC (level 3 investments)

Safari and Outdoor	Multiple	96,3	PBIT	6	A change in multiple by 1 would result in a change in fair value of approximately R23,1m.
Goldrush Group	Multiple	1 089,3	EBITDAR	7	An increase or decrease in the EBITDAR multiple by 1 would result in a change in fair value of approximately R175,3m.
JB Private Equity Investors Partnership	NAV	82,5	N/A	N/A	The NAV of the JB Private Equity Investors Partnership is directly linked to the underlying investment in Unicorn Capital Partners Limited (which is listed on the JSE) and it is not currently significantly impacted by any fair value adjustment to trade and other payables and therefore NAV of the JB Private Equity Investors Partnership is considered to be fair value. A 10% upward or downward movement in the Unicorn Capital Partners share price would have a R8,2m impact on the Partnership NAV.
ISA Carstens (excluding non equity investments)	Multiple	35,2	PAT	3	A change in multiple up or down by 1 would results in a change in fair value of approximately R5m.
	Capitalisation rate		Rent received	9%	A change in the capitalisation rate up or down by 1% would result in a change in fair value of approximately R3,8m.
SA College	Multiples	41,9	Sales	0,8	A change in multiple by 10% would result in a change in fair value of approximately R4,6m.
Other level 3 investments		**5,9**			
Total		**1 351,10**			

5. INVESTMENTS continued

5.3 Description of significant unobservable inputs and their sensitivities of investments held by RAC (level 3 investments)

31 March 2018

	Valuation technique	Fair value Rm	Significant unobservable inputs	Range	Sensitivity
RAC Investment Holdings (“RIH”)	NAV	1 420	Earnings and multiple of the underlying investments (refer to breakdown below)	N/A	A change in the valuation techniques as documented below would result in an increase in fair value of R177,8m or decrease in fair value of R184,9m.

5.4 The below table shows the sensitivities per underlying investment held by RIH as if these were held directly by RAC (level 3 investments)

Retail: Safari and Outdoor (excluding non-equity investments)	Multiple	82,5	PBIT	6	A change in multiple by 1 would result in a change in fair value of approximately R17,8m.
Goldrush Group	Multiple	941,1	EBITDAR	7	An increase or decrease in the EBITDAR multiple by 1 would result in a change in fair value of approximately R152,6m.
JB Private Equity Investors Partnership	NAV	94,3	N/A	N/A	The NAV of the JB Private Equity Investors Partnership is directly linked to the underlying investment in Unicorn Capital Partners Limited (which is listed on the JSE) and it is not currently significantly impacted by any fair value adjustment to trade and other payables and therefore NAV of the JB Private Equity Investors Partnership is considered to be fair value. A 10% upward movement in the Unicorn Capital Partners share price would have a R2,3m impact on the Partnership NAV, whereas as a 10% downward movement in the share price would have a R9,4m impact on NAV.
Education: SA College (excluding non-equity investments)	Multiples NAV	47,9	Sales N/A	0,8 – 1 N/A	A change in multiple by 10% would result in a change in fair value of approximately R4,4m. A change in 10% of the underlying bussinesses, would have a fair value impact of R0,7m
Other level 3 investments		**4,6**			
Total		**1 170,4**			

Factors that were taken into account by management in all valuations include the current market conditions, the invested market segment and interest rate certainty. The market for these instruments often has significant barriers to entry, making the comparison pool of similar entities very shallow. Specifically the hunting equipment industry has few market entrants with little reliable comparative data. The nature of the fair value calculations means that the calculated fair values could range greatly and are sensitive to indirect and direct quantifiable and unquantifiable inputs. Where we have influence over our investee companies, we plan to play an active role in the long-term strategy of the Company, ensuring that our interests are aligned.

		2019	2018
6.	**EARNINGS AND HEADLINE EARNINGS PER SHARE**		
	Earnings and headline earnings per share are based on the (loss)/ profit attributable to ordinary and preference shareholders in issue during the year.		
	Number of shares in issue at year-end		
	Ordinary shares	**3 750 000**	3 750 000
	Preference shares	**47 400 000**	47 400 000
	Reconciliation of issued shares to weighted average number of shares		
	Ordinary shares (opening and closing balance)	**3 750 000**	3 750 000
	Preference shares (opening and closing balance)	**47 400 000**	47 400 000
	Total weighted average number of shares	**51 150 000**	51 150 000
	Earnings		
	Net (loss)/profit after tax (R)	**(43 717 211)**	21 890 635
	Headline earnings (R)	**(43 717 211)**	21 890 635
	Basic and diluted earnings per ordinary and preference shares (cents)	**(85)**	43
	Basic and diluted headline earnings per ordinary and preference shares (cents)	**(85)**	43

		2019 R	2018 R
7.	**NET ASSET VALUE PER SHARE**		
	Net asset value per share is calculated by dividing the net asset value attributable to each class of share by the number of shares in issue as at year end. Given the ordinary and preference shares have the same rights to the net asset value of the company, net asset value per share is the same for both classes.		
	Number of shares in issue at year-end		
	Ordinary shares	**3 750 000**	3 750 000
	Preference shares	**47 400 000**	47 400 000
	Net asset value attributable to ordinary shareholders	**100 950 349**	104 155 423
	Net asset value attributable to preference shareholders	**1 276 012 407**	1 316 524 544
	Net asset value per ordinary share (cents)	**2 692**	2 777
	Net asset value per preference share (cents)	**2 692**	2 777

8. SUBSEQUENT EVENTS

Subsequent to year end the following significant transactions have occurred in RIH and Livingstone:

- Livingstone received a capital repayment from Astoria totalling R452,8m on the 29 April 2019;
- Livingstone settled the full loan and interest owing to Absa totalling R204,8m;
- Livingstone declared dividends totalling R120m to RIH;
- Livingstone purchased an additional 850 000 shares in Astoria for R1,3m;
- RIH settled the full loan and interest owing to Calibre Treasury and Management Services totalling R34,2m;
- RIH purchased an additional 4,9% in Goldrush for R88,5m which was settled via EFT.

Notice of annual general meeting

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")

NOTICE IS HEREBY GIVEN that the annual general meeting of shareholders of RECM and Calibre Limited will be held at Southern Sun Newlands, 7 Main Road, Newlands, Cape Town on Wednesday, 31 July 2019, at 11:00 for the purposes of passing, if approved, the following resolutions with or without modification:

Presentation of the Annual Financial Statements

The audited financial statements of the Company for the year ended 31 March 2019, incorporating the reports of the external auditors, the Audit and Risk Committee and the directors, have been distributed and accompany this notice and are accordingly presented to shareholders.

The Integrated Annual Report, including annual financial statements, is available at http://racltd.co.za/wp-content/uploads/2019/06/31-March-2019-RAC-Integrated-Report-2019.pdf.

SPECIAL RESOLUTION NUMBER ONE

Approval of Independent Non-Executive Directors' remuneration

"RESOLVED THAT the Independent Non-Executive Directors' fees for services rendered as Directors for the financial year 2020 be determined as follows:

Directors' fees (excluding VAT)	Year ended 31 March 2020 R
Board member	158 500
Chairperson – Audit and Risk Committee	132 300

In terms of section 65(9) of the Companies Act, the percentage of voting rights that will be required for this special resolution to be adopted, is at least 75% of the voting rights exercised on the resolution.

ORDINARY RESOLUTION NUMBER ONE

Reappointment of auditors

"RESOLVED TO appoint Ernst & Young Inc. as the Company's auditor, as nominated by the Company's Audit and Risk Committee and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2020 is Mrs JC de Villiers."

In terms of section 65(7) of the Companies Act, the percentage of voting rights that will be required for this ordinary resolution to be adopted is an amount greater than 50% of the voting rights exercised on the resolution.

ORDINARY RESOLUTION NUMBER TWO

Election of Director

"RESOLVED THAT Mr JG Swiegers who retires in terms of article 35.12 of the Company's Memorandum of Incorporation and who has offered himself for re-election, be re-elected as an Independent Non-Executive Director of the Company."

In terms of section 65(7) of the Act, the percentage of voting rights that will be required for this ordinary resolution to be adopted is an amount greater than 50% of the voting rights expressed on the resolution.

ORDINARY RESOLUTION NUMBER THREE

Election of Director

"RESOLVED THAT Ms Z Matlala who retires in terms of article 35.12 of the Company's Memorandum of Incorporation and who has offered herself for re-election, be re-elected as an Independent Non-Executive Director of the Company."

In terms of section 65(7) of the Act, the percentage of voting rights that will be required for this ordinary resolution to be adopted is an amount greater than 50% of the voting rights expressed on the resolution.

ORDINARY RESOLUTION NUMBER FOUR

Election of Audit and Risk Committee member

"RESOLVED TO elect Mr JG Swiegers as a member of the Audit and Risk Committee subject to the approval of ordinary resolution number two."

In terms of section 65(7) of the Act, the percentage of voting rights that will be required for this ordinary resolution to be adopted is an amount greater than 50% of the voting rights exercised on the resolution.

ORDINARY RESOLUTION NUMBER FIVE

Election of Audit and Risk Committee member

"RESOLVED TO elect Ms Z Matlala as a member of the Audit and Risk Committee subject to the approval of ordinary resolution number three."

In terms of section 65(7) of the Companies Act, the percentage of voting rights that will be required for this ordinary resolution to be adopted is an amount greater than 50% of the voting rights exercised on the resolution.

ORDINARY RESOLUTION NUMBER SIX

Election of Audit and Risk Committee member

"RESOLVED TO elect Mr T Rossini as a member of the Audit and Risk Committee."

In terms of section 65(7) of the Companies Act, the percentage of voting rights that will be required for this ordinary resolution to be adopted is an amount greater than 50% of the voting rights exercised on the resolution.

RECORD DATES

In terms of section 59(1)(a) and (b) of the Act, the Board of the Company has set the record dates for the purposes of determining which Shareholders are entitled to receive notice, participate in, and vote:

	2019
Record date to receive the notice of the annual general meeting	Friday, 28 June
Last date to trade to be eligible to participate in and vote at the annual general meeting	Tuesday, 23 July
Record date to be eligible to participate in and vote at the annual general meeting	Friday, 26 July

VOTING AND PROXIES

Voting

The shareholders of the Company will be entitled to attend the general meeting and to vote on the resolutions set out above. On a show of hands, every RAC ordinary shareholder who is present in person, by proxy or represented at the general meeting shall have one vote (irrespective of the number of shares held in the Company), and on a poll, every RAC ordinary shareholder shall have for each share held by him/her that proportion of the total votes in the Company which the aggregate amount of the nominal value of that share held by him bears to the aggregate of the nominal value of all the shares issued by the Company.

Electronic participation

Should any shareholder wish to participate in the annual general meeting by way of electronic participation, that shareholder should make application in writing (including details as to how the shareholder or its representative can be contacted) to so participate to the transfer secretaries at the address below, to be received by the transfer secretaries at least five business days prior to the annual general meeting in order for the transfer secretaries to arrange for the shareholder (and its representative) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Act and for the transfer secretaries to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The Company reserves the right to elect not to provide electronic participation at the annual general meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the shareholder so accessing the electronic participation.

Proxies

A RAC ordinary shareholder entitled to attend and vote at the annual general meeting may appoint one or more persons as its proxy to attend, speak and vote in its stead. A proxy need not be a shareholder of the Company.

A form of proxy is attached for the convenience of certificated shareholders and "own name" dematerialised shareholders of the Company who are unable to attend the annual general meeting, but who wish to be represented thereat. It is requested that duly completed forms of proxy to be received by the Company's Transfer Secretaries, Link Market Services South Africa (Pty) Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2004 (PO Box 4844, Johannesburg, 2001) not later than 11:00 on Wednesday, 31 July 2019.

Section 63(1) of the Act requires that meeting participants provide satisfactory identification. Shareholders' rights regarding proxies in terms of section 58 of the Act are as follows:

(1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to –
  - (a) participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder, or
  - (b) Give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

(2) A proxy appointment –
  - (a) must be in writing, dated and signed by the shareholder; and
  - (b) Remains valid for –
    - (i) one year after the date on which it was signed; or
    - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in sub-section (4) (c), or expires earlier as contemplated in sub-section (8) (d).

(3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
  - (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
  - (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholder's meeting.

(4) Irrespective of the form of instrument used to appoint a proxy –

   (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;

   (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and

   (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by: –

      (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and

      (ii) delivering a copy of the revocation instrument to the proxy, and to the Company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of –

   (a) the date stated in the revocation instrument, if any; or

   (b) the date on which the revocation instrument was delivered as required in sub-section (4)(c)(ii).

(6) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy otherwise provides.

Any shareholder of the Company who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the general meeting should he/she decide to do so.

Dematerialised shareholders of the Company, other than "own name" dematerialised shareholders of the Company, who have not been contacted by their Participant or broker with regard to how they wish to cast their votes, should contact their Participant or broker and instruct their Participant or broker as to how they wish to cast their votes at the Company's annual general meeting in order for their Participant or broker to vote in accordance with such instructions. If such dematerialised shareholders of the Company wish to attend the Company's annual general meeting in person, they must request their Participant or broker to issue the necessary Letter of Representation to them. This must be done in terms of the agreement entered into between such dematerialised shareholders of the Company and the relevant Participant or broker. If your Participant or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

If shareholders have dematerialised their shares with a Participant or broker, other than with "own name" registration, they must arrange with the Participant or broker to provide them with the necessary letter of representation to attend the annual general meeting or the shareholder must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the Participant of broker, in the manner and cut-off time stipulated therein.

By Order of the Board

G Simpson
Company Secretary

Cape Town
14 June 2019

Registered office:
6th Floor, Claremont Central, 8 Vineyard Road, Claremont, 7700

(PO Box 45040, Claremont, 7735)

Transfer secretaries:
Link Market Services South Africa (Pty) Ltd, 13th floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2004

(PO Box 4844, Johannesburg, 2001)

Form of proxy

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")

For use of ordinary shareholders who are:

Registered as such and who have not dematerialised their RAC ordinary shares; or hold dematerialised RAC ordinary shares in their "own name" at the RAC annual general meeting to be held at the Southern Sun Newlands, 7 Main Road, Newlands, Cape Town on Wednesday, 31 July 2019 at 11:00.

Dematerialised shareholders holding shares other than with "own name" registration, must inform their Participant or broker of their intention to attend the annual general meeting and request their Participant or broker to issue them with the necessary letter of representation to attend the annual general meeting in person and vote or provide their Participant or broker with their voting instructions should they not wish to attend the annual general meeting in person. These shareholders must not use this form of proxy.

I/We (please print name in full) ______________________________

of (address) ______________________________

being a shareholder(s) of RAC and holding ______________ ordinary shares hereby appoint (name in block letters)

1. ______________________________ or failing him/her

2. ______________________________ or failing him/her

3. the Chairperson of the annual general meeting as my/our proxy to act for me/us at the annual general meeting which will be held on Wednesday, 31 July 2019 at 11:00 at the Southern Sun Newlands, 7 Main Road, Newlands, Cape Town for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name(s) (see note 2).

	Number of votes (one per share)		
	In favour of	**Against**	**Abstain**
Special resolution 1 Approval of the Independent Non-Executive Directors' remuneration			
Ordinary resolution 1 To confirm the appointment of the auditors			
Ordinary resolution 2 To elect JG Swiegers as an Independent Non-Executive Director			
Ordinary resolution 3 To elect Z Matlala as an Independent Non-Executive Director			
Ordinary resolution 4 To elect JG Swiegers as a member of the Audit and Risk Committee			
Ordinary resolution 5 To elect Z Matlala as a member of the Audit and Risk Committee			
Ordinary resolution 6 To elect T Rossini as a member of the Audit and Risk Committee			

Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast. Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at ______________ on ______________ 2019

Signature ______________________________

Assisted by (where applicable) ______________________________

Number of shares ______________________________

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and vote in place of that shareholder at the annual general meeting.

Please read the notes on the reverse side hereof.

Notes to the proxy form

1. A shareholder may insert the name or names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the annual general meeting" but any such deletion must be initialled by the shareholder.
2. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the space provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his proxy is not obliged to use all the votes exercisable by the shareholder or his proxy, or cast them in the same way.
3. Any alteration or correction made to this form must be initialled by the signatory/ies.
4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries or waived by the Chairperson of the annual general meeting.
5. The completion and lodging of this form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof, should such shareholder wish to do so.
6. The Chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
7. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.
8. Where there are joint holders of any shares:
    - any one holder may sign this form of proxy;
    - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders appear in the Company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
9. It is requested that forms of proxy be lodged with or posted to the Company's Transfer Secretaries to be received by 11:00 on Wednesday, 31 July 2019.

Invitation to Annual Shareholders' meeting with Executive Directors

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")

All registered shareholders are cordially invited to attend the Annual Shareholders' meeting with the Executive Directors. The meeting will be held immediately following the formal General Meeting at the Southern Sun Newlands, 7 Main Road, Newlands, Cape Town on 31 July 2019 at approximately 11:00.

At the meeting the Chairperson will address all shareholders on the investment operations of RAC and will also afford shareholders the opportunity to pose any questions they may have. All shareholders are encouraged to be present.

In order to assist with catering and logistics, the shareholders intending to attend the meeting are requested to notify the secretary by completing the attached form. Your assistance is greatly appreciated. The notice may be returned by any of the following means:

1. **Email:** guy.simpson@recm.co.za
2. **Fax:** (021) 674 1021 (Attention: G Simpson)
3. **Mail:** PO Box 45040, Claremont, 7735 (Attention: G Simpson)

G Simpson
Company Secretary

NOTICE OF INTENTION TO BE PRESENT AT THE MEETING

I, ______________________________ , being an ordinary/preference shareholder of RECM and Calibre Limited intend being present at the meeting to be held at the Southern Sun Newlands, 7 Main Road, Newlands, Cape Town on Wednesday, 31 July 2019 at approximately 11:00.

Signed: ______________________________

Date: ______________________________

Should you wish to receive documents electronically, please insert your email address below:

Email: ______________________________

Corporate information

RECM AND CALIBRE LIMITED

("RAC" or "the Company")

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

Investments as principal activities

COMPANY REGISTRATION NUMBER

2009/012403/06

PREFERENCE SHARE CODE

RACP

ISIN

ZAE000145041

DIRECTORS

T de Bruyn (*Non-Executive Director*)

Z Matlala (*Independent Non-Executive Director*)

T Rossini (*Independent Non-Executive Director*)

JG Swiegers (*Lead Independent Non-Executive Director*)

JC van Niekerk (*Executive Financial Director*)

PG Viljoen (*Executive Chairperson*)

COMPANY SECRETARY

G Simpson

FINANCIAL STATEMENTS INTERNALLY COMPILED BY

D Schweizer – Chartered Accountant (S.A.)

REGISTERED OFFICE AND BUSINESS ADDRESS

6th Floor, Claremont Central
8 Vineyard Road
Claremont
Cape Town 7700

POSTAL ADDRESS

PO Box 45040
Claremont 7735

EMAIL ADDRESS

info@recm.co.za

WEBSITE

www.racltd.co.za

AUDITORS

Ernst & Young Inc.
Waterway House
3 Dock Road
V&A Waterfront
Cape Town 8001

(PO Box 656, Cape Town, 8000)

SPONSOR

Questco Corporate Advisory (Pty) Ltd
1st Floor, Yellowwood House
Ballywoods Office Park
33 Ballyclare Drive
Bryanston 2021

(PO Box 98956, Sloane Park, 2152)

TRANSFER SECRETARIES

Link Market Services South Africa (Pty) Ltd
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein 2004

(PO Box 4844, Johannesburg, 2001)

BANKERS

The Standard Bank of South Africa Ltd
Park Vista Building
Cnr Hendrik Verwoerd & Embankment Street
Centurion

(PO Box 9633, Centurion, 0046)

ATTORNEYS

Cliffe Dekker Hofmeyr
11 Buitengracht Street
Cape Town 8001
South Africa

(PO Box 695, Cape Town, 8000)

FINANCIAL SERVICES PROVIDERS

Regarding Capital Management (Pty) Ltd
RAC Advisory (Pty Ltd
6th Floor, Claremont Central
8 Vineyard Road
Claremont
Cape Town 7700

(PO Box 45040, Claremont, 7735)