

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 meeting of shareholders with RAC's executive directors, held via Microsoft Teams on 19 August 2020 at 11:00, the following prepared comments were shared with attendees. In the interest of sharing this information equally with all shareholders, the statement is published on SENS and on the RAC website www.racltd.co.za.

Dear fellow shareholders

In our [update to shareholders](#), which was published on 28 May 2020, and our [Shareholders letter](#), which was published three weeks ago, we shared with you, comprehensively, the developments in our various investee companies and our portfolio over the past financial year as well as events subsequent to year end.

The following comments are aimed at providing you with an update of the various businesses and our portfolio as of today.

RAC finds itself in a strong position. All our underlying businesses have managed successfully through the COVID lockdown. During this time, the only requirement for additional capital from RAC was for growth opportunities, not to support existing operations. As those of you that are involved in business would know, this is no mean feat. This outcome is entirely a result of the strong, decisive leadership of the various management teams.

Even though the COVID pandemic is not over, and society's fearful reaction to the virus remains unpredictable, the various businesses have already settled into managing their operations according to the current circumstances, not a hoped-for future. The difficult decisions have been taken - and implemented.

More than 90% of our underlying investments are now unlisted, and we have not revalued these investments. It is therefore pointless to calculate an updated NAV per share at this time. We will give an accurate valuation with our interim results in November.

Portfolio transactions

Subsequent to financial year-end, RAC sold its entire shareholding in Conduit Capital and invested a further R9 million in Vehicle Care Group to expand its operations.

Goldrush - 66% of assets

With the gradual easing of lockdown regulations, Goldrush has been able to resume operations as from 1 July 2020.

All bingo properties were opened during the month of July and currently operate at 50% of their capacity i.e. only every second machine is switched on as per regulations. Just over 1 100 of the 2 198 limited pay-out machines were switched on during July, as many of the bars and taverns where these machines are hosted, remained closed due to lockdown regulations. All retail sports betting shops were opened, while online gaming operation remained active.

Goldrush achieved revenue in July equal to 52% of that achieved in July 2019.

Recently announced further relaxation of lockdown restrictions will see an accelerated activation of Limited Pay-Out Machines.

OIH – 6% of assets

Outdoor Investment Holdings experienced strong seasonal sales since it resumed trading in early May 2020. The Family Pet Centre continues to grow sales at a steady pace, as the business model is proving to be popular in the market place.

JB Private Equity - 6% of assets

The only underlying asset of JB Private Equity, being a shareholding in Unicorn Capital Partners Ltd, is subject to an all-share take-over offer by Afrimat Ltd at a ratio of 1 Afrimat share for 280 Unicorn shares. Since year-end, the offer has become binding.

Astoria - 5% of assets

Astoria's board is still negotiating with RAC in order to acquire its interests in Outdoor Investment Holdings, JB Private Equity, ISA Carstens, Trans Hex and Vehicle Care Group in exchange for shares in Astoria. This potential acquisition by Astoria is subject to a number of approvals and is expected to complete in the fourth quarter of 2020.

Astoria owns 70% of CNA, which was acquired in April 2020. CNA has completed the first 100 trading days under the new management team and is trading at about 60% of comparable previous year levels. It is still early in the life of this investment, and a number of risks remain, including the successful establishment of its own technology and logistical systems. The skill with which the management team has navigated the first three months bodes well for the future.

ISA Carstens – 3% of assets

During lockdown ISA maintained its training schedule for all students, and as at the end of July 2020, enrolments for the 2021 year are in line with the previous year.

Vehicle Care Group – 3% of assets

Post lockdown, the sluggish second hand vehicle market has caused the outstanding book to shrink by 20%. VCG has tightened its credit criteria and has not incurred any bad debts throughout this period. The second hand vehicle market is returning to normality, with vehicle registration departments slowly working their way through the backlog.

Trans Hex – 2% of assets

There has been no change in circumstances at Trans Hex since our last communication to shareholders.

Cape Town
19 August 2020

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