

CHIEF EXECUTIVE OFFICER'S REPORT



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JANNIE DURAND
CHIEF EXECUTIVE OFFICER

INTRODUCTION

Remgro's intrinsic net asset value is the most appropriate indicator of the value added for our shareholders. For the year under review the intrinsic net asset value per share has increased by 2.2% from R251.48 at 30 June 2017 to R256.97 at 30 June 2018. Over the same period the JSE all share index has increased by 11.6%, while Remgro's share price decreased by 4.3%. Refer to the tables on page 22 where the relative performances are set out in more detail.

Whilst, for various reasons, the index comparison is not always applicable over single accounting periods, the long-term trends are used as part of Remgro's risk and opportunity process to retain focus on our commitment to stakeholders as stated in our investment philosophy.

This report aims to provide shareholders with a better understanding of the methodology behind the calculation of the intrinsic net asset value, especially relating to the valuation of our unlisted investments. A summary of our investing activities during the year under review is also provided.

The intrinsic net asset value is also presented as part of the Group's segmental information in the audited annual financial statements.

INTRINSIC NET ASSET VALUE

The intrinsic net asset value of the Group includes valuations of all investments, incorporating subsidiaries and associates and joint ventures, either at listed market value or, in the case of unlisted investments, at directors' valuation. The net assets of other wholly owned subsidiaries consist mainly of monetary items (included at book value) and property (included at fair value).

The following factors are taken into account in determining the directors' valuation of unlisted investments:

- Cash flow projections
- Growth potential and risk
- Market value and earnings yield of similar listed shares, taking into account that the marketability of unlisted investments is limited and, in some cases, also the tradeability
- Profit history
- Underlying net asset value