CALGRO M3
Group

2022

CONSOLIDATED FINANCIAL STATEMENTS







#sustainableactions

CONTENTS

The reports and statements set out below comprise the consolidated and company financial statements presented to shareholders:

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ESG



ESG Report 2022

IAR



Integrated Annual Report 2022

King IV™



King IV™ Application Register 2022

ALL THE DOCUMENTS ARE AVAILABLE ON THE WEBSITE WWW.CALGROM3.COM

Navigation toolkit Website reference Notes reference Page reference

(All amounts stated in Rand unless otherwise stated)

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Directors are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the Group financial statements of Calgro M3 Holdings Limited (consolidated and company), comprising its subsidiaries and joint ventures ("the Group").

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants ("SAICA") Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of 2008.

The Directors consider that having applied IFRS in preparing the Group financial statements they have selected the most appropriate accounting policies, supported by reasonable and prudent judgements and estimates, and that all IFRS standards that they consider to be applicable have been followed.

The Directors are satisfied that the information contained in the Group financial statements fairly presents the results of operations for the year and the financial position of the Group at year-end.

The Directors prepared the other information included in the Group financial statements and are responsible for both its accuracy and its consistency.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and Company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and Company and all employees are required to maintain the highest ethical standards in ensuring the Group and Company`s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group and Company is on identifying, assessing, managing and monitoring all known forms of risk across the Group and Company. While operating risk cannot be fully eliminated, the Group and Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Group and Company`s Audit and Risk Committee plays an integral role in risk management as well as overseeing the Group and Company's integrated reporting.

The Code of Corporate Practices and Conduct has been integrated into the Group and Company's strategies and operations.

The Directors are responsible for the controls over, and the security of, the website and where applicable, for establishing and controlling the process for electronically distributing Annual Financial Statements and other financial information to shareholders and to the Companies and Intellectual Property Commission.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Group and Company`s cash flow forecast for the year ended 28 February 2023 and, in light of this review and the current financial position, they are satisfied that the Group and Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Group and Company's annual financial statements. The consolidated and separate financial statements have been examined by the Group and Company's external auditor and their report is presented on pages 14 to 19.

DIRECTORS' RESPONSIBILITIES AND APPROVAL(CONTINUED)

The external auditor was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board and committees of the Board. The Board of Directors believes that all representations made to the independent auditor during its audit are valid and appropriate.

The consolidated and separate financial statements set out on pages 9 to 110, which have been prepared on the going concern basis, were approved by the Board of Directors on 16 May 2022 and signed on its behalf by:



SU Naicker



WJ Lategan

CERTIFICATION BY THE COMPANY SECRETARY

I, I April, hereby confirm, in my capacity as Company Secretary of Calgro M3 Holdings Limited, that for the year ended 28 February 2022, the Company has filed all required returns and notices in terms of the Companies Act 71 of 2008 and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.



Itumeleng April
Company Secretary

16 May 2022

CHIEF EXECUTIVE OFFICER (CEO) AND FINANCIAL DIRECTOR (FD) RESPONSIBILITY STATEMENT

In terms of section 3.84(k) of the JSE Listings Requirements, the Directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on pages 9 to 110, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditor the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves Directors, and have taken the necessary remedial action.



SU Naicker
Financial Director



WJ Lategan
Chief Executive Officer

16 May 2022

REPORT OF THE AUDIT AND RISK COMMITTEE

Introduction

I am pleased to present the Audit and Risk Committee ("the Committee") report in terms of section 94(7)(f) of the Companies Act and as recommended by King IV, for the year under review. The Committee is constituted as a statutory committee of the Company in terms of section 94 of the Companies Act 71 of 2008, as amended ("the Act"), and a committee of the Board in terms of all other duties assigned to it by the Board.

In line with King IV, the Committee plays an essential role in providing independent oversight on the effectiveness of assurance functions and services, as well as the integrity of the annual financial statements. The Committee's terms of reference are formalised in a charter approved by the Board. In addition to performing this function for Calgro M3 Holdings Limited, the Audit and Risk Committee also accepted and performed the role for all the Group's subsidiaries and joint ventures.

The Committee's primary role is assisting the Board in discharging its responsibilities by monitoring the adequacy and effectiveness of the Group's systems and control environment, including that the Group has appropriate financial reporting procedures and that these procedures are operating as intended. The Committee also has oversight over the preparation of the integrated report and financial statements and to ensure compliance with all applicable legal and regulatory requirements and accounting standards. The Chairman of the Committee reports to the Board on the Committee's deliberations and decisions at every Board meeting.

Composition of the Audit and Risk Committee

The Committee consists of three independent Non-Executive Directors listed below and meets at least four times per annum. All members are independent as prescribed in section 94 of the Act.

The Board determined that the Committee members have appropriate and adequate skills and experience to contribute meaningfully to deliberations and to fulfil their responsibilities. In addition, the Committee Chairman, GS Hauptfleisch, has the requisite experience in accounting, financial management and auditing (a qualified Chartered Accountant).

The Chief Executive Officer and Finance Director are permanent invitees. The Company Secretary is the statutory secretary of the Committee.

The Group's internal and external auditors, in their capacity as assurance providers, also attend all Committee meetings.

Only the official members of the Committee are allowed to exercise their respective voting rights in decision-making exercises as prescribed in the charter.

Name of Committee member	Qualifications	**Years served on Committee**
GS Hauptfleisch	CA(SA)	**4 years**
ME Gama	PhD (Finance)	**10 years**
RB Patmore	BCom, MBL (SBL)	**11 years**

Annually a session aligned with approval of annual financial results is held with both the independent external auditor and internal auditor, respectively, where management is not present, to facilitate an exchange of views and concerns to further strengthen the independent oversight by the Committee.

Meetings

Four quarterly meetings were held in the 2022 financial year. Attendance of 100% throughout the year illustrates high levels of engagement by our Committee members.

The external and internal auditors, in their capacity as auditors to the Group, attended and reported as needed at the meetings of the Committee.

The Group risk management function which is performed by Executive Directors, was also represented. Relevant senior managers attended meetings by invitation.

Committee attendance register

Member name	7 May 2021	16 July 2021	8 October 2021	4 February 2022
GS Hauptfleisch	✓	✓	✓	✓
ME Gama	✓	✓	✓	✓
RB Patmore	✓	✓	✓	✓
By invitation				
WJ Lategan	#	#	#	#
WA Joubert	#	#	#	#
BAR Knott	#	#	#	#
SU Naicker	n/a	n/a	#	#
TC Moodley	#	#	n/a	#
TP Baloyi	n/a	#	#	#
I April	*	*	*	*
Auditor				
PwC	#	#	#	#
Internal audit				
Prozilog	#	#	#	#

n/a Indicates not present at meeting.
✓ Indicates attendance.
 # Indicates attendance by invitation.
** Indicates attendance as Company Secretary.*

Fulfilment of the Committee's mandate

The role of the Committee is to fulfil the statutory duties as set out in section 94(7) of the Act and to assist the Board in providing independent oversight of the following:

In terms of the Act, the Committee has an independent role with accountability to both the Board and Calgro's shareholders. It does not assume the functions of management, which remain the responsibility of the Executive Directors, prescribed officers and other members of senior management, nor does it assume accountability for functions performed by other committees of the Board.

The Committee has adopted comprehensive and formal terms of reference which have been approved by the Board and are reviewed on an annual basis.

The Committee has discharged all its responsibilities as contained in these terms of reference, including but not limited to reviewing accounting policies and ensuring that financial information issued to stakeholders is prepared in alignment with relevant legislation and best practice.

The main functions performed by the Committee during the year under review were as follows:

- monitored the proper operation of adequate and effective systems of internal controls, including receiving and reviewing reports from both the internal and external auditors concerning the effectiveness of the internal control environment;
- considered and satisfied itself that no significant weaknesses in the design, implementation or execution of the internal financial controls were identified;
- considered and satisfied itself on the appropriateness of accounting policies and critical judgements, accounting estimates and assumptions;
- satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the independent external auditor and internal auditor, that the system of internal financial controls of all the companies included in the consolidated financial statements, is effective and forms a basis for the preparation of reliable financial statements;
- ensured that appropriate financial reporting procedures exist and are working, which includes consideration of all the entities in the consolidated group financial statements;

- monitored the reporting processes and the preparation of fairly presented financial statements in compliance with the applicable legal and regulatory requirements and accounting standards, and recommended, for adoption by the Board, the financial information that is publicly disclosed, which for the year included:
  - the interim results for the six months ended 31 August 2021
  - the annual results for the year ended 28 February 2022
  - the related SENS and press announcements for both interim and year-end;
- confirmed the going concern basis of preparation of the interim and annual financial statements;
- considered the JSE's proactive monitoring of financial statements report, as issued in 2021, and the applicability of the issues raised, with the view to improving disclosure where applicable;
- reviewed and recommended for approval by the Board the integrated report, including the disclosure of sustainability matters;
- reviewed the qualifications, experience and expertise of the exiting Group Finance Director, WA Joubert and the newly appointed Group Finance Director, SU Naicker and satisfied itself that their expertise and experience is appropriate to meet the responsibilities of the position;
- the Committee also considered and satisfied itself of the appropriateness of the expertise and adequacy of resources and experience of the Group's finance function;
- considered the qualification and independence of the external auditor;
- assessed the scope and effectiveness of the external audit function;
- reviewed the effectiveness of the Company's internal controls and internal audit function; and
- performed the functions required in terms of section 94(2) of the Companies Act on behalf of the Group's subsidiary companies.

The Committee has resolved to undertake a self-assessment every second year, with the last assessment done in February 2022.

Risk functions

The Board of Directors has assigned oversight of the Group's risk management function to the Committee. The Committee fulfils an oversight function regarding risks in the areas of operations, finance, reporting, fraud, information technology and ethics.

Based on the ongoing oversight of the Committee, it can be concluded that nothing came to the attention of the Committee and the Board that would suggest that the prevailing system of risk management is not, in all material aspects, effective.

Risks are continually being identified and mitigated in terms of a process that involves allocating responsibility, developing action plans and monitoring compliance with these action plans.

During the year under review, the Committee discharged all of its duties in respect of risk management.

Internal audit and internal controls

The Committee is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority within the Group to enable it to discharge its responsibilities effectively. The Committee oversees co-operation between the internal and external auditors and serves as a link between the Board of Directors and these functions.

The internal audit function reports to the Committee and is responsible for reviewing and providing assurance on the adequacy of the internal control environments across all of the significant areas of the Group's operations. Prozilog is responsible for reporting the progress and findings of internal audits as conducted in terms of the Group's approved audit plan, to the Committee.

The Committee has considered and approved the internal audit terms of reference.

The Committee:

- reviewed the internal audit charter in line with King IV recommendations and recommended the approval thereof to the Board;
- approved the risk-based internal audit plan for the 2022 financial year and subsequent changes thereto during the year;
- considered the effectiveness and performance of the internal audit function and were found to be satisfactory for the year under review;
- reviewed and evaluated reports relating to internal audit and risk management and the adequacy of management's responses and corrective actions;
- reviewed arrangements made by the Company to enable employees and outside whistle-blowers to report any concerns about possible improprieties and received reports on the issues raised; and
- reviewed internal audit's assessment of the internal control environment.

External auditor

The Group's independent external auditor is PricewaterhouseCoopers Incorporated ("PwC").

The Committee:

- approved the auditor's terms of engagement and fees;
- reviewed and approved the external audit plan and ensured no limitations were imposed on the scope of external audit;
- reviewed the external auditor's report and confirmed that no material unresolved issues existed between the Group and the external auditor;
- reviewed the key audit matters identified by PwC that are set out in its report;
- reviewed the quality and effectiveness of the external audit process, based on the Committee's own assessment, the views of management and PwC's own assessment, and found it to be satisfactory. Confirmation was obtained from PwC that no material matters had been raised in regulatory or internal reviews of the audit partner;
- satisfied itself that the external auditor is independent of Calgro M3 Holdings Limited, as set out in section 94(8) of the Companies Act, and suitable for reappointment by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listings Requirements;
- confirmed that PwC's independence was not impaired and received assurance that its internal governance processes support and demonstrate its claim to independence;
- the Committee has further established a procedure for the approval of any non-audit services and the pre-approval of any proposed contract with the auditor in this regard and has satisfied itself with the level and extent of non-audit services rendered during the year by PwC and that these did not affect its independence; and
- confirmed that no reportable irregularities had been identified or reported by the external auditor under the Auditing Profession Act.

Statements

External auditor

The Committee and the Board are currently considering the appointment of new external auditors for the ensuing financial year to replace the Group's current external auditors, PricewaterhouseCoopers Inc. ("PwC"), in order to early adopt the mandatory audit firm rotation. The Committee and the Board are currently conducting a tender process in this regard, following the completion of which, the Committee will make recommendations to the Board regarding the potential appointment of new external auditors.

In terms of paragraph 3.78 of the JSE Limited Listings Requirements, shareholders will be notified by way of an announcement on SENS in the event that the Group and the current external auditor, PwC, mutually agree to terminate its engagement and a new external auditor is appointed.

If such new appointment is made, it will be done prior to the date of the AGM. Pursuant to section 61(8)(c)(i) of the Companies Act 71 of 2008, the Notice of AGM will include a resolution in terms of which shareholders will be requested, to either:

- confirm the re-election of PwC as the external auditors, and Mr Sizwe Mtetwa as the designated partner; or
- to confirm the Committee's nomination and the Board's appointment of new external auditors, for the ensuing financial year or until the 2023 AGM, whichever is later.

The Committee has satisfied itself that both PwC and Mr Mtetwa are accredited in terms of paragraph 3.84(g)(iii) and section 22.15(h) of the JSE Listings Requirements and will not recommend the election of a new external auditor or audit partner before satisfying itself that both such external auditor and the designated partner are accredited in terms of paragraph 3.84(g)(iii) and section 22.15(h) of the JSE Listings Requirements.

Statement on effectiveness of internal financial controls

The Committee had oversight over a process by which internal audit performed an assessment of the effectiveness of the Group's system of internal financial controls.

This assessment conducted by internal audit and with management's close monitoring of controls formed the basis for the Committee's assessment of internal financial controls.

Nothing came to the attention of the Committee and the Board, based on the assessments performed by internal audit and management, that would suggest that the prevailing system of internal financial controls are not, in all material aspects, effective.

REPORT OF THE AUDIT AND RISK COMMITTEE (CONTINUED)

Integrated annual report

In fulfilling its oversight responsibilities, the Committee has reviewed the sustainability information that forms part of the Group's Integrated Annual Report and has assessed its consistency with operational and other information known to the Committee members, as well as its consistency with the Group's annual financial statements.

The Committee is satisfied that the above is consistent with the Group's financial results, and as such has recommended that this be approved by the Board of Directors.

Regulatory compliance

The Group complied with all relevant laws and regulations and considers adherence to non-binding rules, codes and standards. Compliance forms an integral part of the Company's risk management process.

Going concern

The Committee has reviewed a documented assessment, including key assumptions, prepared by management on the going concern status of the Group.

The Board's statement regarding the going concern status of the Group, as supported by the Committee, is included in the Directors' Report on pages 9 to 13.

Expertise and experience of Financial Director and the finance function

As required by paragraph 3.84(g)(i) of the JSE Listings Requirements, as well as recommended practice outlined in King IV, the Committee has satisfied itself that the Financial Director has appropriate expertise and experience in terms of the JSE Listings Requirements.

In addition, the Committee also considered and has satisfied itself that the appropriateness, composition, experience and skills set of the finance function met the Group's requirements.

Comments on key audit matters, addressed by PwC in its external auditor's report

The external auditor has reported on one key audit matter in respect of its 2022 audit, being construction contract revenue recognised overtime.

The key audit matter related to a material financial statement line item and required judgement and estimates to be applied by management.

The Committee assessed the methodology, assumptions and judgements applied by management in dealing with the key audit matter. Furthermore, the Committee discussed the key audit matter with the external auditor to understand its related audit processes and views.

Following our assessment, we were comfortable with the conclusions reached by management and the external auditor.

Annual financial statements

The Committee reviewed the annual financial statements and the accounting policies and practices of the Group and is satisfied that they comply with International Financial Reporting Standards and ensured that appropriate financial reporting procedures exist and are working, which includes consideration of all the entities in the consolidated group financial statements.

The Committee recommended the financial statements to the Board for approval. The Board concurred with this assessment.

Conclusion

The Committee, in carrying out its duties, has due regard to the principles and recommended practices of King IV. It is satisfied it has considered and discharged its responsibilities in accordance with its terms of reference.

On behalf of the Audit and Risk Committee



GS Hauptfleisch
Chairman: Audit and Risk Committee

16 May 2022

DIRECTORS' REPORT

The Directors hereby submit their report for the year ended 28 February 2022.

1. Nature of business

Calgro M3 is a property and property-related investment group that is a market leader in the Residential Property Development and Memorial Park industries and provides innovative, cost efficient solutions of the highest quality across these product ranges.

These businesses are reported along the same turnkey business model that allows for the extraction of value from multiple areas while mitigating risk throughout the process.

The Group's business strategy supports Government's proactive drive, which is expressed in the "Breaking New Ground" initiative aimed at ensuring the formation of sustainable settlements. This is achieved through the integration of various income groups, as well as the provision of socio-amenities such as schools and hospitals, within an integrated residential development.

The Group operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months. The operating cycle is generally between one and ten years depending on the project size and type, which includes different typologies and infrastructure requirements. Accordingly the associated assets and liabilities are classified as current as they are expected to be settled within the same operating cycle as inventory, construction contracts and work in progress.

Registered office
Calgro M3 Building
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
2196

Postal address
Private Bag X33
Craighall
2024

2. Financial results

The consolidated and separate financial statements on pages 20 to 110 set out fully the financial position, results of operations and cash flows of the Group and Company for the year ended 28 February 2022 and do not in our opinion require any further comment.

Segmental reporting is set out in note 1 of the financial statements. The Group operates within two distinct segments, namely Residential Property Development and Memorial Parks.

3. Type of company

Calgro M3 Holdings Limited is registered as a public company in terms of the Companies Act No. 71 of 2008.

4. Subsidiary and associated entities

Refer to note 9 for further details of the investments held in joint ventures.

All direct and indirect subsidiary companies are South African-based and are engaged in the two core business segments of the Group.

Particulars of the joint ventures (note 9) and the principal subsidiaries (note 42) are set out in the financial statements.

5. Directors' interest in shares

At the date of this report, the following direct and indirect interests in the Company were held by Directors:

	Number of shares			
	Total	WJ Lategan	WA Joubert	W Williams
Beneficial shareholding at 28 February 2021				
Direct	7 822 575	6 695 631	16 000	1 110 944
Indirect	400 156	–	313 490	86 666
	8 222 731	6 695 631	329 490	1 197 610
Beneficial shareholding at 28 February 2022				
Direct	**7 822 575**	**6 695 631**	**16 000**	**1 110 944**
Indirect	**400 156**	**–**	**313 490**	**86 666**
	8 222 731	**6 695 631**	**329 490**	**1 197 610**
Beneficial shareholding at 28 February 2021 that are subject to security, guarantee or collateral				
Direct	6 459 494	6 459 494	–	–
Indirect	–	–	–	–
	6 459 494	6 459 494	–	–
Beneficial shareholding at 28 February 2022 that are subject to security, guarantee or collateral				
Direct	**6 459 494**	**6 459 494**	**–**	**–**
Indirect	**–**	**–**	**–**	**–**
	6 459 494	**6 459 494**	**–**	**–**
Total facility value (Rand) 2021	894 864	894 864		
Total facility value (Rand) 2022	**677 893**	**677 893**		
Facility expiry date	**29 November 2024**			

No other Directors or prescribed officers within Calgro M3 have pledged securities as guarantee/collateral during the course of the reporting period or at the present date.

Should securities be pledged the necessary announcement will be made to the market. There were no changes in the shareholding of Directors and prescribed officers between the end of the financial year and the date of approval of the annual financial statements.

6. Accounting policies

The consolidated and company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the accounting policies disclosed.

7. Authorised and issued share capital

Total number of ordinary shares authorised at 28 February 2022: 500 000 000

Total number of ordinary shares in issue (excluding treasury shares) at 28 February 2022: 121 400 069

8. Capital expenditure

Details on capital expenditure are set out in notes 5, 6 and 7 of the consolidated financial statements.

9. Dividends

No dividends were declared or paid to the shareholders during the year under review (2021: Rnil).

10. Going concern

The Group and Company financial statements have been prepared on the going concern basis. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Board has considered the Group's cash flow forecasts for the foreseeable future, with the consideration given to the uncertainty in operational performance, company specific risks and other wider macro-economic environment risks. Consideration was given to the long-term impact of the Covid-19 pandemic on both the wider macro-economic environment and the Group's operations.

The Group maintains sufficient liquidity throughout the period to furnish its liabilities as they fall due.

In considering the going concern assumption the following factors have a potential marked impact on the Group:

- The current fluctuations in the interest rates, bearing in mind that the prime lending rate remains favourable, which remains well received by potential buyers with many making use of the opportunity to obtain bonds at the lower interest rate. Along with the banking sector continuing to grant 100% home loans in the low to middle tier of the market is proving to be extremely robust and advantageous to the Group's position; and
- Government committed to the need for dignified housing in South Africa. Our belief is that this will bring about new opportunities.

Further to the above the Group and Company have considered the current civil and political unrest between Russia and Ukraine. There are no financial or non-financial factors impacting the Group which need to be adjusted for within the cash flow forecasts.

11. Directors

Name	Position	Date appointed	Contract expiry
Wayne Williams	Executive Director	**1 June 2015**	**3 month notice**
Willem Adolph Joubert	Executive Director	**1 June 2015**	**3 month notice**
Willem Jakobus Lategan	Chief Executive Officer	**5 August 2008**	**3 month notice**
Sayuri Urvashi Naicker	Finance Director	**1 March 2022**	**3 month notice**
George Stephanus Hauptfleisch	Independent Non-Executive	**6 June 2018**	
Hatla Ntene	Independent Non-Executive	**12 October 2007**	
Sibusisiwe Lynette Ntuli	Independent Non-Executive	**23 March 2020**	
Mduduzi Edward Gama	Independent Non-Executive	**10 January 2012**	
Ralph Bruce Patmore	Independent Non-Executive	**18 January 2011**	
Thembalihle Phillip Baloyi	Independent Non-Executive	**23 March 2020**	
Tyrone Christie Moodley	Non-Executive	**9 July 2020**	

12. Secretary

I April will continue in office in accordance with section 86 of the Companies Act.

As required by section 3.84(h) of the JSE Listings Requirements, the Board is satisfied that I April has appropriate qualifications, expertise and experience.

In addition, I April is not a Director of the Group and has an arm's length relationship with the Board.

The address of the secretary is set out below:

Business address
Calgro M3 Building
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
2196

Postal address
Private Bag X33
Craighall
2024

13. Auditor

The Audit and Risk Committee and the Board are currently considering the appointment of new external auditors for the ensuing financial year to replace the Group's current external auditors, PricewaterhouseCoopers Inc. ("PwC"), in order to early adopt the mandatory audit firm rotation. The Committee and the Board are currently conducting a tender process in this regard, following the completion of which, the Committee will make recommendations to the Board regarding the potential appointment of new external auditors.

In terms of paragraph 3.78 of the JSE Limited Listings Requirements, shareholders will be notified by way of an announcement on SENS in the event that the Group and the current external auditor, PwC, mutually agree to terminate its engagement and a new external auditor is appointed.

If such new appointment is made, it will be done prior to the date of the AGM and pursuant to section 61(8)(c)(i) of the Companies Act, the Notice of AGM will include a resolution in terms of which shareholders are requested, to either:

- confirm the re-election of PwC as the external auditors, and Mr Sizwe Mtetwa as the designated partner; or
- to confirm the Committee's nomination and the Board's appointment of new external auditors, for the ensuing financial year or until the 2023 AGM, whichever is later.

The Audit and Risk Committee monitors the independence of the external auditor and the audit partner on an annual basis, to ensure that they remain independent.

14. Preparer

The financial statements were internally compiled by R van Maarleveld CA(SA) under the supervision of SU Naicker CA(SA).

15. Liquidity and solvency

The Directors have performed the required liquidity and solvency tests required by the Companies Act No. 71 of 2008. The directors believe that the Group has adequate financial resources and is liquid and solvent to continue in operation for the foreseeable future. Refer to note 39.

16. Level of assurance

The consolidated and company financial statements have been audited by our external auditor PricewaterhouseCoopers Inc. in compliance with the applicable requirements of the Companies Act 71 of 2008.

17. Special resolutions

At the Annual General Meeting held on 25 June 2021, the following special resolutions were approved:

- General authority to repurchase shares
- Remuneration of Non-Executive Directors
- Inter-company financial assistance
- Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company

No special resolution relating to the capital structure, borrowing powers or any other material matter that affects the understanding of the Group were passed by subsidiary companies during the year under review.

18. Analysis of shareholders

Shareholders' spread analysis as at 28 February 2022:

	Number of shareholders	%	Number of shares	%
Shareholders' spread				
1 – 1 000 shares	3 870	80.71%	402 692	0.29%
1 001 – 10 000 shares	614	12.81%	2 356 620	1.68%
10 001 – 100 000 shares	245	5.10%	7 878 550	5.62%
100 001 – 1 000 000 shares	46	0.96%	13 842 805	9.87%
1 000 001 shares and over	20	0.42%	115 813 851	82.54%
	4 795	100.00%	140 294 518	100.00%
Public/non-public shareholders				
Public shareholders	4 786	99.81%	73 780 610	52.59%
Non-public shareholders	9	0.19%	66 513 908	47.41%
	4 795	100.00%	140 294 518	100.00%
Analysis of major non-public shareholders – holdings of 5% or more				
Directors of the Company or any subsidiaries	4	0.08%	8 222 731	5.86%
Pershing LLC	1	0.02%	34 614 133	24.67%
Calgro M3 Developments Pty Ltd	1	0.02%	8 468 631	6.04%
	6	0.12%	51 305 495	36.57%
Distribution of shareholders				
Financial institutions and other corporations			14 431 935	10.29%
Nominees and trusts			41 456 055	29.55%
Empowerment			49 002 173	34.93%
Individuals			20 030 960	14.28%
Private and public companies			15 373 395	10.95%
			140 294 518	100.00%
Shareholders with an interest of 5% or more in shares				
Pershing LLC			34 614 133	24.67%
BPM Family Trust			11 267 705	8.03%
DNS Trust			9 910 000	7.06%
Calgro M3 Developments Limited			8 468 631	6.04%
			64 260 469	45.80%
Reconciliation of shares issued in the share register				
Total shares in issue			140 294 518	
Less: Treasury shares				
Calgro M3 Employee Benefit Trust			(5 212 909)	
Calgro M3 Empowerment Trust			(5 212 909)	
Calgro M3 Executive Share Scheme			(8 468 631)	
			121 400 069	

19. Events after the reporting year

The Directors are not aware of any subsequent events that occurred between the year-end and date of authorisation of the annual financial statements that require any adjustments or additional disclosure in the annual financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CALGRO M3 HOLDINGS LIMITED

To the Shareholders of Calgro M3 Holdings Limited
Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Calgro M3 Holdings Limited (the Company) and its subsidiaries (together the Group) as at 28 February 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Calgro M3 Holdings Limited's consolidated and separate financial statements set out on pages 20 to 110 comprise:

- the consolidated and company statements of financial position as at 28 February 2022;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the consolidated and company financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

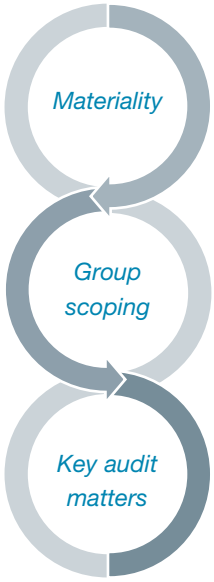
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors ("IRBA Code") and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards).

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R18.3 million, which represents 0.75% of consolidated total assets.

Group audit scope

- The Group comprises the holding company, 29 subsidiaries (3 direct subsidiaries and 26 indirect subsidiaries) and 4 joint ventures (referred to as "components"). We performed full scope audit procedures on 10 components as a result of their financial significance and specified audit procedures over 5 components. The remaining 19 components are considered to be financially inconsequential.

Key audit matters

- Construction contract revenue recognised over time for the property development segment.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*R18.3 million*
How we determined it	*0.75% of consolidated total assets*
Rationale for the materiality benchmark applied	*We selected consolidated total assets as our materiality benchmark because, in our view, given the Group's operating model, where construction for residential units is outsourced to third parties, we believe that consolidated total assets is a key metric against which the users of the consolidated financial statements measure the performance of the Group. Furthermore, it is a truer and more stable reflection of the Group's overall operations, given the fluctuation of consolidated profit before income tax.* *We chose 0.75% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply when using consolidated total assets to compute materiality and taking into account the level of debt within the Group*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of the holding company, 29 subsidiaries (3 direct subsidiaries and 26 indirect subsidiaries) and 4 joint ventures (referred to as "components"), all located in South Africa which represents the Group's principal place of business. We performed full scope audits on 10 of these components due to their financial significance, specified audit procedures on 5 components as a result of the significant account balances and transactions within these components, and the remaining 19 components are considered to be financially inconsequential for group scoping purposes. Analytical review procedures were performed on these remaining components.

All testing was performed centrally by the group audit team. By performing the procedures outlined above, we obtained sufficient and appropriate audit evidence regarding the financial information of the Group to provide a basis for our opinion on the consolidated financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We communicate the key audit matters that relate to the audit of the consolidated financial statements of the current period in the table below. We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CALGRO M3 HOLDINGS LIMITED (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Construction contract revenue recognised over time for the property development segment	
Refer to the following accounting policies and notes to the consolidated financial statements: ▸ Note 1: Segment Information; ▸ Note 2.4: Significant estimates and judgements; and ▸ Note 20: Revenue The Group has significant long-term construction contracts within the "Residential Property Development" operating segment. Revenue recognised over time for this segment comprises a significant portion of the Group's gross revenue, as disclosed in note 1 to the consolidated financial statements. For property development contracts, the Group uses the percentage of completion method (input method) to account for revenue over time. Under this method, the Group compares the actual cost incurred on a unit/dwelling/project to the forecasted cost of the unit/dwelling/project which equals the percentage of work completed. The following judgements and estimates, as determined by relevant experts who include town planners, quantity surveyors and architects, are applied by the Group in determining the percentage of completion of a unit/dwelling/project at reporting date: ▸ The estimation of the forecasted costs as included in the approved feasibilities of the project's contract used in the calculation of the percentage of completion; and ▸ The allocation of the non-unit specific cost based on approved feasibilities. We considered the accounting for construction contract revenue recognised over time for the property development segment to be a matter of most significance to our current year audit due to judgement and estimation made by management in determining the percentage of completion, and the magnitude of contract revenue and associated contract assets to the consolidated financial statements.	Our audit procedures, as referenced below, included an evaluation and application of the significant judgements and estimates utilised within the Group's percentage of completion method calculations. Our procedures comprised a combination of internal control assessments over construction contract revenue, contract-related procurement and payroll expenditure, and substantive audit procedures, as detailed below. Our tests of controls consisted mainly of the following: ▸ Three-way match testing was performed on a sample of transactions to assess whether those transactions are supported by a purchase order, invoice, receiving document and/or progress certificate; ▸ The authorisation of payment packs was tested for a sample of transactions to evaluate whether payments to subcontractors were authorised by the appropriate level of management and supported by valid underlying third-party documents; ▸ Net pay of salaries and wages was tested for a sample of pay runs to assess whether the required approvals and authorisations were obtained before payments were made; and ▸ Testing was performed over a sample of project feasibilities to consider whether the required reviews and approvals were obtained. We selected a sample of contracts on which detailed substantive testing procedures were performed. Our sample was selected based on a combination of risk and monetary thresholds. This included high-value contracts and the assessment of whether there were any significant loss-making contracts or contracts with significant claims. Our audit procedures performed in assessing the appropriateness of estimates and judgements applied in the calculation of the percentage of completion of the selected contracts, included the following: ▸ Held discussions with management, finance and technical staff. These discussions included consideration of projects in progress, profit margins, loss making contracts and contract assets; ▸ Tested a sample of actual costs incurred to date by agreeing it to underlying documentation. We noted no material differences; ▸ Agreed a sample of actual costs incurred for a defined period before and after year end to underlying documentation, to confirm that costs have been included in the correct financial year. We noted no exceptions;

Key audit matter	How our audit addressed the key audit matter
Construction contract revenue recognised over time for the property development segment	
	▸ Tested profit margins from year to year on projects running over the financial year end. Deviations in margins were evaluated against explanations obtained from management and other relevant documentation (e.g. external factors such as rain delays). We found no aspects in this regard which required further consideration; ▸ Evaluated and tested management's cost and revenue estimation process in accordance with the principles of IFRS 15: "Revenue from Contracts with Customers", as described in note 20 to the consolidated financial statements, by gaining an understanding of the budgeting process and significant assumptions applied by management. This involved having detailed discussions with knowledgeable individuals within the management team, assessing management's assumptions against underlying contracts, quotations, and internal assessments performed by experts (such as town planners, quantity surveyors and architects) as well as comparing past assumptions to historical data. No material variances were noted from the testing performed; ▸ Performed an assessment of whether there were any significant loss-making contracts or contracts with significant claims and assessed whether these were appropriately accounted for in the financial statements; ▸ Assessed the competence, capabilities and objectivity of management's experts (town planners, quantity surveyors and architects), by obtaining relevant documentation relating to their qualifications, expertise and professional memberships. We noted no aspects requiring further consideration in this regard; ▸ Assessed the reasonableness of classification of non-unit specific contract costs to a project. We noted no material differences; ▸ Recalculated the percentage of completion per contract based on the actual costs incurred to date as a percentage of the total estimated forecasted costs. We noted no material differences; ▸ Recalculated the construction contract revenue for the year recognised per contract based on the percentage of completion method. We noted no material differences; and ▸ Assessed the adequacy of the disclosure in the financial statements to ensure compliance with the requirements of IFRS 15: *Revenue from Contracts with Customers*. We noted no material differences.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Calgro M3 Consolidated Financial Statements for the year ended 28 February 2022", which includes the Certification by the Company Secretary ,the Report of the Audit and Risk Committee, and the Directors' Report as required by the Companies Act of South Africa and the documents titled "Calgro M3 Integrated Annual Report 2022", "Calgro M3 ESG Report 2022", "Calgro M3 Notice of AGM 2022" and "Calgro M3 King IV™ Application Register 2022". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CALGRO M3 HOLDINGS LIMITED (CONTINUED)

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CALGRO M3 HOLDINGS LIMITED (CONTINUED)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Calgro M3 Holdings Limited for 15 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: C Marais Roux
Registered Auditor
Johannesburg, South Africa
16 May 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2022	2021
Assets			
Non-current assets			
Investment property	5	**19 947 022**	19 947 022
Property, plant and equipment	6	**19 682 170**	22 500 654
Intangible assets	7	**159 650 534**	159 650 534
Investments	8	**13 927 808**	13 027 204
Investment in joint ventures	9	**46 604 624**	37 066 691
Deferred income tax asset	10	**31 695 226**	56 582 473
		291 507 384	308 774 578
Current assets			
Loans to joint ventures	11	**281 827 502**	320 435 842
Inventories	12	**615 819 830**	643 573 871
Current tax receivable		**2 372 226**	976 320
Construction contracts	13	**909 322 057**	840 695 306
Trade and other receivables	14	**147 292 645**	198 786 388
Cash and cash equivalents	15	**191 114 249**	154 561 255
		2 147 748 509	2 159 028 982
Total assets		**2 439 255 893**	2 467 803 560
Equity and liabilities			
Equity			
Equity attributable to owners of the parent			
Stated capital	16	**102 080 971**	102 080 971
Share-based payment reserve	34	**10 645 975**	6 857 784
Retained income		**850 362 620**	718 881 468
		963 089 566	827 820 223
Non-controlling interests	33	**596 268**	236 882
Total equity		**963 685 834**	828 057 105
Liabilities			
Non-current liabilities			
Deferred income tax liability	10	**213 834 988**	208 616 970
		213 834 988	208 616 970
Current liabilities			
Borrowings	17	**839 067 772**	944 161 828
Current income tax liabilities		**654 978**	92 611
Trade and other payables	18	**422 012 321**	486 875 046
		1 261 735 071	1 431 129 485
Total liabilities		**1 475 570 059**	1 639 746 455
Total equity and liabilities		**2 439 255 893**	2 467 803 560

The notes on pages 24 to 96 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2022	2021
Revenue	20	**1 321 593 256**	879 146 585
Cost of sales	21	**(1 039 746 583)**	(771 123 301)
Gross profit		**281 846 673**	108 023 284
Other income	22	**15 343 007**	50 630 761
Administrative expenses	23	**(89 774 258)**	(87 064 595)
Other expenses	24	**(11 410 433)**	(4 085 328)
Impairment losses on financial and contract assets	25	**(1 928 630)**	(99 402)
Finance income	26	**22 713 106**	28 212 925
Finance costs	27	**(46 966 582)**	(72 897 240)
Share of profit of joint ventures – net of tax	9	**9 641 933**	3 345 892
Profit before tax		**179 464 816**	26 066 297
Taxation	28	**(47 294 214)**	(7 586 856)
Profit after taxation		**132 170 602**	18 479 441
Other comprehensive income		**–**	–
Total comprehensive income		**132 170 602**	18 479 441
Profit after taxation and other comprehensive income attributable to:			
– Owners of the parent		**131 811 216**	18 944 086
– Non-controlling interests		**359 386**	(464 645)
		132 170 602	18 479 441
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in cents per share)			
– basic	38	**108.58**	14.88
– diluted	38	**105.68**	14.64

** The operating profit subtotal (current and prior year) has been removed from the statement of comprehensive income.*

The notes on pages 24 to 96 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital	Share-based payment reserve	Retained income	Total	Non-controlling interests*	Total equity
Balance at 1 March 2020	116 255 971	4 499 565	693 734 868	814 490 404	701 527	815 191 931
Shares repurchased	(14 175 000)	–	–	(14 175 000)	–	(14 175 000)
Share-based payment expense#	–	7 711 586	–	7 711 586	–	7 711 586
Resignation of executive share scheme participant#	–	(5 353 367)	5 353 367	–	–	–
Dividend declared◊	–	–	(570 599)	(570 599)	–	(570 599)
Disposal of investment in subsidiary	–	–	1 419 746	1 419 746	–	1 419 746
Comprehensive income						
Profit for the period	–	–	18 944 086	18 944 086	(464 645)	18 479 441
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income/ (expense)	–	–	18 944 086	18 944 086	(464 645)	18 479 441
Balance at 1 March 2021	**102 080 971**	**6 857 784**	**718 881 468**	**827 820 223**	**236 882**	**828 057 105**
Share-based payment expense#	**–**	**3 788 191**	**–**	**3 788 191**	**–**	**3 788 191**
Dividend declared◊	**–**	**–**	**(330 064)**	**(330 064)**	**–**	**(330 064)**
Comprehensive income						
Profit for the period	**–**	**–**	**131 811 216**	**131 811 216**	**359 386**	**132 170 602**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**131 811 216**	**131 811 216**	**359 386**	**132 170 602**
Balance at 28 February 2022	**102 080 971**	**10 645 975**	**850 362 620**	**963 089 566**	**596 268**	**963 685 834**
Notes	16	34			33	

** The Calgro M3 Group does not hold 100% of the shareholding of the Belhar Calgro M3 Developments Company (Pty) Ltd, Calgro M3 Procurement Services (Pty) Ltd, Calgro M3 Procurement Management (Pty) Ltd and Calgro M3 Contractors (Pty) Ltd subsidiaries.*

 # Refer to note 34 for further details regarding the Calgro M3 Executive Share Scheme.

◊ Dividends declared are payable to the Calgro M3 Educational Trust R330 064 (2021: R236 258), which the Group does not have control over as well as Dalobex (Pty) Ltd RNil (2021: R334 341), the external shareholder of the subsidiary, Holm Jordaan GWA (Pty) Ltd. Refer to note 33 for details of the acquisition of the remaining shareholding in Holm Jordaan GWA (Pty) Ltd in the prior year.

The notes on pages 24 to 96 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2022	2021
Cash generated from operating activities			
Cash generated from operations	29	**228 221 971**	114 768 074
Finance income received		**1 983 254**	7 576 796
Finance cost paid		**(82 300 992)**	(107 474 196)
Tax paid	30	**(18 022 488)**	(17 878 456)
Net cash generated from/(utilised in) operating activities		**129 881 745**	(3 007 782)
Cash flows invested in investing activities			
Additions of investment property	5	**–**	(342 885)
Purchase of property, plant and equipment	6	**(1 182 125)**	(471 224)
Proceeds from the sale of property, plant and equipment		**–**	11 500
Increase in investments	8	**(286 383)**	–
Disposal of cash balance in disposal of investment in subsidiary		**–**	(205 340)
Disposal of investments in joint venture	9	**500**	–
Acquisition of business		**–**	(500 000)
Loans advanced to joint ventures		**(18 090 558)**	(50 945 569)
Loans repaid by joint ventures		**45 093 875**	886 885
Net cash received from/(invested in) investing activities		**25 535 309**	(51 566 633)
Cash flows repaid in financing activities			
Proceeds from borrowings	17	**–**	396 000 000
Repayment of borrowings	17	**(107 400 000)**	(403 000 000)
Shares bought back	16	**–**	(14 175 000)
Repayment of capital portion on leases		**(2 378 346)**	(2 044 207)
Settlement of share purchase liability	33	**(9 085 714)**	(22 714 286)
Net cash repaid in financing activities		**(118 864 060)**	(45 933 493)
Net increase/(decrease) in cash and cash equivalents		**36 552 994**	(100 507 908)
Cash and cash equivalents at the beginning of the year		**154 561 255**	255 069 163
Cash and cash equivalents at the end of the year	15	**191 114 249**	154 561 255

The notes on pages 24 to 96 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Segment information

The appointed Chief Operating Decision Maker ("CODM") within the Calgro M3 Group is the Group's Executive Committee ("Exco"). It is Exco's responsibility to meet on a regular basis (through weekly meetings and more frequently if required) and develop the strategy for the Group, set and review budget, which are approved by the Board of Directors. The CODM allocates group resources to the operating segments and assesses the performance of the operating segments.

At Exco meetings, summarised feedback are provided by management of the different operational activities within the Group.

The CODM manages the group activities in two distinct segments, namely:

- Residential Property Development
- Memorial Parks

In the current financial year, the CODM reassessed the reporting segments within the Group to be in line with the Group's current and strategic goals. Based on the assessment performed, the previously reported Residential Rental Investments segment was no longer deemed to be an integral part of current strategic goals of the Group and has now been included in the Residential Property Development segment.

Therefore the segmental presentation has changed from the previously reported segments of Residential Property Development, Memorial Parks and Residential Rental Investments to the aforementioned two segments.

As a result, the prior year information has been restated to reflect the new reporting segments.

The operation of the Residential Property Development segment encompasses the following product range: mid to high income housing, as well as the development of integrated developments.

Integrated developments comprise affordable housing, Grassroots Affordable People's homes ("GAP"), Finance Linked Individual Subsidy Programme ("FLISP") and rental housing, social housing, Community Residential Units ("CRU") housing, as well as Breaking New Ground ("BNG") fully subsidised housing. The Group's customer base includes the government, financial institutions and the general public.

The group's products relating to the Memorial Parks segment consist of burial rights and the associated burial and maintenance services.

The segmental information provided to Exco for the year ended 28 February 2022 has been provided below. The table indicates from where the Group's revenue has been earned, including its joint ventures. The revenue earned by the joint ventures, in their own capacities, has been disclosed in note 9.

The CODM assesses the performance of the operating segments based on two measurement methods, firstly a fully consolidated statement of comprehensive income per segment (including the elimination of intersegmental transactions) and secondly a statement of financial position per consolidated segment (transactions between segments have not been eliminated for the balance sheet).

1. Segment information (continued)

	Residential Property Development	Memorial Parks	Other	Total
2022				
Total segment revenue	**1 269 325 468**	**52 267 788**	**–**	**1 321 593 256**
Fleurhof	**402 933 636**	**–**	**–**	**402 933 636**
Jabulani	**67 020 084**	**–**	**–**	**67 020 084**
Witpoortjie	**26 727 976**	**–**	**–**	**26 727 976**
South Hills	**219 561 716**	**–**	**–**	**219 561 716**
Belhar	**464 442 896**	**–**	**–**	**464 442 896**
Third parties	**88 639 160**	**52 267 788**	**–**	**140 906 948**
Combined revenue*	**1 639 880 132**	**52 267 788**	**–**	**1 692 147 920**
Total segment revenue	**1 269 325 468**	**52 267 788**	**–**	**1 321 593 256**
Revenue of joint ventures	**370 554 664**	**–**	**–**	**370 554 664**
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**47 273 396**	**–**	**–**	**47 273 396**
South Hills Development Company (Pty) Ltd	**323 281 268**	**–**	**–**	**323 281 268**
Gross revenue	**1 269 325 468**	**52 267 788**	**–**	**1 321 593 256**
Point in time	**301 236 465**	**48 680 692**	**–**	**349 917 157**
Over time	**968 089 003**	**3 587 096**	**–**	**971 676 099**
Revenue	**1 269 325 468**	**52 267 788**	**–**	**1 321 593 256**
Gross revenue	**1 268 517 309**	**52 267 788**	**–**	**1 320 785 097**
Reversal of unrealised profit realised adjustment#	**808 159**	**–**	**–**	**808 159**
Cost of sales	**(1 007 089 864)**	**(32 656 719)**	**–**	**(1 039 746 583)**
Gross profit	**262 235 604**	**19 611 069**	**–**	**281 846 673**
Other income	**11 548 616**	**3 794 391**	**–**	**15 343 007**
Administrative expenses	**(76 752 481)**	**(8 885 070)**	**(4 136 707)**	**(89 774 258)**
Other expenses	**(11 410 433)**	**–**	**–**	**(11 410 433)**
Net impairment (losses)/gains on financial and contract assets	**(1 923 288)**	**(5 342)**	**–**	**(1 928 630)**
Finance income	**21 817 254**	**138 854**	**756 998**	**22 713 106**
Finance costs◊	**(38 434 607)**	**(8 531 975)**	**–**	**(46 966 582)**
Share of profit/(loss) of joint ventures – net of tax	**9 641 933**	**–**	**–**	**9 641 933**
Profit/(loss) before tax	**176 722 598**	**6 121 927**	**(3 379 709)**	**179 464 816**
Taxation	**(46 889 359)**	**(269 913)**	**(134 942)**	**(47 294 214)**
Profit/(loss) after taxation	**129 833 239**	**5 852 014**	**(3 514 651)**	**132 170 602**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive income	**129 833 239**	**5 852 014**	**(3 514 651)**	**132 170 602**
Profit/(loss) after taxation and other comprehensive income attributable to:				
– Owners of the parent	**129 473 853**	**5 852 014**	**(3 514 651)**	**131 811 216**
– Non-controlling interests	**359 386**	**–**	**–**	**359 386**
	129 833 239	**5 852 014**	**(3 514 651)**	**132 170 602**

* *Combined revenue is the total segment revenue plus the total revenue of joint ventures. The revenue included represents the gross revenue of each joint venture and does not include any inter-group eliminations. Refer to note 9 for details on revenue attributable to joint ventures.*

\# *The unrealised profit adjustment consists of profits that were generated on the development/construction of units to the Afhco Calgro M3 Consortium (Pty) Ltd (REIT JV), in which Calgro M3 had a 49% shareholding historically. The unrealised profit is realised upon transfer of the unit to the end-user.*

◊ *The Group allocated borrowings and finance costs proportionally to each segment based on the total assets per segment.*

1. Segment information (continued)

	Residential Property Development	Memorial Parks	Other	Total
Non-current assets				
Investment property	–	19 947 022	–	19 947 022
Property, plant and equipment	11 441 792	8 240 378	–	19 682 170
Intangible assets	158 955 730	694 804	–	159 650 534
Investments	–	13 927 808	–	13 927 808
Investment in joint ventures	46 604 624	–	–	46 604 624
Deferred income tax asset	21 099 747	10 595 479	–	31 695 226
	238 101 893	53 405 491	–	291 507 384
Current assets				
Loans to joint ventures	281 827 502	–	–	281 827 502
Inventories	439 016 764	176 803 066	–	615 819 830
Current tax receivable	2 228 048	144 178	–	2 372 226
Construction contracts	909 322 057	–	–	909 322 057
Trade and other receivables	144 043 679	3 248 966	–	147 292 645
Cash and cash equivalents	186 710 128	4 339 045	65 076	191 114 249
	1 963 148 178	184 535 255	65 076	2 147 748 509
Total assets	2 201 250 071	237 940 746	65 076	2 439 255 893
Liabilities				
Non-current liabilities				
Deferred income tax liability	213 834 988	–	–	213 834 988
	213 834 988	–	–	213 834 988
Current liabilities				
Borrowings◊	758 482 142	80 585 630	–	839 067 772
Current income tax liabilities	108 013	426 880	120 085	654 978
Trade and other payables	364 702 790	51 018 618	6 290 913	422 012 321
	1 123 292 945	132 031 128	6 410 998	1 261 735 071
Total liabilities	1 337 127 933	132 031 128	6 410 998	1 475 570 059

◊ *The Group allocated borrowings and finance costs proportionally to each segment based on the total assets per segment.*

Segments are measured in the same way as in the financial statements. All line items above are allocated based on the operations of the segments.

1. Segment information (continued)

	Residential Property Development	Memorial Parks	All other segments	Total
2021 – restated				
Total segment revenue	836 694 617	42 451 968	–	879 146 585
Fleurhof	231 378 417	–	–	231 378 417
Jabulani	96 103 694	–	–	96 103 694
Witpoortjie Calgro M3 Development Company (Pty) Ltd	22 024 058	–	–	22 024 058
South Hills Development Company (Pty) Ltd	107 799 942	–	–	107 799 942
Belhar	315 941 419	–	–	315 941 419
Third parties	63 447 087	42 451 968	–	105 899 055
Combined revenue*	1 053 665 476	42 451 968	–	1 096 117 444
Total segment revenue	836 694 617	42 451 968	–	879 146 585
Revenue of joint ventures	216 970 859	–	–	216 970 859
Witpoortjie Calgro M3 Development Company (Pty) Ltd	41 580 570	–	–	41 580 570
South Hills Development Company (Pty) Ltd	175 390 289	–	–	175 390 289
Gross revenue	836 694 617	42 451 968	–	879 146 585
Point in time	285 536 683	39 676 016	–	325 212 699
Over time	551 157 934	2 775 952	–	553 933 886
Revenue	836 694 617	42 451 968	–	879 146 585
Gross revenue	828 128 137	42 451 968	–	870 580 105
Reversal of unrealised profit realised adjustment#	8 566 480	–	–	8 566 480
Cost of sales	(748 672 039)	(22 451 262)	–	(771 123 301)
Gross profit	88 022 578	20 000 706	–	108 023 284
Other income	41 061 543	9 553 204	16 014	50 630 761
Administrative expenses	(73 685 475)	(9 130 028)	(4 249 092)	(87 064 595)
Other expenses	(4 085 328)	–	–	(4 085 328)
Net impairment losses on financial and contract assets	(111 828)	12 426	–	(99 402)
Finance income	25 283 792	280 024	2 649 109	28 212 925
Finance costs◊	(59 618 494)	(13 278 746)	–	(72 897 240)
Share of loss of joint venture – net of tax	3 345 892	–	–	3 345 892
(Loss)/profit before tax	20 212 680	7 437 586	(1 583 969)	26 066 297
Taxation	(6 922 005)	(103 799)	(561 052)	(7 586 856)
Profit/(loss) after taxation	13 290 675	7 333 787	(2 145 021)	18 479 441
Other comprehensive income	–	–	–	–
Total comprehensive income	13 290 675	7 333 787	(2 145 021)	18 479 441
Profit/(loss) after taxation and other comprehensive income attributable to:				
– Owners of the parent	13 755 320	7 333 787	(2 145 021)	18 944 086
– Non-controlling interests	(464 645)	–	–	(464 645)
	13 290 675	7 333 787	(2 145 021)	18 479 441

 # The unrealised profit adjustment consists of profits that were generated on the development/construction of units to the Afhco Calgro M3 Consortium (Pty) Ltd (REIT JV), in which Calgro M3 had a 49% shareholding historically. The unrealised profit is realised upon transfer of the unit to the end-user.

** Combined revenue is the total segment revenue plus the total revenue of joint ventures. The revenue included represents the gross revenue of each joint venture and does not include any inter-group eliminations. Refer to note 9 for details on revenue attributable to joint ventures.*

◊ The Group allocated borrowings and finance costs proportionally to each segment based on the total assets per segment.

1. Segment information (continued)

	Residential Property Development	Memorial Parks	All other segments	Total
Non-current assets				
Investment property	–	19 947 022	–	19 947 022
Property, plant and equipment	14 120 867	8 379 787	–	22 500 654
Intangible assets	158 955 730	694 804	–	159 650 534
Investments	–	13 027 204	–	13 027 204
Investment in joint ventures	37 066 691	–	–	37 066 691
Deferred income tax asset	48 411 596	8 170 877	–	56 582 473
	258 554 884	50 219 694	–	308 774 578
Current assets				
Loans to joint ventures	320 435 842	–	–	320 435 842
Inventories	456 994 618	186 579 253	–	643 573 871
Current tax receivable	507 132	469 188	–	976 320
Construction contracts	840 695 306	–	–	840 695 306
Trade and other receivables	195 313 527	3 467 725	5 136	198 786 388
Cash and cash equivalents	143 277 495	11 224 348	59 412	154 561 255
	1 957 223 920	201 740 514	64 548	2 159 028 982
Total assets	2 215 778 804	251 960 208	64 548	2 467 803 560
Liabilities				
Non-current liabilities				
Deferred income tax liability	206 317 946	2 299 024	–	208 616 970
	206 317 946	2 299 024	–	208 616 970
Current liabilities				
Borrowings◊	848 649 484	95 512 344	–	944 161 828
Current income tax liabilities	74 747	5 323	12 541	92 611
Trade and other payables	431 997 185	51 622 319	3 255 543	486 875 047
	1 280 721 416	147 139 986	3 268 084	1 431 129 486
Total liabilities	1 487 039 362	149 439 010	3 268 084	1 639 746 456

◊ *The Group allocated borrowings and finance costs proportionally to each segment based on the total assets per segment.*

Segments are measured in the same way as in the financial statements. All line items above are allocated based on the operations of the segments.

1. Segment information (continued)

	Residential Property Development	Memorial Parks	Residential Rental Investments	All other segments	Total
2021 – original					
Total segment revenue	829 101 989	42 451 968	7 592 628	–	879 146 585
Fleurhof	231 378 417	–	–	–	231 378 417
Jabulani	96 103 694	–	–	–	96 103 694
Witpoortjie	22 024 058	–	–	–	22 024 058
South Hills	107 799 942	–	–	–	107 799 942
Belhar	315 941 419	–	–	–	315 941 419
Third parties	55 854 459	42 451 968	7 592 628	–	105 899 055
Combined revenue*	1 046 072 848	42 451 968	7 592 628	–	1 096 117 444
Total segment revenue	829 101 989	42 451 968	7 592 628	–	879 146 585
Revenue of joint ventures	216 970 859	–	–	–	216 970 859
Witpoortjie Calgro M3 Development Company (Pty) Ltd	41 580 570	–	–	–	41 580 570
South Hills Development Company (Pty) Ltd	175 390 289	–	–	–	175 390 289
Gross revenue	829 101 989	42 451 968	7 592 628	–	879 146 585
Point in time	277 944 055	39 676 016	7 592 628	–	325 212 699
Over time	551 157 934	2 775 952	–	–	553 933 886
Revenue	829 101 989	42 451 968	7 592 628	–	879 146 585
Gross revenue	820 535 509	42 451 968	7 592 628	–	870 580 105
Reversal of unrealised profit realised adjustment#	8 566 480	–	–	–	8 566 480
Cost of sales	(741 807 004)	(22 451 262)	(6 865 035)	–	(771 123 301)
Gross profit	87 294 985	20 000 706	727 593	–	108 023 284
Other income	41 061 543	9 553 204	–	16 014	50 630 761
Administrative expenses	(71 791 043)	(9 130 028)	(1 894 432)	(4 249 092)	(87 064 595)
Other expenses	50 992	–	(4 136 320)	–	(4 085 328)
Net impairment gains/(losses) on financial and contract assets	(478 604)	12 426	366 776	–	(99 402)
Finance income	24 694 159	280 024	589 633	2 649 109	28 212 925
Finance costs◊	(58 820 878)	(13 278 746)	(797 616)	–	(72 897 240)
Share of profit/(loss) of joint venture – net of tax	4 483 246	–	(1 137 353)	–	3 345 892
Profit/(loss) before tax	26 494 399	7 437 586	(6 281 719)	(1 583 969)	26 066 297
Taxation	(7 706 581)	(103 799)	784 575	(561 052)	(7 586 856)
Profit/(loss) after taxation	18 787 819	7 333 787	(5 497 144)	(2 145 021)	18 479 441
Other comprehensive income	–	–	–	–	–
Total comprehensive income	18 787 819	7 333 787	(5 497 144)	(2 145 021)	18 479 441
Profit/(loss) after taxation and other comprehensive income attributable to:					
– Owners of the parent	19 252 464	7 333 787	(5 497 144)	(2 145 021)	18 944 086
– Non-controlling interests	(464 645)	–	–	–	(464 645)
	18 787 819	7 333 787	(5 497 144)	(2 145 021)	18 479 441

* *Combined revenue is the total segment revenue plus the total revenue of joint ventures. The revenue included represents the gross revenue of each joint venture and does not include any inter-group eliminations. Refer to note 9 for details on revenue attributable to joint ventures.*

\# *The unrealised profit adjustment consists of profits that were generated on the development/construction of units to the Afhco Calgro M3 Consortium (Pty) Ltd (REIT JV), in which Calgro M3 had a 49% shareholding historically. The unrealised profit is realised upon transfer of the unit to the end-user.*

◊ *The Group allocated borrowings and finance costs proportionally to each segment based on the total assets per segment.*

1. Segment information (continued)

	Residential Property Development	Memorial Parks	Residential Rental Investments	All other segments	Total
Non-current assets					
Investment property	–	19 947 022	–	–	19 947 022
Property, plant and equipment	14 120 867	8 379 787	–	–	22 500 654
Intangible assets	158 955 730	694 804	–	–	159 650 534
Investments	–	13 027 204	–	–	13 027 204
Investment in joint ventures	37 066 691	–	–	–	37 066 691
Deferred income tax asset	44 700 508	8 170 877	3 711 088	–	56 582 473
	254 843 796	50 219 694	3 711 088	–	308 774 578
Current assets					
Loans to joint ventures	320 435 842	–	–	–	320 435 842
Inventories	456 994 618	186 579 253	–	–	643 573 871
Current tax receivable	507 132	469 188	–	–	976 320
Construction contracts	840 695 306	–	–	–	840 695 306
Trade and other receivables	181 652 049	3 467 725	13 661 478	5 136	198 786 388
Cash and cash equivalents	142 876 920	11 224 348	400 575	59 412	154 561 255
	1 943 161 867	201 740 514	14 062 053	64 548	2 159 028 982
Total assets	2 198 005 663	251 960 208	17 773 141	64 548	2 467 803 560
Liabilities					
Non-current liabilities					
Deferred income tax liability	206 317 946	2 299 024	–	–	208 616 970
	206 317 946	2 299 024	–	–	208 616 970
Current liabilities					
Borrowings◊	841 691 131	95 512 344	6 958 353	–	944 161 828
Current income tax liabilities	74 747	5 323	–	12 541	92 611
Trade and other payables	431 551 186	51 622 319	445 999	3 255 543	486 875 047
	1 273 317 064	147 139 986	7 404 352	3 268 084	1 431 129 486
Total liabilities	1 479 635 010	149 439 010	7 404 352	3 268 084	1 639 746 456

◊ *The Group allocated borrowings and finance costs proportionally to each segment based on the total assets per segment.*

2. General information

Calgro M3 Holdings Limited ("the Company") and its subsidiaries and joint ventures (together "the Group") is a property and property-related investment company that is a market leader in the Residential Property Development and Memorial Park industries and provides innovative, cost efficient solutions of the highest quality across these product ranges.

The Group's turnkey business model provides the Group with a key differentiator: the capability to fulfil delivery, from conceptualisation to hand-over to the end-user.

The Company is listed on the Johannesburg Stock Exchange.

2.1 Summary of significant accounting policies

The most significant accounting policies have been presented as part of the relevant notes in these financial statements. The remainder of the accounting policies not relating to a specific note is dealt with in the section below. All policies have been consistently applied to all the years presented.

2.2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides, the financial pronouncements and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis, except as disclosed in the principal accounting policies below.

2.3 Working capital cycle

The Group operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months. The operating cycle is generally between 1 and 10 years depending on the project size and type, which includes different typologies and infrastructure requirements. Accordingly, the associated liabilities are classified as current as they are expected to be settled within the same operating cycle as inventory, construction contracts and work in progress.

2.4 Significant estimates and judgements

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. The significant judgements have been disclosed in the applicable note. These include:

Fair value estimation	Note 4
Right-of-use assets and lease liability	Notes 6 and 19
Impairment of goodwill	Note 7
Assessment of joint control	Note 9
Land under development held for sale	Note 12
Impairment of financial assets	Note 2.10.2
Percentage of completion method for measuring construction revenue	Notes 13 and 20
Scope of construction agreements	Notes 13 and 20
Share-based payments	Note 34
Working capital cycle	Note 2.3
Long service awards provision	Note 18

2. General information (continued)

2.5 New standards and interpretations

2.5.1 Standards and interpretations issued and effective

There were a number of new standards and interpretations effective and adopted in the current year. No significant impact was noted on these standards.

Topic	Key requirements	Effective date
Amendment to IFRS 16: *Leases – Covid-19-related rent concessions* Extension of the practical expedient	As a result of the coronavirus ("Covid-19") pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to Covid-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	1 April 2021
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	Amendments to IFRS 3: *Business Combinations* update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16: *Property, Plant and Equipment* prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37: *Provisions, Contingent Liabilities and Contingent Assets* specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1: *First-Time Adoption of IFRS*, IFRS 9: *Financial Instruments*, IAS 41: *Agriculture* and the Illustrative Examples accompanying IFRS 16: *Leases*.	1 January 2022

2. General information (continued)

2.5 New standards and interpretations (continued)

2.5.2 Standards and interpretations issued not yet effective

There are a number of new standards and amendments to new standards and interpretations which will only be effective after the 2022 year-end.

The initial assessment by management is that the impact of these standards and interpretations will be immaterial.

Topic	Key requirements	Effective date
Amendments to IAS 1: *Presentation of Financial Statements*, on classification of liabilities	These narrow-scope amendments to IAS 1: *Presentation of Financial Statements*, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of a liability.	1 January 2024
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	1 January 2023
Amendment to IAS 12 deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	1 January 2023

2.6 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all its subsidiaries. In the case of joint ventures, these entities are equity accounted, and are presented as single line items in the statement of comprehensive income and statement of financial position (refer to note 9). Intercompany transactions and balances are eliminated on consolidation. Consistent accounting policies have been applied across the Group in the preparation of the consolidated financial statements.

The Group treats transactions with non-controlling interests that do not result in a loss of control as equity transactions. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.7 Impairment of non-financial assets

The Group assesses at each end of the reporting year whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. Goodwill is tested annually for impairment regardless of any indicators of such.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an individual non-financial asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

That reduction is an impairment loss and is recognised directly in profit or loss.

2. General information (continued)

2.7 Impairment of non-financial assets (continued)

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. An impairment loss in respect of goodwill is not reversed.

2.8 Provisions and contingencies

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Contingent assets are disclosed if probable and contingent liabilities are not recognised but rather disclosed in the notes to the financial statements if an outflow of resources is not complete. No contingent assets or liabilities existed at the year-end.

2.9 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in South African Rand, which is the Group's presentation currency.

2.10 Financial instruments

2.10.1 Classification and measurement of financial assets

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); or
- Fair value through profit or loss ("FVPL").

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

Financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at FVPL, transaction cost that are directly attributable to the acquisition of the financial asset and it is subsequently recognised at amortised cost.

Financial assets can be measured at amortised cost if the financial asset is held where the objective is to hold the financial asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All trade receivables, contract assets and loans to joint ventures are held based on the objective to collect the contractual cash flows and all contractual terms of these financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest rate method is used to determine the amortised cost of the relevant financial assets held at amortised cost. Interest income is recognised using the effective interest rate method for all financial assets measured at amortised cost.

Transaction cost of financial assets carried at FVPL are expensed in profit or loss.

Any gain or loss arising on the derecognition is recognised directly in profit or loss and presented in operating expenses.

2. General information (continued)

2.10 Financial instruments (continued)

2.10.1 *Classification and measurement of financial assets* (continued)

Financial liabilities

At initial recognition the Group measures a financial liability at fair value less any transaction cost capitalised to the financial liability at initial recognition.

All of the Group's financial liabilities are classified as "financial liabilities at amortised cost" and are therefore subsequently measured at amortised cost.

Equity instruments

Equity instruments are subsequently measured at fair value, where the Group's management has elected to present fair value gains and losses through OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as income from financial assets when the Group's right to receive payments is established.

2.10.2 *Impairment*

The Group assesses on a forward-looking basis the expected credit losses ("ECLs") associated with its financial asset instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECLs are a probability weighted estimate of credit losses.

Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the original effective interest rate of the financial asset.

The Group has four types of financial and contract assets that are subject to the expected credit loss model:

- Loans to joint venture
- Contract assets relating to construction contracts
- Trade receivables – other
- Trade receivables – rental debtors (prior year only)

Due to the trade receivables and contract assets being linked to long-term projects, the simplified approach has been applied to determine the lifetime expected credit losses for the relevant financial assets. A life-time ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial asset.

The general expected credit loss model for loans to companies outside of the Group held at amortised cost has been applied. There has been no significant increase in the credit risk since initial recognition.

The Group takes the following into account when determining the applicable ECL rates for financial assets:

- The probability of each project achieving its budget and probability of misestimating the outcome of a project thus having a negative impact on the project results.
- The relevant stage of completion of the project. If the project is at a more advanced stage of completion the certainty of revenue and cost can more accurately be determined which would lower the overall risk of default.
- The likelihood of what would happen if Calgro demanded payment. Based on precedents and informal policies Calgro would provide a joint venture appropriate time to realise assets at full market value rather than forcing an on demand sale of assets.
- If Calgro would be willing to give support to the project to ensure its financial asset exposure to the relevant project can be recouped.
- The improvement/decline in the recoverability of the receivable based on historical data. If the average number of days between invoice date and receipt date improved, the probability of default would be lower.

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 Impairment (continued)

- If the project has government exposure and relies on subsidies provided by government to install the related infrastructure and services required.
- The impact of a cancellation of a project. The probability of this is higher for a project where ground construction has not yet commenced.
- The sovereign rating of the South African Government as a downgrade could result in increased pressure on government spending and thus decrease government subsidy availability.
- The general impact of the economy on these developments/projects. Low to middle income earners are, in most circumstances, significantly impacted by interest rates and employment levels; however, this risk is mitigated by the extreme housing shortage of this target market and the limited number of housing being developed in this market.
- Moody's investor services were used in combination with historical recovery rates on sovereign and municipal debts to determine a loss rate. This was then converted into forward-looking expected credit loss rates by applying three macroeconomic forecasts for South Africa – Baseline (SO), Stronger near term recovery (S1) and Moderate Recession (S3).
- Trade receivable – Rental debtors – the Group takes a conservative approach with regards to certain developments where there is evidence of higher default rates.

The Group has taken the poor state of the South African economy and the economic growth forecast, high unemployment rates and other macroeconomic factors into account when determining the ECL rates.

Financial assets that exhibit similar credit risk and behaviour are grouped together. Credit risk exposure on financial assets can be classified within four distinct categories.

1. Government institution exposure. The exposure to Government is based on the type of project and units being constructed for Government institutions within the geographic of South Africa.
2. Normal business risk exposure. The exposure to other corporate customers and businesses within the geographic of South Africa.
3. Financial institution risk exposure. The exposure to local financial institutions within the geographic of South Africa.
4. Trade receivable – rental debtors exposure – The exposure to the consumer risk relating to non-payment of rental debtors.

The four distinct categories have been subdivided into their relevant stages of the projects within the Group for the current and prior financial year to further analyse the relevant ECLs applied to the relevant financial assets.

Based on the relevant exposures as described above, all the following expected credit loss rates have been applied:

	2022		
	1. Government institution exposure	**2. Normal business risk exposure**	**3. Financial institution risk exposure**
Rates to be utilised for the ECLs			
New projects/projects undertaken with higher exposure to government	**8.69%**		
Project at an early to advanced stage of completion	**1.94% – 3.43%**	**0.76% – 4.36%**	
Project backed by a financial institution at an early to advanced stage of completion	**1.94% – 3.43%**		**1.94%**
Specific exposure		**0% – 100%**	

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 Impairment (continued)

The relevant government institution exposure rate is determined by the exposure being of national government or a local municipality. Should the exposure be to a local municipality the relevant rate would be higher compared to national government.

The concentration of gross carrying amount of financial assets relevant to the applicable ECL rates are as follows:

	1. Government institution exposure	2. Normal business risk exposure	3. Financial institution risk exposure	Total
Loans to joint ventures				
New projects with significant government exposure	**34 166 766**	**–**	**–**	**34 166 766**
Project at an early to advanced stage of completion	**–**	**255 865 661**	**–**	**255 865 661**
Project backed by a financial institution at an early to advanced stage of completion	**–**	**–**	**4 641 257**	**4 641 257**
Loans to joint ventures	**34 166 766**	**255 865 661**	**4 641 257**	**294 673 684**
Construction contracts – contract assets				
Project at an early to advanced stage of completion	**64 498 198**	**40 467 752**	**–**	**104 965 950**
Project backed by a financial institution at an early to advanced stage of completion	**141 456 587**	**–**	**84 761**	**141 541 348**
Specific exposure	**–**	**169 140 386**	**–**	**169 140 386**
Construction contracts – contract assets	**205 954 785**	**209 608 138**	**84 761**	**415 647 684**
Trade receivables – other				
Project at an early to advanced stage of completion	**8 792 309**	**84 644 827**	**–**	**93 437 136**
Project backed by a financial institution at an early to advanced stage of completion	**15 461 537**	**725 863**	**–**	**16 187 400**
Specific exposure	**6 207 591**	**9 441 139**	**–**	**15 648 730**
Trade receivables – other	**30 461 437**	**94 811 829**	**–**	**125 273 266**

Rates to be utilised for the ECLs for Trade receivables – Rental debtors and the concentration of gross carrying amount of trade receivable – rental debtors relevant to the applicable ECL rates are as follows:

- The Group has assessed the trade receivables – rental debtors for the year and have written off the balances to the statement of comprehensive income due to their long outstanding nature and the overall decrease in recoverability (refer to note 23). No further ECLs are required as there are no trade receivables – rental debtors balances due to the Group no longer providing rental units.

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 Impairment (continued)

The rates applied in the previous financial year is as follows:

	2021		
	1. Government institution exposure	2. Normal business risk exposure	3. Financial institution risk exposure
Rates to be utilised for the ECLs			
New projects/projects undertaken with higher exposure to government	8.51%		
Project at an early to mid stage of completion	2.9%+(0.62% – 0.93%)	2.90%	
Project at an advanced stage of completion	1.3%+(0.62% – 0.93%)	2.90%	
Project backed by a financial institution at an early to mid stage of completion	1.41%+(0.62% – 0.93%)		1.41%
Specific exposure	12.21% – 100%	0% – 100%	

The relevant government institution exposure rate is determined by the exposure being of national government or a local municipality. Should the exposure be to a local municipality the relevant rate would be higher compared to national government.

The concentration of gross carrying amount of financial assets relevant to the applicable ECL rates are as follows:

	1. Government institution exposure	2. Normal business risk exposure	3. Financial institution risk exposure	Total
Loans to joint ventures				
New projects with significant government exposure	70 594 009	–	–	70 594 009
Project at an early to mid stage of completion	–	259 098 981	–	259 098 981
Project backed by a financial institution at an early to mid stage of completion	–	–	4 325 259	4 325 259
Loans to joint ventures	70 594 009	259 098 981	4 325 259	334 018 249
Construction contracts – contract assets				
Project at an early to mid stage of completion	20 730 304	75 107 321	–	95 837 625
Project at an advanced stage of completion	12 995 030	3 677 009	–	16 672 039
Project backed by a financial institution at an early to mid stage of completion	38 427 865	–	729 681	39 157 546
Specific exposure	–	246 059 492	–	246 059 492
Construction contracts – contract assets	72 153 199	324 843 822	729 681	397 726 702
Trade receivables – other				
Project at an early to mid stage of completion	7 326 931	28 313 388	–	35 640 319
Project at an advanced stage of completion	–	51 167 802	–	51 167 802
Project backed by a financial institution at an early to mid stage of completion	7 342 439	362 818	2 027 698	9 732 955
Specific exposure	20 855 216	5 025 857	–	25 881 073
Trade receivables – other	35 524 586	84 869 865	2 027 698	122 422 149

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 Impairment (continued)

Rates to be utilised for the ECLs for trade receivables – rental debtors and the concentration of gross carrying amount of trade receivable – rental debtors relevant to the applicable ECL rates are as follows:

	Normal risk profile		Specific risk profile	
	Consumer risk exposure ECL rate applied	Total gross carrying amount applied	Consumer risk exposure ECL rate applied	Total gross carrying amount applied
Ageing				
0 to 30 days	10%	–	100%	18 397
31 to 60 days	20%	–	100%	144 370
61 to 90 days	30%	–	100%	143 899
91 to 120 days	50%	–	100%	155 173
121+ days	100%	–	100%	1 672 067
				2 133 906

The ECL provision is applied to rental debtors based on either a normal risk profile or a specific risk profile. Specific risk is defined as tenants within a specific isolated development, with a high level of non-payment of rentals, rental boycotts and resulting legal action and eviction orders taken out against tenants. Due to the limited number of units currently being rented out, the rental debtors are concentrated towards the specific risk profile. There are no outstanding amounts from tenants within the normal risk profile.

The Group considers a financial asset to be credit impaired when one or more event have incurred such as:

- Financial difficulty being faced by the customer making it unlikely to receive payment;
- Liquidation or business rescue proceedings being instituted by a customer; and
- Significant downgrading of a creditor rating of a customer.

Should the Group determine that a financial asset is credit impaired, it is excluded from that grouping for the purpose of calculating the ECL. A specific ECL rate is determined based on the assessment of the individual circumstances relevant to that financial asset and the events that led to the credit impairment.

Financial assets are fully impaired when all efforts to collect the outstanding balance have been exhausted.

The Group holds the following categories of financial assets and financial liabilities:

	Notes	**2022**	2021
Financial assets			
Financial assets at amortised costs			
Loans to joint ventures	11	**294 673 684**	334 018 249
Construction contracts – contract assets	13	**415 647 684**	397 726 702
Trade and other receivables – other	14	**125 273 266**	122 422 149
Trade and other receivables – rental debtors	14	**–**	2 133 906
Cash and cash equivalents	15	**191 114 249**	154 561 255
		1 026 708 883	1 010 862 261
Financial assets at fair value through profit and loss			
Investments	8	**13 927 808**	13 027 204
		13 927 808	13 027 204

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 Impairment (continued)

Reconciliation of expected credit losses on financial assets at amortised cost – 2022

	Notes	Expected credit loss model applied	Opening balance 1 March 2021	Current year movement	Closing balance 28 February 2022
Loans to joint ventures	11	**General**	**13 582 407**	**(736 225)**	**12 846 182**
Construction contracts – contract assets	13	**Lifetime**	**2 423 746**	**2 711 394**	**5 135 140**
Trade and other receivables – other	14	**Lifetime**	**5 327 125**	**2 087 367**	**7 414 492**
Trade and other receivables – rental debtors	14	**Lifetime**	**2 133 906**	**(2 133 906)**	**–**
Cash and cash equivalents	15		**–**	**–**	**–**
			23 467 184	**1 928 630**	**25 395 814**

Reasons for the current year movements in the ECL balance:

	Gross carrying amounts 2022	ECL provision 2022	Gross carrying amounts 2021	ECL provision 2021	(Increase)/ decrease in ECL
Loans to joint ventures	**294 673 684**	**(12 846 182)**	334 018 249	(13 582 407)	**736 225**
Construction contracts – contract assets	**415 647 684**	**(5 135 139)**	397 726 702	(2 423 746)	**(2 711 393)**
Trade and other receivables – other	**125 273 266**	**(7 414 492)**	122 422 149	(5 327 125)	**(2 087 367)**
	835 594 634	**(25 395 813)**	854 167 100	(21 333 278)	**(4 062 535)**

Loans to joint ventures

- The overall balance decreased due to the sale of SAFDEV Tanganani (Pty) Ltd and the remaining interest in 32-On-Pine Property Development (Pty) Ltd. This reduced the loan balances by an amount of R68.9 million. This was partially offset by an increase in the balances due to normal trading activities.

Construction contracts – contract assets

- The overall provision increased due to the overall increase in the construction contracts balance.
- The balance of construction contracts are expected to fluctuate depending on the type of units under construction at any given stage. Large volumes of sectional title units under construction will result in the balance increasing and once the units are registered and handed over to the end-user, the balance will decrease dramatically at that point. In the current year, new developments under construction and a number of sectional title units in Belhar and Fleurhof still had to be transferred at year-end, which contributed to the increase in the overall balance.

Trade and other receivables – other

- The increase relates to the R5 million outstanding balance from the sale of the Safdev Tanganani (Pty) Ltd joint venture, refer to note 9 for additional information in this regard.
- The remaining increase relates to the Yara Trust loan receivable which increased by R7 million due to additional trading transactions.
- This is partially offset by a reduction due to an improvement in the overall recoverability of monies received, mainly within the Fleurhof and Belhar projects.
- The ECL provision on the outstanding receivable from the sale of investment in MS5 Pennyville (Pty) Ltd was reassessed and a specific risk exposure ECL rate was applied.

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 Impairment (continued)

Trade and other receivables – rental debtors

	Gross carrying amounts 2022	**ECL provision 2022**	Gross carrying amounts 2021	ECL provision 2021	**(Increase)/ decrease in ECL**
0 to 30 days	**–**	**–**	18 397	(18 397)	**18 397**
31 to 60 days	**–**	**–**	144 370	(144 370)	**144 370**
61 to 90 days	**–**	**–**	143 899	(143 899)	**143 899**
91 to 120 days	**–**	**–**	155 173	(155 173)	**155 173**
121+ days	**–**	**–**	1 672 067	(1 672 067)	**1 672 067**
Total	**–**	**–**	2 133 906	(2 133 906)	**2 133 906**

- The Group has assessed the trade receivables – rental debtors for the year and has written off the balances to the statement of comprehensive income due to their long outstanding nature and the overall decrease in recoverability (refer to note 23). No further ECLs are required as there are no trade receivables – rental debtors balances due to the Group no longer providing rental units.

- The movement in the current year is made up as follows:

Bad debts written off	**(2 133 906)**
Expected credit loss provision for the current year	**–**
Net movement	**(2 133 906)**

2021 financial year

Reconciliation of expected credit losses on financial assets at amortised cost – 2021

	Notes	Expected credit loss model applied	Opening balance 1 March 2020	Current year movement	Closing balance 28 February 2021
Loans to joint ventures	11	General	11 386 390	2 196 017	13 582 407
Construction contracts – contract assets	13	Lifetime	4 402 995	(1 979 249)	2 423 746
Trade and other receivables – other	14	Lifetime	5 179 167	147 958	5 327 125
Trade and other receivables – rental debtors	14	Lifetime	2 399 230	(265 324)	2 133 906
Cash and cash equivalents	15		–	–	–
			23 367 782	99 402	23 467 184

2. General information (continued)

2.10 Financial instruments (continued)

2.10.2 Impairment (continued)

Reasons for the prior year movements in the ECL balance.

Loans to joint ventures

- The overall balance increased due to additional loans being provided to joint venture companies – Witpoortjie Calgro M3 Developments Company (Pty) Ltd (R21.7 million), Frankenwald Development (Pty) Ltd (R10.7 million) and 32-On-Pine Property Development (Pty) Ltd (R19.6 million). All additional loans were internally funded by the Calgro Group. In addition the loan with Calgro M3 JCO Holdings (Pty) Ltd loan was settled with the sale of the investment. As a result the remaining balances were higher than the prior year, resulting in an increase in the ECL provision.

Construction contracts – contract assets

- The overall provision decreased by R2 million as a result of an overall decrease in the construction contracts balance.
- In addition to the above, the Group has a number of large developments in Fleurhof and Belhar for clients that are paying on a monthly progress draw basis. These consistent payments result in a continuous decrease in the balance of construction contracts.
- The balance of construction contracts is expected to fluctuate depending on the type of units under construction at any given stage. Large volumes of sectional title units under construction will result in the balance increasing and once the units are registered and handed over to the end-user, the balance will decrease dramatically at that point. The handover and transfer of 318 units in Belhar in the prior year is an example of this.

Financial liabilities

	Notes	2022	2021
Financial liabilities at amortised cost			
Borrowings	17	**839 067 772**	944 161 828
Trade and other payables*	18	**361 158 980**	413 961 388
		1 200 226 752	1 358 123 216

* *Excluding non-financial liabilities.*

3. Risk management

3.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the Executive Committee that identifies and evaluates financial risks, in close-cooperation with the Group's Board of Directors that is responsible for overall risk management, as well as guidance that cover specific areas, such as interest rate risk and credit risk, and investment of excess liquidity.

(a) Market risk (cash flow interest rate risk)

The Group's interest rate risk arises mainly from its borrowings (refer to note 17).

The interest rate exposure is monitored and managed by the Executive Committee and will not be hedged to limit interest rate risk. The Executive Committee monitors the cash flows relating to borrowings, i.e. interest paid, more so than the changes in the interest rate. Refer to the statement of cash flows for more information on finance costs paid.

3. Risk management (continued)

3.1 Financial risk management (continued)

(a) Market risk (cash flow interest rate risk) (continued)

The impact on post-tax profit of a 2% shift in the interest rate would be a maximum increase/decrease of:

	2022	2021
2% increase/(decrease) on finance charges on interest-bearing borrowings	**12 431 925**	13 924 742
2% increase/(decrease) on finance income on interest-bearing assets	**2 996 020**	3 350 786

A 2% shift is considered appropriate by management taking into account the current economic environment in which the Group operates.

(b) Credit risk

Credit risk consists mainly of loans to joint ventures, cash deposits and cash equivalents and trade and other receivables (including retention debtors). The Group only deposits cash with major banks with a minimum rating of "BB" and limits the exposure to any one counterparty. Trade and other receivables comprise a widespread customer base. Customers include government institutions, private sector entities and individuals. Management evaluates credit risk relating to trade debtors (excluding trade receivables owing by joint ventures) on an ongoing basis taking into account their financial position, past experience and other factors. Credit risk is limited due to the nature of trade debtors which consist of outstanding draw downs from banks and government institutions. In cases where management deems the risk level to be unacceptable, payment guarantees or collateral are insisted upon.

The Group considers its credit risk relating to the loans and trade receivables owing by joint ventures on a case by case basis. Any credit risk related to loans to joint ventures is mitigated by the fact that management has insight into the financial position of the joint ventures as a result of the joint venture relationship.

For loans to joint ventures, loan receivables, trade and other receivables (including retention debtors), and cash and cash equivalents, the maximum exposure to credit risk is limited to what is disclosed in the statement of financial position.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, as well as the availability of funding through an adequate amount of committed credit facilities.

Due to the dynamic nature of the underlying businesses, the Executive Committee maintains flexibility in funding by maintaining availability under committed credit lines.

The Group manages liquidity risk by monitoring forecasted cash flows.

The Group strives to match the maturity profile of borrowings with expected cash flows from the development projects.

A specific liquidity risk associated with the Group is the raising of loans at specified dates of repayment, against delivery of construction projects that have the same maturity profile.

The related cash inflows from these construction projects are, however, uncertain and dependent on factors not under the control of the Group.

The financial liabilities to be settled within one year will be funded by cash and cash equivalents as well as the realisation of trade and other receivables and construction contracts.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining year at the reporting year date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows which include future interest payable. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

3. Risk management (continued)

3.1 Financial risk management (continued)

(c) Liquidity risk (continued)

Financial instruments recognised on the statement of financial position

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
2022						
Borrowings (including future interest)	**263 419 903**	**330 429 924**	**239 695 505**	**117 594 692**	**55 782 191**	**1 006 922 215**
Trade and other payables	**333 901 391**	**20 918 993**	**5 594 980**	**2 898 604**	**–**	**363 313 968**
	597 321 294	**351 348 917**	**245 290 485**	**120 493 296**	**55 782 191**	**1 370 236 183**
2021						
Borrowings (including future interest)	184 335 025	259 987 728	328 366 536	238 927 879	173 376 884	1 184 994 052
Trade and other payables	346 082 469	61 926 848	4 054 043	4 954 926	2 104 999	419 123 286
	530 417 494	321 914 577	332 420 579	243 882 806	175 481 882	1 604 117 337

The above amounts will be repaid by utilising cash generated from operations, available cash, working capital facilities and the refinancing of borrowings.

The Group has overdraft facilities with major banks to the value of R100 000 000 (2021: R100 000 000). The balance of the utilisation of the overdraft facility at the year-end was Rnil (2021: Rnil).

The Group also has another facility with OPIC to the value of USD20 000 000. The Group has not drawn down on the facility at the end of the financial year.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

Management's intention is to use debt as a means to fund operations rather than to raise more capital.

The Group monitors capital on the basis of its Net Debt/Equity ratio. The maximum allowed net debt/equity ratio for the Group is 1.5:1.

Net debt/equity ratio
This ratio is calculated as net debt divided by equity. Net debt is calculated as total interest-bearing borrowings less cash and cash equivalents. Equity is calculated as the total equity per the statement of financial position (excluding share-based payment reserve).

3. Risk management (continued)

3.2 Capital risk management (continued)

	2022	2021
Net debt		
Borrowings (refer to note 17)	**839 067 772**	944 161 828
Other interest-bearing borrowings	**24 260 353**	22 834 174
Less: Cash and cash equivalents (refer to note 15)	**(191 114 249)**	(154 561 255)
	672 213 876	812 434 747
Equity		
Stated capital	**102 080 971**	102 080 971
Retained income	**850 362 620**	718 881 468
	952 443 591	820 962 439
Net debt/equity ratio	**0.71**	0.99

The Group monitors capital repayments and interest serviceability on the basis of its debt service cover ratio ("DSCR"). The minimum allowed DSCR ratio for the Group is 1.2.

Debt service cover ratio ("DSCR")
This ratio is calculated as available cash flow divided by debt service requirement. Available cash flow is calculated as cash generated from/(utilised in) operating activities plus new financial indebtedness incurred plus cash and cash equivalent at the beginning of the year less the aggregate amount spent on the purchase of property, plant and equipment, purchase of intangible assets, acquisition of businesses, acquisition of subsidiaries, and loans advanced to joint ventures for investment purposes (Capex).

Debt service requirement is calculated as interest and fees plus principal repayments.

	2022	2021
Available cash flow		
Cash generated from operating activities (refer to note 29)	**228 221 971**	114 768 074
New financial indebtedness incurred	**–**	396 000 000
Cash and cash equivalent BoY	**154 561 255**	255 069 163
Capex	**25 535 309**	(51 566 633)
	408 318 535	714 270 604
Debt service requirement		
Interests and fees	**(82 300 992)**	(107 474 196)
Principal repayments	**(107 400 000)**	(403 000 000)
	(189 700 992)	(510 474 196)
Debt service cover ratio ("DSCR")	**2.15**	1.40

Refer to the statement of cash flows for the above balances.

Proparco requirements
The Group monitors capital from Proparco on the basis of its debt service cover ratio and its net debt/equity ratio (as above). The minimum allowed debt service cover ratio for the Group is 1.2 and the maximum net debt/equity ratio is 1.5:1.

4. Fair values

Financial instruments

To determine the fair value of the financial instruments, future contractual cash flows are discounted using current market interest rates available to the Company for similar financial instruments.

With the exception of the Group's borrowings and investments, the financial instruments carrying values equal their fair values, due to the short-term nature of the instruments.

These investments (refer to note 8) are accounted for at fair value through profit or loss.

Non-financial instruments

The fair value measurement for investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. The valuation utilises the replacement costs based on a squared metre rate, title deed information, town planning conditions and locality and improvements which are applicable to all investment properties. The significant unobservable input is the rate per a square metre (ranges from R1 500 per square metre to R12 000 per square metres). Reasonable changes in the input will not have a material impact on the fair value.

Fair value table

The table below analyses the valuation levels used to determine the fair values of the applicable line items in the statement of financial position.

Level number	**Level definition**
1.	Quoted prices (unadjusted) in active markets for identical assets or liabilities
2.	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
3.	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Comparison of carrying and fair values of applicable line items in the statement of financial position:

				Fair value			
		Carrying values		**Level 2**		**Level 3**	
	Notes	**2022**	2021	**2022**	2021	**2022**	2021
Assets							
Investment property	5	**19 947 022**	19 947 022			**19 947 022**	19 947 022
Investments#	8	**13 927 808**	13 027 204			**13 927 808**	13 027 204
Loans to joint ventures	11	**294 673 684**	334 018 249			**294 673 684**	334 018 249
Trade and other receivables	12	**125 273 266**	124 556 055			**125 273 266**	124 556 055
Liabilities							
Borrowings – Bond Exchange	17	**325 456 360**	355 318 041	**328 374 530***	360 348 445*	**–**	–
Borrowings – Proparco and NHFC	17	**513 611 412**	588 843 787			**513 611 412**	588 843 787
Trade and other payables	18	**361 158 980**	413 961 388			**361 158 980**	413 961 388

 # Based on prices for units trusts held by reputable financial institutions.
** Based on quoted prices on the Bond Exchange.*

Borrowings from Proparco and NHFC are carried at amortised cost which approximates the fair value.

The carrying values for loans to and from joint ventures, trade and other receivables and trade and other payables are a reasonable approximation of their fair value. The balances exclude any non-financial instruments. Refer to note 2.10 for details on financial instruments.

5. Investment property

Accounting policy
Investment property is initially recognised at cost and subsequently measured at fair value. The fair value for the commercial properties are determined based on their replacement value.

	2022			2021		
	Cost	**Accumulated fair value adjustment**	**Carrying amount**	Cost	Accumulated fair value adjustment	Carrying amount
Investment property	**12 520 848**	**7 426 174**	**19 947 022**	12 520 848	7 426 174	19 947 022

	2022	2021
Reconciliation of investment		
Opening balance at 1 March	**19 947 022**	13 833 550
Additions	**–**	342 885
Fair value adjustment	**–**	5 770 587
Closing balance	**19 947 022**	19 947 022

In the current year, additions to the value of Rnil (2021: R342 885) were made to the investment properties.

Land and buildings under investment property have a fair value of R19 947 022 (2021: R19 947 022). All investment properties held in the Group are commercial properties, located at the Fourways and Durbanville Memorial Parks.

The Company obtains an external valuation every second year as management does not believe there to be a material movement year on year. The last valuation was performed at 28 February 2021, by an independent valuer who held a recognised and relevant professional qualification and had recent experience in the location and category of the investment property being valued.

Rental income received in respect of investment property amounts to R2 676 405 (2021: R2 797 220). Refer to note 22.

6. Property, plant and equipment

Accounting policy
The Group's long life assets mainly provide the infrastructure to enable the Group to operate. The assets are initially measured at cost. The cost of the assets are then recognised in the statement of comprehensive income over the useful lives of the assets as a depreciation charge. Property, plant and equipment is subsequently stated at cost less accumulated depreciation and impairment losses.

The useful lives of the assets have been assessed as follows:

Owned item	**Average useful life**
Land and buildings	Land: unlimited, buildings: up to 50 years*
Plant and machinery and motor vehicles	5 years
Leasehold improvements	10 years
Furniture and fixtures and office equipment	6 years
IT equipment	3 years

** Where the residual value of buildings exceeds the carrying amount, no depreciation is provided.*

Right-of-use asset	
Office buildings	Based on the shorter of lease period or useful life of the asset

6. Property, plant and equipment (continued)

	Cost 2022	Accumulated depreciation 2022	Carrying amount 2022	Cost 2021	Accumulated depreciation 2021	Carrying amount 2021
Owned						
Land and buildings	**6 897 434**	**–**	**6 897 434**	6 897 434	–	6 897 434
Plant and machinery	**3 454 579**	**(1 988 159)**	**1 466 420**	3 248 291	(1 796 975)	1 451 316
Furniture and fixtures	**1 439 452**	**(1 334 708)**	**104 744**	1 439 452	(1 176 327)	263 125
Motor vehicles	**752 196**	**(408 023)**	**344 173**	582 196	(244 361)	337 835
Office equipment	**1 025 782**	**(918 273)**	**107 509**	933 589	(854 393)	79 196
IT equipment	**3 363 382**	**(2 499 224)**	**864 158**	2 649 738	(2 005 454)	644 284
Leasehold improvements	**1 923 613**	**(1 321 086)**	**602 527**	1 923 613	(1 148 779)	774 834
	18 856 438	**(8 469 473)**	**10 386 965**	17 674 313	(7 226 289)	10 448 024
Right-of-use asset						
Office buildings – Bryanston	**17 923 260**	**(8 628 055)**	**9 295 205**	17 923 260	(5 870 630)	12 052 630
Office buildings – Cape Town	**–**	**–**	**–**	107 439	(107 439)	–
	17 923 260	**(8 628 055)**	**9 295 205**	18 030 699	(5 978 069)	12 052 630
Total	**36 779 698**	**(17 097 528)**	**19 682 170**	35 705 012	(13 204 358)	22 500 654

Reconciliation of property, plant and equipment – 2022

	Opening balance	Additions	Transfer from investment property	Disposal	Depreciation	Closing carrying amount
Owned – 2022						
Land and buildings	**6 897 434**	**–**	**–**	**–**	**–**	**6 897 434**
Plant and machinery	**1 451 316**	**206 288**	**–**	**–**	**(191 184)**	**1 466 420**
Furniture and fixtures	**263 125**	**–**	**–**	**–**	**(158 381)**	**104 744**
Motor vehicles	**337 835**	**170 000**	**–**	**–**	**(163 662)**	**344 173**
Office equipment	**79 196**	**92 193**	**–**	**–**	**(63 880)**	**107 509**
IT equipment	**644 284**	**713 644**	**–**	**–**	**(493 771)**	**864 158**
Leasehold improvements	**774 834**	**–**	**–**	**–**	**(172 307)**	**602 527**
	10 448 024	**1 182 125**	**–**	**–**	**(1 243 185)**	**10 386 965**
Right-of-use asset – 2022						
Office buildings – Bryanston	**12 052 630**	**–**	**–**	**–**	**(2 757 425)**	**9 295 205**
	12 052 630	**–**	**–**	**–**	**(2 757 425)**	**9 295 205**
Gross totals of movements	**22 500 654**	**1 182 125**	**–**	**–**	**(4 000 610)**	**19 682 170**

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – 2021

	Opening balance	Additions	Transfer from investment property	Disposal	Depreciation	Closing carrying amount
Owned – 2021						
Land and buildings	6 897 434	–	–	–	–	6 897 434
Plant and machinery	1 657 648	10 869	–	–	(217 201)	1 451 316
Furniture and fixtures	481 008	–	–	–	(217 883)	263 125
Motor vehicles	454 274	–	–	–	(116 439)	337 835
Office equipment	193 848	–	–	–	(114 652)	79 196
IT equipment	689 071	460 355	–	–	(505 142)	644 284
Leasehold improvements	975 551	–	–	–	(200 717)	774 834
	11 348 834	471 224	–	–	(1 372 034)	10 448 024
Right-of-use asset – 2021						
Office buildings – Bryanston	15 165 836	–	–	–	(3 113 206)	12 052 630
Office buildings – Cape Town	975 814	107 439	–	(814 656)	(268 597)	–
	16 141 650	107 439	–	(814 656)	(3 381 803)	12 052 630
Gross totals of movements	27 490 484	578 663	–	(814 656)	(4 753 837)	22 500 654

Right-of-use assets – terms greater than one year

The following office buildings were capitalised based on their committed occupation terms:

Building type	Building location	**Remaining term of lease**
Main head office	Johannesburg	**42 months**
Branch office	Cape Town	**Cancelled in FY2020**

Depreciation expense of R4 000 610 (2021: R4 753 837) has been charged to “administrative expenses” in the statement of comprehensive income.

No assets as disclosed above have been encumbered or held as security during the current or previous financial year.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

7. Intangible assets

Accounting policy

(a) Goodwill

Goodwill for the Group arose as a result of the acquisition of various subsidiaries in previous financial years.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

The cash-generating units for the Group are considered to be consistent with the operating segments that the CODM has identified.

(b) Computer software

Computer software is initially recorded at cost and subsequently carried at cost less accumulated amortisation and any impairment losses.

Amortisation on computer software is calculated using the straight-line method to allocate its cost to the statement of comprehensive income over its useful life of two years.

(c) Estimates and key judgements

Management used estimates in determining the fair value and value-in-use calculation for the annual goodwill impairment test. Refer below for further detail.

	Cost 2022	**Accumulated amortisation/ impairment 2022**	**Carrying amount 2022**	Cost 2021	Accumulated amortisation/ impairment 2021	Carrying amount 2021
Goodwill	**175 674 238**	**(16 023 721)**	**159 650 517**	175 674 238	(16 023 721)	159 650 517
Computer software	**98 091**	**(98 074)**	**17**	98 091	(98 074)	17
	175 772 329	**(16 121 795)**	**159 650 534**	175 772 329	(16 121 795)	159 650 534

Amortisation expenses on computer software of Rnil (2021: R4 844) has been included in "administrative expenses" in the statement of comprehensive income.

Additions of Rnil (2021: Rnil) have been made in the current year to computer software.

No computer software has been written off in the current or prior year.

There were no additions to goodwill in the current or prior year.

	2022	2021
Impairment tests for goodwill		
Goodwill is monitored at the operating segment level. The following is a summary of goodwill allocation for each operating segment:		
Residential Property Development	**158 955 713**	158 955 713
Memorial Parks	**694 804**	694 804
	159 650 517	159 650 517

Only the goodwill allocated to the Residential Property Development segment is considered to be significant.

7. Intangible assets (continued)

The recoverable amount of the Residential Property Development segment has been determined based on a value-in-use calculation.

The Group prepares cash flows used for the assessment of goodwill impairment on an unescalated basis. Only current selling prices and costs are taken into consideration when extrapolating the relevant cash flows.

This calculation uses real pre-tax cash flow projections based on financial budgets approved by management covering a five-year period and takes into account a terminal value from year six onwards. The terminal value is based on year five's cash flow projection.

The key assumptions used for value-in-use calculations are as follows:

	Residential Property Development	
	2022	2021
Gross margin utilised in the cash flow forecast	**25.11%**	25.53%
Pre-tax discount rate (real)	**13.65%**	13.98%

The pre-tax discount rate has increased in the current year due to changes in assumptions applied in the discount rate calculation.

The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments. Management determined budgeted gross margins based on past performance and its expectations of market development and availability of cash for the end-user.

If the budgeted gross margin used in the value-in-use calculations had been lower by 5% than the management estimates, the Group would still not recognise an impairment of goodwill.

If the estimated discount rate applied to the cash flows had been 5% higher than the management estimates, the Group would still not recognise an impairment of goodwill.

8. Investments

Accounting policy

The current investments held are carried at fair value through profit or loss ("FVPL").

The current classification of the financial asset is based on the characteristics and how the contractual cash flows are managed.

	2022	2021
Investments	**13 927 808**	13 027 204
	13 927 808	13 027 204
Reconciliation of investments		
Opening balance at 1 March	**13 027 204**	12 269 982
Additional investment into the fund	**286 383**	–
Fair value adjustment through profit or loss. Refer to note 4 and 22.	**614 221**	757 222
	13 927 808	13 027 204

The current investment held relates to long-term deposits. These investments are accounted for at fair value through profit or loss.

9. Investment in joint ventures

Accounting policy

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Joint ventures are companies in which the Group has an investment where it, along with one or more other shareholders, has contractually agreed to share control of the business and where the decisions about relevant activities require the unanimous consent of the joint partners. In both cases, the Group equity accounts these investments resulting in the Group's statement of comprehensive income reflecting its share of the entity's profit or loss after tax and the statement of financial position records the Group's share of the net assets.

When the Group's share of losses in a joint venture or associate equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures, unless the transaction provides evidence of an impairment of the asset transferred.

Significant judgement and source of estimation uncertainty

The Group holds more than 50% of the shareholding in two of these entities. Refer below to the judgements management exercised in determining whether or not it has joint control over the various entities.

	% voting power 2022	% voting power 2021	**% holding 2022**	% holding 2021	**Carrying amount 2022**	Carrying amount 2021
Joint ventures						
Witpoortjie Calgro M3 Development Company (Pty) Ltd◊	**50.00%**	50.00%	**75.83%**	75.83%	**–**	–
South Hills Development Company (Pty) Ltd◊✚	**50.00%**	50.00%	**57.50%**	57.50%	**26 604 624**	16 962 691
Safdev Tanganani (Pty) Ltd#	**0.00%**	50.00%	**0.00%**	50.00%	**–**	500
Table View Properties Proprietary Limited*	**50.00%**	50.00%	**50.00%**	50.00%	**20 000 000**	20 000 000
Frankenwald Development (Pty) Ltd⬟	**50.00%**	50.00%	**50.00%**	50.00%	**–**	103 500
32-On-Pine Property Development (Pty) Ltd⬟■	**100.00%**	50.00%	**100.00%**	50.00%	**–**	–
					46 604 624	37 066 691

◊ *Although the Group has majority shareholding in these entities, it does not have control of the company as the board comprises an equal number of representatives from both the Group as well as the minority shareholder. Both parties have equal voting rights, irrespective of the percentage shareholding or representation on the Board of Directors. Any decision regarding the relevant activities of these entities that significantly affect the returns of the entity are made with the unanimous consent of both parties.*

✚ *Although the Group holds 57.5% of the shareholding in South Hills Development Company (Pty) Ltd, it only equity accounts for 42.5% as 15% of the shareholding and related profits/(losses) have been ceded to a third party.*

* *The Group has a 50% shareholding in this entity and it does not have control of the company as both parties have equal voting rights, and representation on the Board of Directors. Any decision regarding the relevant activities of this entity that significantly affects the returns of the entity are made with the unanimous consent of both parties. The shares held give right to 100% of the profits in the company.*

⬟ *The Group has a 50% shareholding in these entities and it does not have control of the companies as both parties have equal voting rights, and representation on the Board of Directors. Any decision regarding the relevant activities of these entities that significantly affects the returns of the entities are made with the unanimous consent of both parties.*

■ *The Group acquired the remaining 50% of the shares in 32-On-Pine Property Development (Pty) Ltd on 25 August 2021. Refer to note 32.*

\# *During the current financial year, Calgro M3 group sold its 50% investment in SAFDEV Tanganani (Pty) Ltd to Valumax Northern Farms (Pty) Ltd. The table below shows the various components making up the transaction undertaken by Calgro group. The investment was recovered in full with no gain or loss recognised.*

The Group only shares in the above joint ventures' net assets, as opposed to having a direct right to the assets and obligations for the liabilities.

9. Investment in joint ventures (continued)

	2022
Sale of Investment in Safdev Tanganani (Pty) Ltd	
Carrying value of investment at date of sale	**500**
Total consideration received*	**500**
Carrying value of investment at 28 February 2022	**–**
** The R500 was paid to the Group in August 2021 as a part of the sale of investment.*	
Recovery of loan to Safdev Tanganani (Pty) Ltd	
Opening balance of loan (note 11)	**49 419 444**
Current year movements of loan	**1 594 575**
Balance repaid as part of sale of investment	**(19 500 000)**
Recovery of additional loan balance through sale of development right	**(24 500 000)**
Remaining loan balance to impair (note 24)	**7 014 019**

The joint ventures are managed by steering committees that contain an equal number of representatives from both the Calgro M3 Group as well as the other shareholders.

The steering committees meet on a regular basis to discuss the relevant activities of the project. These activities include the authorisation of budgets, project feasibilities, cash flow forecasts, distributions, potential variation orders, cost over runs, determination of sales prices and the appointment of all contractors and professional teams. Any decisions related to the relevant activities that significantly affect the returns of the entity need to carry the unanimous consent of both joint venture partners, irrespective of the number of representatives a party has on the steering committee or directorate of the respective company.

Other than loans to joint ventures (note 11), trade and other receivables (note 14) and related party transactions (note 36) which arose in the ordinary course of business, the Calgro M3 Group has no further financial risks associated with these joint ventures.

The Group has no obligation to carry losses over and above its investment into the joint ventures.

The projects which are managed by each joint venture are as follows:

Name of company	**Name of project**	Segment
Witpoortjie Calgro M3 Development Company (Pty) Ltd	Witpoortjie	Residential Property Development
South Hills Development Company (Pty) Ltd	South Hills	Residential Property Development
Table View Properties (Pty) Ltd	Vredehoek	Residential Property Development
Frankenwald Development (Pty) Ltd	Frankenwald project	Residential Property Development

The place of business for all joint ventures is South Africa.

The functional currency of all joint ventures is South African Rand.

All the year-ends of joint ventures, except for Frankenwald Development (Pty) Ltd, are consistent with those of the Group.

Frankenwald Development (Pty) Ltd's year-end is 30 June; however, the February 2022 results are presented.

9. Investment in joint ventures (continued)

Summary of share of profit/(loss) of joint ventures – from the statement of comprehensive income below:

	2022	2021
Companies currently accounted for as joint ventures		
Witpoortjie Calgro M3 Development Company (Pty) Ltd	–	–
South Hills Development Company (Pty) Ltd	**9 641 933**	4 483 245
Table View Properties (Pty) Ltd◊	–	–
Frankenwald Development (Pty) Ltd*	–	–
Companies previously accounted for as joint ventures		
32-On-Pine Property Development (Pty) Ltd	–	–
Safdev Tanganani (Pty) Ltd	–	–
Calgro M3 JCO Holdings (Pty) Ltd#	–	(1 137 353)
	9 641 933	3 345 892

 # During the previous financial year, Calgro Group sold its 80% Investment in the joint venture (Calgro M3 JCO Holdings (Pty) Ltd), holding 0% shareholding and voting power in the joint venture as at 28 February 2021. This amount relates to the equity accounted profit/(loss) after tax up to the date of the sale.

** Although Frankenwald Developments (Pty) Ltd has generated an accumulated profit, Calgro M3 has not recognised its share of the profits as the option has not been exercised.*

◊ Table View Properties (Pty) Ltd is currently still in its initial stages and the investment in the joint venture is deemed to be recoverable.

Please refer to note 2.10.2 for ECLs (expected credit losses) provided for on loans to joint ventures. Expected credit losses take into account the expected credit losses that will result from all possible default events over the expected life of a financial asset.

	Witpoortjie Calgro M3 Development Company (Pty) Ltd		South Hills Development Company (Pty) Ltd	
	2022	2021	**2022**	2021
Statement of financial position				
Assets				
Non-current assets				
Deferred income tax asset	**1 704 780**	2 173 688	**–**	–
	1 704 780	2 173 688	**–**	–
Current assets				
Inventories/construction contracts	**291 243 843**	282 900 662	**239 423 648**	198 255 766
Trade and other receivables	**7 999 812**	8 864 610	**23 070 180**	9 328 366
Current income tax asset	**–**	–	**583 350**	566 862
Cash and cash equivalents	**10 261**	68 021	**4 739**	65 825
	299 253 916	291 833 293	**263 081 917**	208 216 819
Total assets	**300 958 696**	294 006 981	**263 081 917**	208 216 819
Equity and liabilities				
Equity				
Share capital	**–**	–	**120**	120
(Accumulated loss)/retained income	**(4 563 119)**	(5 768 893)	**62 598 995**	39 912 095
	(4 563 119)	(5 768 893)	**62 599 115**	39 912 215
Liabilities				
Non-current liabilities				
Deferred income tax liability	**–**	–	**25 624 931**	16 803 622
	–	–	**25 624 931**	16 803 622
Current liabilities				
Borrowings	**49 406 867**	58 320 593	**–**	–
Bank overdraft	**–**	–	**5 217 301**	6 794 866
Loans from shareholders	**255 865 661**	239 548 981	**141 660 177**	114 852 129
Trade and other payables	**249 287**	1 906 300	**27 980 393**	29 853 987
	305 521 815	299 775 874	**174 857 871**	151 500 982
Total liabilities	**305 521 815**	299 775 874	**200 482 802**	168 304 604
Total equity and liabilities	**300 958 696**	294 006 981	**263 081 917**	208 216 819

9. Investment in joint ventures (continued)

	Witpoortjie Calgro M3 Development Company (Pty) Ltd		South Hills Development Company (Pty) Ltd	
	2022	2021	**2022**	2021
Statement of comprehensive income				
Revenue	**47 273 396**	41 580 570	**323 281 268**	175 390 289
Cost of sales	**(45 740 738)**	(43 640 281)	**(289 593 572)**	(161 766 348)
Gross profit/(loss)	**1 532 658**	(2 059 711)	**33 687 696**	13 623 941
Other income	**43 679**	20 630	**74 770**	4 160 298
Administrative expenses	**(4 267)**	(271 953)	**(122 968)**	(637 979)
Net impairment losses on financial and contract assets	**102 612**	29 404	**(2 183 022)**	(1 087 592)
Operating profit/(loss)	**1 674 682**	(2 281 630)	**31 456 476**	16 058 668
Finance income	**–**	1 379	**53 109**	12 523
Finance costs	**–**	(3 492 663)	**–**	(1 420 064)
Profit/(loss) before tax	**1 674 682**	(5 772 914)	**31 509 585**	14 651 127
Taxation	**(468 908)**	1 611 363	**(8 822 685)**	(4 102 316)
Profit/(loss) after taxation	**1 205 774**	(4 161 551)	**22 686 900**	10 548 811
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income/(loss)	**1 205 774**	(4 161 551)	**22 686 900**	10 548 811
Reconciliation of financial information				
Reconciliation of the information presented to the carrying amount of its interest in the joint venture.				
Summarised financial information				
Opening net assets at 1 March	**(5 768 893)**	(1 607 342)	**39 912 215**	29 363 404
(Loss)/profit after tax	**1 205 774**	(4 161 551)	**22 686 900**	10 548 811
Closing net (liabilities)/assets	**(4 563 119)**	(5 768 893)	**62 599 115**	39 912 215
Interest in joint venture at 75.83% and 42.5%	**(3 460 213)**	(4 374 552)	**26 604 624**	16 962 691
Loss limitation	**3 460 213**	4 374 552	**–**	–
Carrying value	**–**	–	**26 604 624**	16 962 691
Reconciliation of investment in joint venture				
At 1 March	**–**	–	**16 962 691**	12 479 446
Share of (loss)/profit	**–**	–	**9 641 933**	4 483 245
Net share of (loss)/profit for the current year (limited to carrying amount of investment)	**–**	–	**9 641 933**	4 483 245
Net carrying value	**–**	–	**26 604 624**	16 962 691
The impact of the cash flows on the Group consists of the following:				
Cash inflow/(outflow) from construction activities (net movement in trade debtors)	**567 955**	5 091 960	**(3 338 177)**	(508 998)
Cash inflow for loans from joint ventures	**5 593 874**	–	**–**	–
Cash outflow for loans to joint ventures	**(5 201 860)**	(6 559 279)	**–**	–
Net cash flows on the Group from joint ventures	**959 969**	(1 467 319)	**(3 338 177)**	(508 998)

9. Investment in joint ventures (continued)

	Table View Properties (Pty) Ltd		Safdev Tanganani (Pty) Ltd*	
	2022	2021	**2022**	2021
Statement of financial position				
Assets				
Non-current assets				
Deferred income tax asset	**19 514**	16 775	**–**	997 830
	19 514	16 775	**–**	997 830
Current assets				
Inventories	**–**	–	**–**	97 220 763
Trade and other receivables	**5 006 085**	5 006 026	**–**	263
Cash and cash equivalents	**3 134**	4 680	**–**	4 745
	5 009 219	5 010 706	**–**	97 225 771
Total assets	**5 028 733**	5 027 481	**–**	98 223 601
Equity and liabilities				
Equity				
Share capital	**5 000 000**	5 000 000	**–**	1 000
(Accumulated loss)/retained income	**(92 240)**	(85 196)	**–**	(522 430)
	4 907 760	4 914 804	**–**	(521 430)
Current liabilities				
Loans from shareholders	**120 973**	112 677	**–**	98 745 031
	120 973	112 677	**–**	98 745 031
Total liabilities	**120 973**	112 677	**–**	98 745 031
Total equity and liabilities	**5 028 733**	5 027 481	**–**	98 223 601
Statement of comprehensive income				
Revenue	**–**	–	**–**	–
Cost of sales	**–**	–	**–**	–
Gross profit	**–**	–	**–**	–
Administrative expenses	**(1 487)**	(1 936)	**(1 561)**	(2 609)
Net impairment losses on financial and contract assets	**–**	–	**–**	–
Operating loss	**(1 487)**	(1 936)	**(1 561)**	(2 609)
Finance income	**–**	–	**–**	–
Finance costs	**(8 296)**	(7 563)	**–**	(1 238 903)
Loss before tax	**(9 783)**	(9 499)	**(1 561)**	(1 241 512)
Taxation	**2 739**	2 660	**438**	347 623
Loss after taxation	**(7 044)**	(6 839)	**(1 123)**	(893 889)
Other comprehensive income	**–**	–	**–**	–
Total comprehensive loss	**(7 044)**	(6 839)	**(1 123)**	(893 889)

9. Investment in joint ventures (continued)

	Table View Properties (Pty) Ltd		Safdev Tanganani (Pty) Ltd*	
	2022	2021	**2022**	2021
Reconciliation of financial information				
Reconciliation of the information presented to the carrying amount of its interest in the joint venture.				
Summarised financial information				
Opening net assets at 1 March	**(85 196)**	(78 357)	**(521 430)**	372 459
Loss after tax	**(7 044)**	(6 839)	**(1 123)**	(893 889)
Closing net liabilities	**(92 240)**	(85 196)	**(522 553)**	(521 430)
Interest in joint venture at 50.00% and 50.00%	**(46 120)**	(42 598)	**(261 277)**	(260 715)
Loss limitation	**46 120**	42 598	**261 777**	260 715
Disposal of interests in joint venture	**–**	–	**(500)**	–
Carrying value	**–**	–	**–**	500
Reconciliation of investment in joint venture				
At 1 March	**20 000 000**	20 000 000	**500**	500
Investment sold	**–**	–	**(500)**	–
Net carrying value	**20 000 000**	20 000 000	**–**	500
The impact of the cash flows on the Group consists of the following:				
Cash inflow/(outflow) from construction activities (net movement in trade debtors)	**–**	–	**–**	–
Cash outflow from investing activities	**–**	–	**500**	–
Cash inflow for loans from joint ventures	**–**	–	**39 500 000**	471 008
Cash outflow for loans to joint ventures	**–**	(5 000)	**–**	–
Net cash flows on the Group from joint ventures	**–**	(5 000)	**39 500 500**	471 008

** Financial information presented up to the date of sale, 12 August 2021.*

9. Investment in joint ventures (continued)

	Frankenwald Development (Pty) Ltd		Calgro M3 JCO Holdings (Pty) Ltd	
	2022	2021	**2022**	2021
Statement of financial position				
Assets				
Non-current assets				
Investment properties	**–**	–	**–**	–
Property, plant and equipment	**–**	–	**–**	–
Deferred tax asset	**–**	–	**–**	–
	–	–	**–**	–
Current assets				
Inventories	**68 568 583**	40 094 438	**–**	–
Loans to related parties	**–**	–	**–**	–
Trade and other receivables	**23 349**	2 215 288	**–**	–
Cash and cash equivalents	**2 223 356**	1 144 233	**–**	–
	70 815 288	43 453 959	**–**	–
Total assets	**70 815 288**	43 453 959	**–**	–
Equity and liabilities				
Equity				
Stated capital	**–**	–	**–**	–
Retained income/(accumulated loss)	**1 437 811**	871 364	**–**	–
	1 437 811	871 364	**–**	–
Liabilities				
Non-current liabilities				
Borrowings	**–**	–	**–**	–
	–	–	**–**	–
Current liabilities				
Loans from Group companies	**–**	–	**–**	–
Loans from shareholders	**69 343 483**	42 556 133	**–**	–
Trade and other payables	**33 994**	26 462	**–**	–
	69 377 477	42 582 595	**–**	–
Total liabilities	**69 377 477**	42 582 595	**–**	–
Total equity and liabilities	**70 815 288**	43 453 959	**–**	–

9. Investment in joint ventures (continued)

	Frankenwald Development (Pty) Ltd		Calgro M3 JCO Holdings (Pty) Ltd	
	2022	2021	**2022**	2021
Statement of comprehensive income				
Revenue	**476 701**	522 433	**–**	4 859 284
Cost of sales	**–**	–	**–**	(1 470 493)
Gross profit	**476 701**	522 433	**–**	3 388 791
Other income	**–**	–	**–**	–
Administrative expenses	**(2 325)**	(2 478)	**–**	(82 914)
Net impairment losses on financial and contract assets	**–**	–	**–**	(1 643 060)
Operating profit	**474 376**	519 955	**–**	1 662 817
Finance income	**34 460**	27 736	**–**	126 890
Finance cost	**–**	–	**–**	(3 764 277)
Profit before tax	**508 836**	547 691	**–**	(1 974 570)
Taxation	**(142 474)**	(153 353)	**–**	552 879
Profit after taxation	**366 362**	394 338	**–**	(1 421 691)
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**366 362**	394 338	**–**	(1 421 691)
Reconciliation of financial information				
Reconciliation of the information presented to the carrying amount of its interest in the joint venture.				
Summarised financial information				
Opening net assets at 1 March	**–**	–	**–**	(2 484 281)
Profit/(loss) after tax	**366 362**	394 338	**–**	(1 421 691)
Closing net assets/(liabilities)	**366 362**	394 338	**–**	(3 905 972)
Interest in joint venture at 50.00% and 80.00%	**179 517**	193 226	**–**	(1 137 353)
Disposal of Investment in joint venture	**–**	–	**–**	5 043 325
Loss limitation	**(179 517)**	(193 226)	**–**	–
Closing net liabilities	**–**	–	**–**	–
Reconciliation of investment in joint venture				
At 1 March	**103 500**	103 500	**–**	119 793 747
Share of profit/(loss)	**179 518**	193 226	**–**	(1 137 353)
Sale of Investment	**–**	–	**–**	(118 656 394)
Transfer to loan account	**(103 500)**	–	**–**	–
Profits not taken	**(179 518)**	(193 226)	**–**	–
Net carrying value	**–**	103 500	**–**	–
The impact of the cash flows on the Group consists of the following:				
Cash inflow from construction activities (net movement in deposits received and repaid)	**–**	–	**–**	–
Cash (outflow) from investing activities	**–**	–	**–**	–
Cash inflow for loans from joint ventures	**–**	–	**–**	–
Cash outflow for loans to joint ventures	**(12 888 700)**	(10 710 254)	**–**	(14 121 035)
Net cash flows on the Group from joint ventures	**(12 888 700)**	(10 710 254)	**–**	(14 121 035)

9. Investment in joint ventures (continued)

	32-On-Pine Property Development*	
	2022	2021
Detailed statement of financial position		
Assets		
Non-current assets		
Deferred tax asset	–	–
	–	–
Current assets		
Inventories	–	17 000 000
Trade and other receivables	–	2 550 000
Cash and cash equivalents	–	–
	–	19 550 000
Total assets	–	19 550 000
Equity and liabilities		
Equity		
Stated capital	–	–
Accumulated loss	–	–
	–	–
Liabilities		
Current liabilities		
Loans from Group companies	–	19 550 000
	–	19 550 000
Total liabilities	–	19 550 000
Total equity and liabilities	–	19 550 000
Statement of comprehensive income		
Revenue	–	–
Cost of sales	–	–
Gross profit	–	–
Other income	–	–
Administrative expenses	–	–
Other non-operating gains(losses)	–	–
Net impairment losses on financial and contract assets	–	–
Operating loss	–	–
Finance income	–	–
Finance cost	–	–
Loss before tax	–	–
Taxation	–	–
Loss after taxation	–	–
Other comprehensive income	–	–
Total comprehensive loss	–	–

** Financial information presented up to the date of acquisition of the remaining interest, 25 August 2021.*

9. Investment in joint ventures (continued)

	32-On-Pine Property Development*	
	2022	2021
Reconciliation of financial information		
Reconciliation of the information presented to the carrying amount of its interest in the joint venture.		
Summarised financial information		
Opening net assets at 1 March	–	–
Profit after tax	–	–
Closing net liabilities	–	–
Loss limitation	–	–
Closing net liabilities	–	–
Reconciliation of investment in joint venture		
At 1 March	–	–
Share of (loss)/profit	–	–
Capital investment from the Group	–	–
Loss limitation	–	–
Net carrying value	–	–
The impact of the cash flows on the Group consists of the following:		
Cash inflow from construction activities (net movement in deposits received and repaid)	–	–
Cash (outflow) from investing activities	–	–
Cash inflow for loans from joint ventures	–	–
Cash outflow for loans to joint ventures	–	(19 550 000)
Net cash flows on the Group from joint ventures	–	(19 550 000)

** Financial information presented up to the date of acquisition of the remaining interest, 25 August 2021.*

10. Deferred income tax (liabilities)/assets

Accounting policy

Deferred tax assets and liabilities represent amounts of tax that will become recoverable or payable in future accounting years. They generally arise as a result of temporary differences, where the time at which profits and losses are recognised for tax purposes differs from the time at which the relevant transaction is recorded in the accounts. A deferred tax asset represents a tax reduction that is expected to arise in a future year. A deferred tax liability represents taxes which will become payable in a future year as a result of a current or an earlier transaction. In respect of deferred tax assets, the Group only recognises a deferred tax asset when the availability of future taxable profits necessary to support the deferred tax asset is probable.

Where a temporary difference arises in relation to the Group's investment in subsidiaries, associates or joint ventures a deferred tax liability can only be recognised by the Group if the Group cannot control the timing of the reversal of the temporary difference and it is probable that the temporary difference will reverse in future. Similarly a deferred tax asset can only be recognised by the Group if the temporary difference will reverse in the future and there will be taxable profit available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

10. Deferred income tax (liabilities)/assets (continued)

	2022	2021
Reconciliation of deferred tax (liability)/asset		
Opening balance	**(152 034 497)**	(161 978 475)
Statement of comprehensive income charge	**(30 105 265)**	9 943 978
Construction contracts	**(19 343 802)**	35 272 562
Inventories	**20 116 507**	281 347
Bonus accrual	**4 866 814**	1 021 923
Tax losses available for set off against future taxable income	**(36 483 806)**	(15 098 162)
Capital losses available for future use	**7 059 140**	1 147 720
Share appreciation right settlement prepayment	**342 496**	–
Share appreciation right	**–**	(21 515)
Deferred revenue	**1 946 679**	1 556 620
Executive share scheme	**(9 674 563)**	–
Provisions	**62 016**	15 258
Provision for credit losses – trade receivables	**(10 373)**	(35 522)
Provision for credit losses – contract assets	**759 190**	(554 189)
Income received in advance	**148 295**	(13 721 556)
Capitalised leased assets	**106 142**	79 492
Closing balance	**(182 139 762)**	(152 034 497)
The analyses of deferred tax liabilities and deferred tax assets are as follows:		
Deferred tax liabilities		
Construction contracts	**(214 765 378)**	(193 899 242)
Inventories	**–**	(27 105 116)
Deferred revenue	**–**	2 096 192
Tax losses available for set off against future taxable income◊	**1 040 852**	8 631 177
Investment properties	**92 857**	92 857
Provision for credit losses – trade receivables	**56 809**	(66 113)
Provision for credit losses – contract assets	**(260 128)**	1 405 202
Income received in advance	**–**	228 073
Deferred tax liabilities*	**(213 834 988)**	(208 616 970)
Deferred tax assets		
Construction contracts	**(36 093 055)**	(37 615 389)
Inventories	**15 761 079**	22 749 688
Provisions	**367 416**	305 400
Capitalised leased assets	**553 314**	447 172
Deferred revenue	**6 837 725**	2 794 854
Bonus accrual	**7 116 638**	2 249 824
Share appreciation right settlement prepayment	**(65 298)**	(407 794)
Executive share scheme	**–**	9 674 563
Capital losses available for future use	**8 367 433**	1 308 293
Provision for credit losses – trade receivables	**2 019 248**	2 152 543
Provision for credit losses – contract assets	**1 697 967**	(726 553)
Income received in advance	**1 444 557**	1 068 189
Tax losses available for set off against future taxable income◊	**23 688 202**	52 581 683
Deferred tax assets#	**31 695 226**	56 582 473
Net deferred tax balance	**(182 139 762)**	(152 034 497)

◊ *The Group has concluded that the deferred tax assets relating to tax losses will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the underlying subsidiaries.*

* *Included in deferred tax liabilities are the deferred tax assets of subsidiaries where their net deferred tax position is a deferred tax liability.*

\# *Included in deferred tax assets are the deferred tax liabilities of subsidiaries where their net deferred tax position is a deferred tax asset.*

10. Deferred income tax (liabilities)/assets (continued)

	2022	2021
Deferred tax liabilities		
Deferred tax liability to be realised within 12 months	**(83 718 541)**	(117 442 303)
Deferred tax liability to be realised after more than 12 months	**(130 116 447)**	(91 174 667)
	(213 834 988)	(208 616 970)
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	**(1 352 501)**	19 151 603
Deferred tax asset to be recovered after more than 12 months	**33 047 727**	37 430 870
	31 695 226	56 582 473

On 23 February 2022, the South African corporate income tax rate changed from 28% to 27%, effective for years of assessment ending on or after 31 March 2023. The change in the tax rate is considered to be substantively enacted before year-end, the impact of which is valued at approximately R2.9 million.

11. Loans to joint ventures

Accounting policy

These loans are recognised initially at fair value plus direct transaction costs and subsequently measured at amortised cost.

Significant estimates and judgements

The Group applies an expected credit loss provision ("ECL") on the financial asset balances. Refer to note 2.10.2 for the relevant judgements applied.

	Interest rate	Expected repayment date	2022	2021
Loans to joint ventures				
South Hills Development Company (Pty) Ltd (unsecured)	Prime plus 2%	28 February 2023	**4 520 284**	4 212 582
Safdev Tanganani (Pty) Ltd (unsecured)	Prime	Settled	**–**	49 419 444
Table View Properties (Pty) Ltd (unsecured)	Prime plus 2%	28 February 2027	**120 973**	112 677
Witpoortjie Calgro M3 Development Company (Pty) Ltd (unsecured)	Prime plus 2%	28 February 2026	**194 533 771**	172 837 100
Witpoortjie Calgro M3 Development Company (Pty) Ltd (unsecured)	Interest free	28 February 2023	**61 331 890**	66 711 880
Frankenwald Development (Pty) Ltd (unsecured)	Interest free	28 February 2023	**34 166 766**	21 174 566
32-On-Pine Property Development (Pty) Ltd (unsecured)	Interest free	Change in control	**–**	19 550 000
Principal loan amounts			**294 673 684**	334 018 249
Provisions for expected credit losses			**(12 846 182)**	(13 582 407)
Loans to joint ventures			**281 827 502**	320 435 842
Loans to joint ventures				
Loans to be realised within 12 months			**100 018 940**	177 005 689
Loans to be realised after more than 12 months			**194 654 744**	157 012 560
			294 673 684	334 018 249

12. Inventories

Accounting policy

Land owned by the Group which is being developed to get into a condition to start construction of the various projects is classified as inventory. The land may also be sold without any construction depending on the intention of management. Inventories are stated at the lower of cost or net realisable value. The cost of land under development held for sale comprises design costs, building materials, direct labour, borrowing costs and other indirect costs.

Completed units acquired through the sale of the investment in AFHCO Calgro M3 Consortium (Pty) Ltd, located in the South Hills Lifestyle Estate development and Scottsdene development, are recognised as completed units available for sale in inventories.

The amount of any write-down of inventories to net realisable value is recognised as an expense in the year which the write-down occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs. Individual units which do not form part of construction contracts are classified as inventory and are sold as a completed unit.

Significant estimates and judgements

In assessing the net realisable value of land under development held for sale, valuators consider title deed information, town planning conditions, locality and improvements made to the property. Property vacancy rates in surrounding areas, realised yields on comparative sales as well as micro and macro-economic conditions require judgement.

	2022	2021
Opening balance	**643 573 871**	719 305 469
Additions (net of transfers to construction contracts)	**45 108 138**	(34 625 892)
Borrowing costs capitalised	**7 475 722**	4 806 070
Net realisable value adjustments◊	**–**	(10 363 419)
Disposals	**(80 337 901)**	(35 548 357)
Closing balance	**615 819 830**	643 573 871
Inventories to be sold within 12 months	**150 161 573**	259 820 633
Inventories to be sold after more than 12 months	**465 658 257**	383 753 238
	615 819 830	643 573 871

* *The normal operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months.*
◊ *The NRV adjustment for the prior year relates to the units held in the South Hills Lifestyle Estate Development and the La Vie Nouvelle Development.*

Included in the additions for the current year is R17 000 000 of land acquired through the business combination of 32-On-Pine Property Development (Pty) Ltd. Refer to note 32.

Inventories to the value of R76 367 585 (2021: R94 246 634) are stated at net realisable value.

13. Construction contracts

Accounting policy

The accounting policy for construction contracts needs to be read in conjunction with the accounting policy for revenue in note 20.

Construction contracts consist of both contract assets and cost incurred to be allocated to future contract assets when the Group enters into an agreement with a customer.

Future cost to be allocated to contract assets are cost incurred on the development of land which includes cost such as direct labour, materials, professional/consulting services, commissions and allocation of overhead cost which relate directly to the development of the land. These costs are only allocated to the individual units when a contract is entered into with a customer to purchase the relevant unit.

Contract assets arise on the basis that cost are incurred to satisfy performance obligations, the related payment and timing is determined based on each individual contract. These cost include cost to fulfil a contract and includes cost such as direct labour, materials, professional/consulting services, commissions and allocation of overhead cost which relate directly to satisfy performance obligations of the contract. Contract assets are recovered from the customer when the relevant performance obligations are completed and payment can be obtained from the customer.

If costs are incurred on a contract without a corresponding payment received it is shown as a contract asset at the reporting period, if the customer has paid in advance for performance obligations to be satisfied it is shown as a contract liability within trade and other payables.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Costs incurred during the year related to future activity on a contract are excluded from contract assets. They are presented as cost incurred to be allocated to future contract assets, depending on their nature that will be assessed on a case by case basis.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings that are invoiced but not yet paid by customers as well as retentions are included within “trade and other receivables” (refer to note 14).

The transaction price for each performance obligation is the contractually stipulated price and represents the stand-alone selling price at the time when the contract is entered into with the customer.

Significant estimates and judgements

The Group uses the “percentage-of-completion” method (also known as input method) in accounting for its “over time” construction contracts where control is transferred to a customer over a period of time. Use of the “percentage-of-completion” method requires the Group to estimate the construction services and activities performed to date as a proportion of the total services and activities to be performed. The Group performs this by comparing actual cost incurred on a unit/dwelling/project compared to the forecasted cost of the unit/dwelling/project which equals the percentage of work completed (“percentage of completion”). The corresponding percentage of revenue is then recognised in that period.

The Group allocates non-unit specific cost which includes land, infrastructure, town planning and other project-related cost based on approved feasibilities. Estimates are made by management to calculate the forecasted cost of a project which includes non-unit specific cost to be allocated to units as and when they are constructed. The estimates used are in terms of an approved feasibility study. Management forecasts are approved by the Board of Directors and if third parties are involved, their approval is also obtained.

The Group applies an expected credit loss provision (“ECL”) on the financial asset balances. Refer to note 2.10.2 for the relevant method and judgement applied.

13. Construction contracts (continued)

	2022	2021
The aggregate costs incurred and recognised profits to date	**4 893 069 886**	4 277 831 032
Less: Progress billings	**(4 031 891 428)**	(3 462 446 858)
Net statement of financial position balance for ongoing contracts	**861 178 458**	815 384 174
Excess billings over work done classified under trade and other payables (note 18)	**53 278 738**	25 835 396
Provision for loss making contracts classified under trade and other payables (note 18)	**–**	1 899 482
Provisions for expected credit losses on contract assets	**(5 135 139)**	(2 423 746)
Gross statement of financial position balance for ongoing contracts	**909 322 057**	840 695 306
Construction contracts to be realised within 12 months	**324 667 896**	287 941 821
Construction contracts to be realised after 12 months	**584 654 161**	552 753 485
	909 322 057	840 695 306
The previous year's contract liabilities have been recognised in revenue in full during the current reporting period.		
Disaggregated construction contracts – pre-expected credit loss provisions		
Infrastructure – contract assets	**38 970 374**	12 995 031
Fully and partially subsidised units – contract assets	**343 033 492**	348 474 687
Non-subsidised units – contract assets	**16 899 386**	14 440 130
Serviced land – contract assets	**16 744 432**	21 816 854
Contract assets	**415 647 684**	397 726 702
Future contract asset costs		
Development cost for future contract assets	**498 809 512**	445 392 350
	914 457 196	843 119 052
Reconciliation of construction contracts		
Contract assets	**415 647 684**	397 726 702
Provisions for expected credit losses on contract assets	**(5 135 139)**	(2 423 746)
Development cost for future contract assets	**498 809 512**	445 392 350
Statement of financial position balance for construction contracts	**909 322 057**	840 695 306

** The normal operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months.*

The expected aggregate revenue still to be recognised on the current contract asset balances amounts to R1 993 770 538 (2021: R2 398 869 196) and will be recognised within the normal operating cycle of the business.

Borrowing costs to the value of R34 713 783 (2021: R30 526 396) have been capitalised (note 27).

As part of the developments, there are certain costs incurred in the current year that will only be allocated to contracts with specific performance obligations in the future. These costs are disclosed as "Development cost for future contract assets" as part of the construction contracts balance. These costs, therefore, are a form of inventory but have no related contract with a customer yet due to the long-term nature of property development. Therefore these activities have no revenue or profit impact and as such, have been excluded from the input method.

The costs incurred for future contract assets is accounted for as part of the construction contracts balance due to the nature of the expenses (property development), but they are not treated as contract assets on which profit is recognised.

14. Trade and other receivables

Accounting policy

Trade receivables are a financial asset measured at amortised cost. Refer to the financial instruments accounting policy in note 2.10 for further information.

Credit terms of external trade receivables and trade receivables with related parties are generally 30 days from statement date.

Significant estimates and judgements

The Group applies an expected credit loss provision ("ECL") on the financial asset balances. Refer to note 2.10.2 for the relevant method and judgement applied.

	2022	2021
Financial instruments		
Trade receivables – other – total	**60 748 196**	60 157 696
Trade receivables – other – third parties	**51 306 873**	50 931 423
Retention debtors – other – third parties	**559 411**	3 114 584
Third parties – trade receivables and retention debtors	**51 866 284**	54 046 007
Trade receivables – other – related parties	**8 881 912**	6 111 689
Other receivables#	**24 567 251**	11 903 329
Receivable from sale of investment*	**38 720 834**	49 265 000
Securing deposits◊	**1 236 985**	1 096 124
Financial instruments – excluding rental debtors	**125 273 266**	122 422 149
Trade receivables – rental debtors – third parties	**–**	2 133 906
Gross financial instruments	**125 273 266**	124 556 055
Provision for credit losses – trade and other receivables	**(7 414 492)**	(5 327 125)
Provision for credit losses – rental debtors	**–**	(2 133 906)
Total net financial instruments	**117 858 774**	117 095 024
Non-financial instruments		
Value added tax	**29 433 871**	81 691 364
Total non-financial instruments	**29 433 871**	81 691 364
Total trade and other receivables	**147 292 645**	198 786 388
Trade and other receivables to be realised within 12 months	**144 857 482**	195 029 480
Trade and other receivables to be realised after 12 months	**2 435 163**	3 756 908
	147 292 645	198 786 388

 # Included in this balance is R5 million outstanding balance from the sale of the Safdev Tanganani (Pty) Ltd joint venture, refer to note 9 for additional information in this regard. The majority of the remaining balance relates to the Yara Trust loan receivable balance of R16 million.

** This relates to the receivable amount from the sale of the Investment in the subsidiary MS5 Pennyville (Pty) Ltd in the prior year. Refer to note 2.10.2 for the corresponding expected credit loss on the outstanding amount.*

◊ This related to deposits paid to secure land for future projects in the prior year.

Trade receivables and retention debtors fully performing

At 28 February 2022, trade receivables and retention debtors of R25 175 128 (28 February 2021: R9 700 907) were fully performing.

Trade receivables and retention debtors from related parties

	2022	2021
South Hills Development Company (Pty) Ltd	**8 856 388**	5 518 210
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**25 524**	593 479
Total	**8 881 912**	6 111 689

14. Trade and other receivables (continued)

Trade receivables and retention debtors owing from related parties are not considered past due as they were granted in the normal course of business within the Group's operating cycle of greater than 12 months. The due dates for amounts are determined specifically for each related party. Management of the Group has insight into the financial position of all joint ventures as at 28 February 2022 and does not believe that there are indicators that these amounts are impaired at year-end. The Group does, however, raise expected credit loss provisions on the receivable balances. These receivables bear interest at market-related rates. Please refer to note 9 for summarised financial information as well as detailed analysis of joint venture relationships.

Trade receivables and retention debtors – third parties past due but not impaired

At 28 February 2022, trade receivables and retention debtors of R35 573 068 (28 February 2021: R50 456 789) were past due but not impaired.

A relevant expected credit loss provision has been raised for trade receivables. Refer to note 2.10.2.

Ageing of trade receivables and retention debtors (other than rental trade receivables) – third parties

	Other debtors	
	2022	2021
Less than 30 days	**16 293 216**	3 589 218
30 days and older	**35 573 068**	50 456 789
Total	**51 866 284**	54 046 007
Ageing of trade receivables – rentals		
0 to 30 days	**–**	18 397
31 to 60 days	**–**	144 370
61 to 90 days	**–**	143 899
91 to 120 days	**–**	155 173
121+ days	**–**	1 672 067
Total	**–**	2 133 906

Trade receivables impairment

At 28 February 2022, trade receivables – rental debtors of R2 133 906 (28 February 2021: R1 845 475) were written off as bad debt.

The maximum exposure to credit risk for these instruments at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security for trade and other receivables, other than for deposits as disclosed above. Refer to note 2.10.2 for details of financial instruments.

15. Cash and cash equivalents

Accounting policy
Cash and cash equivalents include cash on hand and deposits held on call with banks.

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2022	2021
Cash on hand	**26 776**	5 455
Bank balances	**191 087 473**	154 555 800
	191 114 249	154 561 255

16. Stated capital

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where the Group purchases the Company's equity share capital, the consideration paid, including any attributable transaction costs net of income taxes, is deducted from total shareholders' equity as treasury shares until they are cancelled or re-issued.

	Number of shares		Rand amount	
	2022	2021	**2022**	2021
Authorised				
Ordinary no par value shares	**500 000 000**	500 000 000		
Issued				
Balance at the beginning of the year (consisting of)	**121 400 069**	128 150 069	**102 080 971**	116 255 971
Shares in issue to the public	**121 400 069**	128 150 069	**102 080 971**	116 255 971
Shares held by Calgro M3 Employee Benefit Trust	**5 212 909**	5 212 909	**104 239 627**	104 239 627
Shares held by Calgro M3 Empowerment Trust	**5 212 909**	5 212 909	**104 239 627**	104 239 627
Shares held by Calgro M3 Developments Limited	**8 468 631**	8 468 631	**163 190 199**	163 190 199
Treasury shares in issue	**(18 894 449)**	(18 894 449)	**(371 669 453)**	(371 669 453)
Equity share scheme – trading restrictions released (↻ note 32)	**–**	–	**–**	–
Closing balance – treasury shares in issue	**(18 894 449)**	(18 894 449)	**(371 669 453)**	(371 669 453)
Shares repurchased#	**–**	(6 750 000)	**–**	(14 175 000)
Balance at the end of the year	**121 400 069**	121 400 069	**102 080 971**	102 080 971

 # Specific repurchase of shares – prior year.
In terms of the special resolution approved by Calgro shareholders on 11 January 2021, Calgro repurchased 6 750 000 shares for R14 175 000 at an average price of R2.10 per share. These repurchased shares were cancelled, delisted and reverted to authorised and unissued shares.

Shares held by Calgro M3 Employee Benefit Trust and Calgro M3 Empowerment Trust

In terms of IFRS 10: *Consolidated Financial Statements*, both trusts are consolidated into the Group, and as a result, shares owned by these entities are carried as treasury shares on consolidation.

All issued shares are fully paid.

Unissued ordinary shares are under the control of the Directors in terms of a resolution of members passed at the last Annual General Meeting. This authority remains in force until the next Annual General Meeting.

17. Borrowings

Accounting policy

Borrowings are classified as financial liabilities at amortised cost. Refer to the financial instruments accounting policy, ↻ note 2.10 for further details.

Borrowings are classified as current liabilities based on the operating cycle of the Group (refer to ↻ note 2.3).

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan. The fee is amortised over the life of the facility.

17. Borrowings (continued)

	Interest rate	Expiration date	2022	2021
Floating rate note – CGR 42	JIBAR plus 4.5%	3 August 2023	**45 000 000**	45 000 000
Floating rate note – CGR 43	JIBAR plus 3.95%	Repaid	**–**	10 000 000
Floating rate note – CGR 45	JIBAR plus 3.5%	Repaid	**–**	20 000 000
Floating rate note – CGR 46	JIBAR plus 3.95%	28 February 2023	**40 000 000**	40 000 000
Floating rate note – CGR 47	JIBAR plus 4.5%	28 February 2025	**60 000 000**	60 000 000
Floating rate note – CGR 48	JIBAR plus 4.25%	30 September 2023	**50 000 000**	50 000 000
Floating rate note – CGR 49	JIBAR plus 4.75%	30 September 2024	**50 000 000**	50 000 000
Floating rate note – CGR 50	JIBAR plus 4.25%	23 October 2023	**33 000 000**	33 000 000
Floating rate note – CGR 51	JIBAR plus 4.75%	23 October 2024	**48 000 000**	48 000 000
Transaction cost amortisation*			**(543 640)**	(681 959)
Total bond exchange			**325 456 360**	355 318 041
NHFC loan#	Prime plus 0.5%	30 August 2026	**215 000 000**	215 000 000
Proparco loan◊	JIBAR plus 4.9%	15 September 2023	**309 600 000**	387 000 000
Transaction cost amortisation*			**(10 988 588)**	(13 156 213)
Other borrowings			**513 611 412**	588 843 787
Total borrowings			**839 067 772**	944 161 828

* *The transaction costs are amortised over the life of the facilities. It is expected that these costs will be fully amortised when the facilities are settled.*

\# *The NHFC loan is repayable in four equal instalments on a six-monthly basis, starting from 28 February 2025. Financial covenants are similar to other borrowings – please refer to note 3.2 for financial covenants applicable.*

◊ *The Proparco loan is repayable in five equal instalments on a six-monthly basis which started on 15 September 2021. The following financial covenants are applicable to the loan:*
- *Debt service coverage ratio (DSCR) of higher than 1.2 at a Group level; and*
- *A maximum net debt to equity ratio of less than 1.5:1.*

At the end of the financial year, the Group was not in breach of the above covenants or at risk of breaching the regulated covenants listed above. Refer to note 3.2 for the DSCR and net debt to equity calculation. All borrowings are unsecured. As at year-end, all floating rate notes listed on the DMTN listed debt programme were in compliance with the programme memorandum.

The table below provides information regarding the present value of the borrowings to be settled within 12 months and after 12 months. For the undiscounted cash flows related to borrowings, refer to note 3.

	2022	2021
Borrowings to be settled within 12 months	**194 800 000**	107 400 000
Borrowings to be settled after more than 12 months	**644 267 772**	836 761 828
	839 067 772	944 161 828
Borrowings cash flow reconciliation		
Opening balance	**944 161 828**	1 062 842 931
Repayments of CGR notes	**(30 000 000)**	(403 000 000)
Repayments of Proparco loan	**(77 400 000)**	–
Amortised expense through the statement of comprehensive income	**3 383 175**	2 787 377
Borrowings (repaid)/raised by offset of loan accounts* (non-cash item)	**–**	(104 000 000)
Transaction costs paid	**(1 077 231)**	(10 468 480)
Proceeds from new CGR notes issued	**–**	181 000 000
Proceeds from NHFC	**–**	215 000 000
Closing balance	**839 067 772**	944 161 828
Interest paid on borrowings	**82 300 992**	107 474 196
Total interest paid on borrowings	**82 300 992**	107 474 196

* *In the prior year, CGR 44 was raised and repaid as part of the Afhco exit transaction on the remaining balance owing to SA Corporate.*

General

The Group's weighted average cost of debt at February 2022 was 8.34% (2021: 8.07%).

The Directors have not breached the requirements of the Company's Memorandum of Incorporation in terms of their borrowing powers.

18. Trade and other payables

Accounting policy
Trade and other payables are measured at amortised cost. Refer to the financial instruments accounting policy, note 2.10.2.

	2022	2021
Financial instruments		
Trade payables	**178 741 872**	117 771 625
Trade payables – related parties	**3 584 184**	9 965 355
Retention creditors	**3 234 907**	22 691 050
Accrued expenses	**53 944 158**	29 983 808
Deposits received	**47 500**	3 540 000
Deferred payment arrangement – Land and share acquisitions	**53 710 783**	**187 178 971**
Nasrec Memorial Parks Share Purchase Liability	**–**	8 805 060
Land purchase liability – balance of purchase price for acquisition of Bridge City land	**24 260 353**	22 834 174
Land purchase liability – balance of purchase price for acquisition of Jabulani land	**14 856 043**	111 420 342
Land purchase liability – balance of purchase price for acquisition of KwaNobuhle land	**–**	26 692 209
Land purchase liability – balance of purchase price for acquisition of Enokuthula	**11 594 387**	17 427 186
32-On-Pine share purchase liability*	**3 000 000**	–
Lease liability office building**	**14 616 838**	16 995 183
Excess billings over work done	**53 278 738**	25 835 396
Gross financial instruments	**361 158 980**	413 961 388
Non-financial instruments		
Long service awards provision◊	**3 616 564**	4 535 087
Income received in advance	**–**	239 469
Accrual for leave pay	**1 212 201**	990 713
Deferred revenue – Memorial Parks	**34 677 864**	28 057 293
Accrued expenses	**1 547 074**	1 280 062
La Vie Nouvelle Frail Care equipment provision	**2 259 974**	3 905 450
Dividends payable✚	**–**	236 258
Provision for loss making contracts⬟	**–**	1 899 482
Securities transfer tax	**–**	278 962
Value added tax	**17 539 664**	31 490 882
Total non-financial instruments	**60 853 341**	72 913 658
Total trade and other payables	**422 012 321**	486 875 046

* *Refer to note 32 for the 32-On-Pine share purchase liability.*
** *This amount relates to the capitalisation of long term leases. Refer to note 19.*
⬟ *A provision for a loss making contract is made when the Group can reliably determine that the cost to complete the relevant performance obligations will be more than the expected revenue and the Group has no alternative than to incur the cost. Refer to note 13.*
◊ *The Group has a long-term service award for its employees based on years of service. (10 years – two months' salary, 15 years – three months' salary, every subsequent five years thereafter – three months' salary). To determine the value of the provision, the following was taken into account: The average annual salary increases, the employee attrition rate, retirement age, discount rate and mortality rate.*
✚ *Refer to the statement of changes in equity for additional information.*

Refer to note 3 for the maturity analysis of financial instruments. For the remaining non-financial instruments, R25 322 100 (2021: R40 181 818) will be settled within the next 12 months and R35 531 241 (2021: R30 832 358) will be settled after more than 12 months.

19. Lease liability

Accounting policy

The Group, as a lessee, recognises right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

Definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

As a lessee

Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases (i.e. these leases are on-balance sheet).

However, the Group has elected not to recognise right-of-use assets and lease liabilities for both low-value assets and leases with a lease term of less than 12 months. The Group recognises the lease payments associated with these leases as expenses when incurred.

The Group presents lease liabilities in the statement of financial position under trade and other payables. The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised.

The right-of-use asset is initially measured at an amount equal to the sum of the lease liability, initial direct costs, costs of removing and restoring the lease asset and payments made prior to the lease commencement. The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment loss and adjusted for certain remeasurements of the lease liability.

The Group will apply judgement to determine whether it is reasonably certain to exercise renewal options, as such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

The Group has leases that represent low-value leases. Below are the typical items that represent the types of low-value assets that are leased:

- Printers;
- Telephonic systems and devices;
- Site equipment;
- Off-site data servers.

As a lessor

The Group leases out its investment property and has classified these leases as operating leases.

A lessor recognises lease payments from operating leases as income on straight-line basis, unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

19. Lease liability (continued)

	2022	2021
Lease liability		
Lease agreements for office buildings	**14 616 838**	16 995 183
	14 616 838	16 995 183
Amount to be amortised in the next 12 months	**3 073 609**	2 605 358
Amount to be amortised after the next 12 months	**11 543 229**	14 389 825
	14 616 838	16 995 183

The carrying values of interest-bearing liabilities approximates their fair value.

The interest rate used was 11.46% which was the Group's average cost of debt when IFRS 16 was adopted by the Group.

Undiscounted lease payments are due as follows:		
Within 1 year	**4 841 519**	4 503 738
2 to 5 years	**13 698 217**	18 539 736
Greater than 5 years	**–**	–
	18 539 736	23 043 474

Building type	**Building location**	Remaining term of lease
Main head office	Johannesburg	42 months from 28 February 2022
Branch office	Cape Town	Cancelled June 2020

	2022	2021
Amounts related to lease liabilities included in the statement of comprehensive income		
Administrative expenses		
Depreciation on right-of-use assets (IFRS 16)	**2 757 425**	3 381 803
Finance costs		
Lease liability	**2 379 751**	1 937 234

The Group and Company do not sub-lease right-of-use assets and therefore generate no income.

There were no additions to right-of-use assets in the current year.

No gains or losses arose from any sale and leaseback agreements.

The carrying amount of right-of-use assets is reflected in note 6.

20. Revenue

Accounting policy

The Group derives revenue from contracts with customers for the supply of goods (infrastructure, fully and partially subsidised units, non-subsidised units, serviced land and memorial park burial rights) and services (memorial park burial services and memorial park maintenance).

The Group measures and accounts for revenue based on the specifications of each individual contract with a customer, excluding any amounts received on behalf of third parties, and based on the contractual obligations either accounts for the revenue at a specific point in time or over time as control of the goods or services are transferred to the customer.

20. Revenue (continued)

The Group recognises revenue **over time** if one of the following criteria is met:

- The Group creates or enhances an asset which the customer controls as the asset is created; or
- The Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for the work completed to date;
- The customer simultaneously receives and consumes all of the benefits provided by the Group.

The Group recognises revenue at a **point in time** if the over time criteria is not met. Revenue is recognised when control is transferred to the customer which is usually when legal title passes to the customer and the business has the right to payment.

Refer below for further explanation of the different products and when control is transferred to the customer and when the Group has right to payment.

The Group recognises retention debtors based on certified work completed for specific contracts. It should be noted that the retention payments are not considered to be variable consideration as the full amount is payable upon satisfying performance obligations. The retention payments have no impact on the contract price and are short term in nature, usually three to six months.

Revenue recognised on contracts that have retention debtors are done in terms of the Group's revenue recognition policy (over time or point in time), depending on how control of the goods are transferred to the customer. Payment of any retention debtors are measured for recoverability and are generally received within three to six months.

The cost incurred to obtain a contract is expensed to profit and loss as and when the cost is incurred as the Group considers these costs not to be recoverable until an agreement has been reached to recover these costs.

The transaction price for each performance obligation is the contractually stipulated price and represents the stand-alone selling price at the time when the contract is entered into with the customer.

Significant judgement and source of estimation uncertainty

Property Development segment

The Group uses the "percentage of completion" method (also known as an input method) in accounting for its "over time" construction contracts where control is transferred to a customer over a period of time. Use of the "percentage of completion" method requires the Group to estimate the construction services and activities performed to date as a proportion of the total services and activities to be performed. The Group performs this by comparing actual cost incurred on a unit/dwelling/project compared to the forecasted cost of the unit/dwelling/project which equals the percentage of work completed ("percentage of completion"). Inputs can be reliably measured and results in the performance obligation being satisfied to the customer. The Group, therefore, has determined that this method faithfully depicts the Group's performance in transferring control of the goods and services to the customer.

The Group uses approved feasibilities to determine the overall expected cost and attributable margin to determine the transaction price on over time construction contracts and for services to be rendered on infrastructure projects where the group is remunerated on a cost plus basis. The relevant costs are determined by qualified industry experts, where applicable, and is based on the overall infrastructure requirements as per the contract.

The Group allocates non-unit specific cost which includes land, infrastructure, town planning and other project-related cost based on approved feasibilities. Estimates are made by management to calculate the forecasted cost of a project which includes non-unit specific cost to be allocated to units as and when they are constructed. The estimates used are in terms of an approved feasibility study. Management forecasts are approved by the Board of Directors and if third parties are involved, their approval is also obtained.

The Group applies judgement in determining whether contracts for the sale of land and the construction of residential housing include separately identifiable performance obligations or whether they should be grouped together. The Group applies this judgement based on transfer requirements for the property. If the land can be transferred without construction of the relevant unit then the transfer of land and construction of the unit is determined to be two separately identifiable performance obligations.

Variations on original contract prices are agreed with customers and are accounted for as a contract modification where the original prices are modified to include the approved variation to the original contract. A cumulative catch up of revenue is performed when the variation is included for a contract where the revenue is accounted for over a period of time. The revenue on variations for a point in time contract is only accounted for upon transfer of control of the relevant services and goods to the customer.

20. Revenue (continued)

The type of products and their revenue recognition within the Group for the Residential Development segment is set out below:

Terms of the contract	Revenue recognition
Reconstruction and Development Programme ("RDP")/Breaking New Ground ("BNG") and Community Residential Units ("CRU") (fully and partially subsidised)	
▸ Overall agreement between parties to construct a specified number of RDP and CRU units. ▸ Purchase order received from Government based on approved budget within the relevant department, based on gazetted prices for RDP and CRU units at the time of contracting. ▸ Payment for work completed determined on a monthly basis ("progress draws"). ▸ Specification is based on current Government gazetted specifications for the units.	**Individual contract treatment with revenue recognised over time** Estimated revenue is determined on the gazetted price per unit and the number of units ordered by Government. Revenue is recognised over time on a percentage of completion method for the units based on the estimated cost to construct the units vs the cost incurred on the units. All costs incurred are expensed to cost of sales when incurred.
Social Housing and Bulk Purchaser (fully and partially subsidised)	
▸ Overall agreement between third party social housing company to construct a specified number of social housing units/bulk purchaser units. ▸ Units specification is agreed upon between the parties within the contract. ▸ Payment for work completed is determined on a monthly basis or upon transfer of the units.	**Individual contract treatment with revenue recognised either at a point in time or over time** Estimated revenue determined on the contract price per unit. Revenue is recognised either over time on a percentage of completion method basis if control is transferred during the development and handover of units. Or revenue is recognised at a point in time basis if control is determined to transfer only upon completion of the units and there is no right to payment for work completed. Should revenue be accounted for over time, cost incurred is expensed to cost of sales as incurred. Should revenue be accounted for at a point in time, cost is capitalised to contract assets and recognised in cost of sales upon transfer of the units.
Grassroots Affordable Peoples' Homes ("GAP")/ Finance Linked Individual Subsidy Programme ("FLISP") (fully and partially subsidised)	
▸ Agreement between parties to purchase a single unit within a sectional title development. ▸ Payment to take place upon transfer of the unit to the customer. ▸ Specifications of the units are standard across the development.	**Individual contract per customer with revenue recognised on transfer of completed unit – revenue recognised at a point in time** Sales price determined based on the agreement between parties. Revenue recognised at a point in time upon transfer of the unit to the customer. Cost incurred is capitalised to inventory and expensed to cost of sales upon transfer of the unit.

20. Revenue (continued)

Terms of the contract	Revenue recognition
Affordable Housing and High-end units (non-subsidised)	
▸ Agreement entered into with parties for the purchase of property and the construction of a free standing dwelling. ▸ Specification of dwelling agreed upon between parties. ▸ Payment upon transfer of the property. ▸ Payment for construction of freestanding unit based on terms of bond obtained by customer from the relevant financial institution.	**Individual contract per customer with two performance obligations. Revenue recognised on transfer of the land to the customer at a point in time. Revenue on construction of the unit to be recognised over time** **Sale of land – first performance obligation** Sales price of property/land determined based on the agreement between parties. Revenue is recognised at a point in time upon transfer of the property/land to the customer. Cost incurred is capitalised to inventory and expensed to cost of sales upon transfer of the property/land. **Construction of unit – second performance obligation** Estimated Revenue for the construction of the dwelling based on the agreement between the parties. Revenue of the dwelling is recognised over time on a percentage of completion method basis if control is handed over during the construction phase based on the estimated cost to construct the dwelling vs the cost incurred on the dwelling, or at a point in time if the property and dwelling transfers as a completed unit. **Single performance obligation** Or revenue is recognised at a point in time if control is determined to transfer upon completion of the unit/dwelling when the property/land and dwelling is transferred as a completed unit. This is applicable if the customer can only accept transfer due to their funding arrangement with a financial institution or requirements of the contract. All cost incurred is either expensed to cost of sales if revenue is accounted for over time or capitalised to contract assets and expensed to cost of sales upon transfer of the property.
Integrated residential developments (consisting of a mix of bulk, link and internal infrastructure together with a mix in unit typologies) (infrastructure)	
▸ Overarching agreement with Government to perform an integrated development for the upliftment and integration of communities. ▸ Bulk and link services subsidised based on the integration of subsidised and non-subsidised units and mix of unit typologies. ▸ Mixture of unit typologies to be constructed as per the agreement. ▸ Payment for services rendered determined on a monthly basis.	**Every contract with a customer to be recognised and accounted for individually** Revenue is recognised at a point in time or over time depending on the terms and conditions contained in each of the contracts with each individual customer. Non-unit specific costs are allocated to each unit as and when the Group enters into a contract with the customer. The relevant cost incurred is expensed or capitalised based on the revenue recognition which is either at a specific point in time or over time. Subsidised infrastructure revenue is based on the estimated revenue for the work to be completed on the project. Cost incurred on subsidised infrastructure is expensed to cost of sales when incurred.

20. Revenue (continued)

Memorial Parks segment
The Group determines the selling price for the burial rights by determining the required maintenance at a reasonable margin and standalone selling price of the burial service.

The remaining balance of the selling price is the value of the burial right, which is based on the allocated cost per grave site plus a reasonable margin.

In order for management to determine the relevant maintenance revenue the following assumptions are used: life expectancy, period the service will be rendered and the cost to be incurred for maintenance over the period the service is rendered. Management assesses these assumptions on an annual basis based on approved feasibilities for each of the memorial parks.

Revenue for burial services is recognised over a period of 8 years, from the sale of the associated burial right, unless the initial recognition is point in time due to the immediate interment.

Revenue for maintenance is recognised over a period of 18 years, from the sale of the associated burial right.

As a cash payment for the memorial parks burial services and maintenance service is received in advance of the entity performing the burial and maintenance service, a significant financing component exists in the contract. The revenue for these related services will be recognised when the service is rendered and will carry an interest expense up to the date the service is rendered.

The interest expense portion is calculated based on the Group's weighted average cost of debt.

The type of products and their revenue recognition within the Group for the Memorial Parks segment is set out below:

Terms of the contract	Revenue recognition
Memorial Parks burial rights	
▸ Agreement with a customer to reserve the right to utilise a grave site. ▸ A customer can utilise the grave site as soon as the right has been issued to the customer. ▸ Payment is received before burial right is issued to customer.	Individual contract treatment with revenue recognised at a point in time when control of burial right has transferred to the customer.
Memorial Parks burial services	
▸ Agreement with the customer to provide internment services with the purchase of a burial right upon utilisation of the burial right. ▸ The service is rendered to the customer once the burial right is enforced by the customer for the first internment on the burial site. ▸ Payment is received with the payment of the burial right. ▸ Payment for subsequent internment services is received before interment service is rendered to a customer.	Revenue for burials services is recognised over a period of 8 years, from the sale of the associated burial right, unless the initial recognition is point in time due to the immediate interment.
Memorial Parks maintenance services	
▸ Agreement with customer to render maintenance services on reserved grave sites. ▸ Service is rendered to the customer over the period the maintenance is performed for the reserved site. ▸ Payment is received with the payment of the burial right.	Individual contract treatment with revenue recognised over a period of 18 years, as the maintenance services are being rendered for the customer.

20. Revenue (continued)

	2022	2021
Disaggregated revenue		
Residential Property Development segment		
Infrastructure	**446 924 063**	209 282 861
Fully and partially subsidised units	**685 639 033**	477 959 408
Non-subsidised units	**124 211 217**	45 362 423
Serviced land sales	**12 551 155**	96 497 297
Rental income*	**–**	7 592 628
	1 269 325 468	836 694 617
Memorial Parks segment		
Memorial parks burial rights	**42 265 376**	35 006 001
Memorial parks maintenance	**3 587 096**	2 775 952
Memorial parks burial services	**6 415 316**	4 670 015
	52 267 788	42 451 968
Total revenue	**1 321 593 256**	879 146 585

** In the current year, there was a change in the segmental reporting (refer to note 1). Due to this change, rental income is included in "Other income" (previously in Residential Property Rental segment).*

21. Cost of sales

	2022	2021
Disaggregated cost of sales		
Residential Property Development segment		
Infrastructure	**323 771 588**	156 264 025
Fully and partially subsidised units	**535 653 955**	418 447 487
Non-subsidised units	**138 950 641**	106 208 938
Serviced land sales	**8 581 975**	60 886 554
Rental income*	**–**	6 865 035
	1 006 958 159	748 672 039
Memorial Parks segment		
Memorial parks burial rights	**23 978 811**	11 007 309
Memorial parks maintenance	**7 421 200**	6 642 131
Memorial parks burial services	**1 388 413**	4 801 822
	32 788 424	22 451 262
Total cost of sales	**1 039 746 583**	771 123 301

** In the current year, there was a change in the segmental reporting (refer to note 1). Due to this change, rental income cost of sales is included in "Other expenses" (previously in Residential Property Rental segment).*

22. Other income

	2022	2021
Bond commissions	**1 467 688**	1 824 971
Profit on disposal of investment in subsidiary*	**–**	36 560 998
Rental income from commercial investment properties	**2 676 405**	2 797 220
Rental income – residential	**3 236 370**	–
Other rental income – Memorial Parks	**739 190**	1 741 760
Profit on disposal of property, plant and equipment	**–**	11 500
Profit on disposal of right-of-use assets – cancellation of lease	**–**	202 446
Fair value adjustments on assets held at fair value through profit or loss	**614 221**	757 222
Fair value adjustments on Investment properties	**–**	5 770 587
Gain on bargain purchase#	**3 582 313**	–
SETA refunds and other income	**3 026 820**	964 057
	15 343 007	50 630 761

** Refer to note 31 for the profit on disposal of investment in subsidiary.*
 # Refer to note 32 for the gain on bargain purchase.

23. Administrative expenses

	2022	2021
Advertising	**8 714 411**	4 819 694
Auditor's remuneration	**4 590 088**	4 643 349
Bank charges	**2 376 442**	1 228 099
Bad debts – rental debtors	**2 133 906**	1 859 802
Computer expenses	**4 488 120**	3 938 551
Covid-19-related expenses	**114 749**	2 120 668
Depreciation on owned property, plant and equipment and amortisation on computer software	**1 243 185**	1 215 720
Depreciation on right-of-use assets	**2 757 425**	3 381 803
Donations	**61 474**	1 539 052
Fines, penalties and interest	**153 989**	–
Insurance	**1 000 492**	1 176 677
Motor vehicle expenses	**476 082**	347 387
Legal fees	**585 140**	2 204 260
Printing and stationery	**194 774**	147 910
Professional fees	**1 188 432**	1 505 378
Short-term leases	**47 352**	211 195
Social corporate responsibilities	**526 409**	204 245
Total employee and related fee costs	**51 742 330**	49 298 624
Directors' fees – non-executive*	**3 190 717**	2 686 075
Share scheme expense*	**3 788 191**	7 711 586
Employee costs*	**44 763 422**	38 977 801
Share appreciation rights (income)/expense*	**–**	(76 838)
Telephone and fax	**392 164**	482 558
Other	**6 987 294**	6 739 623
	89 774 258	87 064 595

** Refer to note 34, 35 and 36 for further explanation of the relevant expenses.*

24. Other expenses

	2022	2021
Loss of sale of investment in joint venture	–	4 085 328
Rental – residential costs	4 396 415	–
Impairment of loan to joint venture	7 014 018	–
	11 410 433	4 085 328

Refer to note 9 for the reconciliation of the loss on the sale of the investment in joint venture.

25. Impairment losses/(gains) on financial and contract assets

	2022	2021
Loans to joint ventures	(736 225)	2 196 017
Contract assets	2 711 394	(1 979 249)
Trade and other receivables – other	2 087 367	147 958
Trade and other receivables – rental debtors	(2 133 906)	(265 324)
	1 928 630	99 402

Refer to note 2.10 for the reconciliation of the impairment losses on financial and contract assets balances.

26. Finance income

Accounting policy
Finance income is recognised on a time-proportion basis using the effective interest method. Finance income on impaired loans is recognised using the original effective interest rate.

	2022	2021
Bank	1 676 207	7 449 479
Trade receivables	990 964	870 593
SARS	–	119 712
Related parties (interest from joint ventures)	20 045 935	19 773 141
	22 713 106	28 212 925

27. Finance cost

Accounting policy
Borrowing costs that are directly attributable to the acquisition, construction or production of "land under development" (classified as inventories) are capitalised as part of its cost.

Borrowing costs that are directly attributable to the construction of the developments are treated as part of the construction contract costs.

The amount of borrowing costs eligible for capitalisation is determined as follows:
- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining and developing a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing cost incurred.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

27. Finance cost (continued)

	2022	2021
Bank	**1 991 376**	2 015 105
Other	**4 328 442**	5 825 886
Lease liability	**2 379 751**	1 937 234
Interest-bearing borrowings	**80 456 518**	98 451 481
Finance cost	**89 156 087**	108 229 706
Less: Amounts capitalised on qualifying assets (inventory)	**(7 475 722)**	(4 806 070)
Less: Amounts capitalised on qualifying assets (construction contracts)	**(34 713 783)**	(30 526 396)
Total finance cost recognised in statement of comprehensive income	**46 966 582**	72 897 240

In the prior year, due to Covid-19, the Group suspended interest capitalisation to construction contracts and inventories for a period of two months while the respective developments and government departments were shut down during lockdown levels 4 and 5.

Finance costs capitalised to inventory and construction contracts have been incurred on general borrowings.

28. Taxation

Accounting policy
All of the companies within the Group are South African tax residents and will therefore pay taxes according to the rates applicable in South Africa which were enacted or substantively enacted at the reporting date. Most taxes are recorded in the statement of comprehensive income and relate to taxes payable for the reporting year or any adjustment to tax payable in respect of previous years (current tax). The charge also includes benefits and charges relating to when income and expenses are recognised in a different year for tax and accounting purposes (deferred tax).

	2022	2021
Major components of the income tax expense		
Current		
Local income tax – current year	**17 188 949**	17 526 843
Local income tax – recognised in current tax for prior years	**–**	3 993
	17 188 949	17 530 836
Deferred		
Current year	**32 313 088**	(9 950 285)
Underprovision for prior year	**(2 207 823)**	6 305
	30 105 265	(9 943 980)
	47 294 214	7 586 856

28. Taxation (continued)

	2022	2021
Reconciliation of the income tax expense		
Applicable tax rate	**28.00%**	28.00%
Disallowable charges	**0.30%**	3.18%
Empowerment expenses	**0.09%**	0.40%
Fines and penalties – SARS	**0.02%**	0.43%
Professional fees	**0.19%**	2.35%
IFRS rate adjustments	**(1.46)%**	0.03%
Calgro M3 Share Scheme	**0.59%**	8.28%
IFRS 9 – Net impairment losses on financial assets – Loans	**0.11%**	2.36%
Bargain purchase	**(0.56)%**	0.00%
Fair value adjustments on assets held at fair value	**(0.10)%**	(0.81)%
Fair value adjustments on investment properties	**(0.00)%**	(6.20)%
Share of profit of joint ventures – net of tax	**(1.50)%**	(3.60)%
Underprovision for current tax prior year	**0.00%**	0.02%
Under/(over) provision for deferred tax prior year	**(1.23)%**	0.02%
Losses for which no deferred tax was accounted	**0.08%**	1.18%
Rate adjustment	**0.00%**	0.00%
Capital gains tax	**0.66%**	(3.32)%
Effective tax rate	**26.35%**	29.11%

The estimated tax losses available for set off against future taxable income within the Group is R88 293 173 (2021: R219 571 935).

29. Cash generated from operations

	2022	2021
Profit before taxation	**179 464 816**	26 066 297
Adjustments for:		
Bad debts	**2 133 906**	1 859 802
Depreciation and amortisation	**4 000 610**	4 597 523
Profit on disposal/write off of property, plant and equipment and computer software	**–**	(11 500)
Profit on disposal of right-of-use assets – cancellation of lease	**–**	(202 446)
Share scheme expense	**3 788 191**	7 711 586
Share appreciation rights expense	**–**	(76 838)
Finance income	**(22 713 106)**	(28 212 925)
Finance cost	**46 966 582**	72 897 240
Fair value adjustments on assets held at fair value through profit or loss	**(614 221)**	(757 223)
Fair value adjustments on investment properties	**–**	(5 770 587)
Dividends declared	**–**	570 599
Profit on disposal of investment in subsidiary	**–**	(36 560 998)
Loss of sale of investment in joint venture	**–**	4 085 328
Gain on bargain purchase	**(3 582 313)**	–
Impairment of loan to joint venture	**7 013 518**	–
Impairment (gains)/losses on financial and contract assets – loans to joint ventures	**(736 225)**	2 196 017
Impairment losses/(gains) on financial and contract assets – contract assets	**2 711 394**	(1 979 249)
Impairment losses on financial and contract assets – trade and other receivables – other	**2 087 367**	147 958
Impairment gains on financial and contract assets – trade and other receivables – rental debtors	**(2 133 906)**	(265 324)

29. Cash generated from operations (continued)

	2022	2021
Share of profit of joint ventures – net of tax	**(9 641 933)**	(3 669 014)
Other	**(330 064)**	43 870
Changes in working capital:		
Inventories	**52 229 763**	80 537 668
Trade and other receivables	**58 567 457**	(8 630 095)
Construction contracts	**(30 042 049)**	135 853 749
Trade and other payables	**(60 947 816)**	(135 663 366)
	228 221 971	114 768 074

30. Tax paid

Balance at the beginning of the year	**883 709**	554 749
Current tax for the year	**(17 188 949)**	(17 530 836)
Current tax receivable disposed	**–**	(18 660)
Balance at the end of the year	**(1 717 248)**	(883 709)
	(18 022 488)	(17 878 456)

31. Disposal of subsidiary

Accounting policy

Disposal of a subsidiary as a result of sale or loss of control.

Income and expenses of a subsidiary disposed of during the year are included in the consolidated statement of comprehensive income until the date the parent ceases to control the subsidiary.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets and liabilities of the subsidiaries and any non-controlling interest.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. it is reclassified to profit and loss or transferred to another category of equity as permitted by the applicable IFRS).

In the prior year, on 25 February 2021, the Group disposed of its 100% interest in its subsidiary, MS5 Pennyville (Pty) Ltd for R49 265 000 which resulted in a profit on sale of R36 560 798.

32. Business combinations

Accounting policy

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

32. Business combinations (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

2022 financial year

32-On-Pine Project

On 25 August 2021 (acquisition date), the Group acquired the remaining 50% of the stated capital and associated 50% of the voting rights of 32-On-Pine Property Developments Proprietary Limited, an unlisted South African property development company. The total deemed consideration for the acquisition was R22 550 000. As a result of the acquisition, the Group increased its stake to 100% in the 32-On-Pine development situated in Craigavon located in Fourways, Johannesburg, South Africa.

The acquisition resulted in a gain on bargain purchase of R3 582 313 as a result of the identifiable assets being remeasured at fair value. The gain has been recognised in the statement of comprehensive income. Refer note 22.

Prior to the business combination, the Group had a shareholder loan with 32-On-Pine Property Development Proprietary Limited. Application of the principles of IFRS 3: *Business Combinations* effectively resulted in the extinguishment of the loan due to the pre-existing relationship. The loan was not legally extinguished.

If the acquisition took place on 1 March 2021, the gain on bargain purchases recognised would be unchanged as no trading occurred during the year up to the date of acquisition of the additional interest.

The following table summarises the consideration paid for 32-On-Pine Property Development Proprietary Limited, and the assets acquired at the acquisition date.

Consideration at 25 August 2021	
Consideration paid for 50% interest	3 000 000
Carrying value of loan to joint venture at 25 August 2021	19 550 000
Total deemed consideration for 100%	22 550 000
Identifiable assets acquired assumed at fair value	
Inventories	17 000 000
Trade receivables	2 550 000
Total identifiable assets	19 550 000
Fair value uplift	6 582 313
Total fair valued identifiable assets	26 132 313
Gain on bargain purchase	(3 582 313)
Total deemed consideration	22 550 000
Cash flow of the transaction	
Total purchase consideration for 50% interest	3 000 000
Consideration payable by future sale of units in the development (included in trade and other payables)	(3 000 000)
Total cash flow	–

The fair value of the construction contracts – top structure is based on the feasibility prepared by management for the development of this particular site.

The carrying value of construction contracts – top structure approximates fair value.

The results of 32-On-Pine was equity accounted up until 25 August 2021, after which it was consolidated.

33. Non-controlling interest

Summary of non-controlling interest where the Group owns less than 100% of shareholding is summarised below:

	NCI %	2022	2021
Holm Jordaan GWA Pty) Ltd*	0.00%	–	–
Procurement Companies (Calgro M3 Procurement Services (Pty) Ltd and Calgro M3 Contractors (Pty) Ltd)	26.01%	**596 217**	236 831
Belhar Calgro M3 Development Company (Pty) Ltd	51.00%	**51**	51
		596 268	236 882

Summary financial information of subsidiary companies with non-controlling interest below:

	Holm Jordaan GWA (Pty) Ltd*		Procurement companies	
	2022	2021	**2022**	2021
Total assets	–	1 336 955	**3 143 372**	8 971 507
Total liabilities	–	126 966	**2 834 949**	8 775 701
Total equity	–	1 209 989	**308 423**	195 806
Non-controlling interest relating to equity	–	–	**80 221**	50 929
Current year charge				
Dividend distributed	–	(334 341)	–	(908 335)
Adjustment to the current year relating to prior year transactions	–	(1 149)	–	(232 310)
Comprehensive income	–	–	**1 381 721**	590 204
Net distributable equity	–	–	**1 381 721**	(318 131)
Non-controlling interest relating to equity	–	–	**359 386**	(82 746)

Acquisition of remaining 36.5% shareholding in Calgro M3 Memorial Parks Nasrec (Pty) Ltd

On 16 April 2018 the Group entered into an agreement to obtain the remaining 36.5% shareholding in Calgro M3 Memorial Parks Nasrec (Pty) Ltd for R63 600 000. The Group paid the final amount of R9 085 714 in the current financial year. The Group obtained 100% of the economic benefits of the company from the transaction date. Shares are transferred to the Group upon payment of each of the tranches.

* **Acquisition of remaining 49.16% shareholding in Holm Jordaan GWA (Pty) Ltd**

In the prior year, on 10 March 2020 the Group entered into an agreement to obtain the remaining 49.16% shareholding in Holm Jordaan GWA (Pty) Ltd for R59.

No non-controlling interest is accounted for relating to Belhar Calgro M3 Development Company (Pty) Ltd. In terms of the shareholders' agreement the Group has a preferential right to a share of the profits before any distributions may be made to the other shareholder.

34. Share-based payments

Accounting policy

Share-based compensation benefits are provided to employees via the Share Appreciation Rights Scheme and the Calgro M3 Share Scheme. The Share Appreciation Rights Scheme is settled in cash, i.e. the employees do not receive shares or options at settlement. The year in which the employee renders services to the Group to obtain the award is the year in which the expense is recognised in the statement of comprehensive income with a corresponding increase recognised in the liability. The expense is determined by measuring the fair value of the liability at each year-end.

The fair value of shares granted to Directors and employees under the Calgro M3 Executive Share Scheme is recognised as an expense over the relevant service year. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve.

34. Share-based payments (continued)

If the share-based payments granted do not vest until the counterparty completes a specified year of service, the Group accounts for those services as they are rendered by the counterparty during the vesting year on a straight line basis over the vesting year. If the share-based payments vest immediately, the services received are recognised in full.

When a cash-settled share scheme is modified to an equity-settled share scheme, the liability at the date of modification is reclassified directly in equity. The valuation of the equity-settled scheme is performed at grant date, and the difference between the valuation and the liability reclassified in equity is recognised as an expense over the relevant service year of each participant.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Significant judgement and source of estimation uncertainty
Management uses generally accepted valuation methods to determine the value of the share-based payment schemes.

The Group currently has two active share incentive schemes, being the Executive Share Scheme (approved 28 June 2019) and the Management Share Scheme (approved 1 September 2021).

The following qualifying criteria have been applied for the schemes:

	Calgro M3 Executive Share Scheme	Calgro M3 Management Share Scheme
Participants	Group Executive Directors	Selected management personnel, including two prescribed officers
Scheme rules	Long-term return when the Group shows a return higher than the average return for investors. Share-based remuneration scheme, with share appreciation rights being allocated in favour of participants and Calgro M3 Holdings shares then being issued in the event that certain compounded share price growth targets per share are achieved.	

The implementation of the scheme will ensure that the interests of the participants are aligned with those of shareholders, as the share-based remuneration will be determined by the growth in value of Calgro M3's shares.

Valuation method
Valuation of the instruments for both schemes is achieved by performing a Monte Carlo simulation involving the CGR share, volatility, risk-free rates, and certain dividend assumptions.

The process assumed is risk-neutral geometric Brownian motion.

If vesting is achieved according to the vesting schedules below, the number of shares issued to settle the vested share appreciation rights is calculated as

$N = TSR \times (S - K)/S$

where

	Calgro M3 Executive Share Scheme	Calgro M3 Management Share Scheme
S	the 30-day VWAP of CGR on 28 February in the vesting year	the 30-day VWAP of CGR on 1 September in the vesting year
K	is the base price R7.95; being the 30-day VWAP of CGR on 28 February 2019	is the base price R2.72; being the 30-day VWAP of CGR on 1 September 2021
N	the number of share appreciation rights granted	the number of share appreciation rights granted
TSR	the percentage vesting according to vesting schedule below	the percentage vesting according to vesting schedule below

34. Share-based payments (continued)

Calgro M3 Executive Share Scheme

It is a five (5)-year scheme, commencing on 1 March 2019, with the allocated share appreciation rights vesting in four (4) yearly tranches on 1 March in each of 2021, 2022, 2023 and 2024.

The participants, their allocated share appreciation rights and values are as follows:

Directors	Maximum number of share appreciation rights to be issued	Number of shares granted	Final vesting date	Intrinsic value of scheme at 28 June 2019	Vesting value tranche 1 1 March 2021	Vesting value tranche 2 1 March 2022	Vesting value tranche 3 1 March 2023	Vesting value tranche 4 1 March 2024
WJ Lategan	3 500 000	2 423 599	1 Mar 2024	7 078 912	1 769 728	1 769 728	1 769 728	1 769 728
W Williams	2 541 306	1 759 745	1 Mar 2024	5 139 910	1 284 977	1 284 977	1 284 977	1 284 977
WA Joubert	2 435 361	1 686 383	1 Mar 2024	4 925 632	1 231 408	1 231 408	1 231 408	1 231 408
MN Nkuhlu*	–	–	1 Mar 2024	–	–	–	–	–
	8 476 667	5 869 727		17 144 454	4 286 113	4 286 113	4 286 113	4 286 113

** During the prior year, Manda Nkuhlu resigned, with his shares not vesting.*

The allocated share appreciation rights will vest in four equal tranches on each of the vesting dates.

Share appreciation rights will only vest if a minimum year-on-year "total shareholder return" ("TSR") increase has been achieved in the year of vesting and will be measured against a base price of R7.95, being the 30 "volume weighted average price" ("VWAP") of Calgro M3 shares at the close of business on 28 February 2019.

The remuneration to which a participant becomes entitled, will be paid through the issuing of ordinary Calgro M3 shares at the 30-day VWAP price as at 28 February of each year.

The Calgro M3 shares will vest on the vesting date but will only be issued on 30 June of each vesting year.

If the minimum TSR for a specific year is not met, then the vesting for that year will be deferred by one year. If the compounded TSR targets as set out in the schedule on the next page are also not reached the following year (as per the following year's targets), the award for the year that has been deferred, will lapse.

The number of share appreciation rights that vest on a vesting date will depend on the achievement of the different TSR milestones. TSR milestones required for vesting of the allocated share appreciation rights are as follows:

		Participants			
Vesting date	Required compounded TSR for vesting to occur measured from 1 March 2019	WJ Lategan	WA Joubert	W Williams	Total
1 March 2021	TSR of 15%	605 900	421 596	439 936	1 467 432
1 March 2022	TSR of 15%	302 950	210 798	219 968	733 716
1 March 2022	TSR of 20%	302 950	210 798	219 968	733 716
1 March 2023	TSR of 15%	201 967	140 532	146 645	489 144
1 March 2023	TSR of 20%	201 967	140 532	146 645	489 144
1 March 2023	TSR of 25%	201 967	140 532	146 645	489 144
1 March 2024	TSR of 15%	201 967	140 532	146 645	489 144
1 March 2024	TSR of 20%	201 967	140 532	146 645	489 144
1 March 2024	TSR of 25%	201 967	140 532	146 645	489 144
Total shares available for vesting		2 423 599	1 686 383	1 759 745	5 869 727

34. Share-based payments (continued)

Calgro M3 Executive Share Scheme (continued)

In terms of the scheme, Calgro M3 shares will be issued in favour of a participant, only if the participant is still in the employ of the Company on the issue date (30 June each year).

This gives rise to an effective lock in period.

Calgro M3 Management Share Scheme

It is a five (5)-year scheme, commencing on 1 September 2021, with the allocated share appreciation rights vesting in four (4) yearly tranches on 1 September in each of 2023, 2024, 2025 and 2026.

The participants, their allocated share appreciation rights and values are as follows:

Participants	Maximum number of share appreciation rights to be issued	Number of shares granted	Final vesting date	Intrinsic value of scheme at 1 Sep 2021	Vesting value tranche 1 1 Sep 2023	Vesting value tranche 2 1 Sep 2024	Vesting value tranche 3 1 Sep 2025	Vesting value tranche 4 1 Sep 2026
AJ Langson	719 056	355 950	1 Sep 2026	553 815	138 454	138 454	138 454	138 454
SU Naicker	1 036 618	513 151	1 Sep 2026	798 401	199 600	199 600	199 600	199 600
CJ Erasmus	1 018 132	504 000	1 Sep 2026	784 163	196 041	196 041	196 041	196 041
Participant 4 – 11	1 891 232	936 206	1 Sep 2026	1 456 624	364 156	364 156	364 156	364 156
	4 665 038	2 309 307		3 593 004	898 251	898 251	898 251	898 251

The allocated share appreciation rights will vest in four equal tranches on each of the vesting dates.

Share appreciation rights will only vest if a minimum year-on-year "total shareholder return" ("TSR") increase has been achieved in the year of vesting and will be measured against a base price of R2.72, being the 30 "volume weighted average price" ("VWAP") of Calgro M3 shares at the close of business on each vesting date.

The remuneration to which a participant becomes entitled, will be paid through the issuing of ordinary Calgro M3 shares at the 30-day VWAP price as at 1 September of each year.

The Calgro M3 shares will vest on the vesting date but will only be issued on 30 November of each vesting year.

If the compounded TSR targets (as set out in the schedule below) for a specific vesting date is not met, then the vesting for that year will be deferred by one year. If the compounded TSR targets as set out in the schedules below are also not reached the following year (as per the following year's targets), the award for the year that has been deferred, will lapse.

The number of share appreciation rights that vest on a vesting date will depend on the achievement of the different TSR milestones. TSR milestones required for vesting of the allocated share appreciation rights are as follows:

		Participants				
Vesting date	Required compounded TSR for vesting to occur measured from 1 September 2021	AJ Langson	S Naicker	CJ Erasmus	Participant 4 – 11	Total
1 September 2023	TSR of 20%	88 988	128 288	126 000	234 051	577 327
1 September 2024	TSR of 20%	88 988	128 288	126 000	234 051	577 327
1 September 2025	TSR of 20%	88 988	128 288	126 000	234 051	577 327
1 September 2026	TSR of 20%	88 988	128 288	126 000	234 051	577 327
Total shares available for vesting		355 950	513 151	504 000	936 206	2 309 307

34. Share-based payments (continued)

Calgro M3 Management Share Scheme (continued)

In terms of the scheme, Calgro M3 shares will be issued in favour of a participant, only if the participant is still in the employ of the Company on the issue date (30 November each year).

This gives rise to an effective lock in period.

	Calgro M3 Executive Share Scheme	Calgro M3 Management Share Scheme	Total reserve
Reconciliation of share-based payments reserve			
2021			
Opening balance of reserve	4 499 565	–	4 499 565
Share-based payment expense recognised in equity	7 711 586	–	7 711 586
Shares released to retained earnings on cancellation by participant#	(5 353 367)	–	(5 353 367)
Closing balance of reserve	6 857 784	–	6 857 784
2022			
Opening Balance of Reserve	**6 857 784**	**–**	**6 857 784**
Share-based payment expense recognised in equity	**3 428 891**	**359 300**	**3 788 191**
Closing balance of reserve	**10 286 675**	**359 300**	**10 645 975**

 # An executive share scheme participant resigned during the prior year, which resulted in the acceleration of the participant's share-based payment expense and subsequent allocation to retained earnings from the share-based payment reserve.

2021 financial year

The Group cancelled the scheme on 28 February 2021 as the scheme was completely under water. The expenses previously recognised have been reversed to the statement of comprehensive income.

	2022	2021
Share appreciation rights (SAR) reconciliation		
SARs not vested		
No SARs were exercised or vested during the year.		
Share appreciation rights (SAR) exercised reconciliation		
The amounts recognised in the financial statements (before taxes) for the share-based payment transaction with employees is as below:		
Expense		
Share appreciation rights (credit)/expense	**–**	(76 838)
Liability		
Share appreciation rights liabilities	**–**	–
Cash-settled share-based payment liability		
Reconciliation of SAR liability		
Opening balance	**–**	76 838
Share-based payment charge for the year recognised in statement of comprehensive income (scheme cancelled)	**–**	(76 838)
Closing balance at the end of the year	**–**	–

35. Employee costs

Accounting policy

(a) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

(b) Short-term benefits

The costs of short-term employee benefits include those payable within 12 months after the service is rendered, such as paid vacation leave, sick leave, and bonuses.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

(c) Bonus plans

The Group recognises an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. The Group expects these liabilities to be settled within 12 months.

	2022	2021
Salary and wages	**79 587 434**	67 893 742
Share scheme expense	**3 788 191**	7 711 586
Share Appreciation Rights (gain)/expense	**–**	(76 838)
Directors' emoluments	**26 200 196**	13 026 170
Executive Directors*	**23 009 479**	10 340 095
Non-Executive Directors	**3 190 717**	2 686 075
Salary and wages	**109 575 821**	88 554 660
Less: Amounts allocated to qualifying assets (construction contracts)	**(57 833 491)**	(39 256 036)
Total employee costs and share appreciation rights settlement	**51 742 330**	49 298 624

** The Executive Directors emoluments includes only the guaranteed remuneration, cash-settled long-term incentive and the short-term incentive.*

36. Related parties

All joint ventures are considered related parties to the Group. Refer to note 9 for a detailed list of all joint ventures.

(a) Related party balances

(i) Loans to joint ventures

During the year, loans have been issued to joint ventures, refer to note 11 for details.

(ii) Receivables from joint ventures

During the year, the Group issued receivables to joint ventures, refer to note 14.

(iii) Trade and other payables to related parties

	2022	2021
Trade payable – Aquarella Investments 265 (Pty) Ltd	**3 584 184**	9 965 355
	3 584 184	9 965 355

(b) Related party transactions

(i) Key management personnel compensation

	2022	2021
Employee expenses – Directors and prescribed officers (including cash and non-cash)	**39 608 869**	25 361 702
	39 608 869	25 361 702

(ii) Other transactions with joint ventures

	Finance income received		**Contract revenue received**	
	2022	2021	**2022**	2021
Table View (Pty) Ltd	**8 296**	7 563	**–**	–
Calgro M3 JCO Holdings (Pty) Ltd	**–**	560 760	**–**	–
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**16 704 660**	15 173 673	**26 727 975**	22 024 058
South Hills Development Company (Pty) Ltd	**1 738 904**	489 590	**219 561 716**	107 799 942
Safdev Tanganani (Pty) Ltd	**1 594 075**	3 541 555	**–**	–
	20 045 935	19 773 141	**246 289 691**	129 824 000

36. Related parties (continued)

(b) Related party transactions (continued)

(iii) Shares issued and expense recognised for directors and prescribed officers with respect to the Calgro M3 Share Scheme – not cash remuneration

	Share-based payment expense for 2022*	Share-based payment expense for 2021*	Number of shares granted
Directors			
WJ Lategan	**1 415 782**	1 415 783	2 423 599
W Williams	**1 027 982**	1 027 982	1 759 745
WA Joubert	**985 127**	985 127	1 686 383
MN Nkuhlu (resigned 31 August 2020)	**–**	4 282 694	1 832 826
	3 428 891	7 711 586	7 702 553
Prescribed officers			
AJ Langson	**55 382**	–	355 950
SU Naicker	**79 840**	–	513 151
CJ Erasmus	**78 416**	–	504 000
	213 638	–	1 373 101

** This amount relates to the share-based payment expense recognised in the statement of comprehensive income and is not a cash consideration paid to Directors.*

Refer to note 34 for further details of share-based compensation benefits.

(iv) Share appreciation right expense recognised for prescribed officers

	Share appreciation right expense for 2022*	Share appreciation right expense for 2021*	Maximum value of award
Prescribed officers			
UK Kissoon Singh	**–**	(23 417)	3 200 000
AJ Langson	**–**	(18 295)	2 500 000
CJ Erasmus (appointed 22 September 2020)	**–**	(21 954)	3 000 000
	–	(63 666)	8 700 000

** This scheme has been cancelled, refer to note 34.*

37. Directors' emoluments

Executive Directors

The remuneration noted below is for services rendered in connection with the carrying on of affairs of the business within the same group of companies and joint ventures.

	Remuneration and other benefits		
	Guaranteed remuneration	**Short-term incentive**	**Total**
2022			
WJ Lategan	**3 808 577**	**5 076 924**	**8 885 501**
WA Joubert	**3 000 079**	**4 061 538**	**7 061 617**
W Williams	**3 000 822**	**4 061 538**	**7 062 360**
Total Executive Directors	**9 809 479**	**13 200 000**	**23 009 479**
2021			
WJ Lategan	2 694 033	694 196	3 388 229
WA Joubert	2 276 961	482 999	2 759 960
W Williams	2 376 433	504 011	2 880 444
MN Nkuhlu (resigned 31 August 2020)	1 311 462	–	1 311 462
Total Executive Directors	8 658 889	1 681 206	10 340 095

Independent Non-Executive Directors

The remuneration noted below is for services rendered as a Director of the Group.

	2022	2021
PF Radebe (resigned 26 June 2020)	**–**	129 150
H Ntene	**605 483**	425 950
RB Patmore	**538 967**	434 700
ME Gama	**538 584**	494 550
GS Hauptfleisch	**465 233**	423 150
SL Ntuli	**352 484**	303 538
TP Baloyi	**376 983**	282 538
TC Moodley	**312 983**	192 500
Total Non-Executive Directors	**3 190 717**	2 686 075
Summary		
Executive Directors	**23 057 479**	10 340 095
Non-Executive Directors	**3 190 717**	2 686 075
Total Directors	**26 248 196**	13 026 170

Prescribed officers

The prescribed officers' appointment, terms of contract and remuneration for the year under review is as follows:

	Date appointed as prescribed officer	Contract expiry
UK Kissoon Singh	08/08/2017	3 month notice
AJ Langson	01/03/2018	3 month notice
CJ Erasmus	22/09/2020	3 month notice
SU Naicker	23/07/2021	3 month notice

The remuneration noted below is for services rendered in connection with the carrying on of affairs of other companies in the same Group.

37. Directors' emoluments (continued)

Prescribed officers (continued)

	Remuneration and other benefits		
	Guaranteed remuneration	Short-term incentive	Total
2022			
UK Kissoon Singh	**1 793 468**	**478 960**	**2 272 428**
AJ Langson	**1 643 468**	**675 000**	**2 318 468**
CJ Erasmus	**2 474 204**	**1 000 000**	**3 474 204**
SU Naicker	**1 101 044**	**600 000**	**1 701 044**
	7 012 184	**2 753 960**	**9 766 144**
2021			
UK Kissoon Singh	1 648 220	100 798	1 749 018
AJ Langson	1 456 216	96 636	1 552 852
CJ Erasmus	1 067 231	254 845	1 322 076
	4 171 667	452 279	4 623 946

38. Earnings per share (and other performance indicators)

Accounting policy

Basic earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the year and is based on the net profit attributable to ordinary shareholders.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after-tax dilutive effect.

For the share options and share rights, a calculation is done to determine the number of the Group's shares that would be required at fair value to settle the monetary value of the rights, after deducting the unamortised share-based payment value. For the purposes of this calculation, the average annual market share price of the Group is used.

Headline earnings per share

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the year and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 1/2021 issued by the South African Institute of Chartered Accountants (SAICA).

38. Earnings per share (and other performance indicators) (continued)

		2022	2021
(a)	**Basic**		
	Profit attributable to shareholders	**131 811 216**	18 944 086
	Weighted average number of ordinary shares in issue*	**121 400 069**	127 336 370
	Basic earnings per share (cents per share)	**108.58**	14.88
(b)	**Diluted**		
	Profit attributable to shareholders	**131 811 216**	18 944 086
	Weighted average number of ordinary shares in issue	**121 400 069**	127 336 370
	Calgro M3 share schemes	**3 322 163**	2 097 737
	Fully diluted weighted average number of ordinary shares in issue	**124 722 232**	129 434 107
	Fully diluted earnings per share (cents per share)	**105.68**	14.64
(c)	**Headline**		
	Headline earnings is calculated as follows:		
	Profit attributable to shareholders	**131 811 216**	18 944 086
	Profit on disposal of property, plant and equipment and computer software	**–**	(11 500)
	Fair value adjustment in investment properties	**–**	(5 770 587)
	Profit on disposal of investment in subsidiary	**–**	(36 560 998)
	Loss of sale of investment in joint venture	**–**	4 085 328
	Gain on bargain purchase	**(3 582 313)**	–
	Profit/(loss) used to determine headline earnings per share	**128 228 903**	(19 313 671)
	Weighted average number of ordinary shares in issue	**121 400 069**	127 336 370
	Headline profit/(loss) per share (cents per share)	**105.63**	(15.17)
(d)	**Diluted headline**		
	Diluted headline earnings is calculated as follows:		
	Profit/(loss) used to determine headline earnings per share	**128 228 903**	(19 313 671)
	Fully diluted weighted average number of ordinary shares in issue	**124 722 232**	129 434 107
	Fully diluted headline earnings/(loss) per share (cents per share)	**102.81**	(14.92)
(e)	**Net asset value per share**		
	Net asset value per share is calculated by dividing the net asset value, calculated by reducing the total assets by total liabilities, by the number of share in issue.		
	Total assets	**2 439 255 893**	2 467 803 560
	Less: Total liabilities	**(1 475 570 059)**	(1 639 746 455)
	Net assets	**963 685 834**	828 057 105
	Number of ordinary shares in issue	**121 400 069**	121 400 069
	Net asset value per share (cents per share)	**793.81**	682.09

** The weighted average number of shares include the repurchase of the shares. Refer to note 46.*

39. Going concern

The Group financial statements have been prepared on the going concern basis. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Board has considered the Group's cash flow forecasts for the foreseeable future, with the consideration given to the uncertainty in operational performance, company specific risks and other wider macro-economic environment risks. Consideration was given to the long-term impact of the Covid-19 pandemic on both the wider macro-economic environment and the Group's operations.

The Group maintains sufficient liquidity throughout the period to furnish its liabilities as they fall due.

In considering the going concern assumption the following factors have a potential market impact on the Group:

- The current fluctuations in the interest rates, bearing in mind that the prime lending rate remains favourable, which remains well received by potential buyers with many making use of the opportunity to obtain bonds at the lower interest rate. Along with the banking sector continuing to grant 100% home loans in the low to middle tier of the market is proving to be extremely robust and advantageous to the Group's position; and
- Government committed to the need for dignified housing in South Africa. Our belief is that this will bring about new opportunities.

Further to the above the Group has considered the current civil and political unrest between Russia and Ukraine. There are no financial or non-financial factors impacting the Group which need to be adjusted for within the cash flow forecasts.

40. Events after the reporting year

The Directors are not aware of any subsequent events that occurred between the year-end and date of authorisation of the annual financial statements that require any adjustments or additional disclosure in the annual financial statements.

COMPANY FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

	Notes	2022	2021
Non-current assets			
Investment in subsidiaries	42	**291 008 869**	291 008 869
Loans to Group companies	43	**285 456 360**	–
		576 465 229	291 008 869
Current assets			
Loans to Group companies	43	**40 566 965**	23 325
Trade and other receivables	44	**–**	5 135
Cash and cash equivalents	45	**65 076**	59 412
		40 632 041	87 872
Total assets		**617 097 270**	291 096 741
Equity and liabilities			
Equity			
Equity attributable to owners of the parent			
Stated capital	46	**265 266 769**	265 266 769
Retained income		**8 446 350**	8 420 376
Total equity		**273 713 119**	273 687 145
Liabilities			
Non-current liabilities			
Borrowings	47	**285 456 360**	–
		285 456 360	–
Current liabilities			
Borrowings	47	**40 000 000**	–
Loans from Group companies	43	**11 546 996**	14 141 512
Current income tax liabilities		**120 085**	12 541
Trade and other payables	48	**6 260 710**	3 255 543
		57 927 791	17 409 596
Total liabilities		**343 384 151**	17 409 596
Total equity and liabilities		**617 097 270**	291 096 741

The notes on pages 101 to 110 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2022	2021
Revenue	49	**7 500 000**	8 120 000
Other income	50	**–**	16 014
Administrative expenses	51	**(4 136 707)**	(4 249 092)
Finance income	52	**22 156 755**	2 649 109
Finance costs	53	**(25 375 331)**	(5 192 686)
Profit before tax		**144 717**	1 343 345
Taxation	54	**(118 743)**	(561 052)
Profit after taxation		**25 974**	782 293
Other comprehensive income		**–**	–
Total comprehensive income		**25 974**	782 293

The operating profit subtotal (current and prior year) has been removed from the statement of comprehensive income.

The notes on pages 101 to 110 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Stated capital	Retained income	Total equity
Balance at 1 March 2020	279 441 769	7 638 083	287 079 852
Shares repurchased	(14 175 000)	–	(14 175 000)
Comprehensive income			
Profit for the year	–	782 293	782 293
Other comprehensive income	–	–	–
Total comprehensive (loss)/income	–	782 293	782 293
Balance at 1 March 2021	265 266 769	8 420 376	273 687 145
Comprehensive income			
Profit for the year	**–**	**25 974**	**25 974**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income	**–**	**25 974**	**25 974**
Balance at 28 February 2022	**265 266 769**	**8 446 350**	**273 713 119**
Note	46		

The notes on pages 101 to 110 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Notes	2022	2021
Cash generated from operations			
Cash generated from operations	55	**3 102 573**	3 990 692
Finance income received	52	**22 156 755**	2 649 109
Finance cost paid	47	**(22 647 949)**	–
Tax paid	56	**(11 199)**	(170 239)
Net cash generated from operations		**2 600 180**	6 469 562
Cash from/(invested in) investing activities			
Loans to Group companies repaid		**30 000 000**	–
Loans to Group companies advanced		**–**	(5 450)
Net cash from/(invested in) investing activities		**30 000 000**	(5 450)
Cash utilised in financing activities			
Loans from Group companies advanced	43	**201 537 178**	507 332 186
Loans from Group companies repaid	43	**(204 131 694)**	(499 624 077)
Repayment of borrowings	47	**(30 000 000)**	–
Shares repurchased	46	**–**	(14 175 000)
Net cash utilised in financing activities		**(32 594 516)**	(6 466 891)
Net increase/(decrease) in cash and cash equivalents		**5 664**	(2 779)
Cash and cash equivalents at the beginning of the year		**59 412**	62 191
Cash and cash equivalents at the end of the year	45	**65 076**	59 412

The notes on pages 101 to 110 are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Included in the notes to the company financial statements are those accounting policies only applicable to the Company.

Where the same accounting policy applies to both the consolidated and company financial statements refer to the applicable notes in the consolidated financial statements.

41. Significant judgements and sources of estimation uncertainty

In preparing the company financial statements, management applied estimates and assumptions in determining which investments to classify as subsidiaries. Refer to the investments in subsidiaries note (note 42).

Working Capital Cycle

The operating cycle for the holding company is considered to be 12 months, which is line with the period the company recovers its assets.

42. Investment in subsidiaries

Accounting policy

Investments in subsidiaries are carried at cost less any accumulated impairment.

Significant judgement and sources of estimation uncertainty

Although the Group has a minority shareholding in Belhar Calgro M3 Development Company (Pty) Ltd, it does have control, as the board comprises only of representatives from Group.

The Group appoints the chairman which has the casting vote. The investment is therefore accounted for as a subsidiary as the Group has control over the relevant activities of the entity.

Name of company	**% voting power 2022**	% voting power 2021	**% holding 2022**	% holding 2021	**Carrying amount 2022**	Carrying amount 2021
Direct subsidiaries						
Calgro M3 Developments (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**291 008 869**	291 008 869
Calgro M3 Real Estate (Pty) Ltd[#]	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
Calgro M3 Memorial Parks Holding (Pty) Ltd[#]	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
					291 008 869	291 008 869
Indirect subsidiaries						
Subsidiaries of Calgro M3 Developments (Pty) Ltd						
Calgro M3 Land (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**188 146 234**	188 146 234
Calgro M3 Project Management (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**4 500 100**	4 500 100
MS5 Projects (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**100**	100
Calgro M3 Rectification Company (Pty) Ltd[#]	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
Calgro M3 Procurement Management (Pty) Ltd[#◊]	**100.00%**	100.00%	**49.00%**	49.00%	**–**	–
Calgro M3 Procurement Services (Pty) Ltd[#◊]	**100.00%**	100.00%	**49.00%**	49.00%	**–**	–
Calgro M3 Contractors (Pty) Ltd[#◊]	**100.00%**	100.00%	**49.00%**	49.00%	**–**	–

42. Investment in subsidiaries (continued)

Name of company	% voting power 2022	% voting power 2021	% holding 2022	% holding 2021	Carrying amount 2022	Carrying amount 2021
Subsidiaries of Calgro M3 Land (Pty) Ltd						
Fleurhof Ext 2 (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**243 000 000**	243 000 000
Clidet No 1014 (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**100**	100
Belhar Calgro M3 Development Company (Pty) Ltd	**51.00%**	51.00%	**49.00%**	49.00%	**49**	49
CM3 Witkoppen Ext 131 (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**100**	100
Tres Jolie Ext 24 (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**100**	100
Ridgewood Estate (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**100**	100
Business Venture Investment No 1244 (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**100**	100
Business Venture Investment No 1221 (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**100**	100
Calgro M3 Jabulani (Pty) Ltd#	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
Calgro M3 Memorial Parks Nasrec (Pty) Ltd✚*	**100.00%**	100.00%	**100.00%**	90.80%	**–**	54 755 699
Sabre Homes Projects (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**1 002**	1 002
32-On-Pine Property Development (Pty) Ltd⬟	**100.00%**	50.00%	**100.00%**	50.00%	**3 000 000**	–
Subsidiaries of Calgro M3 Project Management (Pty) Ltd						
CTE Consulting (Pty) Ltd	**100.00%**	100.00%	**100.00%**	100.00%	**4 500 100**	4 500 100
Holm Jordaan GWA (Pty) Ltd◘	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
Subsidiaries of Calgro M3 Procurement Management (Pty) Ltd						
Calgro M3 Procurement Services (Pty) Ltd#	**100.00%**	100.00%	**51.00%**	51.00%	**–**	–
Calgro M3 Contractors (Pty) Ltd#	**100.00%**	100.00%	**51.00%**	51.00%	**–**	–
Subsidiaries of Calgro M3 Memorial Parks Holding (Pty) Ltd						
Calgro M3 Memorial Park Bloemfontein (Pty) Ltd#	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
Calgro M3 Municipal Memorial Parks (Pty) Ltd#	**100.00%**	100.00%	**100.00%**	100.00%	**–**	–
Calgro M3 Memorial Parks Nasrec (Pty) Ltd✚*	**100.00%**	100.00%	**100.00%**	90.80%	**54 755 699**	–
					497 903 884	494 903 884

 # These companies have been incorporated under the new Companies Act 71 of 2008. The value of the shares are stated at no par value.

◊ Calgro M3 Developments has all the voting rights in the company, however, only has 49% shareholding in the company.

✚ Acquisition of remaining 36.5% shareholding Calgro M3 Memorial Parks Nasrec (Pty) Ltd.
On 16 April 2018 the Group entered into an agreement to obtain the remaining 36.5% shareholding in Calgro M3 Memorial Parks Nasrec (Pty) Ltd for R63 600 000. The Group paid the final remaining amount of R9 085 714 in the current financial year. The Group obtained 100% of the economic benefits of the company from the transaction date, shares are transferred to the Group upon payment of each of the tranches.

** During the current year, the investment in Calgro M3 Memorial Parks Nasrec (Pty) Ltd was sold by Calgro M3 Land (Pty) Ltd to Calgro M3 Memorial Parks Holding (Pty) Ltd at the cost of the investment.*

⬟ The Group acquired the remaining 50% of the shares in 32-On-Pine Property Development (Pty) Ltd on 25 August 2021. Refer to note 32.

◘ Acquisition of remaining 49.16% shareholding in Holm Jordaan GWA (Pty) Ltd.
In the prior year, on 10 March 2020 the Group entered into an agreement to obtain the remaining 49.16% shareholding in Holm Jordaan GWA (Pty) Ltd for R59.

42. Investment in subsidiaries (continued)

On 12 February 2016, the Company founded the Calgro M3 Empowerment Trust and the Calgro M3 Employment Benefit Trust. In accordance with the principles of IFRS, both the trusts are controlled by the Company and are considered to be agents of the Company. There is no financial impact on transactions between the Company and the trusts. Both trusts are registered in South Africa and their year ends are consistent with the Group.

All subsidiaries are incorporated in South Africa. The year-ends of all the direct and indirect subsidiaries are consistent with those of the Group.

43. Loans to/(from) Group companies

Accounting policy

These loans are classified as financial assets measured at amortised cost or financial liabilities measured at amortised cost.

The loans are unsecured, interest is charged at a rate as agreed to between the parties from time to time and is repayable on demand.

	Interest rate	Repayment terms	Security	2022	2021
Loans to Group companies					
The Calgro M3 Employee Benefit Trust	Prime (2021: prime)	On demand	Unsecured	**2 000**	2 000
The Calgro M3 Educational Benefit Trust	Prime (2021: prime)	On demand	Unsecured	**21 325**	21 325
Calgro M3 Developments (Pty) Ltd – Treasury#	JIBAR plus relevant margin	On demand	Unsecured	**326 000 000**	–
Loans to Group companies				**326 023 325**	23 325
Loans from Group companies					
Calgro M3 Developments (Pty) Ltd	Prime (2021: prime)	On demand	Unsecured	**(11 546 996)**	(14 141 512)
Loans from Group companies				**(11 546 996)**	(14 141 512)
Loans from Group companies cash flow reconciliation					
Opening balance				**(14 141 512)**	(6 433 403)
Loan repaid to Group companies				**204 131 694**	499 624 077
Loan advanced from Group companies				**(201 537 178)**	(507 332 186)
Closing balance				**(11 546 996)**	(14 141 512)

 # Refer to note 47 for further details on the Calgro M3 Developments (Pty) Ltd treasury loan. The interest rate charged on the loan is linked to the rate charged on the DMTN programme.

44. Trade and other receivables

Accounting policy

Refer to note 14 of the consolidated financial statements for the applicable accounting policy.

	2022	2021
Non-financial instruments		
Expenses paid in advance	**–**	5 135
Total trade and other receivables	**–**	5 135

45. Cash and cash equivalents

Accounting policy
Refer to note 15 of the consolidated financial statements for the applicable accounting policy.

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2022	2021
Cash on hand	**330**	330
Bank balances	**64 746**	59 082
	65 076	59 412

46. Stated capital

Accounting policy and note
Refer to note 16 of the consolidated financial statements for the applicable accounting policy.

	Number of shares		Rand amount	
	2022	2021	**2022**	2021
Authorised				
Ordinary no par value shares	**500 000 000**	500 000 000		
Issued				
Balance at the beginning of the year (consisting of)	**121 400 069**	128 150 069	**265 266 769**	279 441 769
Shares in issue to the public	**112 931 438**	119 681 438	**81 846 721**	96 021 721
Shares issued to Calgro M3 Employee Benefit Trust*	**5 212 909**	5 212 909	**104 239 627**	104 239 627
Shares issued to Calgro M3 Empowerment Trust*	**5 212 909**	5 212 909	**104 239 627**	104 239 627
Shares issued to Calgro M3 Developments Limited	**8 468 631**	8 468 631	**183 420 048**	183 420 048
Treasury shares in issue*	**(10 425 818)**	(10 425 818)	**(208 479 254)**	(208 479 254)
Shares repurchased#	**–**	(6 750 000)	**–**	(14 175 000)
Balance at end of the year	**121 400 069**	121 400 069	**265 266 769**	265 266 769

* *These shares relate to the shares issued to the Calgro M3 Empowerment Trust and the Calgro M3 Employee Benefit Trusts. In accordance with the principles of IFRS, the trusts are controlled by the Company and are considered agents of the Company. These shares are therefore considered to be treasury shares.*

\# *Specific repurchase of shares.*
In the prior year, In terms of the special resolution approved by Calgro shareholders on 11 January 2021, Calgro repurchased 6 750 000 shares for R14 175 000 at an average price of R2.10 per share.
These repurchased shares were cancelled, delisted and reverted to authorised and unissued shares.

All issued shares are fully paid.

Unissued ordinary shares are under the control of the Directors in terms of a resolution of members passed at the last Annual General Meeting. This authority remains in force until the next Annual General Meeting.

47. Borrowings

Accounting policy
Borrowings are classified as financial liabilities at amortised cost. Refer to the financial instruments accounting policy note for further details.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan. The fee is amortised over the life of the facility.

	Interest Rate	Expiration date	2022	2021
Floating rate note – CGR 42	JIBAR plus 4.5%	3 August 2023	**45 000 000**	–
Floating rate note – CGR 43	JIBAR plus 3.95%	Repaid	**–**	–
Floating rate note – CGR 45	JIBAR plus 3.5%	Repaid	**–**	–
Floating rate note – CGR 46	JIBAR plus 3.95%	28 February 2023	**40 000 000**	–
Floating rate note – CGR 47	JIBAR plus 4.5%	28 February 2025	**60 000 000**	–
Floating rate note – CGR 48	JIBAR plus 4.25%	30 September 2023	**50 000 000**	–
Floating rate note – CGR 49	JIBAR plus 4.75%	30 September 2024	**50 000 000**	–
Floating rate note – CGR 50	JIBAR plus 4.25%	23 October 2023	**33 000 000**	–
Floating rate note – CGR 51	JIBAR plus 4.75%	23 October 2024	**48 000 000**	–
Transaction cost amortisation*			**(543 640)**	–
Total borrowings			**325 456 360**	–

** The transaction costs are amortised over the life of the facilities. It is expected that these costs will be fully amortised when the facilities are settled.*

All borrowings are unsecured. In the current financial year the capital amounts outstanding for CGR 43 R10 000 000 and CGR 45 R20 000 000 were settled in line with the maturity analysis for these notes. As at year-end, all floating rate notes listed on the DMTN listed debt programme were in compliance with the programme memorandum.

The table below provides information regarding the present value of the borrowings to be settled within 12 months and after 12 months. For the undiscounted cash flows related to borrowings, refer to note 3.

	2022	2021
Borrowings to be settled within 12 months	**40 000 000**	–
Borrowings to be settled after more than 12 months	**285 456 360**	–
	325 456 360	–
Borrowings cash flow reconciliation		
Borrowings raised by loan accounts# (non-cash item)	**(356 000 000)**	–
Repayments of CGR notes	**30 000 000**	–
Net transaction costs amortised	**543 640**	
Amortised expense through the statement of comprehensive income	**(352 852)**	–
Transaction costs paid	**896 492**	–
Closing balance	**(325 456 360)**	–
Interest paid on borrowings	**22 647 949**	–
Total interest paid on borrowings	**22 647 949**	–

 # In the current financial year (May 2021) Calgro M3 Developments (Pty) Ltd transferred the DMTN listed debt programme to Calgro M3 Holdings Limited.

Refer to note 43 for the corresponding treasury loan which relates to the movement of the debt programme.

General
The directors have not breached the requirements of the Company's Memorandum of Incorporation in terms of their borrowing powers.

48. Trade and other payables

Accounting policy
Refer to note 18 of the consolidated financial statements for the applicable accounting policy.

	2022	2021
Financial instruments		
Trade payables	**57 428**	335 045
Accrued expenses	**5 927 546**	2 422 613
Gross financial instruments	**5 984 974**	2 757 658
Non-financial instruments		
Value added tax	**275 736**	497 885
Total non-financial instruments	**275 736**	497 885
Total trade and other payables	**6 260 710**	3 255 543

49. Revenue

Accounting policy
Revenue only consists of management fees. Management fees are charged by the Company to its subsidiary, Calgro M3 Developments (Pty) Ltd, for providing the relevant infrastructure and support to operate the subsidiary and are recognised over time as the services are performed on a monthly basis, which coincides with the billing which also occurs on a monthly basis in arrears.

Refer to the related party note 57.

	2022	2021
Management fees	**7 500 000**	8 120 000
	7 500 000	8 120 000

50. Other income

	2022	2021
Other income	**–**	16 014
	–	16 014

51. Administrative expenses

	2022	2021
Auditor's remuneration	**55 789**	325 302
Bank charges	**41 094**	55 322
Donations	**–**	25 000
Directors' fees – non-executive	**3 190 717**	2 686 075
Professional fees	**211 064**	282 318
Legal fees	**–**	350 670
Sundry expenses	**358 677**	232 464
Transaction costs – trusts	**279 366**	291 941
Total administration expenses	**4 136 707**	4 249 092

52. Finance income

Accounting policy
Refer to note 26 of the consolidated financial statements for the applicable accounting policy.

	2022	2021
Bank	**756 998**	2 644 343
SARS	**–**	4 766
Interest on Group loans	**21 399 757**	–
Finance income	**22 156 755**	2 649 109

53. Finance cost

Accounting policy
Refer to note 27 of the consolidated financial statements for the applicable accounting policy.

	2022	2021
Interest on Group loans	**3 622 722**	5 192 686
Borrowings	**21 752 609**	–
Finance cost	**25 375 331**	5 192 686

54. Taxation

Accounting policy
Refer to note 28 of the consolidated financial statements for the applicable accounting policy.

	2022	2021
Major components of the income tax expense		
Current		
Current year	**118 743**	182 780
	118 743	182 780
Deferred		
Current year	**–**	378 272
	–	378 272
Total current and deferred tax expense	**118 743**	561 052
Reconciliation of the income tax expense		
Applicable tax rate	**28.00%**	28.00%
Disallowable charges	**54.05%**	13.77%
Effective tax rate	**82.05%**	41.77%

55. Cash generated from operations

	2022	2021
Profit before taxation	**144 717**	1 343 345
Adjustments for:		
Finance income	**(22 156 755)**	(2 649 109)
Finance cost	**25 375 331**	5 192 686
Trade and other receivables	**5 135**	(5 135)
Trade and other payables	**(265 855)**	108 905
	3 102 573	3 990 692

56. Taxation paid

	2022	2021
Balance at the beginning of the year	**(12 541)**	–
Current tax for the year	**(118 743)**	(182 780)
Balance at the end of the year	**120 085**	12 541
	(11 199)	(170 239)

57. Related parties

Subsidiaries

Refer to note 42 for a detailed list of all subsidiaries of the Company.

Related party balances

Refer to note 43 for loans (from)/to Group companies.

Related party transactions

	Administration fees received		Finance income		Finance costs	
	2022	2021	**2022**	2021	**2022**	2021
Calgro M3 Developments (Pty) Ltd	**7 500 000**	8 120 000	**21 399 757**	–	**3 622 722**	5 192 686
	7 500 000	8 120 000	**21 399 757**	–	**3 622 722**	5 192 686

58. Financial assets and liabilities by category

	Financial assets at amortised cost		Financial liabilities at amortised cost		Fair values	
	2022	2021	**2022**	2021	**2022**	2021
Loans to Group companies	**326 023 325**	23 325	**–**	–	**326 023 325**	23 325
Cash and cash equivalents	**65 076**	59 412	**–**	–	**65 076**	59 412
Borrowings	**–**	–	**(325 456 360)***	–	**(325 456 360)***	–
Loans from Group companies	**–**	–	**(11 546 996)**	(14 141 512)	**(11 546 996)**	(14 141 512)
Trade and other payables	**–**	–	**(5 984 974)**	(2 757 658)	**(5 984 974)**	(2 757 658)
	326 088 401	82 737	**(342 988 330)**	(16 899 170)	**(16 899 929)**	(16 816 433)

* *Based on quoted prices on the Bond Exchange.*

59. Risk management

Financial risk management

Due to the fact that the Company is a holding company, the most significant risks the Company is exposed to market risk (via cash flow interest rate), credit risk and liquidity risk.

(i) Market risk (cash flow interest rate risk)

The Company has interest-bearing loans to and from Group companies. The loans issued at variable rates expose the Company to cash flow interest rate risk. The Group Executive Committee monitors the interest of the Company on a cash basis. Refer to the finance income (note 52) and finance cost (note 53) notes for the interest received/paid.

The impact on post-tax profit of a 2% shift in the interest rate would be a maximum increase/decrease of:

	2022	2021
2% increase/(decrease) on finance charges on interest-bearing borrowings	**4 852 848**	203 638
2% increase/(decrease) on finance income on interest-bearing assets	**4 694 736**	336

A 2% shift is considered appropriate by management taking into account the current economic environment in which the Group operates.

(ii) Credit risk

Credit risk consists mainly of loans to Group companies, cash deposits and cash equivalents.

The Company only deposits cash with major banks with a minimum rating of 'BB' and limits the exposure to any one counterparty. No credit risk is associated to other receivables as this consists of prepayments.

The Company considers its credit risk relating to the loans owing by Group companies on a case by case basis. Any credit risk related to loans to Group companies is mitigated by the fact that management has insight into the financial position of the Group companies as a result of the relationship.

The treasury loan with Calgro M3 Developments (Pty) Ltd (refer to note 43) is directly linked to the repayment of the borrowings and its maturity profile (refer to note 47). In line with the DMTN listed program, Calgro M3 Developments (Pty) Ltd guarantees the repayment of the listed debt program. Based on cash flow forecasts and maturity analysis performed, sufficient cash flow will be available to settle the Treasury loan, and in turn the Borrowings. As Calgro M3 Developments (Pty) Ltd is solvent and liquid, no ECL was recognised on the treasury loan as there was no probability of default.

For loans to Group companies and cash and cash equivalents, the maximum exposure to credit risk is limited to what is disclosed in the statement of financial position.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, as well as the availability of funding through an adequate amount of committed credit facilities.

Due to the dynamic nature of the underlying businesses, the Executive Committee maintains flexibility in funding by maintaining availability under committed credit lines.

The Company manages liquidity risk by monitoring forecasted cash flows.

The Company strives to match the maturity profile of borrowings with expected cash flows from the development projects.

A specific liquidity risk associated with the Company is the raising of loans at specified dates of repayment, against delivery of construction projects that have the same maturity profile.

The related cash inflows from these construction projects are, however, uncertain and dependent on factors not under the control of the Company.

The financial liabilities to be settled within one year will be funded by cash and cash equivalents as well as the realisation of trade and other receivables and construction contracts.

59. Risk management (continued)

Financial risk management (continued)

(iii) Liquidity risk (continued)

The table below analyses the Company's financial liabilities into relevant maturity based on the remaining years at the reporting year date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows which include future interest payable. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Financial instruments recognised on the statement of financial position

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
2022						
Borrowings (including future interest)	**68 233 844**	**149 249 091**	**169 820 504**	**–**	**–**	**387 303 440**
Trade and other payables	**5 984 974**	**–**	**–**	**–**	**–**	**5 984 974**
	74 218 818	**149 249 091**	**169 820 504**	**–**	**–**	**393 288 414**
2021						
Trade and other payables	2 757 658	–	–	–	–	2 757 658
	2 757 658	–	–	–	–	2 757 658

The above amounts will be repaid by utilising cash generated from operations, available cash, working capital facilities and the refinancing of borrowings.

In line with the DMTN listed program, Calgro M3 Developments (Pty) Ltd guarantees the repayment of the listed debt program.

60. Directors' and prescribed officers' emoluments

Please refer to note 37 of the consolidated financials for the emoluments paid to Executive Directors, Non-Executive Directors and prescribed officers.

61. Going concern

For the current financial year, the Company made a profit of R25 974 (2021: profit of R782 293).

The Company's current liabilities exceed current assets by R17 295 750 (2021: R17 321 724). However, total assets exceed total liabilities by R273 713 119 (2021: R273 687 145).

The Group maintains a central treasury function whereby financial assistance is monitored and maintained. The Company has received commitment from Calgro M3 Developments (Pty) Limited, its main trading subsidiary who will provide additional liquidity to the entity, which will enable Calgro M3 Holdings Limited to pay its liabilities as they fall due.

The company financial statements have been prepared on the going concern basis. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

GENERAL INFORMATION

Calgro M3 Holdings Limited
Incorporated in the Republic of South Africa
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Share Code: CGR
ISIN: ZAE000109203

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Preparer
The financial statements were internally compiled by R van Maarleveld CA(SA) under the supervision of SU Naicker CA(SA).

Level of assurance
These financial statements have been audited by our external auditor PricewaterhouseCoopers Inc. in accordance with the applicable requirements of the Companies Act 71 of 2008.

Transfer secretaries
Computershare Investor Services

Bankers
First National Bank
Standard Bank
Nedbank

Auditor
PricewaterhouseCoopers Inc.
Registered Auditor

Sponsors
PSG Capital

Debt Sponsor
Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Appointed debt officer
WA Joubert

Secretary
I April

Directors

W Williams	Executive
WA Joubert	Executive
WJ Lategan	Executive
SU Naicker	Executive
GS Hauptfleisch	Independent Non-Executive
H Ntene	Independent Non-Executive
SL Ntuli	Independent Non-Executive
ME Gama	Independent Non-Executive
RB Patmore	Independent Non-Executive
TP Baloyi	Independent Non-Executive
TC Moodley	Non-Executive

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