CALGRO M3
Group

Building legacies. Changing lives

2020
Notice of AGM

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General information

To request a printed copy of the Integrated Report, please contact:
Tumi April
Company Secretary
Tel: +27 11 300 7500
Email: april@calgrom3.com

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Nasrec Memorial Park

Notes and background to shareholders

This document contains the detailed Notice of Calgro M3 Holdings Limited's Annual General Meeting, which will be held on Friday, 26 June 2020.

Calgro M3's Integrated Report and Annual Financial Statements are available for viewing and downloading on the Company's website www.calgrom3.com. These reports will not be posted to shareholders.

The following can be viewed on the Calgro M3 website www.calgrom3.com:

Integrated Annual Report 2020	Annual Financial Statements 2020	ESG Report 2020
Corporate Governance Report 2020	King IV™ application register	

Notice of Annual General Meeting

Calgro M3 Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 2005/027663/06)
Share code: CGR ISIN: ZAE000109203
("Calgro M3" or "the Group" or "the Company")

Notice is hereby given to all shareholders of the Company as at Friday, 22 May 2020, being the record date to receive the notice of the Annual General Meeting in terms of section 59(1) of the Companies Act, No. 71 of 2008, as amended ("Companies Act"), that the Annual General Meeting ("AGM" or "Annual General Meeting") of shareholders or any postponement or adjournment thereof will be conducted entirely by electronic communication as permitted by the Companies Act, the JSE Limited and the Company's Memorandum of Incorporation at 10:00 on Friday, 26 June 2020 to (i) deal with such other business as may lawfully be dealt with at the AGM and (ii) consider and, if deemed fit to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act, as read with the JSE Listings Requirements ("JSE Listings Requirements"), which meeting is to be participated in and voted at by shareholders as at 19 June 2020, being the record date to attend, participate and vote at the AGM in terms of section 62(3)(a), read with section 59(1)(b), of the Companies Act.

Important dates to note	2020
Last day to trade in order to be eligible to vote at the AGM	**Monday, 15 June**
Voting record date to be able to vote at the AGM	**Friday, 19 June**
Forms of proxy to be received by no later than 10:00 on	**Wednesday, 24 June**
AGM to be held at 10:00 on	**Friday, 26 June**

NB: Section 63(1) of the Companies Act – Identification of meeting participants.

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the shareholders' meeting. Forms of identification include valid identity documents, driver's licences and passports.

Impact of Covid-19 outbreak on the AGM

As a result of the Covid-19 outbreak, and guidance from authorities regarding a need for social distancing, the AGM will be conducted entirely by electronic communication.

Shareholders or their duly appointed proxy(ies) who wish to participate in the AGM via electronic communication ("Participants") must apply to Computershare, by delivering the duly completed electronic participation form to: First Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, or posting it to Private Bag x9000, Saxonwold, 2132 (at the risk of the Participant), or sending it by email to proxy@computershare.co.za so as to be received by Computershare by no later than 10:00 on Wednesday, 24 June 2020. The electronic participation form can be found as an insert in this Notice of AGM. Computershare will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided.

The Company will inform Participants who notified Computershare of their intended participation in accordance with paragraph 1 under Electronic Participation, on page 52 of this Notice of AGM, by no later than 10:00 on Thursday, 25 June 2020 by email of the relevant details through which Participants can participate electronically.

Agenda

Presentation of the audited Annual Financial Statements of the Company (as approved by the Board of the Company) ("Annual Financial Statements"), including the independent auditor's report, the directors' report and the Audit and Risk Committee report for the year ended 29 February 2020. A summarised version of the audited Annual Financial Statements is included in the Notice of AGM 2020 booklet.

The complete audited Annual Financial Statements and the Company's Integrated Annual Report can be found on the Company's website, or may be requested and obtained in person, at no charge, at the registered office of Calgro M3 during office hours.

Notice of Annual General Meeting (continued)

1. Ordinary Resolution Number One: Re-election of Non-Executive Director

"Resolved that the re-election of H Ntene as a Non-Executive Director of the Company, who retires by rotation, but being eligible, offers himself for re-election in accordance with Article 24.9, read with Article 24.3 of the Company's Memorandum of Incorporation, for a further term in office be authorised and confirmed."

(A brief CV of H Ntene appears on page 12 of the Notice of AGM 2020 booklet.)

The percentage of voting rights that will be required for this ordinary resolution number one to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

2. Ordinary Resolution Number Two: Re-election of Non-Executive Director

"Resolved that the re-election of RB Patmore as a Non-Executive Director of the Company, who retires by rotation, but being eligible, offers himself for re-election in accordance with Article 24.9, read with Article 24.3 of the Company's Memorandum of Incorporation, for a further term in office be authorised and confirmed."

(A brief CV of RB Patmore appears on page 12 of the Notice of AGM 2020 booklet.)

The percentage of voting rights that will be required for this ordinary resolution number two to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

3. Ordinary Resolution Number Three: Confirmation of Appointment of Non-Executive Director

"Resolved that the appointment of LS Ntuli as a Non-Executive Director of the Company in accordance with Article 24.3 of the Company's Memorandum of Incorporation for a first term in office, be authorised and confirmed."

(A brief CV of LS Ntuli appears on page 13 of the Notice of AGM 2020 booklet.)

The percentage of voting rights that will be required for this ordinary resolution number three to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

4. Ordinary Resolution Number Four: Confirmation of Appointment of Non-Executive Director

"Resolved that the appointment of TP Baloyi as a Non-Executive Director of the Company in accordance with Article 24.3 of the Company's Memorandum of Incorporation for a first term in office, be authorised and confirmed."

(A brief CV of TP Baloyi appears on page 13 of the Notice of AGM 2020 booklet.)

The percentage of voting rights that will be required for this ordinary resolution number four to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

As announced on SENS on 24 March 2020 and 18 May 2020, respectively, PF Radebe will be stepping down as Chairperson and member of the Board of Directors of the Company ("Board") after the completion of the AGM on 26 June 2020. Mr Hatla Ntene will assume the role of Chairman with effect from 26 June 2020.

The reason for ordinary resolutions numbers one and two (inclusive) is that the Memorandum of Incorporation of the Company, the JSE Listings Requirements and, to the extent applicable, the Companies Act, require that a component of the Non-Executive Directors rotate at every Annual General Meeting of the Company and, being eligible, may offer themselves for re-election as Directors.

The reason for ordinary resolutions numbers three and four (inclusive) is that the Memorandum of Incorporation of the Company and the JSE Listings Requirements require that any Director appointed by the Board of the Company be confirmed by the shareholders at the next Annual General Meeting of the Company.

5. Ordinary Resolution Number Five: Reappointment of auditor

"Resolved that the Reappointment of PricewaterhouseCoopers Inc. as auditor of the Company for the ensuing financial year or until the next Annual General Meeting of the Company, whichever is the later, with the designated auditor being Chantal Marais Roux, as registered auditor and partner in the firm, on the recommendation of the Audit and Risk Committee of the Company, be authorised and confirmed."

The percentage of voting rights that will be required for this ordinary resolution number five to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

The reason for ordinary resolution number five is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or reappointed, as the case may be, at each Annual General Meeting of the Company, as required by the Companies Act.

Note: For avoidance of doubt, all references to the Audit and Risk Committee of the Company is a reference to the audit committee as contemplated in the Companies Act.

6. Ordinary Resolution Number Six: Reappointment of Audit and Risk Committee member

"Resolved that GS Hauptfleisch, being eligible, be and is hereby reappointed as a member of the Audit and Risk Committee of the Company, as recommended by the Board of the Company, until the next Annual General Meeting of the Company."

(A brief CV of GS Hauptfleisch appears on page 13 of the Notice of AGM 2020 booklet.)

The percentage of voting rights that will be required for this ordinary resolution number six to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

7. Ordinary Resolution Number Seven: Reappointment of Audit and Risk Committee member

"Resolved that RB Patmore, being eligible, be and is hereby reappointed as a member of the Audit and Risk Committee of the Company, as recommended by the Board of the Company, until the next Annual General Meeting of the Company."

(A brief CV of RB Patmore appears on page 12 of the Notice of AGM 2020 booklet.)

The percentage of voting rights that will be required for this ordinary resolution number seven to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

8. Ordinary Resolution Number Eight: Reappointment of Audit and Risk Committee member

"Resolved that ME Gama, being eligible, be and is hereby reappointed as a member of the Audit and Risk Committee of the Company, as recommended by the Board of the Company, until the next Annual General Meeting of the Company."

(A brief CV of ME Gama appears on page 12 of the Notice of AGM 2020 booklet.)

The percentage of voting rights that will be required for this ordinary resolution number eight to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

The reason for ordinary resolutions numbers six to eight (inclusive) is that the Company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or reappointed, as the case may be, at each Annual General Meeting of such company.

9. Ordinary Resolution Number Nine: General payments to shareholders

"Resolved that, in terms of Articles 5.1.1.3 and 21 of the Company's Memorandum of Incorporation and subject to the Companies Act and to the Directors being satisfied that after considering the effect of such maximum payment, the:

(a) Company and its subsidiary/ies ("the Group") will in the ordinary course of business be able to pay its debts for a period of 12 months after the date of the Notice of the AGM;

(b) assets of the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the Notice of the AGM. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited Annual Group Financial Statements;

(c) share capital and reserves of the Group will be adequate for ordinary business purposes for a period of 12 months after the date of Notice of the AGM; and

(d) working capital of the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the Notice of the AGM.

Notice of Annual General Meeting (continued)

The Directors of the Company shall be entitled, from time to time, to pay by way of reduction of share premium, capital distributions to shareholders of the Company in lieu of a dividend. Such distributions shall be made *pro rata* to all shareholders and be amounts equal to the amounts which the Directors would have declared and paid out of profits of the Company as interim and final dividends in respect of the financial year ended 29 February 2020. This authority shall not extend beyond the date of the AGM following the date of the AGM at which this resolution is being proposed, or 15 months from date of the resolution, whichever is shorter."

Shareholders are referred to the explanatory notes set out under special resolution number one (termed "Reason and effect of special resolution number one") which apply *mutatis mutandis* to this resolution.

The percentage of voting rights that will be required for this ordinary resolution number nine to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

10. Ordinary Resolution Number Ten: Control of authorised but unissued shares

"Resolved that all the unissued shares in the authorised share capital of the Company be and are hereby placed under the control of the Directors of the Company, who are authorised to allot and issue the same to such persons and on such terms and conditions as they may determine in their sole and absolute discretion, until the next Annual General Meeting of the Company, subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and the JSE Listings Requirements."

The reason for ordinary resolution number ten is to seek a general authority and approval for the unissued shares in the authorised share capital of the Company to be placed under the control of the Directors of the Company, who are authorised to allot and issue the authorised but unissued shares in the share capital of the Company to enable the Company to take advantage of business opportunities that might arise.

The percentage of voting rights that will be required for this ordinary resolution number ten to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

11. Ordinary Resolution Number Eleven: General authority to issue shares for cash

"Resolved that the Directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue any of the Company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the Company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, provided that:

- the authority shall be valid until the next Annual General Meeting of the Company (provided it shall not extend beyond 15 months from the date of this resolution);
- in the event that the securities issued represent, on a cumulative basis, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on the Stock Exchange News Service of the JSE;
- issues for cash in any one financial year may not exceed 15% of the issued shares in the share capital of the Company, as at the date of the Notice of Annual General Meeting, being 19 222 510 ordinary shares;
- any shares issued for cash under the authority must be deducted from the number above;
- in the event of a subdivision or consolidation of issued shares during the period when this authority is valid, the existing authority must be adjusted accordingly to represent the same allocation ratio;
- any such issue will only be comprised of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue;
- the issues for cash must be made to public shareholders and not to related parties as defined by the JSE Listings Requirements; and
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% of the volume weighted average traded price of those shares as determined over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities."

For listed entities wishing to issue shares for cash (other than issues by way of rights offers and/or in connection with duly approved share incentive schemes), it is necessary for the Board to obtain prior authority from shareholders in accordance with the JSE Listings Requirements and the Memorandum of Incorporation of the Company. Accordingly, the reason for ordinary resolution number eleven is to obtain such general authority from shareholders to issue shares for cash in compliance with the JSE Listings Requirements and the Memorandum of Incorporation of the Company.

The percentage of voting rights that will be required for this ordinary resolution number eleven to be adopted is at least 75% of the voting rights exercised on the resolution.

Shareholders are referred to the explanatory notes set out under special resolution number one (termed "Reason and effect of special resolution number one") which apply *mutatis mutandis* to this resolution.

12. Ordinary Resolution Number Twelve: Non-Binding Advisory Vote on Calgro M3's Remuneration Policy

"Resolved that the Company's remuneration policy, as contained in the Remuneration Report attached to this Notice of AGM, be and is hereby endorsed by way of a non-binding advisory vote."

The reason for ordinary resolution number twelve is that the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV™") recommends, and the JSE Listings Requirements require, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each Annual General Meeting of the Company. This enables shareholders to express their views on the remuneration policy adopted.

The effect of ordinary resolution number twelve, if passed, will be to endorse the Company's remuneration policy. Ordinary resolution number twelve is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

13. Ordinary Resolution Number Thirteen: Non-Binding Advisory Vote on Calgro M3's Implementation Report on the Remuneration Policy

"Resolved that the Company's implementation report in respect of its remuneration policy, as contained in the Remuneration Report attached to this Notice of AGM, be and is hereby endorsed by way of a non-binding vote."

The reason for ordinary resolution number thirteen is that King IV™ recommends, and the JSE Listing Requirements require, that the implementation report on a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each Annual General Meeting of the company. This enables shareholders to express their views on the implementation of a company's remuneration policy.

The effect of ordinary resolution number thirteen, if passed, will be to endorse the Company's implementation report in respect of its remuneration policy. Ordinary resolution number thirteen is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy and its implementation.

Should 25% or more of the votes exercised in respect of ordinary resolutions numbers twelve and thirteen be against either resolution, or both, the Company will issue an invitation to those shareholders who voted against the applicable resolution to engage with the Company.

14. Special Resolution Number One: General authority to repurchase shares

"Resolved, as a special resolution, that the Company and its subsidiaries be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the Company, upon such terms and conditions and in such amounts as the Directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the Memorandum of Incorporation of the Company and the JSE Listings Requirements, including, *inter alia*, that:

(a) the general repurchase of shares shall be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and/or its relevant subsidiaries and the counterparty;

(b) the general authority shall be valid only until the next Annual General Meeting of the Company provided that it shall not extend beyond 15 months from the date of this resolution;

(c) the general repurchase(s) shall in any one financial year be limited to a maximum of 20% of the Company's issued share capital of that class at the time the authority is granted;

(d) a resolution has been passed by the Board approving the repurchase, that the Company and its subsidiaries ("the Group") have satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the Group;

Notice of Annual General Meeting (continued)

(e) in terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of any class of a company. For the avoidance of doubt, a *pro rata* repurchase by the Company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act;

(f) repurchase(s) must not be made at a price more than 10% above the weighted average of the market price for the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the Company's securities have not traded in such five business day period;

(g) an announcement must be published as soon as the Company and/or its subsidiaries have acquired shares constituting, on a cumulative basis, 3% or more of the initial number of ordinary shares in issue at the time of the granting of this authority, giving full details of such acquisitions and for each 3% in aggregate of the initial number of ordinary shares acquired thereafter by the Company and/or its subsidiaries;

(h) the Company will, at any point in time, appoint only one agent to effect any repurchase(s) on the Company's behalf;

(i) the Company may not effect a repurchase during any prohibited period as defined in terms of the JSE Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the JSE Listings Requirements; and

(j) such repurchase(s) shall be subject to the Companies Act, the Company's Memorandum of Incorporation and the JSE Listings Requirements."

Reason for and effect, if passed, of Special Resolution Number One

The reason for special resolution number one is to grant the Directors of the Company a general authority in terms of the Companies Act for the acquisition by the Company or any of its subsidiaries of shares issued by the Company, which authority shall be valid until the earlier of the next Annual General Meeting of the Company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company, provided that the general authority shall not extend beyond 15 months from the date of this Annual General Meeting. The passing and registration of this special resolution will have the effect of authorising the Company or any of its subsidiaries to acquire shares issued by the Company.

Shareholders are notified that, although no arrangements have been put in place, a general repurchase of shares is being contemplated. The Company's share price is currently not in line with executive management's valuation of the Company. The Board believes it to be in the interest of the Company and shareholders that shareholders grant a general authority to provide the Board with optimum flexibility to repurchase shares as and when an opportunity that is in the best interest of the Company arises.

Shareholders are referred to the explanatory notes attached to this Notice of AGM for further disclosures in respect of this general authority to repurchase shares in terms of paragraph 11.26 of the JSE Listings Requirements.

The percentage of voting rights that will be required for this special resolution number one to be adopted is at least 75% of the voting rights exercised on the resolution.

15. Special Resolutions Numbers Two to Eleven: Remuneration of Non-Executive Directors

"Resolved in terms of section 66(9) of the Companies Act, that the fees paid to the Non-Executive Directors of the Company set out below, be approved up and to the date of the next Annual General Meeting of the Company."

15.1 Special Resolution Number Two

"Resolved that the Chairperson of the Board be paid an annual fee of R303 450."

15.2 Special Resolution Number Three

"Resolved that the Lead Independent Director be paid an annual fee of R210 000."

15.3 Special Resolution Number Four

"Resolved that members of the Board be paid an annual fee of R175 350."

15.4 Special Resolution Number Five

"Resolved that members of the Board be paid R25 200 per Board meeting attended."

15.5 Special Resolution Number Six

"Resolved that the Chairperson of the Audit and Risk Committee be paid R36 750 per Audit and Risk Committee meeting attended."

15.6 Special Resolution Number Seven

"Resolved that members of the Audit and Risk Committee be paid R23 100 per Audit and Risk Committee meeting attended."

15.7 Special Resolution Number Eight

"Resolved that the Chairperson of the Remuneration and Nomination Committee be paid R31 500 per Remuneration and Nomination Committee meeting attended."

15.8 Special Resolution Number Nine

"Resolved that members of the Remuneration and Nomination Committee be paid R21 000 per Remuneration and Nomination Committee meeting attended."

15.9 Special Resolution Number Ten

"Resolved that the Chairperson of the Social and Ethics Committee be paid R31 500 per Social and Ethics Committee meeting attended."

15.10 Special Resolution Number Eleven

"Resolved that members of the Social and Ethics Committee be paid R21 000 per Social and Ethics Committee meeting attended."

** The fees listed above are excluding value added tax ("VAT"), as may be applicable.*

Reason for and effect, if passed, of Special Resolutions Numbers Two to Eleven

Special resolutions numbers two to eleven are proposed in order to comply with the requirements of the Companies Act and the Company's Memorandum of Incorporation. The fees set out above were approved at the 2019 Annual General Meeting for the year 2019/2020. It is proposed that there be no fee increase for the year 2020/2021 as a result of the current performance of the Company. Notwithstanding this proposal, shareholders are assured that the remuneration of Non-Executive Directors remains competitive in order to enable the Company to retain and attract persons of the calibre, appropriate capabilities, skills and experience required in order to make meaningful contributions to the Company.

The effect of special resolutions numbers two to eleven is that, if approved by the shareholders at the Annual General Meeting, the fees payable to Non-Executive Directors until the next Annual General Meeting of the Company will be as set out above.

The percentage of voting rights that will be required for each of special resolutions numbers two to eleven to be adopted is at least 75% of the voting rights exercised on each such resolution.

16. Special Resolution Number Twelve: Inter-company financial assistance

"Resolved, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the Board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the Board of the Company may deem fit to any company or corporation that is related or inter-related ("related" and "inter-related" will herein have the meanings attributed thereto in section 2 of the Companies Act) to the Company on the terms and conditions and for amounts that the Board of the Company may determine, provided that the aforementioned approval shall be valid until the date of the next Annual General Meeting of the Company."

Reasons for and effect, if passed, of Special Resolution Number Twelve

The reason for and effect, if passed, of special resolution number twelve is to grant the Directors of the Company the authority, until the next Annual General Meeting of the Company, to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the Company. This means that the Company is, *inter alia*, authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

Notice of Annual General Meeting (continued)

17. Special Resolution Number Thirteen: Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company

"Resolved, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the Board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the Board of the Company may deem fit to any person, including any company or corporation that is related or inter-related to the Company ("related" and "inter-related" will herein have the meanings attributed thereto in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the Company or in any company or corporation that is related or inter-related to the Company, on the terms and conditions and for amounts that the Board of the Company may determine for the purpose of, or in connection with the subscription for any option, or any shares or other securities, issued or to be issued by the Company or by a related or inter-related company or corporation, or for the purchase of any shares or securities of the Company or of a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next Annual General Meeting of the Company."

Reasons for and effect, if passed, of Special Resolution Number Thirteen

The reason for and effect, if passed, of special resolution number thirteen is to grant the Directors the authority, until the next Annual General Meeting of the Company, to provide financial assistance to any person, including any company or corporation which is related or inter-related to the Company and /or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the Company or any related or inter-related company or corporation. This means that the Company is authorised, *inter alia*, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the Company or its subsidiaries. A typical example of where the Company may rely on this authority is where a wholly-owned subsidiary raised funds by way of issuing preference shares and the third-party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its wholly-owned subsidiary to the third-party funder arising from the issue of the preference shares.

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the Directors of the Company confirm that the Board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the Company, that immediately after providing any financial assistance as contemplated in special resolutions numbers twelve and thirteen above:

- the assets of the Company (fairly valued) will equal or exceed the liabilities of the Company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the Company); and
- the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months.

In addition, the Board will only approve the provision of any financial assistance contemplated in special resolutions numbers twelve and thirteen above, where:

- the Board is satisfied that the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the Company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the Company as contained in the Company's Memorandum of Incorporation have been met.

18. To transact such other business as may be transacted at an Annual General Meeting or raised by shareholders with or without advance notice to the Company

Explanatory notes

Disclosures in terms of paragraph 11.26 of the JSE Listings Requirements:

- Major shareholders: page 10 of the Annual Financial Statements (Directors report)
- Share capital of the Company: page 69, note 16 of the notes to the Annual Financial Statements

Information relating to Special Resolution Number One

The Directors of the Company or its subsidiaries will only utilise the general authority to repurchase shares of the Company as set out in special resolution number one to the extent that the Directors, after considering the maximum number of shares to be purchased, are of the opinion that the position of the Group would not be compromised as to the following:

- the Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of the AGM;
- the consolidated assets of the Group will at the time of the AGM and for a period of 12 months thereafter be in excess of the consolidated liabilities of the Group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited Annual Financial Statements of the Group;
- the ordinary capital and reserves of the Group after the repurchase will remain adequate for the purpose of the business of the Group for a period of 12 months after the AGM; and
- the working capital available to the Group after the repurchase will be sufficient for the Group's ordinary business purposes for a period of 12 months after the date of the Notice of the AGM.

Directors' responsibility statement

The Directors, whose names are given on page 3 of the Corporate Governance report on the Company's website and pages 11 to 14 of the Notice of AGM 2020 booklet, collectively and individually accept full responsibility for the accuracy of the information given in this Notice of AGM and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Integrated Annual Report and the Notice of AGM contain all information required by law and the JSE Listings Requirements.

Material changes

There has been no material change in the financial or trading position of the Company and its subsidiaries that has occurred since 29 February 2020.

Form of proxy

Any shareholders wishing to participate in the AGM who have already dematerialised their shares in Calgro M3, and such dematerialised shares are not recorded in the electronic sub-register of Calgro M3 in their own names, should request letters of representation from their duly appointed CSDP or stockbroker, as the case may be, to authorise them to participate in and vote at the AGM.

In terms of section 62(3)(e) of the Companies Act, any shareholders who are entitled to attend and vote at the AGM are entitled to appoint proxies to attend, speak and vote at the AGM in the name and stead of the shareholder. The proxies so appointed need not be shareholders of the Company.

If you have not yet dematerialised your shares in Calgro M3 and are unable to attend the AGM, but wish to be represented thereat, you must complete the attached form of proxy on page 49 of the AGM notice in accordance with the instructions therein and lodge it with or post it to the transfer secretaries of Calgro M3, namely Computershare Investor Services (Pty) Limited (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or Private Bag X9000, Saxonwold, 2132, South Africa) or email it to proxy@computershare.co.za to be received by no later than 10:00 on 24 June 2020. Attached to the form of proxy is an extract of section 58 of the Companies Act, to which shareholders are referred (pages 51 and 52 of the AGM notice).

If you have already dematerialised your shares in Calgro M3:

- and such dematerialised shares are recorded in the electronic sub-register of Calgro M3 in your own name and you are unable to attend the AGM, but wish to be represented thereat, you must complete the attached form of proxy in accordance with the instructions therein and lodge it with or post it to the transfer secretaries of Calgro M3, namely Computershare Investor Services (Pty) Limited (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or Private Bag X9000, Saxonwold, 2132, South Africa) to be received by no later than 10:00 on 24 June 2020; or
- and such dematerialised shares are not recorded in the electronic sub-register of Calgro M3 in your own name, you should notify your duly appointed CSDP or stockbroker, as the case may be, in the manner and cut-off time stipulated in the agreement governing your relationship with your CSDP or broker of your instructions as regards voting your shares at the AGM.

Notice of Annual General Meeting (continued)

Electronic participation

1. Shareholders or their proxies who wish to participate in the AGM via electronic communication ("Participants") must apply to Computershare, by delivering the duly completed electronic participation form to: First Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, or posting it to Private Bag x9000, Saxonwold, 2132 (at the risk of the Participant), or sending it by email to proxy@computershare.co.za so as to be received by Computershare by no later than 10:00 on Wednesday, 24 June 2020. The electronic participation form can be found in Annexure B, page 52, as an insert in this Notice of AGM. Computershare will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided.
2. The Company will inform Participants who notified Computershare in accordance with paragraph 1 above by no later than 10:00 on Thursday, 25 June 2020 by email of the relevant details through which Participants can participate electronically.
3. The cost of electronic participation in the AGM is for the expense of the Participant and will be billed separately by the Participant's own service provider.
4. The Participant acknowledges that the electronic communication services are provided by third parties and indemnifies Calgro M3 against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against Calgro M3, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Participant via the electronic services to the AGM.
5. Calgro M3 cannot guarantee there will not be a break in electronic communication that is beyond the control of the Company.

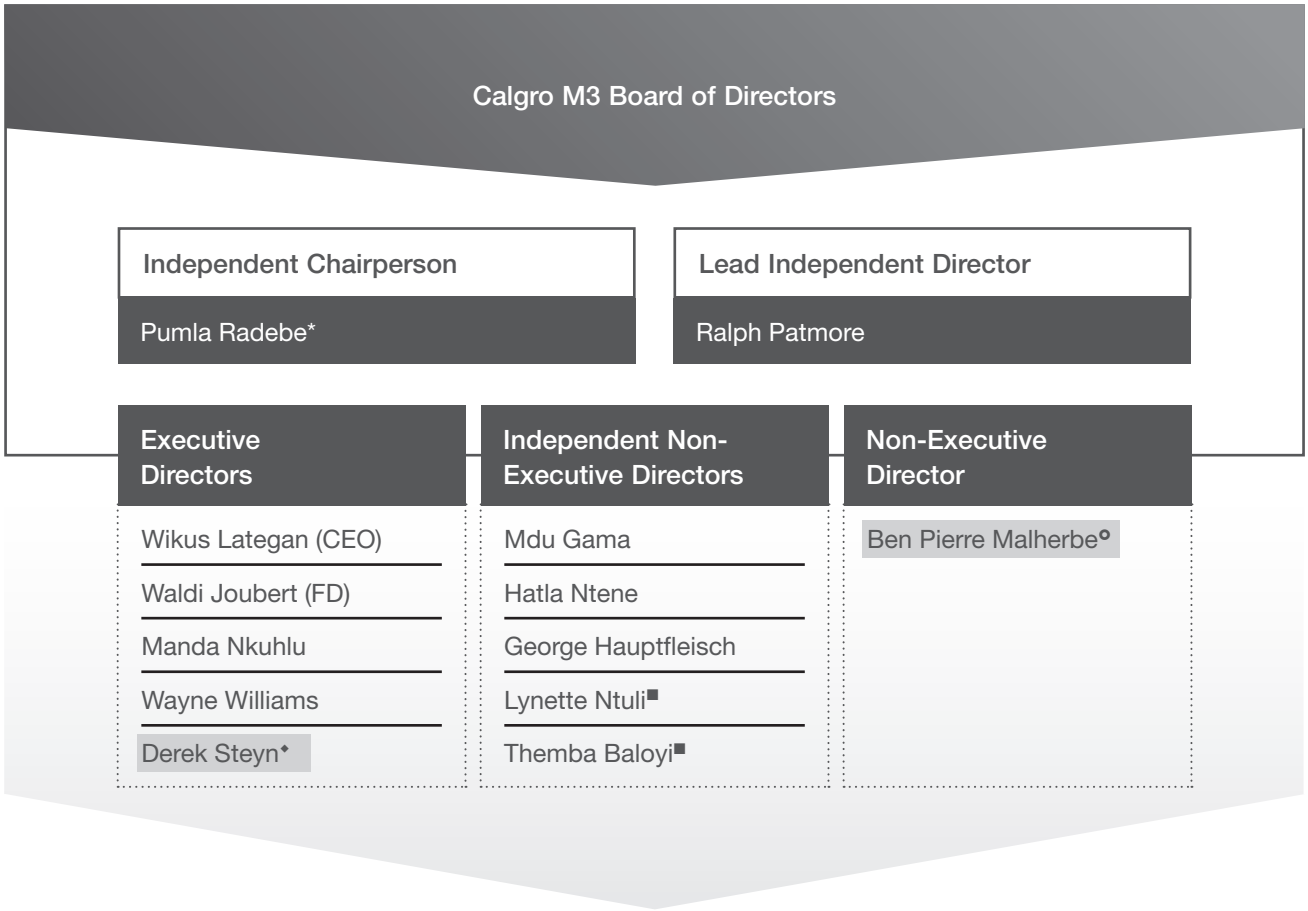
By order of the Board



Itumeleng April
Company Secretary

18 May 2020
Sandton

Board of Directors



Remuneration and Nomination Committee	Audit and Risk Committee◇	Investment Committee◇	Social and Ethics Committee	Stakeholder Relations
Pumla Radebe* (Chairperson Nomination Committee)	George Hauptfleisch (Chairperson)	Ben Pierre Malherbe° (Chairperson)	Mdu Gama (Chairperson)	Wikus Lategan
Ralph Patmore (Chairperson Remuneration Committee)	Ralph Patmore	Hatla Ntene	Hatla Ntene	Waldi Joubert
Hatla Ntene	Mdu Gama	George Hauptfleisch#	Urvash Kissoon-Singh	Wayne Williams
Wikus Lategan#	Wikus Lategan#	Wikus Lategan	Waldi Joubert#	Manda Nkuhlu
	Waldi Joubert#	Waldi Joubert	Manda Nkuhlu#	
		Derek Steyn#◆	Wikus Lategan#	
		Manda Nkuhlu#	Wayne Williams#	
		Wayne Williams#		

 # Invited to Committee meetings in FY2020. *◆ Derek Steyn resigned on 30 June 2019.* *° Ben Pierre Malherbe resigned on 27 June 2019.*

◇ The Board resolved to dissolve the Investment Committee. Matters normally dealt with by this committee are now dealt with by the Audit and Risk Committee and the Board of Directors.

** As announced on SENS on 24 March 2020, Pumla Radebe will be stepping down as Chairperson and member of the Board after the completion of the Annual General Meeting on 26 June 2020. The Board has commenced a process of identifying a suitable replacement and shareholders will be advised as soon as such appointment has been made.*

■ *Appointed 23 March 2020.*

Board of Directors (continued)

Chairperson – Independent Non-Executive Director

Pumla Fundiswa Radebe (64) CD(SA), BA (Social Sciences)

Mrs Radebe is a Chartered Director and a member of the Institute of Directors in South Africa. She is a Non-Executive Director of the Institute of Directors and the Chairperson of its Social and Ethics Committee, a member of the Remuneration Committee and Nominations Committee. She is also a Non-Executive Director of Jasco Electronics Holdings Limited and Chairperson of its Social and Ethics Committee and a member of its Audit and Risk Committee. She is the Chairperson of Khuselo Investments and the Managing Executive of Bungane Development Consultants. Mrs Radebe steps down as Chairperson of Calgro M3 at the AGM to be held on 26 June 2020, with immediate effect.

Skills set

Specialises in social analysis, project planning and management and with more than 20 years' experience at local and regional government level. It is experience such as this which is highly regarded within the Group, given its operational exposure to Government.

Lead Independent Non-Executive Director

Ralph Bruce Patmore (68) BCom, MBL (SBL)

Ralph brings a valuable 10 years' experience in building materials distribution as former CEO of Iliad, as well as a wealth of industrial manufacturing experience, as a former director of Everite Holdings Limited and Group Five Limited. Ralph currently serves as a non-executive director on the boards of ARB Holdings Limited, Mustek Limited, Unicorn Capital Partners Limited and Accentuate Limited.

Skills set

With his vast industry experience, including, but not limited to being a former executive director of Everite, Group Five, Illiad and subsidiaries in Unihold and Malbak, comes a valuable approach to specific industry thinking and expertise.

Independent Non-Executive Directors

Dr Mduduzi Edward (Mdu) Gama (51) PhD (Finance)

Mdu holds a PhD (Finance) degree and various management qualifications from South African, US and UK universities. Mdu is currently CEO of Resultant Finance Proprietary Limited and is a non-executive director of Mustek Limited. He is a founder, director and a significant shareholder of various other companies.

Skills set

A doctorate in finance combined with an entrepreneurial flair blends exceptionally well with Calgro M3.

Hatla Ntene (65) BSc (QS), Dip. Con. Econ, Dip. Civ. Eng, PRQS, PMAQS, Pr.CPM

Hatla's qualifications include a Bachelor of Science (Quantity Surveying) degree from the University of Dublin, a diploma in Construction Economics from the Bolton Street College of Technology in the Republic of Ireland and a diploma in Civil Engineering, Lerotholi Polytechnic. Hatla is currently Executive Chairman of Mvua Property Partners and Pulaprop. He is a Non-Executive Director of a listed retail property fund company. Hatla was previously a partner in Farrow Laing Ntene, one of the largest quantity surveyor firms in South Africa. Hatla was also the Property Executive Manager of Propnet (Property Division of Transnet) for three years.

Skills set

Finding a person with 30 years of experience in the property industry is rare and the insight which Hatla provides to the Board is highly regarded. Potential pitfalls are pointed out early to avoid wastage of time and money.

George Hauptfleisch (63) CA(SA)

George is a Chartered Accountant and was a partner at PwC for 30 years. He brings with him a wealth of experience as a registered auditor of listed companies in sectors such as manufacturing, engineering, construction and chemicals, fast moving consumer goods and agriculture. George is a member of the Institute of Directors in South Africa.

Skills set

George joined the Board in 2018, adequately taking on the Chairmanship of the Audit and Risk Committee and sat as a member of the Investment Committee. His wealth of expertise attained in three decades in the audit profession is extremely valuable to Calgro M3.

Lynette Ntuli (36) B Com Acc, CSCM, ACSCL, PDP Real Estate Programme, University of Oxford, UK

Lynette was appointed to the Board on 23 March 2020. She is the Founding Director and Chief Executive Officer of Innate Investment Solutions Proprietary Limited, a professional services firm in the built environment providing property and infrastructure development services and enterprise asset management solutions. Over a 15-year period, Ms Ntuli has gathered diverse experience and specialisation in property and infrastructure development and management; asset management planning and maintenance; strategy and operational development and implementation; real estate transactional and due diligence advisory; and the commercialisation and rationalisation of portfolio assets. Her obvious passion for the property sector, and her entrepreneurial flair will add tremendous value to Calgro M3.

Skills set

A rare find, Lynette has vast practical and academic experience and qualifications to add tremendous input into strategic proposals from executive management.

Themba Baloyi (41) MBA, ACIS, ND CMA, IoDSA

Themba was appointed to the Board effective 23 March 2020. He is co-founder of Sithega, a non-banking financial services business, and prior to this, founded Discovery Insure Limited ("Discovery Insure"), a short-term insurance company launched in 2011. The Discovery Insure work propelled him to win the 2018 All Africa Business Leaders "Entrepreneur of the Year Award". Currently he serves as Chairman on the board of Constantia Insurance Group Limited and is a board member of the Allan Gray Orbis Foundation, Cube Capital and Prescient Empowerment Trust, amongst others.

Skills set

His knowledge of the insurance and financial sectors, parallels with aspects of Calgro M3's own business model, particularly the Memorial Parks business, where Calgro M3 foresees good product diversity and growth opportunities.

Board of Directors (continued)

Executive Directors

Willem Jakobus (Wikus) Lategan (39) CA(SA)

Wikus joined Calgro M3 in 2008 as Financial Director and was subsequently appointed as Group Managing Director with effect from 1 June 2015, responsible for the overall operational activities of the Group. Wikus served as a member of the SAICA National Members on the Business Executive and is also Chairperson of the SAICA Northern Region and Business Council. He has vast experience in business restructuring and management and became CEO effective March 2017.

Willem Adolph (Waldi) Joubert (34) CA(SA)

Waldi was appointed as Financial Director with effect from 1 June 2015. He is a qualified chartered accountant, having completed his articles with PricewaterhouseCoopers, where he gained vast experience in a variety of industries including manufacturing, construction, insurance and fast-moving consumer goods. Waldi joined the Group in January 2012 as Group Financial Manager.

Manda Njongonkulu Nkuhlu (40) BSc (Honours), MBA

Manda joined Calgro M3 in 2014 having held a number of senior management positions in both the private and public sector. He has been on Group Exco since September 2014, before taking on a larger role as an Executive Director with Board representation from March 2017. Manda was appointed as Managing Director of Calgro M3 Developments, the Residential Development business from September 2017.

Wayne Williams (51) BProc

Wayne joined Calgro M3 in 2012 and was appointed as Executive Director with effect from 1 June 2015. He is a qualified attorney who was in private practice for 20 years, specialising in commercial and corporate law where he obtained extensive experience in commercial transactions and property-related negotiations and acquisitions. Wayne leads all acquisition negotiations.

Company Secretary

Tumi April (37) LLB (UNW)

Tumi was appointed as the Group Company Secretary with effect from 11 May 2016. She assists with various legal matters within the Company and is a qualified attorney with 12 years' experience in commercial and company law, and six years' company secretarial experience.

Remuneration report

Part 1

Remuneration background, philosophy and strategy

Calgro M3's remuneration philosophy is designed to attract, develop and retain passionate, committed and talented people who are required to effectively implement the overall Calgro M3 strategy to create value for shareholders.

Over many years, the Group has refined its remuneration policy and practices to support our aim of being a thriving, growing Group which is highly dependent on the motivation of its people. During the year, further refinement of the Group structure took place and will continue to take place as strategy dictates.

This resulted in separate management teams appointed for the Residential Property Development business and the Memorial Parks business, in an endeavour to extend capacity. The Group believes that its remuneration practices are in line with the King IV™ remuneration governance principles, and that these principles underpin the achievement of its business objectives, its ethical culture and an overriding philosophy of "pay for performance". Employee compensation is annually the largest item under the value added statement distribution of wealth section. During the 2020 financial year, employees received 65.34% of the total wealth created by the Group.

The remuneration strategy takes cognisance of local and industry specific remuneration best practices to ensure that the Group attracts and retains the appropriate skills and talent. The Remuneration Committee considers a holistic compensation model when approaching the remuneration of all employees, members of the management teams of each business, Executive Directors, prescribed officers and fees paid to all Non-Executive and Independent Non-Executive Directors.

Part 2

Remuneration policy

Shareholder engagement and voting

Understanding and being responsive to the interests of various stakeholders, including shareholders, is critical to delivering on Calgro M3's core business strategy.

Calgro M3 is dedicated to responsible corporate governance practices, creating sustainable growth in shareholder value through consistent improvement in earnings, clear growth and expansion of capital, and engaging with its shareholders. Management also engaged with shareholders during the year and in light of their comments and input have adjusted the meeting fee composition for non-executives and provided a more granular disclosure of the compensation structure.

In line with best practice (notably King IV™) and the JSE Listings Requirements, the remuneration policy together with the implementation report (as contained in the annual Remuneration Report) will be tabled for two separate non-binding advisory votes by shareholders. In the event of 25% or more of the shareholders voting against either or both the remuneration policy and implementation report, Calgro M3 will take the necessary steps to engage with shareholders to ascertain the reasons for their dissenting votes.

Calgro M3 will:

- extend an invitation to dissenting shareholders via a Stock Exchange News Service ("SENS") announcement with the results of the AGM, for them to engage with Calgro M3 around their reasons for voting against the relevant resolution/s; and
- ensure that the invitation will reveal the manner and timing of engagement, which may include communication via email, telephone calls, meetings, roadshows and other methods of communication.

Calgro M3 will ascertain the reasons for dissenting votes and regularly respond and provide constructive feedback to shareholders' questions, queries and concerns. Where appropriate (in the case of legitimate and reasonable concerns) Calgro M3 may consider amending elements of the remuneration policy to align it further to market practice and shareholder value creation.

The Remuneration Committee shall disclose the results of its shareholder engagement. In the event that one or more of the remuneration-related resolutions are voted against by 25% or more of the shareholders, this disclosure will also include:

- with whom Calgro M3 engaged;
- the manner and form of the engagement that took place; and

Remuneration report (continued)

- the nature of the steps taken by Calgro M3 to address legitimate and reasonable objections and concerns raised by dissenting shareholders.

At the 2019 AGM the result of the non-binding advisory votes on the remuneration policy and the remuneration implementation report was:

	Remuneration policy %	Remuneration implementation report %
For	**99.87**	**99.87**
Against	**0.13**	**0.13**

Middle and senior management and employees

The Company's target is to remunerate all performing employees between the 25th and 90th percentile when short and long-term incentives are included, thereby ensuring that these employees are properly benchmarked (please refer to guaranteed remuneration) within their respective disciplines. Further to this we also differentiate between bonuses and targets for different businesses and departments in the Group. This is all in an endeavour to ensure that staff are financially motivated in their respective fields.

Components of employee remuneration

The Remuneration Committee ensures that the components of remuneration, being annual guaranteed remuneration, short-term incentives and long-term service rewards are linked in such a way as to achieve the Group's strategy, and drive performance objectives.

In the case of management in each of the underlying businesses, the Group has identified that each entity requires a different combination of the elements of remuneration. Group executives believe that no senior management member should be motivated by money, but each member should be rewarded in a way that makes them feel proud of what they have "earned" for their family.

Employee benefits

Calgro M3 makes provision for employee retirement funding by means of a defined contribution fund, which is compulsory for all salaried employees. The Group also provides employees with death, disability and funeral cover benefits as part of its Group risk policy taken out with Discovery Insurance. During the year, the Group increased the funeral policies for all salaried staff to R50 000 at no additional cost to employees.

Group executive management

The remuneration strategy for executive and senior management is based on principles of retention of key and critical skills and to drive performance in alignment with shareholders' interests, through guaranteed remuneration and short and long-term incentives. A significant portion of an executive's total potential remuneration is performance-related in order to encourage the right behaviour to optimise Company performance. Targets are set annually in the context of prospects of the Calgro M3 Group and the prevailing economic environment in which it operates.

Components of executive remuneration

The Remuneration Committee ensures that the components of remuneration include:

- Guaranteed remuneration – Benchmarked to between the 50th and 75th percentile;
- Short-term incentive – Up to double guaranteed annual remuneration, if specific targets are achieved;
- Long-term incentives – Calculated at four times the individual's guaranteed annual remuneration at the time of user allocation, with vesting occurring over a five-year period if all targets are met.

The above was developed and implemented to ensure achievement of the Group's strategy and performance objectives.

Benchmarking was performed by PE Corporate Services, an independent consultant, in August 2017 for application in the 2018 and 2019 financial years. External benchmarking takes place every two years. However, in view of the current suspension of executive salary increases (with executives having received their last annual salary adjustment in September 2018), as well as the Group cost cutting initiatives, no review took place in 2019 and no review is planned for 2020.

Guaranteed remuneration

Increases for all management levels as well as staff, are considered and adjusted at our annual increase cycle in September and will again be CPI linked. Exceptions exist as is currently the case with the executives. The Group also provides an additional increase to lower earning staff members to promote distribution of wealth to this bracket. This is offset by a lower increase awarded to executive management.

Middle and senior management and employees

The Group utilises a total "cost to company" approach, which encompasses a cash component and retirement funding contributions. The compensation of middle and senior management and employees is determined by industry benchmarking performed by PwC's Remchannel platform, together with oversight from the Remuneration Committee.

Group executive management

The Group utilises a total "cost to company" approach, which encompasses a cash component, fixed car allowance and retirement funding contributions. The Remuneration Committee considers benchmarking remuneration through

external consultants (mentioned above), which enables reliable comparisons of remuneration for executive job descriptions and other disciplines in the sector.

Variable remuneration

Middle and senior management and employees

All permanent employees qualify for short-term incentives.

A long-term service incentive to remunerate staff committed to the Group for a period longer than five years was implemented during the 2019 financial year (see "Long-term service incentive").

Short-term incentives

Permanent employees

- A bonus pool is calculated annually based on Group profit between 1 September and 31 August of the next year for all general and administrative staff that do not have specific individual performance measurements;
- The total bonus pool is a percentage of the profit after tax based on the average percentage profit of the previous three years;
- The bonus pool is divided by the total average staff payroll to determine the average number of monthly pay "cheques" per employee;
- A minimum allocation per employee is determined by Group Exco;
- Any surplus bonus amounts are allocated to highly committed, top performing employees;
- Bonuses are payable in December of that year;
- An employee will not qualify for a bonus if the employee:
  - is still in a probation period
  - is under performance management
  - has received a final written warning during the period
- An employee will only qualify for 50% of an allocated bonus if the employee received any general written warnings during the period.

Sales agents (all three businesses)

- Our sales agents are remunerated on a variable commission structure based on a sliding scale and volume of transactions. This commission is payable monthly if various sales and closing milestones are reached. These structures are revisited from time to time to ensure maximum sales performance. Sales agents do not qualify for any other short-term incentives.

Contract managers

- Contract managers are rewarded and receive a bonus based on the performance of their respective sites.

Memorial Parks

- Memorial Parks management and staff are rewarded in several ways that range from quarterly to bi-annual to annual bonuses, depending on the type of role and the measurement of performance of the individuals. No Memorial Park staff member is on a guaranteed bonus as all employees are responsible for creating and demonstrating a culture of superior client service. All employees are partially measured on client feedback received.

Long-term service incentive

Five years of service

- Two (2) extra leave days per year are added to the employee's annual leave, taking the annual leave days up to 17 days from the normal 15 days.

10 years of service

- Two (2) extra leave days per year are added to the employees' annual leave, taking the leave days up to 19 days from the 17 days they had post five (5) years' employment;
- Monetary compensation of two months' salary at the prevalent salary at the date of payment.

15 years + of service

- Two (2) extra leave days per year are added to the employees' annual leave, taking the leave days up to 21 days (maximum leave days for any staff member) from the 19 post 10 years' employment;
- Monetary compensation of three months' salary at the prevalent salary at the date of payment;
- Monetary compensation of three months' salary at the prevalent salary at the date of payment for every five (5)-year increment after 15 years.

Long-term incentive scheme for senior management effective 1 March 2019

- Value of award is set to realise a targeted percentage of guaranteed remuneration when vesting;
- Award of 1.5 to 2 times guaranteed remuneration at time of the award:
  - Award can be increased up to four times guaranteed remuneration over the five (5)-year period of the scheme, as new awards can/will be made on an ongoing basis to ensure that the plan remains a continuous reward plan for performing senior management members that need to be retained.
- Payment of award to be made in cash. One third in year three (3), one-third in year four (4) and one-third in year five (5), subject to the manager being in the employment of the Company (and his/her notice of resignation not being tendered at that stage), otherwise the award falls away. Vesting will occur at the end of February each year and will be paid 1 August of that same year.

Remuneration report (continued)

- Performance measure:
  - 50% of the award to be measured against the Company's profit after tax growth (for the particular business division/ segment) that exceeds inflation, plus a margin of 2%, compounded from commencement to vesting:
    - 25% of the 50% vests if the division's profit after tax growth is equal to the above-mentioned compounded profit growth target (inflation + 2%)
    - 50% of the 50% vests if the profit after tax growth exceeds the target by 10%
    - 100% of the 50% vests if the profit after tax growth exceeds the target by 20% or more.
  - 50% of the award to be the growth in total shareholder return ("TSR"), as a percentage, compared to the combined average movement in the industrial, property and construction share index ("SI") over the three to five-year period:
    - 25% of the 50% vests if the compounded TSR growth is equal to the compounded growth in SI + 2%
    - 50% of the 50% vests if the compounded TSR growth exceeds the SI by 10%
    - 100% of the 50% vests if the compounded TSR growth exceeds the SI by 20% or more.
  - Vesting to be rolled over for two years in the event that the Company growth and the TSR does not exceed the benchmarks on the first and/or second vesting (year three and four) but will vest if the required milestones are met on a cumulative basis over a five-year period.

Group executive management

Short-term incentives

The objectives of the short-term incentive ("STI") policy are:

- To motivate executives to manage and lead the business successfully and to drive strong long-term growth in line with strategy and business objectives;
- To provide competitive and balanced, performance-related remuneration;
- To ensure that the interests of the executives are aligned with those of shareholders by linking remuneration directly to the Company's bottom line profit and strategic and operational objectives; and
- To ensure that there is transparency and responsible remuneration of executives.

The bonus pool will be calculated in increments, based on the percentage growth in headline earnings ("HE") (after the bonus payment is taken into account). The calculation of the pool is in line with the calculation method of the previous four (4) years.

The bonus pool will be calculated, paid and reported on, based on the IFRS requirements in place at the time of setting the targets at the beginning of each financial year.

The Group executive management STI bonus pool is calculated as follows:

If current year headline earning is:						
< 10%	**= equal**	**> 20%**	**> 40%**	**> 60%**	**> 80%**	**> 100%**
compared to previous financial year headline earnings, then the bonus pool is:						
▼	▼	▼	▼	▼	▼	▼
3% – if Group is still profitable after payment of bonus	**6%**	**7%**	**8%**	**9%**	**10%**	**12%**
of the current financial year headline earnings						

In line with the King IV™ principles, the bonus pool has sub-parameters to ensure that executives focus on all elements and aspects of the Group's businesses and not only profit. This should benefit all stakeholders as it ensures that the businesses are managed on sustainability principles. Once the STI bonus pool is calculated in terms of the above methodology, the allocation is made as follows:

40% **Financial targets**

Targets will be based on return on equity ("ROE"), as outlined below. The calculation will exclude any IFRS adjustments on equity, as IFRS adjustments do not give rise to additional equity deployed in the businesses.

Equity deployed in each of the businesses will be based on the segmental report. All businesses are funded in the same debt to equity proportions to avoid any interpretation requirements or bias.

Equity is calculated as: Opening capital available to be deployed (as per the segmental report).

The following minimum targets will be applicable for the next three (3) financial years:

1. **Residential Property Development business – 25% ROE (HEPS/Equity)**
2. **Memorial Parks business – A sliding scale building up to 25% ROE (HEPS*/Equity)**
   (i) 2020 financial year: 17.5%
   (ii) 2021 financial year: 20%
   (iii) 2022 financial year: 25%
   * Due to the disparity between cash generated and accounting profit recognised in the Memorial Parks business, the ROE for Memorial Parks will not be calculated on the traditional ROE principles, but will be based on the following two principles:
     (i) Cash generated from operations after interest and taxation, divided by equity invested
     (ii) A minimum of 50% cash gross profit margin must be achieved
3. **Residential Rental Investments business – 20% ROE (Total return (including revaluation)/Equity)**
   The Residential Rental Investments business targets apply for the 2020 financial year but will not apply in the following financial years until reinstated by the Remuneration Committee. This is due to the suspension of the implementation of the Residential Rental Investments business in line with the Group's strategic initiative to liquidate its current rental portfolio to settle debt, thereby ensuring sustainability in the current poor economic climate.

Until such time as the Residential Rental Investments business is reinstated, financial targets will be measured against the Residential Property Development business and Memorial Parks business targets only.

Should the ROE target be reached for each of the businesses, then the full 40% allocation of the STI pool will be granted. Should any of the individual businesses' targets not be reached, then a proportionate allocation will be done based on equity deployed to each of the businesses.

From year four (4) (effective in the 2023 financial year), the following targets will apply:
Consolidated Group numbers – 25% ROE (HEPS/Opening equity)

20% **Risk mitigation and sustainability**

All risks equal to or above a level 12 scoring (based on impact and probability (1-5)) on the Group's risk register to be managed, to remain consistent or reduce. The weighting remains high to align with the Group's main driver of risk mitigation to ensure sustainability.

20% **Empowerment targets**

Retain or improve the current level. If the scoring elements on the scorecard changes, a recalculation by a reputable consultant based on the previous scorecard will be performed.

20% **Board discretion**

The Board will use its discretion in assessing the efforts and contribution of each member in achieving the various targets set.

General discretion

Where no pool is available for allocation, the Board can award an individual with a discretionary bonus of up to 20% of his/her annual guaranteed remuneration in recognition of exceptional performance, while operating in a difficult environment/under difficult circumstances outside his/her control.

Remuneration report (continued)

The 2019 Long-term Executive Share Incentive Scheme
The current long-term executive share incentive scheme was approved by shareholders at the Group's Annual General Meeting held on 28 June 2019.

In terms of the scheme, the participants, whom are all Group Executive Directors, will be remunerated over the long-term when the Group shows a return higher than the average market return for investors. It will be a share-based remuneration scheme, with share appreciation rights being allocated in favour of participants and Calgro M3 shares then being issued if certain compounded share price growth targets per share are achieved.

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

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 number of allocated share appreciation rights is based on a year-on-year TSR of at least 15% and return for participants based on four (4) times the guaranteed annual salary of each participant as at 1 March 2019.

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

Participant	Share appreciation rights to be awarded
WJ Lategan	**2 423 599**
W Williams	**1 759 745**
MN Nkuhlu	**1 832 826**
WA Joubert	**1 686 383**
Total share appreciation rights	**7 702 553**

The allocated share appreciation rights will vest in four (4) equal tranches on each of the vesting dates.

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

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:

1. First vesting of ¼ of the allocated share appreciation rights – year two: 1 March 2021:
   (a) 100% at a compounded TSR of 15% from 1 March 2019
2. Second vesting of ¼ of the allocated share appreciation rights – year three: 1 March 2022:
   (a) 50% at a compounded TSR of 15% from 1 March 2019
   (b) 50% at a compounded TSR of 20% from 1 March 2019
3. Third vesting of ¼ of the allocated share appreciation rights – year four: 1 March 2023:
   (a) 33.3% at a compounded TSR of 15% from 1 March 2019
   (b) 33.3% at a compounded TSR of 20% from 1 March 2019
   (c) 33.3% at a compounded TSR of 25% from 1 March 2019
4. Fourth vesting of ¼ of the allocated share appreciation rights – year five: 1 March 2024:
   (a) 33.3% at a compounded TSR of 15% from 1 March 2019
   (b) 33.3% at a compounded TSR of 20% from 1 March 2019
   (c) 33.3% at a compounded TSR of 25% from 1 March 2019

To determine whether the allocated share appreciation rights are in the money on the vesting date, the base price (R7.95), compounded annually for the above targets to be achieved each year, shall be measured against the 30-day VWAP of Calgro M3 shares at the end of business on 28 February of the year in which a vesting is determined.

The value of vested share appreciation rights will be determined by taking the difference in value between the base price of R7.95 and the 30-day VWAP of Calgro M3 shares at the end of business on 28 February of the year in which a vesting is determined and multiplying this with the number of share appreciation rights allocated for each TSR milestone reached.

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.

For purposes of clarity, herewith a synopsis of how the remuneration and number of shares to be issued, will be determined:

Example:

- Total share appreciation rights allocated = 1 000 000
- Base price = R7.95
- Vesting tranche = 250 000
- Vesting date = 1 March 2021 (the first vesting date)
- The minimum TSR for vesting to take place at the first vesting date (1 March 2021) is R10.51, being R7.95 compounded by 15% over two years
- At the first vesting date (1 March 2021) the 30-day VWAP of the share price is R10.95, and therefore the minimum TSR has been achieved (it being more than the minimum TSR of R10.51)
- Increase in share price from = R3.00 (ie R10.95 current price – R7.95 base price)
- Calculation of value of share appreciation rights and number of shares to be issued:
  250 000 share appreciation rights x R3.00 = R750 000 ÷ R10.95 per share (being the share value at that stage) = 68 493 shares

Therefore 68 493 Calgro M3 shares will be issued to settle the vested share appreciation rights.

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 respected compounded TSR target is also not reached the following year (as per the following year's targets), the award for the year that has been deferred will lapse.

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.

Voluntary cancellation of the 2015 Executive Share Incentive Scheme and settlement

The 2019 Long-term Executive Share Incentive Scheme was implemented pursuant to the voluntary cancellation of the 2015 Executive Share Incentive Scheme, which was brought about in response to the 2019 financial year adjustments to opening retained earnings, resulting from the IFRS 15 and IFRS 9 implementation In view of the negative effect of these adjustments, participants of the 2015 Executive Share Incentive Scheme unanimously agreed to cancel the scheme to unlock the share-based payment reserve and reverse the reserve to retained earnings in order to enhance equity. This was decided as a key covenant to the Group's debt providers is the net debt:equity ratio that has a maximum level of 1.5:1 and this ratio was negatively impacted by these IFRS adjustments.

The cancellation of the scheme was accounted for in the 2019 financial year. The remaining expense on the scheme was accelerated to the income statement in the 2019 financial year as determined by IFRS 2. The corresponding share-based payment reserve was also reversed to retained earnings, resulting in a net zero impact on retained earnings.

For further details of the cancellation of the 2015 Executive Share Incentive Scheme and the effect thereof, please refer to the Remuneration Report contained in the Group's 2019 Integrated Annual Report.

Part 3 Remuneration implementation

Non-Executive Directors' fees

Non-Executive Directors are remunerated for their membership to the Board and the various Board committees. As recommended in the Notice of the AGM, shareholders are requested to ratify the Non-Executive Directors' fees for the year at the Calgro M3 AGM.

Remuneration report (continued)

To comply with the requirements of King IV™, the Board has instituted rulings that Non-Executive Directors' fees are split between an annual retainer and an attendance component. The weighting per meeting and per committee has been revised after input from shareholders. The proposed fees for the 2021 financial year, and which have not been increased from the previous year due to the current economic climate (which is also in line with no increases for executives), are as follows:

Director	Annual retainer fee 2020/2021 R	Board Chair R	Audit Committee Chair R	Any other committee Chair R	Audit Committee meeting attendance R	Remuneration Committee, Investment Committee, and Social and Ethics Committee meeting attendance R	Board meeting attendance R
Chairperson (TBA)	**261 450**	**42 000**	**–**	**31 500**	**–**	**21 000**	**25 200**
H Ntene	**175 350**	**–**	**–**	**31 500**	**–**	**21 000**	**25 200**
RB Patmore	**210 000**	**–**	**–**	**31 500**	**23 100**	**21 000**	**25 200**
ME Gama	**175 350**	**–**	**–**	**31 500**	**23 100**	**21 000**	**25 200**
GS Hauptfleisch	**175 350**	**–**	**36 750**	**31 500**	**–**	**21 000**	**25 200**
LS Ntuli	**175 350**	**–**	**–**	**31 500**	**–**	**21 000**	**25 200**
TP Baloyi	**175 350**	**–**	**–**	**31 500**	**–**	**21 000**	**25 200**

The fees listed above are excluding value added tax, as may be applicable.

Details pertaining to Non-Executive Directors' remuneration earned during the year are contained in the table above and can be referenced in the Annual Financial Statements to note 35 which can be found on the Company's website.

Restraint of trade

All Executive Directors and senior management participating in long-term incentive schemes have a restraint of trade on their appointment, to the effect that for a period of two years from termination of employment, they are not allowed to provide employment services for any competitor that specialises in mixed-use/integrated developments or is in direct competition with any of the business ventures undertaken by the Group.

Independent external advice

The Calgro M3 Remuneration Committee makes use of external advice on matters pertaining to remuneration and benchmarking.

Directors' interest in shares

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

	Direct 2020 R	Direct 2019 R	**Indirect 2020 R**	Indirect 2019 R
Ordinary shares				
WJ Lategan	**6 566 264**	5 428 228	**–**	–
FJ Steyn*	**–**	–	**n/a**	7 734 949
WA Joubert	**16 000**	16 000	**313 490**	–
BP Malherbe*	**n/a**	50 069	**n/a**	12 500 000
W Williams	**378 667**	183 667	**86 666**	86 666
MN Nkuhlu	**100 828**	3 926	**–**	–

** BP Malherbe resigned on 27 June 2019 and FJ Steyn resigned on 30 June 2019.*

Refer to note 35 for details of the Directors' emoluments. The note can be found in the Annual Financial Statements on the Company's website.

There were no changes to the Directors' interest in shares between year-end and the date that the financial statements were approved.

Pledged securities

As at 29 February 2020, the following Directors and Non-Executive Directors have pledged securities as collateral for loan facilities:

Director	Ordinary shares pledged	Total facility value (R)	Facility expiry date
WJ Lategan	**6 566 264**	**1 209 978**	**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.

Executive Directors' remuneration

Given the financial performance for the 2018, 2019 and 2020 financial years, short-term incentive bonus payments to executives were zero. The minimum hurdle being headline earnings greater or equal to the prior year (2018 and 2019 financial years respectively). An increase in headline earnings was achieved in the current financial year, but hurdle rates were not achieved and as such, no STI bonuses have been accrued or paid in the current year either.

Executive management agreed to a zero percentage increase in September 2019, when the Group's annual increases were effected.

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, joint ventures and associates.

	Remuneration and other benefits		
	Guaranteed remuneration R	**Once off payment incentive# R**	**Total R**
2020			
WJ Lategan	**R3 376 365**	**–**	**R3 376 365**
FJ Steyn*	**R293 951**	**–**	**R293 951**
WA Joubert	**R2 388 318**	**–**	**R2 388 318**
W Williams	**R2 493 477**	**–**	**R2 493 477**
MN Nkuhlu	**R2 563 107**	**–**	**R2 563 107**
Total Executive Directors	**R11 115 218**	**–**	**R11 115 218**
2019			
WJ Lategan	**R3 294 504**	**R9 064 000**	**R12 358 504**
FJ Steyn*	**R2 805 533**	**–**	**R2 805 533**
WA Joubert	**R2 331 460**	**R4 180 000**	**R6 511 460**
W Williams	**R2 434 119**	**R4 180 000**	**R6 614 119**
MN Nkuhlu	**R2 505 155**	**R7 920 000**	**R10 425 155**
Total Executive Directors	**R13 370 772**	**R25 344 000**	**R38 714 772**

 # Refer to note 35 of the Annual Financial Statements on the Company's website.
** FJ Steyn resigned on 30 June 2019*

Remuneration report (continued)

Non-Executive Directors' remuneration

The remuneration tabled noted below is approved at the AGM annually and in line with best corporate governance practices of splitting remuneration between an annual retainer and an attendance component.

Director	Annual retainer fee 2019/2020 R	Board Chair R	Audit Committee attendance Chair R	Other committee attendance Chair R	Audit Committee meeting attendance R	Remuneration, Investment and Social and ethics Committee meeting R	Board meeting R
PF Radebe	**261 450**	**42 000**	**–**	**31 500**	**–**	**21 000**	**25 200**
H Ntene	**175 350**	**–**	**–**	**31 500**	**–**	**21 000**	**25 200**
RB Patmore	**210 000**	**–**	**–**	**31 500**	**23 100**	**21 000**	**25 200**
BP Malherbe	**175 350**	**–**	**–**	**31 500**	**–**	**21 000**	**25 200**
ME Gama	**175 350**	**–**	**–**	**31 500**	**23 100**	**21 000**	**25 200**
GS Hauptfleisch	**175 350**	**–**	**36 750**	**31 500**	**–**	**21 000**	**25 200**

Total remuneration paid to Non-Executive Directors for services rendered as Directors of the Group:

	2020 R	2019 R
PF Radebe	**558 300**	530 333
BP Malherbe	**109 667**	367 333
H Ntene	**421 367**	419 833
R Patmore	**515 767**	493 000
ME Gama	**513 167**	485 833
HC Cameron	**–**	13 127
VJ Klein	**–**	295 833
GS Hauptfleisch	**462 617**	345 458
Total Non-Executive Directors	**2 580 885**	2 950 750
Summary		
Executive Directors	**11 115 218**	38 714 772
Non-Executive Directors	**2 580 885**	2 950 750
Total Directors	**13 696 103**	41 665 522
Employee costs		
Salary and wages	**82 965 183**	98 270 452
Executive share scheme expense	**4 499 565**	43 992 366
Directors' share-based payment expense	**4 499 565**	38 801 335
Employees' share based payment expense	**–**	5 191 031
Share appreciation rights expense	**76 838**	(641 658)
Directors' emoluments	**13 696 103**	41 665 522
Executive Directors*	**11 115 218**	38 714 772
Non-executive Directors	**2 580 885**	2 950 750
Salary and wages	**101 237 689**	183 286 682
Less: Amounts allocated to qualifying assets (construction contracts)	**(54 346 714)**	(51 236 120)
Total employee costs and share appreciation rights settlement	**46 890 975**	132 050 562

** The Executive Directors' emoluments includes only the guaranteed remuneration and any short-term incentive.*

Independent auditor's report

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 29 February 2020, 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 18 to 110 comprise:

- the consolidated and company statements of financial position as at 29 February 2020;
- 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.

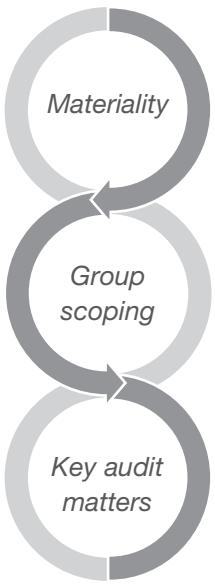
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with sections 290 and 291 of the *Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (revised January 2018)*, parts 1 and 3 of the *Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (revised November 2018)* (together the "IRBA Codes") and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the *International Ethics Standards Board for* accountants' *International Code of Ethics for Professional Accountants* (including *International Independence Standards*) respectively.

Our audit approach

Overview



Overall Group materiality

- R7 380 000, which represents 0.75% of consolidated revenue.

Group audit scope

The Group comprises the holding company, 29 subsidiaries and 7 joint ventures (referred to as "components"). We performed full scope audit procedures on 12 components as a result of their financial significance and specified audit procedures over 8 components. The remaining 17 components are considered to be financially inconsequential.

Key audit matters

- Construction contract revenue recognised over time.

Independent auditor's report (continued)

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	*R7 380 000*
How we determined it	*0.75% of consolidated revenue*
Rationale for the materiality benchmark applied	*We have selected consolidated revenue as our materiality benchmark because, in our view, it best reflects the true operational performance of the Group and it is a benchmark against which the performance of the Group is most commonly measured by its users due to the fluctuation of 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 revenue to compute materiality and taking into account the level of debt within the Group and the cyclical nature of the construction industry.*

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 and 7 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 12 of these components due to their financial significance, specified procedures on 8 components as a result of significant account balances and transactions within these components, and the remaining 17 components are considered to be financially inconsequential, for Group scoping purposes. Analytical review procedures were performed on these inconsequential components. The audit was performed by one audit team and no reliance was placed on other auditors.

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.

Consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
Construction contract revenue recognised over time	
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. Revenue from construction contracts recognised over time amounts to 60% of the Group's revenue within the "Residential Property Development" operating segment, as disclosed within note 1 to the consolidated financial statements. For property development contracts, the Group uses the percentage of completion method (also known as an input method) to account for revenue over time. Under this method, the Group compares the actual costs 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 estimations are applied by the Group in determining the percentage of completion of a unit/dwelling/project at reporting date: ▸ The calculation of the percentage of completion including the estimation of the forecasted costs of the unit/dwelling/project; ▸ The allocation of the non-unit specific cost based on approved feasibilities. We considered the accounting for construction contracts over time 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 contract assets to the consolidated financial statements.	Our audit procedures, as noted below, included an evaluation of the relevance and application of the significant judgements and estimates 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. Our internal control tests consisted mainly of: ▸ Three-way match testing was performed on a sample of transactions to determine whether those transactions are supported by a purchase order, invoice, receiving document and/or progress certificate. ▸ The payment pack testing was performed on a sample of transactions to determine 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 determine whether the required approvals and authorisations were obtained before payments were made. ▸ Testing was performed over a sample of project feasibilities to determine whether the required reviews and approvals have been 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. Our audit procedures performed in assessing the appropriateness of estimates and judgements applied by management included: ▸ Discussions with management and quantity surveyors regarding the status of the selected contracts; ▸ Tests of a sample of actual costs incurred from a selection of contracts, to supporting documentation, with no significant variances noted; ▸ Evaluated and tested management's cost and revenue estimation process in accordance with the principles of IFRS 15, as described in note 20 of 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 of the management team, corroborating management's assumptions to underlying contracts, quotations, internal assessments performed by experts (such as town planners and quantity surveyors) and comparing past assumptions to historical data. No material variances were noted from the testing performed; ▸ Assessment of the competence, capabilities and objectivity of management's town planners and quantity surveyors by obtaining evidence relating to their qualifications, expertise and professional memberships. We noted no aspects requiring further consideration;

Independent auditor's report (continued)

Key audit matter	How our audit addressed the key audit matter
Construction contract revenue recognised over time	
	▸ Utilised our internal quantity surveying expertise to assess the reasonableness of total contract costs through inspection of contract documentation (e.g. forecasts and bills of quantities). We did not identify any material exceptions; ▸ Recalculated the allocation of non-unit specific contract costs to a project, with no material variances noted; ▸ Recalculated the percentage of completion of the contract based on the actual costs incurred to date as a percentage of the total estimated forecasted costs, with no material variances noted; ▸ Recalculated the construction contract revenue recognised based on the percentage of completion method, with no material variances noted; and ▸ Enquired with the directors that construction and macro-economic risks identified have been factored into the forecasted build costs.

Separate financial statements

We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

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 29 February 2020"*, which includes the Directors' Report, the Report of the Audit and Risk Committee and the Certification of the Company Secretary as required by the Companies Act of South Africa, and the document titled *"Calgro M3 Group Integrated Annual Report 2020"*. 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.

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, related safeguards.

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 13 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: C Marais Roux
Registered Auditor

Waterfall City

18 May 2020

Summarised Consolidated Statement of Comprehensive Income

for the year ended 29 February 2020

	2020 R	2019 R
Revenue	**984 130 486**	997 064 528
Cost of sales	**(883 521 154)**	(868 374 481)
Gross profit	**100 609 332**	128 690 047
Other income	**11 314 454**	36 538 480
Administrative expenses	**(89 116 268)**	(186 013 859)
Other expenses	**–**	(929 221)
Impairment gains/(losses) on financial and contract assets	**25 169 310**	(7 189 512)
Operating profit/(loss)	**47 976 828**	(28 904 065)
Finance income	**30 800 370**	50 005 032
Finance costs	**(64 717 053)**	(59 365 719)
Share of (loss)/profit of joint ventures and associates – net of tax	**(732 541)**	14 188 053
Profit/(loss) before tax	**13 327 604**	(24 076 699)
Taxation	**(7 984 810)**	25 304 411
Profit after taxation	**5 342 794**	1 227 712
Other comprehensive income	**–**	–
Total comprehensive income	**5 342 794**	1 227 712
Profit after taxation and other comprehensive income attributable to:		
– Owners of the parent	**4 918 905**	3 240 735
– Non-controlling interests	**423 889**	(2 013 023)
	5 342 794	1 227 712
Profit after taxation attributable to:		
Equity holders of the Company	**4 918 905**	3 240 735
Earnings per share – cents	**3.84**	2.53
Fully diluted earnings per share – cents	**3.68**	2.48

Summarised Consolidated Statement of Financial Position

for the year ended 29 February 2020

	2020 R	2019 R
ASSETS		
Non-current assets		
Investment property	**13 833 550**	14 019 768
Property, plant and equipment	**27 490 484**	12 173 346
Intangible assets	**159 655 377**	159 676 781
Investments	**12 269 982**	11 089 608
Investment in joint ventures and associates	**152 377 193**	153 006 235
Deferred income tax asset	**57 263 604**	43 354 750
	422 890 190	393 320 488
Current assets		
Loans to joint ventures and associates	**279 903 888**	311 393 438
Inventories	**719 305 469**	568 498 000
Current tax receivable	**1 227 212**	2 538 268
Construction contracts	**945 948 487**	1 279 072 872
Trade and other receivables	**130 437 204**	233 818 424
Cash and cash equivalents	**255 069 163**	122 632 997
	2 331 891 423	2 517 953 999
Total assets	**2 754 781 613**	2 911 274 487
EQUITY AND LIABILITIES		
Equity		
Equity attributable to owners of the parent		
Stated capital	**116 255 971**	116 255 971
Share-based payment reserve	**4 499 565**	–
Retained income	**693 734 868**	690 054 102
	814 490 404	806 310 073
Non-controlling interests	**701 527**	277 638
Total equity	**815 191 931**	806 587 711
LIABILITIES		
Non-current liabilities		
Deferred income tax liability	**219 242 079**	214 300 153
	219 242 079	214 300 153
Current liabilities		
Borrowings	**1 062 842 931**	969 195 006
Loans from joint ventures and associates	**–**	23 000 000
Current income tax liabilities	**672 463**	1 912 518
Trade and other payables	**656 832 209**	896 279 099
	1 720 347 603	1 890 386 623
Total liabilities	**1 939 589 682**	2 104 686 776
Total equity and liabilities	**2 754 781 613**	2 911 274 487

Summarised Consolidated Statement of Cash Flows

for the year ended 29 February 2020

	2020 R	2019 R
Cash generated from operating activities		
Cash generated from operations	**464 208 720**	298 290 312
Finance income received	**14 598 305**	10 647 074
Finance cost paid	**(117 612 227)**	(115 459 090)
Tax (paid)/refunded	**(17 817 929)**	8 604 779
Net cash generated from operating activities	**343 376 869**	202 083 075
Cash flows invested in investing activities		
Additions of investment property	**(16 759)**	(50 946)
Purchase of property, plant and equipment	**(771 883)**	(2 802 835)
Proceeds from the sale of property plant and equipment	**379 635**	–
Purchase of intangible assets	**–**	(38 760)
Investments in joint venture and associates	**103 500**	(119 793 746)
Acquisition of business	**(12 500 000)**	(25 500 000)
Loans advanced to joint ventures and associates	**(163 238 723)**	(149 974 273)
Loans repaid by joint ventures and associates	**18 049 785**	–
Net cash invested in investing activities	**(158 201 445)**	(298 160 560)
Cash flows (repaid in)/from financing activities		
Proceeds from borrowings	**145 000 000**	273 000 000
Repayment of borrowings	**(157 000 000)**	(193 000 000)
Loans received from joint ventures and associates	**–**	23 000 000
Loans repaid to joint ventures and associates	**(23 000 000)**	–
Equity paid back	**–**	(25 112 453)
Repayment of capital portion on leases	**(1 839 258)**	–
Transactions with non-controlling interest	**(15 900 000)**	(15 900 000)
Net cash (repaid in)/from financing activities	**(52 739 258)**	61 987 547
Net increase/(decrease) in cash and cash equivalents	**132 436 166**	(34 089 938)
Cash and cash equivalents at the beginning of the year	**122 632 997**	156 722 935
Cash and cash equivalents the at end of the year	**255 069 163**	122 632 997

Summarised Consolidated Statement of Changes in Equity

for the year ended 29 February 2020

	Stated capital R	Share-based payment reserve R	Retained income R	Total R	Non-controlling interests* R	Total equity R
Balance at 1 March 2018	116 255 971	74 056 311	977 014 965	1 167 327 247	355 011	1 167 682 258
Investment in Calgro M3 Memorial Parks eliminated to equity#	–	–	(56 690 715)	(56 690 715)	1 935 650	(54 755 065)
IFRS 15 opening balance adjustment to equity◇	–	–	(318 004 388)	(318 004 388)	–	(318 004 388)
IFRS 9 opening balance adjustment to equity◇	–	–	(32 945 553)	(32 945 553)	–	(32 945 553)
Share-based payment expense	–	43 992 366	–	43 992 366	–	43 992 366
Share-based payment reserve released to retained earnings	–	(118 048 677)	118 048 677	–	–	–
Dividend declared□	–	–	(609 619)	(609 619)	–	(609 619)
Comprehensive income						
Profit/(loss) for the period	–	–	3 240 735	3 240 735	(2 013 023)	1 227 712
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income/(expense)	–	–	3 240 735	3 240 735	(2 013 023)	1 227 712
Balance at 28 February 2019	116 255 971	–	690 054 102	806 310 073	277 638	806 587 711
Balance at 1 March 2019	**116 255 971**	**–**	**690 054 102**	**806 310 073**	**277 638**	**806 587 711**
Change in Accounting policy: IFRS 16 opening balance adjustment to equity◈	**–**	**–**	**(936 743)**	**(936 743)**	**–**	**(936 743)**
Restated total equity balance at 1 March 2019	**116 255 971**	**–**	**689 117 359**	**805 373 330**	**277 638**	**805 650 968**
Share-based payment expense	**–**	**4 499 565**	**–**	**4 499 565**	**–**	**4 499 565**
Dividend declared□	**–**	**–**	**(301 396)**	**(301 396)**	**–**	**(301 396)**
Comprehensive income						
Profit for the period	**–**	**–**	**4 918 905**	**4 918 905**	**423 889**	**5 342 794**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**4 918 905**	**4 918 905**	**423 889**	**5 342 794**
Balance at 29 February 2020	**116 255 971**	**4 499 565**	**693 734 868**	**814 490 404**	**701 527**	**815 191 931**

** This relates to the shareholding of the subsidiaries, Calgro M3 Memorial Parks (Pty) Ltd, Belhar Calgro M3 Developments Company (Pty) Ltd, Holm Jordaan GWA (Pty) Ltd, Calgro M3 Procurement Services (Pty) Ltd and Calgro M3 Contractors (Pty) Ltd where the Calgro M3 Group does not hold 100% of the shareholding.*

 # This relates to the remaining share holding purchased in Calgro M3 Memorial Parks Nasrec (Pty) Ltd.

◇ This relates to the adjustment for the adoption of IFRS 15 and IFRS 9 standards in the prior financial year.

◈ This relates to the adjustment for the adoption of IFRS 16 standard in the current financial year.

□ The dividend is payable by Calgro M3 Procurement Management (Pty) Ltd, a wholly owned subsidiary of the Group, to the Calgro M3 Educational Trust, which is not consolidated into the Group as the Group does not have control of the Trust.

Summarised Segment Report of the Group

for the year ended 29 February 2020

	Residential Property Development R	Memorial Parks R	Residential Rental Investments R	Holding Company/ unallocated■ R	Total R
2020					
Total segment revenue	**950 342 471**	**25 692 483**	**8 095 532**	**–**	**984 130 486**
Fleurhof Project	**379 496 553**	**–**	**–**	**–**	**379 496 553**
Jabulani Project	**28 379 457**	**–**	**–**	**–**	**28 379 457**
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**41 229 720**	**–**	**–**	**–**	**41 229 720**
South Hills Development Company (Pty) Ltd	**88 632 014**	**–**	**–**	**–**	**88 632 014**
Belhar Project	**229 038 318**	**–**	**–**	**–**	**229 038 318**
Third parties	**183 566 409**	**25 692 483**	**8 095 532**	**–**	**217 354 424**
Combined revenue*	**1 098 329 583**	**25 692 483**	**8 095 532**	**–**	**1 132 117 598**
Total segment revenue	**950 342 471**	**25 692 483**	**8 095 532**	**–**	**984 130 486**
Revenue of joint ventures and associates	**147 987 112**	**–**	**–**	**–**	**147 987 112**
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**52 240 967**	**–**	**–**	**–**	**52 240 967**
South Hills Development Company (Pty) Ltd	**95 746 145**	**–**	**–**	**–**	**95 746 145**
Gross revenue	**950 342 471**	**25 692 483**	**8 095 532**	**–**	**984 130 486**
Point in time	**364 097 085**	**23 505 534**	**8 095 532**	**–**	**395 698 151**
Over time	**586 245 386**	**2 186 949**	**–**	**–**	**588 432 335**
Revenue	**950 342 471**	**25 692 483**	**8 095 532**	**–**	**984 130 486**
Gross revenue	**924 964 186**	**25 692 483**	**8 095 532**	**–**	**958 752 201**
Reversal of unrealised profit realised adjustment#	**25 378 285**	**–**	**–**	**–**	**25 378 285**
Cost of sales	**(866 919 573)**	**(11 840 138)**	**(4 761 443)**	**–**	**(883 521 154)**
Gross profit	**83 422 898**	**13 852 345**	**3 334 089**	**–**	**100 609 332**
Other income	**3 477 007**	**5 563 750**	**2 273 697**	**–**	**11 314 454**
Administrative expenses	**(76 382 272)**	**(7 426 071)**	**(396 423)**	**(4 911 502)**	**(89 116 268)**
Net impairment losses on financial and contract assets	**27 763 743**	**(16 872)**	**(2 577 561)**	**–**	**25 169 310**
Operating profit/(loss)	**38 281 376**	**11 973 152**	**2 633 802**	**(4 911 502)**	**47 976 828**
Finance income	**27 841 970**	**156 961**	**1 212 114**	**1 589 325**	**30 800 370**
Finance costs◇	**(42 957 844)**	**(15 076 820)**	**(6 682 389)**	**–**	**(64 717 053)**
Share of loss of associates/joint venture – net of tax	**(732 541)**	**–**	**–**	**–**	**(732 541)**
Profit/(loss) before tax	**22 432 960**	**(2 946 707)**	**(2 836 473)**	**(3 322 177)**	**13 327 604**
Taxation	**(18 204 746)**	**7 149 500**	**3 214 308**	**(143 872)**	**(7 984 810)**
Profit/(loss) after taxation	**4 228 215**	**4 202 793**	**377 835**	**(3 466 049)**	**5 342 794**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**4 228 215**	**4 202 793**	**377 835**	**(3 466 049)**	**5 342 794**

	Residential Property Development R	Memorial Parks R	Residential Rental Investments R	Holding Company/ unallocated■ R	Total R
Profit/(loss) after taxation and other comprehensive income attributable to:					
– Owners of the parent	3 804 326	4 202 793	377 835	(3 466 049)	4 918 905
– Non-controlling interests	423 889	–	–	–	423 889
	4 228 215	4 202 793	377 835	(3 466 049)	5 342 794
Non-current assets					
Investment property	–	13 833 550	–	–	13 833 550
Property plant and equipment	18 919 057	8 571 427	–	–	27 490 484
Intangible assets	158 960 573	694 804	–	–	159 655 377
Investments	–	12 269 982	–	–	12 269 982
Investment in joint ventures and associates	32 583 446	–	119 793 747	–	152 377 193
Deferred income tax asset	33 503 781	5 732 007	3 285 734	14 742 082	57 263 604
	243 966 857	41 101 770	123 079 481	14 742 082	422 890 190
Current assets					
Loans to joint ventures and associates	267 434 639	–	12 469 249	–	279 903 888
Inventories	525 747 341	193 558 128	–	–	719 305 469
Current tax receivable	556 190	–	671 022	–	1 227 212
Construction contracts	945 948 487	–	–	–	945 948 487
Trade and other receivables	124 729 259	5 707 945	–	–	130 437 204
Cash and cash equivalents	244 895 174	9 730 310	379 565	64 114	255 069 163
	2 109 311 090	208 998 750	13 519 836	64 114	2 331 891 423
Total assets	2 353 277 947	250 098 153	136 599 317	14 806 196	2 754 781 613
Liabilities					
Non-current liabilities					
Deferred income tax liability	138 692 911	3 317 240	–	77 231 928	219 242 079
	138 692 911	3 317 240	–	77 231 928	219 242 079
Current liabilities					
Borrowings◇	912 423 390	97 315 153	53 104 388	–	1 062 842 931
Current income tax liabilities	523 138	149 325	–	–	672 463
Trade and other payables	562 869 653	92 297 312	9 309	1 655 935	656 832 209
	1 475 816 181	189 761 790	53 113 697	1 655 935	1 720 347 603
Total liabilities	1 614 509 092	193 079 030	53 113 697	78 887 863	1 939 589 682

* *Combined revenue is the total segment revenue plus the total revenue of joint ventures and associates. The revenue included represents the gross revenue of each joint venture and does not include any inter-group eliminations.*

\# *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 proportionally to each segment based on the total assets per segment.*

■ *Any items that cannot be allocated to specific segments are indicated as all other segments.*

Summarised Segment Report of the Group (continued)

for the year ended 29 February 2020

	Residential Property Development R	Memorial Parks R	Residential Rental Investments R	Holding Company/ unallocated■ R	Total R
2019					
Total segment revenue	976 144 785	20 919 743	–	–	997 064 528
Fleurhof Project	328 778 231	–	–	–	328 778 231
Jabulani Project	51 182 450	–	–	–	51 182 450
Witpoortjie Calgro M3 Development Company (Pty) Ltd	30 813 037	–	–	–	30 813 037
South Hills Development Company (Pty) Ltd	311 934 682	–	–	–	311 934 682
Belhar Project	141 432 832	–	–	–	141 432 832
Third parties	112 003 553	20 919 743	–	–	132 923 296
Combined revenue*	1 260 672 163	20 919 743	–	–	1 281 591 906
Total segment revenue	976 144 785	20 919 743	–	–	997 064 528
Revenue of joint ventures and associates	284 527 378	–	–	–	284 527 378
Witpoortjie Calgro M3 Development Company (Pty) Ltd	17 087 540	–	–	–	17 087 540
South Hills Development Company (Pty) Ltd	267 439 838	–	–	–	267 439 838
Gross revenue	976 144 785	20 919 743	–	–	997 064 528
Point in time	95 137 962	18 875 119	–	–	114 013 081
Over time	881 006 823	2 044 624	–	–	883 051 447
Revenue	976 144 785	20 919 743	–	–	997 064 528
Gross revenue	943 037 634	20 919 743	–	–	963 957 377
Reversal of unrealised profit realised adjustment#	41 956 195	–	–	–	41 956 195
Reversal of unrealised profit adjustment#	(8 849 044)	–	–	–	(8 849 044)
Cost of sales	(861 396 493)	(6 977 988)	–	–	(868 374 481)
Gross profit	114 748 293	13 941 755	–	–	128 690 047
Other income	2 750 425	6 187 178	–	27 600 877	36 538 480
Administrative expenses	(126 102 802)	(11 312 357)	(17 500)	(48 581 200)	(186 013 859)
Net impairment losses on financial and contract assets	(7 189 512)	–	–	–	(7 189 512)
Other expenses	(929 221)	–	–	–	(929 221)
Operating profit/(loss)	(16 722 818)	8 816 576	(17 500)	(20 980 323)	(28 904 065)
Finance income	28 972 737	98 850	19 491 030	1 442 415	50 005 032
Finance costs◇	(30 712 278)	(10 215 694)	(18 437 745)	(2)	(59 365 719)
Share of profit/(loss) of associates/joint venture – net of tax	14 696 464	–	(508 411)	–	14 188 053
Profit/(loss) before tax	(3 765 895)	(1 300 268)	527 374	(19 537 910)	(24 076 699)
Taxation	8 298 343	3 021 533	1 140 271	12 844 264	25 304 411
Profit/(loss) after taxation	4 532 448	1 721 265	1 667 645	(6 693 646)	1 227 712
Other comprehensive income	–	–	–	–	–
Total comprehensive income/(expense)	4 532 448	1 721 265	1 667 645	(6 693 646)	1 227 712

	Residential Property Development R	Memorial Parks R	Residential Rental Investments R	Holding Company/ unallocated■ R	Total R
Profit after taxation and other comprehensive income attributable to:					
– Owners of the parent	6 545 471	1 721 265	1 667 645	(6 693 646)	3 240 735
– Non-controlling interests	(2 013 023)	–	–	–	(2 013 023)
	4 532 448	1 721 265	1 667 645	(6 693 646)	1 227 712
Non-current assets					
Investment property	–	14 019 768	–	–	14 019 768
Property, plant and equipment	3 272 952	8 900 394	–	–	12 173 346
Intangible assets	158 981 977	694 804	–	–	159 676 781
Investments	–	11 089 608	–	–	11 089 608
Investment in joint ventures and associates	33 212 488	–	119 793 747	–	153 006 235
Deferred income tax asset	21 430 173	2 014 813	1 942 495	17 967 269	43 354 750
	216 897 590	36 719 387	121 736 242	17 967 269	393 320 488
Current assets					
Loans to joint ventures and associates	39 194 324	–	272 199 114	–	311 393 438
Inventories	398 577 530	169 920 470	–	–	568 498 000
Current tax receivable	1 590 935	–	671 022	276 311	2 538 268
Construction contracts	1 279 072 872	–	–	–	1 279 072 872
Trade and other receivables	228 439 992	5 351 403	2 625	24 404	233 818 424
Cash and cash equivalents	115 572 312	6 488 209	–	572 476	122 632 997
	2 062 447 965	181 760 082	272 872 761	873 191	2 517 953 999
Total assets	2 279 345 555	218 479 469	394 609 003	18 840 460	2 911 274 487
Liabilities					
Non-current liabilities					
Deferred income tax liability	219 836 955	3 320 314	–	(8 857 116)	214 300 153
	219 836 955	3 320 314	–	(8 857 116)	214 300 153
Current liabilities					
Borrowings◇	764 732 071	72 896 337	131 566 596	–	969 195 004
Loans from joint ventures and associates	23 000 000	–	–	–	23 000 000
Current income tax liabilities	1 593 322	341 696	–	(22 500)	1 912 518
Trade and other payables	820 915 583	73 971 779	–	1 391 736	896 279 098
	1 610 240 976	147 209 812	131 566 596	1 369 236	1 890 386 620
Total liabilities	1 830 077 931	150 530 126	131 566 596	(7 487 880)	2 104 686 773

** Combined revenue is the total segment revenue plus the total revenue of joint ventures and associates. The revenue included represents the gross revenue of each joint venture and does not include any inter-group eliminations.*

 # The unrealised profit adjustment consists of profits that are generated on the development/construction of units to the Afhco Calgro M3 Consortium (Pty) Ltd (REIT JV), in which Calgro M3 has a 49% shareholding that is eliminated on consolidation.

◇ The group only allocated specific borrowings to segments.

■ Any items that cannot be allocated to specific segments are indicated as Holding Company/unallocated.

Notes to the Summarised Consolidated Annual Financial Statements

1. Basis of preparation

1.1 Statement of compliance

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

The summary consolidated annual financial statements should be read in conjunction with the group annual financial statements as at and for the year ended 29 February 2020, which have been prepared in accordance with IFRS as issued by the IASB. The summary consolidated annual financial statements have been prepared on the historical cost basis, excluding investment property and financial assets held at fair value, that are measured at fair value. This is the first set of condensed annual financial statements where IFRS 16 Leases, have been applied. The changes to the accounting policies impacted by these new standards are described in note 3.

The consolidated financial statements were internally compiled by P Perumalswami CA(SA) and TG Graaff under the supervision of WA Joubert CA(SA). The summary consolidated annual financial statements were authorised for issue by the Board of Directors on 18 May 2020.

This summarised report is extracted from audited information but is not itself audited. The consolidated annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon.

The audited consolidated annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office. The directors take full responsibility for the preparation of the abridged report and that the financial information has been correctly extracted from the underlying annual financial statements

1.2 Judgements and estimates

Management made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the group's accounting policies and the key source of estimation uncertainty were similar to those applied to the group annual financial statements as at and for the year ended 28 February 2019, updated for the impact of IFRS 16.

2. Accounting policies

Note 3 explains the impact of the adoption of IFRS 16 on the summarised consolidated annual financial statements. This note also discloses the new accounting policies that have been applied from 1 March 2019, where they are different to those applied in prior periods.

3. Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 on the annual financial statements.

The Group has adopted IFRS 16: *Leases* from 1 March 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 March 2019.

Accordingly, the comparative information for the previous financial year has not been restated – i.e. it is presented as previously reported under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

3. Changes in accounting policies *(continued)*

IAS 17 Accounting Policy (Old Policy)

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

A lease agreement is one whereby the lessor, conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period.

Leased assets

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: *Determining Whether an Arrangement contains a Lease* and IAS 17: *Leases*. The Group now assesses whether a contract is or contains a lease based on the new 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.

The Group applied IFRS 16 only to contracts that were previously identified as leases under IAS 17. The definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 March 2019. At 1 March 2019, the Group identified two leases for office buildings in Johannesburg and Cape Town.

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

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. 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.

Notes to the Summarised Consolidated Annual Financial Statements (continued)

3. Changes in accounting policies *(continued)*

As a lessee *(continued)*

The Group presents right-of-use assets in "property, plant and equipment". The carrying amounts of right-of-use assets are as below.

	Office buildings
Balance at 1 March 2019	**19 289 400**
Depreciation on right-of-use assets (IFRS 16)	**(3 147 750)**
Balance at 29 February 2020	**16 141 650**

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 has applied 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.

Management took into account current business performance and future growth forecasts and believe that it is prudent to not commit to any lease extension currently. In the event that the company terminates the lease at the end of the term, it will consider the purchase or rental of another building, depending on prevailing economic conditions and performance of the Group.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at present value of the remaining leased payments, discounted at the Group's incremental borrowing rate at 1 March 2019. The right of use asset is measured at an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use asset and liabilities for leases with a lease term of less than 12 months;
- Excluding initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Applied the modified retrospective approach (see below).

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

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

3. Changes in accounting policies *(continued)*

As a lessor

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

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Group has applied IFRS 15: *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

Transitional provisions – modified retrospective approach

Under the modified retrospective approach, the Group applies IFRS 16: *Leases* from the beginning of the current period. The Group:

- Calculated the lease assets and lease liabilities as at the beginning of the current period being 1 March 2019;
- Does not restate its prior-period financial information;
- Recognises an adjustment in equity at the beginning of the current period;
- Applies IAS 36: *Impairment of Assets* to assess the lease assets for impairment on the date of initial application being 1 March 2019; and
- The lease asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments recognized immediately before the date of initial application.

An incremental borrowing rate was used to determine the value of the lease liability and asset on the date of adoption. The incremental borrowing rate of 11.46% was determined based on a borrowing over a similar term and similar security with an asset of a similar value.

Impact on financial statements on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and lease liabilities. The impact of the transition is as follows.

	1 March 2019 R
Right-of-use asset recognition	
Right-of-use asset equal to the lease liability	22 634 911
Offset of the lease smoothing liability as at 28 February 2019 against the asset value	(3 345 511)
Right-of-use asset presented in property, plant and equipment	19 289 400
Lease liability recognition	22 634 911
Retained earnings impact	(936 743)

Notes to the Summarised Consolidated Annual Financial Statements (continued)

3. Changes in accounting policies *(continued)*

Impact on financial statements on transition *(continued)*

When measuring the lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the rate of its average cost of debt at 1 March 2019 being 11.46%.

As a result of initially applying IFRS 16, in relation to leases that were previously classified as operating leases, the Group recognised R19 289 400 right-of-used assets and R22 634 911 lease liabilities.

Also, in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the year ended 29 February 2020, the Group recognised R3 147 750 of depreciation and R2 503 518 of interest costs from these leases and made capital lease payments of R4 342 776.

	1 March 2019 as reported R	IFRS 16 Opening balance adjustment R	1 March 2019 adjusted R	IFRS 16 Year-end impact R	29 February 2020 R
Statement of financial position					
Assets					
Non-current assets					
Property, plant and equipment	12 173 346	19 289 400	31 462 746	(3 147 750)	**28 314 996**
Deferred tax asset	16 465 456	–	16 465 456	(229 535)	**16 235 921**
Current assets					
Bank	122 632 997	–	122 632 997	(4 342 776)	**118 290 221**
Equity and liabilities					
Equity					
Retained income	690 054 102	(936 743)	689 117 359	(4 068 913)	**685 048 446**
Liabilities					
Deferred income tax liability	214 300 153	936 743	215 236 896	(1 582 355)	**213 654 541**
Trade and other payables	896 279 099	19 289 400	915 568 499	(819 768)	**914 748 731**
Statement of comprehensive income					
Administrative expenses				(3 147 750)	
Operating profit				(3 147 750)	
Finance costs				(2 503 518)	
Profit before tax				(5 651 268)	
Taxation				1 582 355	
Profit after taxation				(4 068 913)	
Total comprehensive income				(4 068 913)	

Reconciliation of lease commitments disclosed at 28 February 2019 (IAS 17) to the lease liability recognised at 1 March 2019 (IFRS 16)

Operating lease commitments as disclosed at 28 February 2019 for the next five years	22 774 809
Operating lease commitments for longer than five years	10 044 426
	32 819 235
Discounted using the Group's incremental borrowing rate of 11.46%	(10 184 324)
Lease liability recognised as at 1 March 2019	22 634 911

4. Revenue

	2020 R	2019 R
Disaggregated revenue		
Residential Property Development Segment		
Infrastructure	**173 464 550**	440 224 268
Fully and partially subsidised units	**509 191 317**	452 065 209
Non-subsidised units	**222 325 693**	33 621 990
Serviced land sales	**45 360 911**	50 233 318
	950 342 471	976 144 785
Memorial Parks Segment		
Memorial parks burial rights	**19 965 357**	16 325 193
Memorial parks maintenance	**2 186 949**	2 044 624
Memorial parks burial services	**3 540 177**	2 549 926
	25 692 483	20 919 743
Residential Property Rental Segment		
Rental income Residential	**8 095 532**	–
	8 095 532	–
Total revenue	**984 130 486**	997 064 528

5. Earnings reconciliation

	2020 R	Restated 2019 R
Earnings reconciliation		
Determination of headline and diluted earnings:		
Profit attributable to shareholders	**4 918 905**	3 240 735
Profit on disposal of property, plant and equipment and computer software	**(379 635)**	–
Profit on sale of Investment in joint venture	**(2 273 697)**	–
Fair value adjustment in Investment properties*	**–**	(1 655 587)
Gain on bargain purchase	**–**	(27 600 377)
Headline and diluted headline earnings	**2 265 573**	(26 015 230)
Determination of earnings and diluted earnings:		
Attributable profit	**4 918 905**	3 240 735
Earnings and diluted earnings	**4 918 905**	3 240 735
Number of ordinary shares	**128 150 069**	128 150 069
Weighted average shares	**128 150 069**	128 150 069
Fully diluted weighted average shares	**133 619 521**	130 427 726
Headline earnings/(loss) per share – cents	**1.77**	(20.30)
Fully diluted headline earnings per share – cents	**1.70**	(20.30)

** In 2019 the Group did not exclude the fair value adjustment in the calculation of headline earnings per share. The restated number is shown above.*

Notes to the Summarised Consolidated Annual Financial Statements (continued)

6. Inventories

	2020 R	2019 R
Opening balance	**568 498 000**	554 397 497
Additions (net of transfers to construction contracts)	**269 440 817**	91 327 959
Borrowing costs capitalised	**12 210 596**	22 165 556
Net realisable value adjustments	**(681 928)**	(54 452 744)
Disposals	**(130 162 016)**	(44 940 268)
Closing balance	**719 305 469**	568 498 000

7. Construction contracts

	2020 R	2019 R
The aggregate costs incurred and recognised profits to date	**4 651 857 895**	4 172 437 264
Less: Progress billings	**(3 774 054 211)**	(3 061 010 070)
Net statement of financial position balance for ongoing contracts	**877 803 684**	1 111 427 194
Excess billings over work done classified under trade and other payables	**69 115 355**	198 231 245
Provision for loss making contracts classified under trade and other payables	**3 432 443**	4 847 353
Gross statement of financial position balance for ongoing contracts	**950 351 482**	1 314 505 792
Disaggregated construction contracts – Pre expected credit loss provisions		
Infrastructure – Contract assets	**29 180 561**	315 881 180
Fully and partially subsidised units – Contract assets	**288 298 981**	505 700 429
Non-subsidised units – Contract assets	**28 368 945**	10 871 906
Serviced land – Contract assets	**54 081 590**	47 342 897
Contract assets	**399 930 077**	879 796 412
Future contract asset costs		
Development cost for future contract assets	**550 421 405**	434 709 380
	950 351 482	1 314 505 792
Reconciliation of construction contracts		
Gross Statement of financial position balance for ongoing contracts	**399 930 077**	879 796 412
Provisions for expected credit losses on contract assets	**(4 402 995)**	(35 432 920)
Development cost for future contract assets	**550 421 405**	434 709 380
Statement of financial position balance for construction contracts	**945 948 487**	1 279 072 872

** 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 amount to R1 874 632 584 (2019: R1 935 650 160) and will be recognised within the normal operating cycle of the business.

Borrowing costs to the value of R57 384 762 (2019: R54 291 729) have been capitalised.

8. Related party transactions

	2020 R	2019 R
Compensation paid to key employees and personnel	**21 723 913**	47 258 857
Finance income from related parties	**23 305 167**	40 656 735
Contract revenue received from joint ventures	**129 861 734**	342 747 719

9. Financial instruments

The carrying value of all financial instruments are equal to the fair value of those instruments at 29 February 2020 with the exception of borrowings. The carrying value of borrowings at 29 February 2020 was R1.06 billion, with a corresponding fair value of R1.08 billion. The difference is attributable to the bonds trading in an active market and are classified as level 2 in the IFRS 13: *Fair Value Hierarchy.*

10. Bond Exchange

During the year ended 29 February 2020, the Group repaid R157 million in borrowings that matured, as well as raised a total of R249 million in a combination of three and five-year notes.

Total finance cost incurred for the period amounted to R134 312 411 million (February 2019: R135.8 million) of which R69.6 million (February 2019: R76.5 million) was capitalised to inventory and construction contracts.

11. Dividends

Management believes that cash should be retained to fund growth across the Group. Cash retention is important to ensure investment in future projects, as well as reduced reliance on debt finance. The Board has therefore resolved not to declare a dividend for this reporting period.

12. Going concern

Based on the latest results for the year ended 29 February 2020, the latest board approved budget for the 2021 financial year, as well as the available bank facilities and cash generating capability, Calgro M3 satisfies the criteria of a going concern.

13. Corporate Governance

Corporate governance forms one of the foundational layers of the Calgro M3 strategy as we understand that transparency, integrity and accountability need to permeate everything that we do. The board of directors endorse the principles contained in King IV™. Calgro M3's application of these principles is set out in the 2020 Corporate Governance report as well as the King IV application register, and is, in accordance with the JSE Listings Requirements, available on the Company's website. Please contact Ms I April, Group company secretary, for any additional information.

Notes to the Summarised Consolidated Annual Financial Statements (continued)

16. Ratio calculations

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).

	2020 R	2019 R
Net debt		
Borrowings	**1 062 842 931**	969 195 006
Other interest-bearing borrowings	**30 920 436**	29 293 118
Less: Cash and cash equivalents	**(255 069 163)**	(122 632 997)
	838 694 204	875 855 127
Equity		
Stated capital	**116 255 971**	116 255 971
Retained income	**693 734 868**	690 054 102
	809 990 839	806 310 073
Net debt/equity ratio	**1.04**	1.09

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 plus the aggregate amount spent on the purchase of property, plant and equipment, purchase of intangible assets, acquisition of business, acquisition of subsidiaries, and loans advanced to joint ventures and associates for investment purposes (capex). Debt service requirement is calculated as interest and fees plus principal repayments.

	2020 R	2019 R
Available cash flow		
Cash generated from operating activities	**464 208 720**	298 290 312
New financial indebtedness incurred	**145 000 000**	296 000 000
Cash and cash equivalent at the beginning of the year	**122 632 997**	156 722 935
Capex	**(158 201 445)**	(298 160 560)
	573 640 272	452 852 687
Debt service requirement		
Interests and fees	**(117 612 227)**	(115 459 090)
Principal repayments	**(180 000 000)**	(193 000 000)
	(297 612 227)	(308 459 090)
Debt service cover ratio ("DSCR")	**1.93**	1.47

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 of 1.5:1.

Shareholder analysis

Shareholders' spread	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	953	54.77	231 410	0.18
1 001 – 10 000 shares	541	31.09	1 924 507	1.50
10 001 – 100 000 shares	186	10.69	5 451 385	4.25
100 001 – 1 000 000 shares	44	2.53	12 732 694	9.94
1 000 001 shares and over	16	0.92	107 810 073	84.13
	1740	100.00	128 150 069	100.00
Public/non-public shareholders				
Public shareholders	1729	99.37	69 964 844	54.60
Non-public shareholders	11	0.63	58 185 225	45.40
	1740	100.00	128 150 069	100.00
Analysis of non-public shareholders				
Directors of the company or any subsidiaries	9	0.52	7 375 249	5.79
Holdings of 10% or more				
Pershing LLC	1	0.06	37 117 462	28.96
Snowball Wealth Pty Ltd	1	0.06	13 642 445	10.65
	11	0.63	58 135 156	45.40
Distribution of shareholders				
Financial institutions and other corporations	53 605 395	41.83		
Nominee and trusts	34 004 454	26.53		
Empowerment	25 590 227	19.97		
Individuals	12 784 889	9.98		
Private and public companies	2 165 104	1.69		
	128 150 069	100.00		
Shareholders with an interest of 3% or more in shares				
Pershing LLC	37 117 462	28.96		
Snowball Wealth Pty Ltd	13 642 445	10.65		
BPM Family Trust	11 271 205	8.80		
DNS Trust	10 010 000	7.81		
FJS Trust	7 484 949	5.84		
Mr WJ Lategan	6 566 264	5.12		
Mr LCH Chou	6 200 000	4.84		
Allan Gray Fund Managers	4 800 634	3.75		
	97 092 959	75.77		
Reconciliation of shares issued in the share register				
Total shares in issue	147 044 518			
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)			
	128 150 069			

* *The Executive share scheme was cancelled effective 31 August 2018, the shares are being held by Calgro M3 Developments Limited to be allocated for future share schemes.*

Shareholder diary

Financial year-end	February
Year-end results	Monday, 18 May
Annual general meeting	Friday, 26 June
Interim report	October

Form of proxy

Calgro M3 Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 2005/027663/06)
Share code: CGR ISIN: ZAE000109203
("Calgro M3" or "the Company")

For use by the holders of certificated shares and/or dematerialised shares held through a CSDP or broker who have selected "own-name" registration, registered as such at the close of business on the voting record date, at the Annual General Meeting ("AGM") to be conducted entirely by electronic communication as permitted by the Companies Act, the JSE Limited and the Company's Memorandum of Incorporation at 10:00 on Friday, 26 June 2020 or any postponement or adjournment thereof.

Dematerialised shareholders who have not selected "own-name" registration must inform their CSDP or broker timeously of their intention to attend and vote at the AGM or be represented by proxy thereat in order for the CSDP or broker to issue them with the necessary letter of representation to do so or provide the CSDP or broker timeously with their voting instruction, should they not wish to attend the AGM in order for the CSDP or broker to vote in accordance with their instructions at the AGM.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

of (ADDRESS)

Telephone number: Cellphone number:

Email address:

being the registered holder/s of ordinary shares in Calgro M3

hereby appoint (see note 1 below) or failing him/her,

the Chairperson of the AGM, as my/our proxy to act for me/our behalf at the AGM in accordance with the following instructions (see note 2 below)

	Number of votes		
	For	**Against**	**Abstain**
Ordinary resolution number one: Re-election of Non-Executive Director (H Ntene)			
Ordinary resolution number two: Re-election of Non-Executive Director (RB Patmore)			
Ordinary resolution number three: Confirmation of appointment of Non-Executive Director (LS Ntuli)			
Ordinary resolution number four: Confirmation of appointment of Non-Executive Director (TP Baloyi)			
Ordinary resolution number five: Reappointment of auditor (PricewaterhouseCoopers Inc.)			
Ordinary resolution number six: Reappointment of Audit Committee member (GS Hauptfleisch)			
Ordinary resolution number seven: Reappointment of Audit Committee member (RB Patmore)			
Ordinary resolution number eight: Reappointment of Audit Committee member (ME Gama)			
Ordinary resolution number nine: General payments to shareholders			
Ordinary resolution number ten: Control of authorised but unissued shares			
Ordinary resolution number eleven: General authority to issue shares for cash			
Ordinary resolution number twelve: Non-binding advisory vote on Calgro M3's Remuneration Policy			
Ordinary resolution number thirteen: Non-binding advisory vote on Calgro M3's Implementation Report on the Remuneration Policy			
Special resolution number one: General authority to repurchase shares			
Special resolution number two: Remuneration of Chairperson of the Board			
Special resolution number three: Remuneration of Lead Independent Director			
Special resolution number four: Remuneration of members of the Board			
Special resolution number five: Fee per Board meeting attended			
Special resolution number six: Fee of Chairperson of Audit and Risk Committee per meeting attended			
Special resolution number seven: Fee per Audit and Risk Committee meeting attended			
Special resolution number eight: Fee of Chairperson of Remuneration and Nomination Committee per meeting attended			
Special resolution number nine: Fee per Remuneration and Nomination Committee meeting attended			
Special resolution number ten: Fee of Chairperson of Social and Ethics Committee per meeting attended			
Special resolution number eleven: Fee per Social and Ethics Committee meeting attended			
Special resolution number twelve: Inter-company financial assistance			
Special resolution number thirteen: Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company			

* One vote per share held by shareholders recorded in the register on the voting record date.

Date

Signed at on 2020

Signature

Assisted by me (where applicable) (state capacity and full name)

Notes to the form of proxy

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the Chairperson of the AGM". The person whose name appears first on this form of proxy and who is participating in the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A proxy appointed by a shareholder in terms hereof may not delegate his authority to act on behalf of the shareholder to any other person.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate box provided or by the insertion of a cross if all shares should be voted on behalf of that shareholder. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the AGM as he deems fit in respect of all the shareholder's votes exercisable thereat.
4. Forms of proxy must be lodged at or posted to Computershare Investor Services (Pty) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132, South Africa) to be received by not later than 10:00 on 24 June 2020.
5. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. In addition to the aforegoing, a shareholder may revoke the proxy appointment by (i) cancelling it in writing or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to Calgro M3. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered in the required manner.
6. The Chairperson of the AGM may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, he is satisfied as to the manner in which the shareholder(s) concerned wish(es) to vote.
7. Each shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of Calgro M3) to attend, speak and vote in place of that shareholder at the AGM.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by Calgro M3 or Computershare Investor Services (Pty) Limited or waived by the Chairperson of the AGM.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
10. Where there are joint holders of shares:
    - 10.1 Any one holder may sign the form of proxy; and
    - 10.2 The vote of the senior (for that purpose seniority will be determined by the order in which the names of shareholders appear in the register of members) who tenders a vote (by the shareholder or by his/her proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of Calgro M3 shares.
11. This form of proxy may be used at any adjournment or postponement of the AGM, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
12. An extract from the Companies Act reflecting the provisions of section 58 of the Companies Act is attached as Annexure A to this form of proxy.

Annexure A

"58. Shareholder's right to be represented by proxy

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

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

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

(4) Irrespective of the form of instrument used to appoint a proxy:
  (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
  (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
  (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by:
    (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
    (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
  (a) the date stated in the revocation instrument, if any; or
  (b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).

(6) If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to:
  (a) the shareholder; or
  (b) the proxy or proxies, if the shareholder has:
    (i) directed the company to do so, in writing; and
    (ii) paid any reasonable fee charged by the company for doing so.

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

(8) If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:
  (a) the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  (b) the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must:
    (i) bear a reasonably prominent summary of the rights established by this section;
    (ii) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
    (iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
  (c) the company must not require that the proxy appointment be made irrevocable; and
  (d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).

(9) Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder.

Annexure B

Participation in the AGM via electronic communication

CAPITALISED TERMS USED IN THIS FORM SHALL BEAR THE MEANINGS ASCRIBED THERETO IN THE NOTICE OF AGM TO WHICH THIS PARTICIPATION FORM IS ATTACHED

Shareholders or their duly appointed proxy(ies) that wish to participate in the AGM via electronic communication (Participants), must apply to Computershare, by delivering the duly completed Form to:
Rosebank Towers, First Floor, 15 Biermann Avenue, Rosebank, 2196, or posting it to Private Bag x9000, Saxonwold, 2132 (at the risk of the Participant), or by email to proxy@computershares.co.za so as to be received by Computershare by no later than 10:00 on Wednesday, 24 June 2020. Computershare will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided.

Important notice
The Company shall, by no later than 24 hours prior to the meeting at 10:00 on Thursday, 25 June 2020, notify Participants that have delivered valid notices in the form of this Form, by email of the relevant details through which Participants can participate electronically.

Application form
Full name of Participant:

ID number:

Email address:

Cell number:

Telephone number: (code) (number)

Name of CSDP or broker (if shares are held in dematerialised format):

Contact number of CSDP/broker:

Contact person of CSDP/broker:

Number of shares certificate (if applicable)

Signature:

Date:

Terms and conditions for participation in the AGM via electronic communication

1. The cost of electronic participation in the AGM is for the expense of the Participant and will be billed separately by the Participant's own service provider.
2. The Participant acknowledges that the electronic communication services are provided by third parties and indemnifies Calgro M3 against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the participants via the electronic services to the AGM.
3. The application to participate in the AGM electronically will only be deemed successful if this application form has been completed and signed by the Participant.
4. Calgro M3 cannot guarantee there will not be a break in electronic communication that is beyond the control of the Company.

Participant's name

Signature Date

General information

Calgro M3 Holdings Limited
Incorporated in the Republic of South Africa
Registration number: 2005/027663/06
Share code: CGR
ISIN: ZAE000109203

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

Postal address
Private Bag X33
Craighall
2024

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18 May 2020

Transfer secretaries
Computershare Investor Services

Bankers
First National Bank
Standard Bank
Nedbank

Auditors
PricewaterhouseCoopers Inc.

Sponsor
PSG Capital

Secretary
I April

Directors

MN Nkuhlu	Executive
W Williams	Executive
WA Joubert	Executive
WJ Lategan	Executive
GS Hauptfleisch	Independent Non-Executive
H Ntene	Independent Non-Executive
LS Ntuli[1]	Independent Non-Executive
ME Gama	Independent Non-Executive
PF Radebe[2]	Independent Non-Executive Chairperson
TP Baloyi[1]	Independent Non-Executive
RB Patmore	Lead Independent Non-Executive

1. *Appointed on 23 March 2020.*
2. *As announced on SENS on 24 March 2020, Pumla Radebe will be stepping down as Chairperson and member of the Board after the completion of the Annual General Meeting on 26 June 2020. The Board has commenced the process of identifying a suitable replacement and shareholders will be advised as soon as such appointment has been made.*

Preparer
The financial statements were internally compiled by P Perumalswami CA(SA) and TG Graaff under the supervision of WA Joubert CA(SA).

Level of assurance
These financial statements have been audited by our external auditors PricewaterhouseCoopers Inc. in accordance with the applicable requirements of the Companies Act No. 71 of 2008.

CALGRO M3

www.calgrom3.com