
CALGRO M3
HOLDINGS
www.calgrom3.com

Disclaimer

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Calgro M3 – Background

- Calgro M3 is an established property development company with a 17 year track record (established in 1995), specialising in delivering truly integrated development projects that adhere to Government's BNG principles;
- Calgro M3 has a proven track record in the RDP, Rental and Social Housing market with its highly successful Pennyville integrated project and is currently in the process of developing a number of Johannesburg's premier integrated projects namely Fleurhof (9,602 units), Jabulani CBD (4,199 units), Hospital View (3,392 units) and South Hills (4,217 units);
- Calgro M3 has in addition to it's Gauteng based projects, successfully secured the Scottsdene Integrated project in Cape Town consisting of 2,247 units, Belhar CBD Integrated project in Cape Town consisting of 3,600 units and the Brandwag Social Housing project in Bloemfontein consisting of 1,050 units;
- Calgro M3 is in addition to the "Low Income Market", a market leader in the "Mid to High Income" residential market and being one of the first to implement "renewable energy" measures within our projects;
- Calgro M3 listed on the JSE Alt-X in November 2007 and was the first company to list a debt programme on Yield-X in 2008. Calgro M3 transferred to the JSE Main Board on 23 February 2012.

Calgro M3 – Background

Development partners include:

- City of Johannesburg, Department of Housing
- Gauteng Provincial Government, Department of Housing
- City of Cape Town, Department of Housing
- Western Cape Provincial Government, Department of Housing
- I H S (International Housing Solutions)

Finance partners include:

Standard Bank

FNB First National Bank

RMB Private Bank

NEDBANK

NHFC National Housing Finance Corporation Ltd.

International Housing Solutions

“A brief look at where we were, and where we are going… “

Calgro M3 – 2008 to mid-2011

- The Calgro M3 strategy for the last 3 years was based on survival and as a result:
  - Succession planning was neglected;
  - Overheads were scaled down by reducing staff and office space;
  - Calgro M3 Marketing Division was scaled down considerably;
  - As a result of construction on only 1 or 2 projects, the exposure levels at financial institutions were high;
  - Shareholding in projects was diluted in order to spread risk;
  - All construction was brought “in-house”; and
  - Debt ratio’s decreased as result of debt repayment to protect the group from funding withdrawal.

- This strategy was successfully implemented and the company **survived** the recession and emerged into a stronger company.

Calgro M3 – 2008 to mid-2011 (continued)

- **The downside:**

  The cost/price of survival included:

  - Major concerns raised by the Financial Institutions and Funding Partners with regards to capacity;
  - Succession planning was neglected and not in place by end-2011;
  - Company was left short-staffed;
  - Reduced shareholding in projects; and
  - Major internal concerns with regards to the Company's marketing capacity.

- **The upside:**

  As a result of downturn and forced downscaling:

  - Business model was restructured with a successful move of its focus from the Mid-to-High market to the Integrated Development market and created capacity in this regard;
  - Construction capacity was created for Fleurhof after taking over construction responsibility from SeaKay on the Pennyville project;
  - Higher quality of product delivered to the market as a result of "in-house" construction capability; and
  - Bulk sales led to the establishment of relationships with key and strategic companies and as a result the company entered into the Social Housing space.

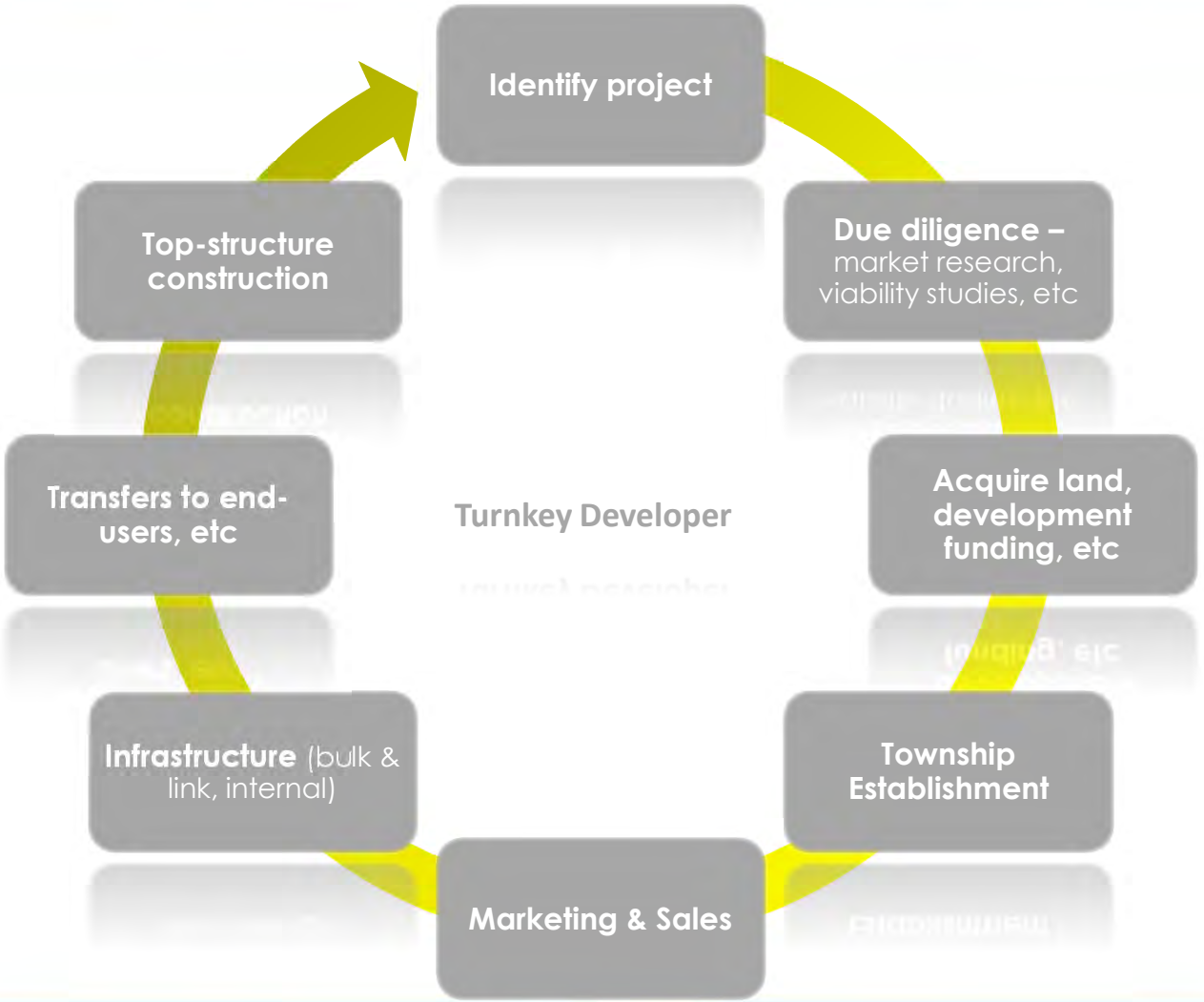
Calgro M3 – (mid-2011 and ahead)

- Since mid-2011, the Calgro M3 strategy was adjusted to cater for growth. The strategy for the next 3 years will be to:
  - **"get out of survival mode and start doing business again"**;
  - become the residential developer of choice for Government, Financial Institutions and Funding partners (equity and debt) alike, by:
    - Implementing alternative energy sources and strategies;
    - Staying ahead of competitors; and
    - Staying up-to-date in regards to the "development of integrated developments" on a global level.
- Important factors to keep in mind during this growth phase:
  - Ensure controlled growth and increase in overheads;
  - Stabilize operations in Gauteng and Western Cape before expanding into other provinces;
  - Ensure only viable projects are entered into;
  - Retain bigger shareholding in projects;
  - Maintain healthy cash balance; and
  - Balanced exposure between Financial Institutions.

Calgro M3 – Business Model

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Business Model



Overview – Products and Market Definition

5% exposure, (20% maximum)

R501 000 up to R1 800 000+

Mid to high

95% exposure, (80% minimum)

Up to R 500 000

Affordable (bonded)

Up to R300 000

GAP (bonded), social & rental

Subsidy of the day

RDP – fully subsidized

Integrated developments

Full- and sectional title









Calgro M3's Business Model

- The company's business model will remain mainly unchanged:
  - Principle of landowner developer to be retained with LAA (Land Availability Agreement) where available on our terms;
  - Shareholding retained in projects maximized while taking into account associated risks;
  - Marketing responsibility to be divided into:
    (1) marketing of free standing affordable / GAP units;
    (2) marketing of sectional title affordable / GAP units;
    (3) marketing of retirement project; and
  - Construction of majority of units to be done in-house in order to control quality.

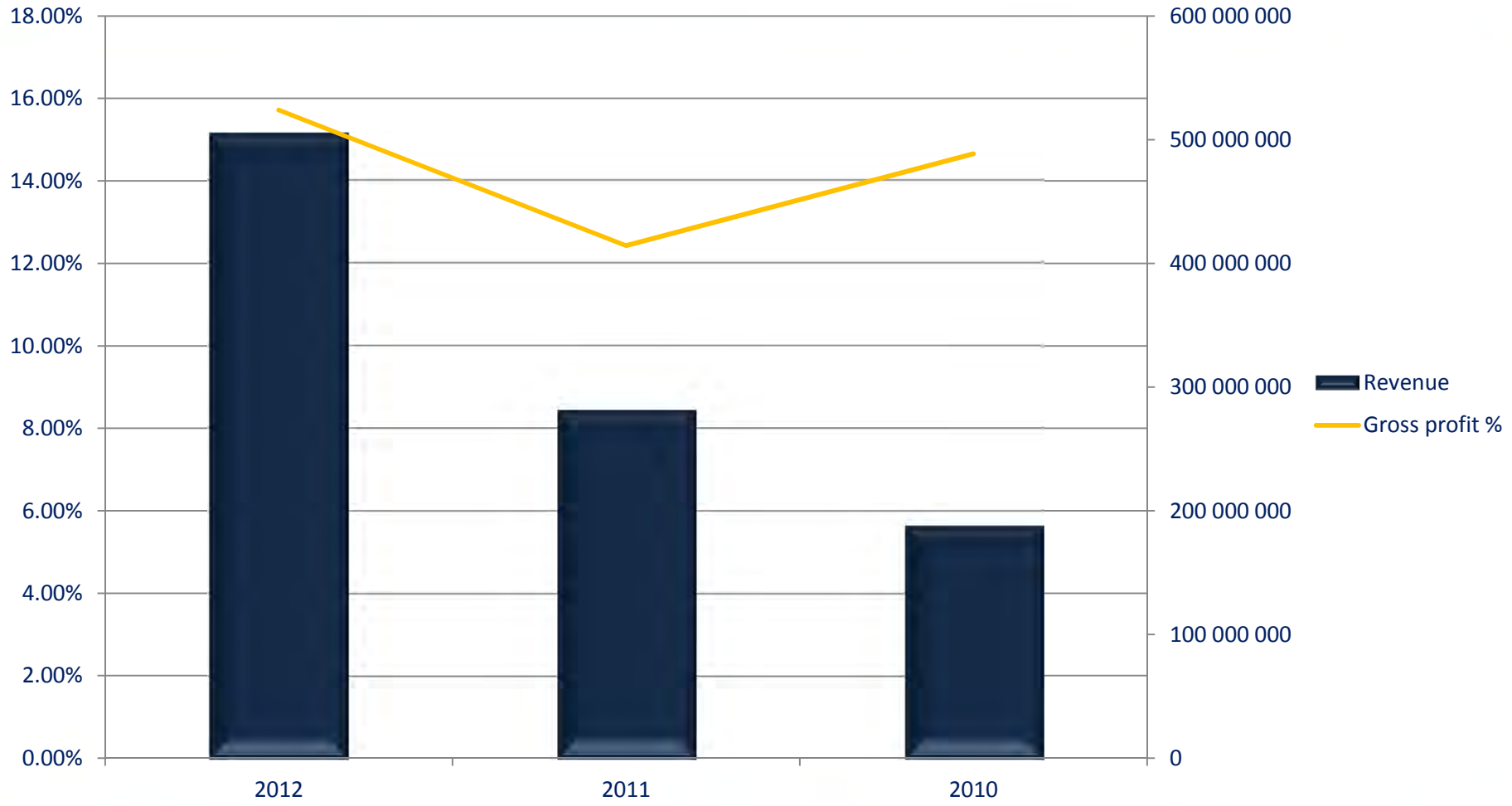
- New and recent strategic ventures by the group:
  - Ventured into the Western Cape;
  - Exposure in Retirement Village market to be escalated to new level if existing projects are successful;
  - Student Accommodation to be incorporated in business model; and
  - Stake in Residential Investment Portfolio (non-controlling and non-managed).

Calgro M3 – Financial Review

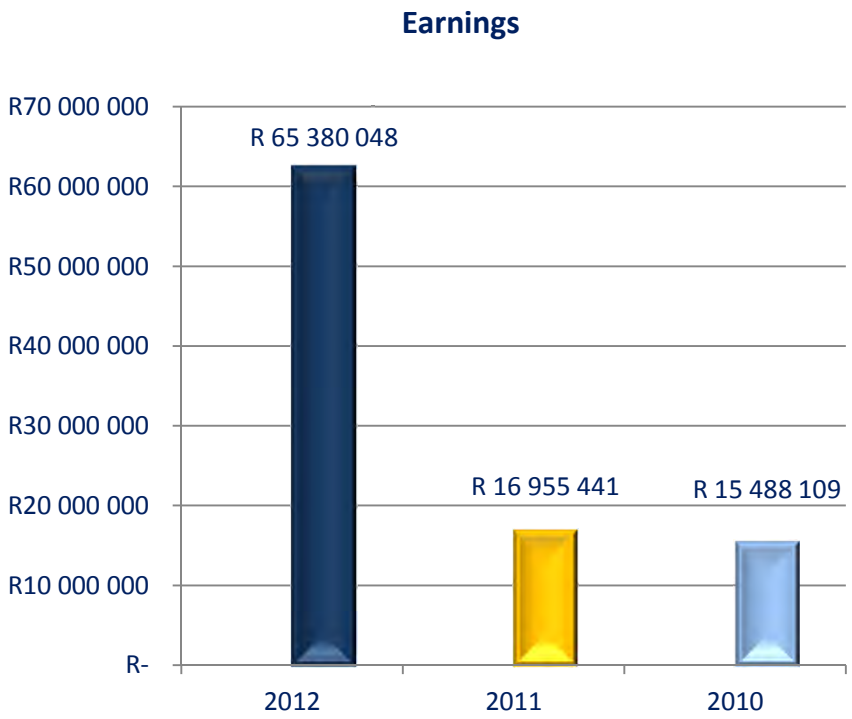
Financial Highlights

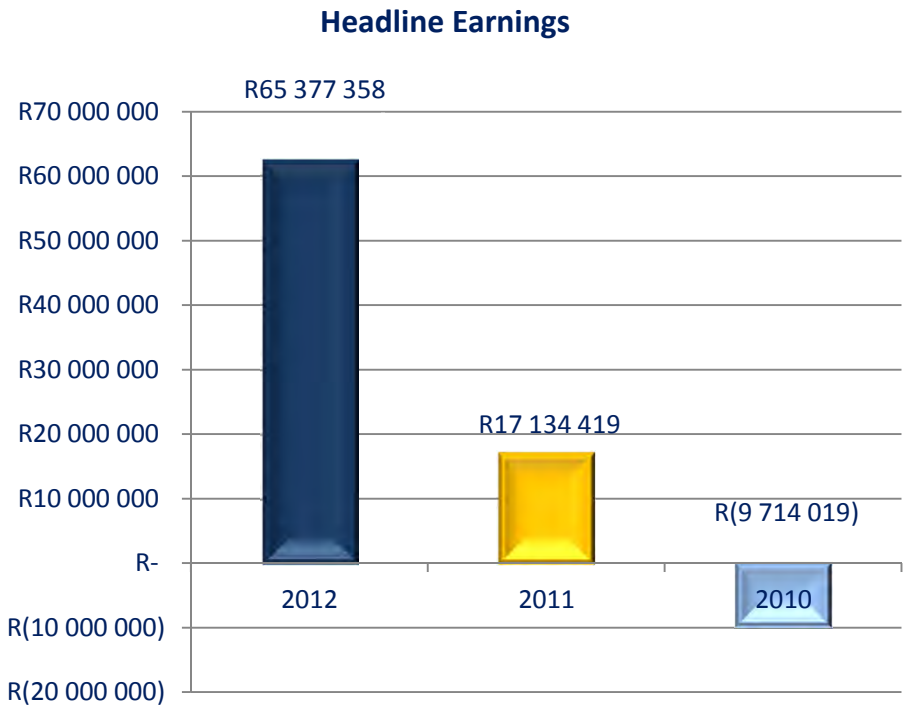
✓	82.7 %	Revenue
✓	286 %	Earnings per Share
✓	282 %	Headline Earnings per Share
✓	3.02 %	Gross Profit Percentage
✓	21 %	Administrative expenses, contained compared to revenue growth

Revenue vs Gross Profit %

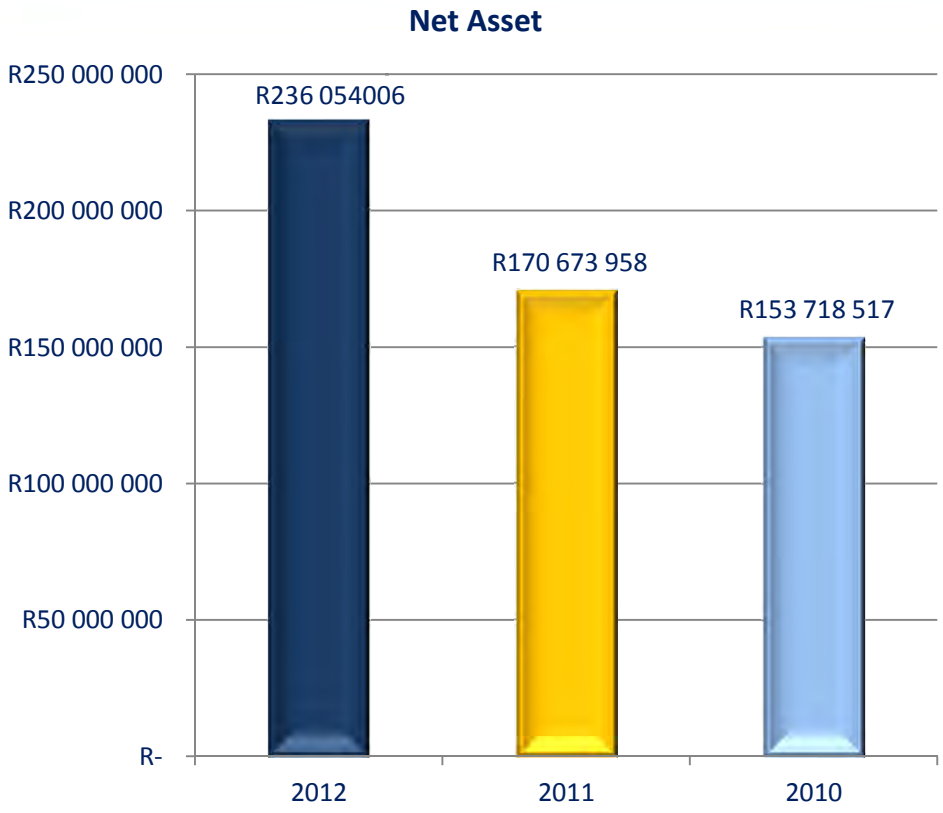


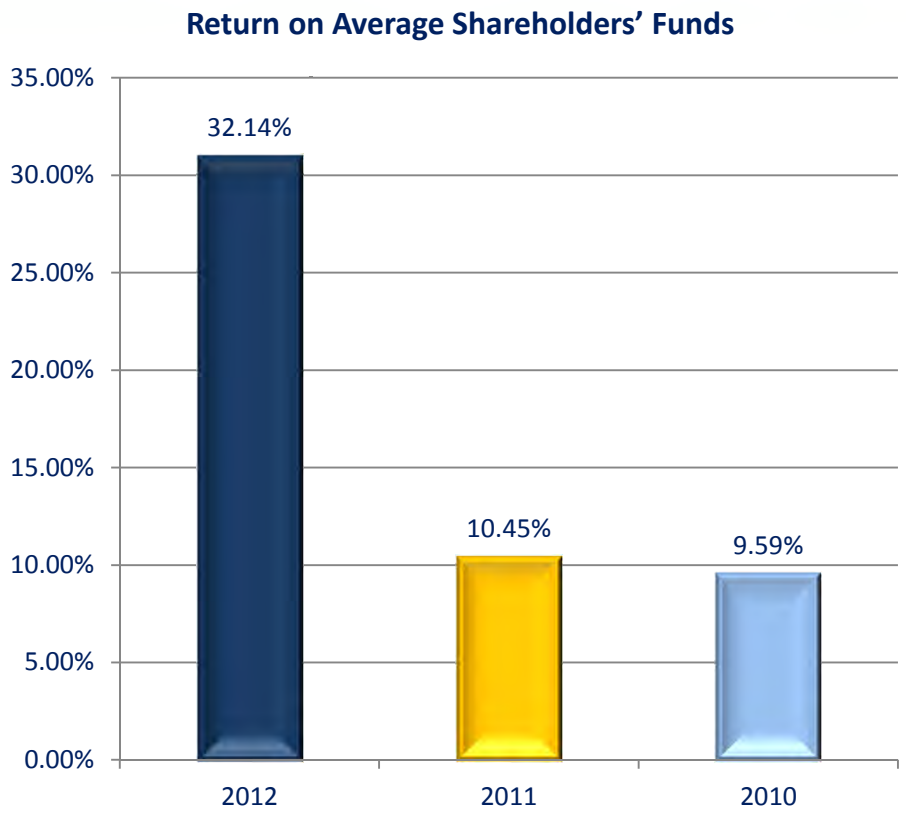
Earnings


Earnings
R70 000 000
R60 000 000
R50 000 000
R40 000 000
R30 000 000
R20 000 000
R10 000 000
R-
R 65 380 048
R 16 955 441
R 15 488 109
2012
2011
2010


Headline Earnings
R70 000 000
R60 000 000
R50 000 000
R40 000 000
R30 000 000
R20 000 000
R10 000 000
R-
R(10 000 000)
R(20 000 000)
R65 377 358
R17 134 419
R(9 714 019)
2012
2011
2010

Return on Assets

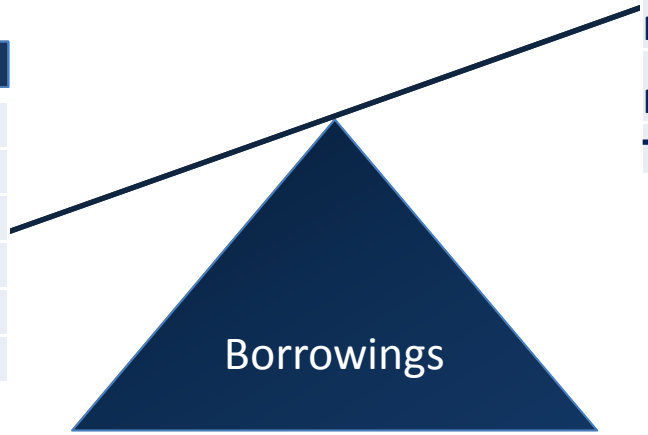




Borrowings Movements

Net Increase – R 70.8 mil

Decrease (R'm)		
ABSA	0.2	Prime - 1
NHFC	4.5	Prime - 1
RMB	5.4	Prime - 1
Barnards Attorneys	2.6	20%
Russel Lund	4	20%
Total	**16.6**	



Increase (R'm)		
* Yield X Nedbank	85	J Bar Linked
Nedbank	2.4	Prime - 1
Total	**87.4**	

** (Tequanta R 50 mil 5 Year note + Atlantic R 35 mil November 2012)*

2011 Debt	R 154.3 mil
Net increase	R 70.8 mil
2012 Debt	R 225.1 mil
Post year-end additional facilities	R 56 mil

Calgro M3 – Financial Review

Debt as at Year-end

- RMB: R77,4 mil (Mid to High land – renewable annually)
- Nedbank: R12,2 mil (Jabulani Hostels – fully repaid after year-end)
- Bond Exchange: R135 mil
  - R22,5 mil RMB Asset Managers – 25 July 2014
  - R22,5 mil RMB Asset Managers – 25 July 2015
  - R5 mil Taquanta – 18 February 2013
  - R50 mil Taquanta – 8 December 2016
  - R35 mil Atlantic Asset Managers – 15 November 2012
- NHFC: R483,687 (Mabopane – repaid after year-end)

Financial Summary

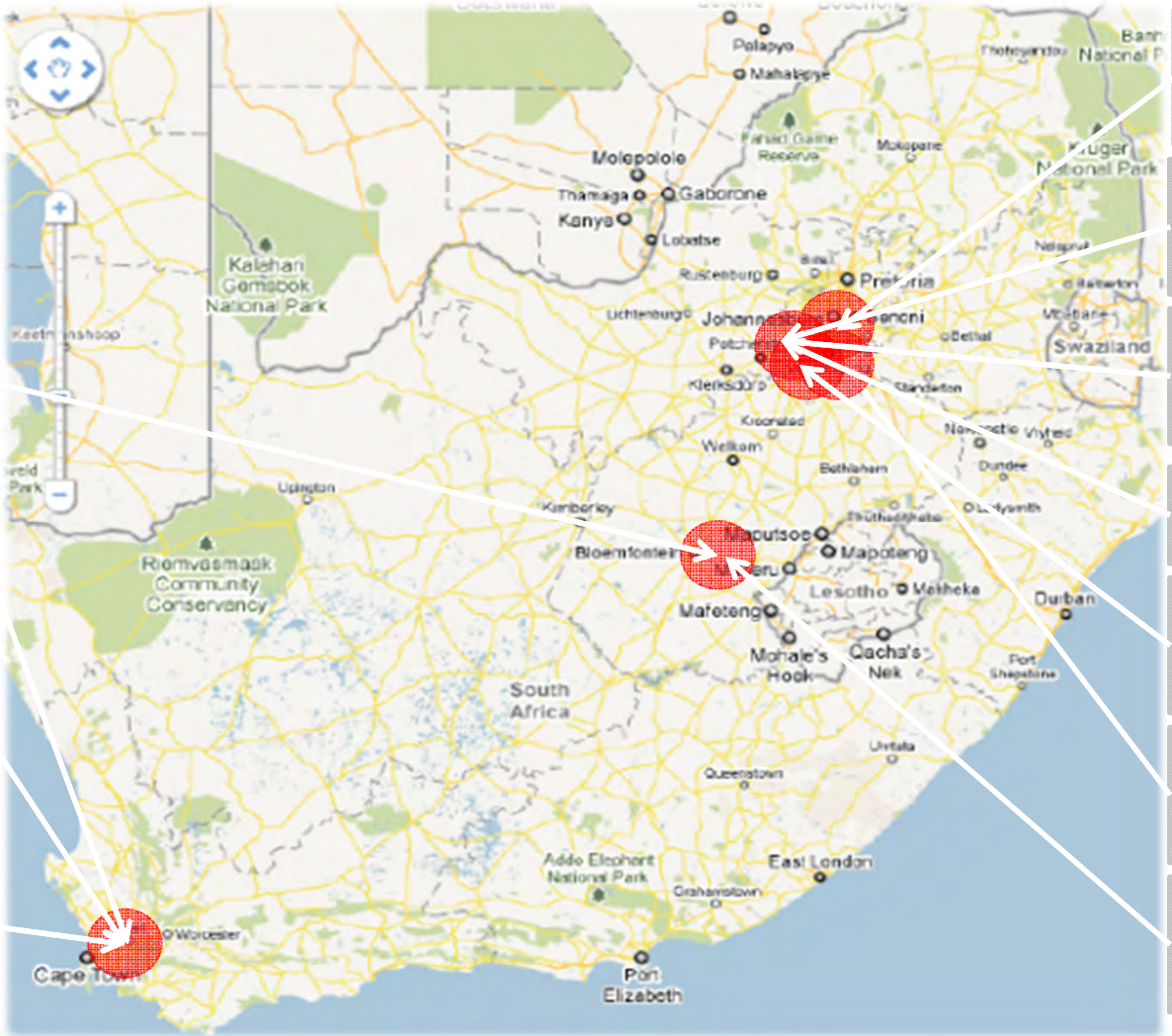
	2012	2011	%
Basic earnings per share (c)	51.4	13.3	286%
Headline earnings per share (c)	51.4	13.4	282%
Net asset value per share (c)	185.7	134.4	38.3%
Cash on hand (R'm)	103.7	15.0	691%
Construction contracts (R'm)	87.5	40.6	116%
Interest bearing borrowings (R'm)	225.1	154.3	45.9%
Creditors (R'm)	115.2	51.3	125%
Debtors (R'm)	15.8	14.6	8.2%
Net interest bearing debt to equity	0.52:1	0.87:1	(35%)

- *Net Assets:* *Total assets less total liabilities*
- *Net interest bearing borrowings:* *Total interest bearing borrowings and bank overdraft less available cash*

Present Projects

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Geographic Footprint - National



Vista Park Ext 3 Integrated Development – 2,400+ units

Leo Mews Res 3 Development – 90 units

Scottsdene Integrated Development – 2,247 units

Belhar CBD Integrated Development – 3,600 units

Clayville Ext 50 Integrated Development – 7,800 units

Fleurhof Integrated Development – 9,602 units

Jabulani CBD Development – 4,199 units

Jabulani Hostel Development 500 units

Hospital View Integrated Development – 3,392 units

South Hills Integrated Development – 4,217 units

Brandwag Social Housing Development – 1,051 units

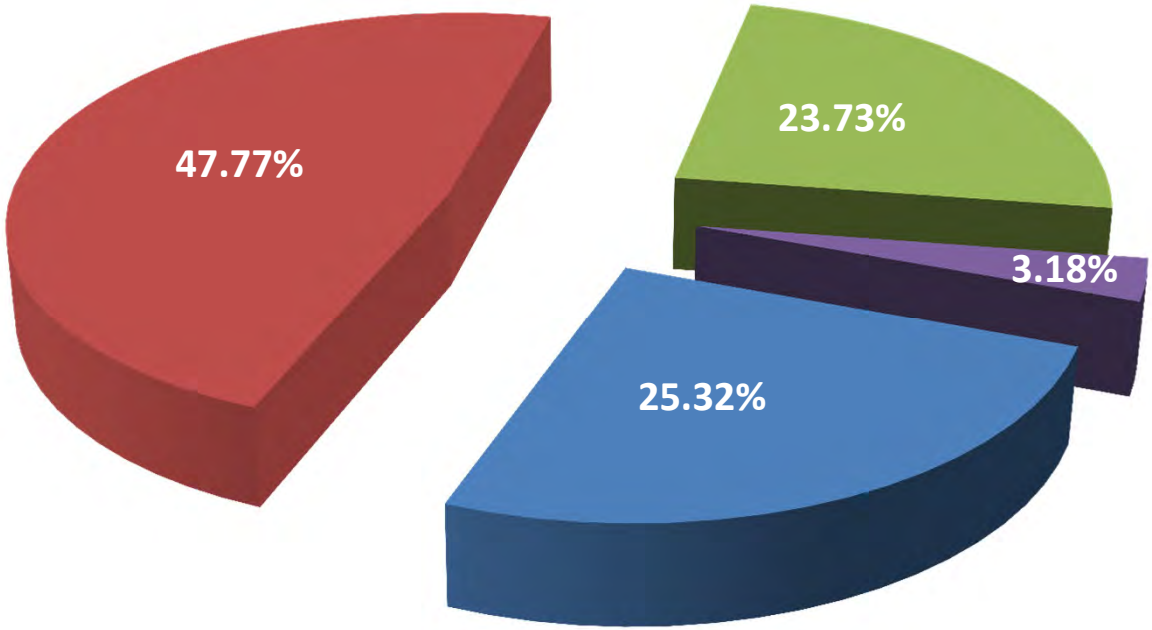
Existing Projects – Integrated & Low to Medium Income Residential

Project	Location	Type of project	Total no of units in project	No of units under construction / completed	Typology mix			Total estimated project revenue
					RDP	Social , GAP & Rental	Affordable housing	
Fleurhof	Johannesburg	Integrated	9602	1400	2822	4864	1916	R 2 680 000 000
Jabulani CBD	Soweto	GAP, Social, Rental	4199	1230	0	4199	0	R 1 070 000 000
Jabulani Hostels	Soweto	RDP & CRU	500	460	400	100	0	R 118 000 000
Mabopane	Garankua	Affordable	202	95	0	0	202	R 70 700 000
Jukskei View	Midrand	Affordable	715	413	0	0	715	R 357 500 000
Belhar	Cape Town	GAP, Social, Student	3600	0	0	3600	0	R 1 082 000 000
South Hills	Johannesburg	Integrated	4217	0	1702	1485	1030	R 1 336 000 000
Hospital View	Johannesburg	Integrated	3389	0	828	1713	848	R 880 500 000
Clayville Ext 50	Midrand	Integrated	7355	0	3039	0	4316	R 1 800 000 000
Vista Park Ext 3	Bloemfontein	Integrated	2 485	0	980	1 080	425	R 693 729 167
Scottsdene	Cape Town	Integrated	2247	0	558	1459	230	R 558 000 000
Brandwag	Bloemfontein	Social	897	485	0	897	0	R 224 250 000
Leo Mews	Cape Town	GAP	90	45	0	95	0	R 13 500 000
			39498	4128	10329	19492	9682	R 10 884 179 167

Existing Projects – Mid to High Income Residential

Project name	Township	Status of project	Type of project	No of units	Revenue
La Vie Nouvelle	Broadacres Ext 36, Fourways	Town planning completed. Marketing to commence	Retirement and Lifestyle Estate	394	R499,000,000
32-On-Pine	Witkoppen Ext 142, Fourways	Town planning completed.	Full title cluster	65	R107,000,000
Oakwood	Honeydew Manor Ext 57, Honeydew	Town planning completed.	Full title cluster	48	R64,800,000
Ridgewood	Honeydew Manor Ext 57, Honeydew	Town planning completed.	Full title cluster	48	R64,800,000
Parkview Estate	Honeydew Manor Ext 40, Honeydew	Town planning completed.	Full title cluster	45	R44,325,000
Westwood	Honeydew Manor Ext 45, Honeydew	Town planning completed.	Full title cluster	38	R43,700,000
32-On-Peter	Tresjolie Ext 24, Honeydew	Town planning in process	Student accommodation	180	R76,500,000
Summerset Place	Summerset Ext 19, Midrand	Town planning completed.	Sectional title	280	R173,600,000
Needwood	Chartwell. Fourways	Town planning in process	Student accommodation	200	85,200,000
				1,298	R1,158,925,000

Existing Projects – % Exposure In Different Market Segments



- RDP/fully subsidized
- GAP, Social
- Affordable/bonded
- Mid to High

Integrated & Low to Medium Income Residential – Funding Requirements

Project	Funder - financial institution	Funder - government
Fleurhof	First National Bank	City of Joburg/SHRA
Jabulani CBD	Standard Bank	SHRA
Jabulani Hostels	Nedbank	Gauteng Province
Mabopane	NHFC	n/a
Jukskei View Ext's 17 & 18	Nedbank	n/a
Belhar CBD	Standard Bank	SHRA
South Hills	Standard Bank	City of Joburg/SHRA
Hospital View	Nedbank	City of Joburg/SHRA
Clayville Ext 50	NHFC	Ekurhuleni/Gauteng Province/SHRA
Vista Park Ext 3	n/a	Mangaung Metropolitan Council
Scottsdene	Standard Bank	City of Cape Town/SHRA
Brandwag	n/a	SHRA
Leo Mews	Standard Bank	n/a
Wallacedene	Standard Bank	SHRA

New Prospects – Integrated & Low to Medium Income Residential

Project	Location	Type of project	No of units	RDP	Social , GAP & Rental	Affordable housing	Estimated revenue
Wallacedene	Cape Town	Social, GAP Housing	745	0	596	149	R 250 000 000
Thornton	Cape Town	GAP & Bonded Housing	128	0	128	0	R 43 010 000
Maitland	Cape Town	GAP & Bonded Housing	148	0	148	0	R 49 050 600
Fractreton	Cape Town	GAP Housing	40	40	0	0	R 4 000 000
Brandwag	Bloemfontein	Social Housing	153	0	153	0	R 38 250 000
Jabulani Hostels	Soweto, Johannesburg	RDP, CRU & Social Housing	1 550	400	1150	0	R 376 000 000
			2764	440	2175	149	**R 760 310 600**

Calgro M3 – Integrated Development Concept

(Example of current projects)

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Typical units – Integrated /Mixed-Use Development



RDP units: Fully subsidized (give-away) – freestanding & semi-detached



RDP units: Fully subsidized (give-away) – multi-storey walk-up's



CRU units: Subsidized rental – City owned



Social housing units: Subsidized rental – multi-storey walk-up's



GAP units: Open market / bonded market – sectional title ownership



Affordable housing units – open market owned – full title ownership

Fleurhof – 9,602 units

(Main Reef Road - Johannesburg South-West)



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Fleurhof – 9,602 units

(Main Reef Road - Johannesburg South-West)

RDP housing (multi-storey)

GAP semi-detached housing

Social Housing



Fleurhof – 9,602 units

(Main Reef Road - Johannesburg South-West)



RDP – Fully subsidized ("give-away's") units

Jabulani CBD – 4,199 units

(Bolani Road – Soweto, Johannesburg)



Jabulani CBD – 4,199 units

(Bolani Road – Soweto, Johannesburg)



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Jabulani Hostels – 500 units (phase 1)

(Bolani Road – Soweto, Johannesburg)

RDP Fully Subsidised units – "give aways"

CRU Units (Community Residential Units)

Existing hostels to be demolished when developed in phases

RDP Fully Subsidised units – "give aways"



Jabulani Hostels – 500 units (phase 1)

(Bolani Road – Soweto, Johannesburg)



La Vie Nouvelle (Fourways, Johannesburg)

Retirement & Wellness Estate

la vie nouvelle

Finance partner/s:

RMB PRIVATE BANK

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La Vie Nouvelle Retirement and Wellness Estate – 394 units

(Broadacres, Fourways)



CSI
Créche's

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Social Investment – Créche in Pennyville Project



Social Investment – 1st Créche in Fleurhof Project



1st Créche in Fleurhof under construction



Questions?

Project's Status

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Project Status – Integrated & Low to Medium Income Residential

Project	Location	Type of project	Status
Fleurhof	Johannesburg South	Integrated	Marketing & sales, infrastructure & top-structure construction in progress
Jabulani CBD	Soweto, Johannesburg	GAP, Social, Rental	Marketing & sales, infrastructure & top-structure construction in progress
Jabulani Hostels	Soweto, Johannesburg	RDP & CRU	Phase 1 construction in progress, nearing completion
Mabopane	Pretoria North	Affordable Housing	Marketing & sales & construction in progress
Jukskei View	Midrand	Affordable Housing	Marketing & sales & construction in progress. Civil & electrical infrastructure (ext 18) commenced in Mar-12
Belhar	Cape Town	GAP, Social, Student	Marketing &sales to bulk buyer commenced. Construction expect to commence Jun-12
South Hills	Johannesburg	Integrated	Township establishment in progress – EIA RoD expected Sep-12. Civil infrastructure construction expected to commence Nov-12
Hospital View	Johannesburg	Integrated	Township establishment in progress – EIA RoD expected Sep-12. Civil infrastructure construction expected to commence Nov-12
Clayville Ext 50	Midrand	Integrated	Township establishment in progress. EIA RoD expected Dec-12
Scottsdene	Cape Town	Integrated	Marketing & sales, infrastructure & top-structure construction in progress
Brandwag	Bloemfontein	Social Housing	Infrastructure & top-structure construction in progress
Leo Mews	Cape Town	GAP Housing	Top-structure construction in progress

Prospect Project Status – Integrated & Low to Medium Income Residential

Project	Location	Type of project	Status
Wallacedene	Cape Town	Social, GAP Housing	Town planning completed. Marketing could commence immediately. Social housing institution to be approached to purchase the social housing units
Thornton	Cape Town	GAP & Bonded Housing	Town planning status to be assessed. Estimated time 12 to 18 months to obtain town planning approval
Maitland	Cape Town	GAP & Bonded Housing	Town planning completed. Marketing could commence within 4 months
Fractreton	Cape Town	GAP Housing	Town planning status to be assessed and initiated. Estimated time 12 to 18 months to obtain town planning approval
Vista Park Ext 3	Bloemfontein	Integrated	Tender awarded. Calgro M3 to negotiate with MMC irt contract, etc
Brandwag	Bloemfontein	Social Housing	Last phase - SHRA application to be submitted
Jabulani Hostels	Soweto, Johannesburg	RDP, CRU & Social Housing	In negotiations with Gauteng Department of Housing