Results Presentation

Interim results
for the six months ended 31 August 2020

CALGRO M3 Group

www.calgrom3.com

Building legacies. Changing lives

Agenda



1. Period in perspective
2. Business update
3. Financial review
4. Looking forward
5. Appendix



1

PERIOD IN PERSPECTIVE

The period in perspective

The Ugly (past 3 years)

- No power
- Land invasions
- Constrained liquidity
- High cost structure
- Shortage of back up cash



The Bad (Covid-19)

- Having to stand ready with a loaded gun after head winds of past 3 years
- Serviced land
- Sales
- Cash to roll this out

….. and then Covid-19

The Good (Calgro M3 is ready):

- Strong cash flow
- Large tracks of services opportunities
- Lean business
- Strong sales

Waiting to understand full effect of Covid-19 before Calgro M3 moves forward with cautious but specific goals, with necessary business base in place

Progress report

What was required?		Current status
Maximise cash generation	✓	Generated cash despite Covid-19
Cash preservation and liquidity	✓	R245 million onhand (reduced cash resources by R10 million despite Covid-19 cost)
Consistent, predictable cash flow from Memorial Parks	✓	66% improvement
Debt maturity restructure	✓	Of R499 million capital market maturities over the next 24 months - only R85 million is due before end January 2023
Debt reduction / ensure long term sustainability / continuous reassessment to determine optimal timing to invest	✓	▪ Nett debt:equity consistent (1:04) due to Covid-19 limitations to trade freely ▪ Re-ignition of construction on 7 projects at feasible level by January 2021 ▪ R215 million additional facility secured (drawn in September 2020) plus undrawn overdraft facilities for re-ignition of construction up to transfer & cash generation
Continued focus on variable cost model	✓	Construction across group closed, as well as reduction off support staff as well as all non site offices except Bryanston
Return to profitability	WIP	Not yet. Profit will materialise in 12 – 18 months as units built are transferred
Greater brand awareness and creation of aspirational brand	WIP	Under way

Ensure the Calgro M3 team remains passionate in serving the people of South Africa by Building legacies, changing lives while staying true to core principles ……

If it was not for the passion of the entire team, the above would not have been possible

Purposeful location choices

CALGRO M3 Group

"We are the masters of our fate and captains of our soul"













Building Legacies and Changing Lives

- Made sure all staff were paid in full during lockdown
- Even though retrenchments were unavoidable - paid 3x normal
- Fast tracked and shortened SMME payments and retentions
- Staff able to work from home were allowed to
- Kept thousands of people fed and safe
- Continued to fund training and the Kutlwanong community centre
- Continue to focus on empowerment aside from Level 1 B-BBEE status
- Reduced pricing of graves and services

Building Legacies and Changing Lives

CALGRO M3 Group

BDO Verification Services (Pty) Ltd

Broad-Based Black Economic Empowerment

Verification Certificate

CALGRO M3 HOLDINGS LTD

INCORPORATING CALGRO M3 DEVELOPMENTS LTD

has been evaluated in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act 53 of 2003, as amended by the Broad-Based Black Economic Empowerment Amendment Act, 2013 (Act No. 46 of 2013)

Address:	Calgro House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston , 2141
Reg. Number:	2005/027663/06 & 1996/017246/06
Vat Number:	4660247786 & 4320173224

B-BBEE Status Awarded: LEVEL 1
B-BBEE Procurement Level: 135%

The score obtained above comprises the following elements:

Element	Score	Weighting
Ownership	29.88	30.00
Management Control	6.73	9.00
Employment Equity	4.11	13.00
Skills Development	12.50	19.00
Enterprise & Supplier Development	39.84	39.00
Socio Economic Development	2.00	2.00
Economic Development	5.00	5.00
Total	100.06	117.00
Total Adjusted for Property Sector (incl bonus)	100.06	132.00

Black Ownership	28.28%
Black Women Ownership	9.70%
Empowering Supplier	YES
Scorecard / Sector	Amended Property Sector, Internal Management PLSA Scorecard - Generic
Designated Group Supplier	NO
Designated Group Ownership	6.41%
Modified Flow Through applied	NO

Initial Issue Date:	15 May 2020
Revision Date: (if applicable)	18 May 2020
Expiry Date:	14 May 2021
Verification Number:	BDO11604-150520 Rev1
Technical Signatory:	Japie Britz

This certificate is valid for 12 months from initial date of issue.

BDO Verification Services (Pty) Ltd
Johannesburg
Wanderers Office Park
52 Corlett Drive
Illovo, 2196
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www.bdo.co.za

BDO

sanas
BVA133



Empowerment credentials



South Hills development won United Nations ("UN") Sustainable Cities and Human Settlements award



ISO 14001:2015 and ISO 45001:2018 certification retained



Retained United Nations Global Compact advanced level status

The period in perspective
(Financial)

- Despite difficult trading conditions, group generated cash from operations
- Net debt : equity ratio 1.04:1 – R38 million debt settled
- Reduced debt maturities to R85 million to January 2023
- Concluded construction closure and cost cutting
- Facility for R215 million from NHFC secured and drawn on in September 2020
- Memorial Parks revenue increased by 75% for period
- Cash on hand: R246 million

Lessons learnt

- Remain true to who we are
- Know and understand our core skills
- Cash flow is not everything – it is the **only thing** that matters
- Remain lean and don't be seduced by opportunity
- Have an end goal and don't let the mountain ahead of you, make you, rather turn left or right if you believe in the goal

Until such time that more positive economic fundamentals are in place, these will be the focus areas

Residential Property Development

- Don't be seduced by opportunity
- Stick to core and focus
- Don't get distracted by challenges, but make sure you question yourself

Memorial Parks

- Don't give up
- Don't let market noise distract

Remain interested in rental portfolio and will buy back in only when economic fundamentals improve

Residential Rental Investments

- Build capital intense business only in times when there is no cashflow pressure



2

BUSINESS UPDATE

Residential Property Developments

CALGRO M3 Group



Residential Property Developments

(Excluding Frankenwald, KwaNobuhle)

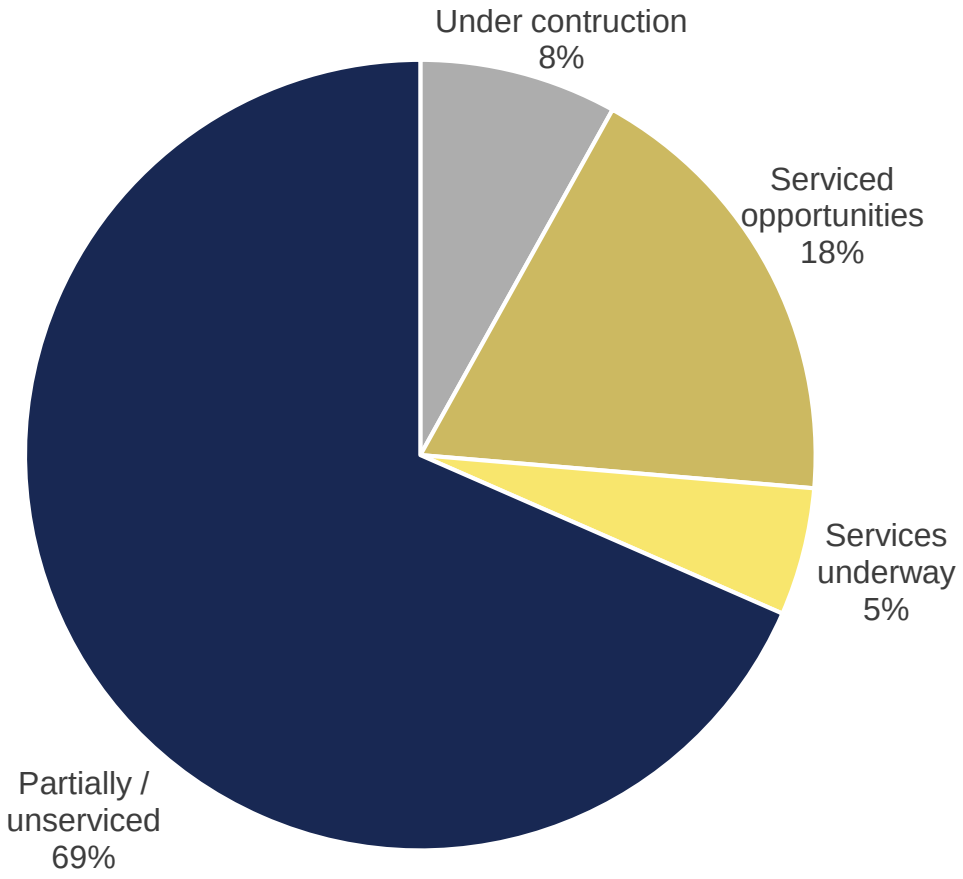
CALGRO M3 Group

Projects	Completed current year	Under construction	Serviced opportunities	Services underway	Partially/ Unserviced	Total available stands
Belhar CBD#	64	1 132	1 664	–	–	2 796
Bridge City	–	356	–	–	–	356
Fleurhof	452	385	1 967	594	–	2 946
Jabulani CBD	–	–	384	–	–	384
Jabulani Hostels	–	136	125	–	–	261
Jabulani Parcel K	–	–	696	76	638	1 410
La Vie Nouvelle	–	3	93	–	–	96
Mid to High Cluster land	–	–	–	–	334	334
Scottsdene	–	664	237	–	–	901
South Hills	10	214	1 378	566	2 155	4 313
Tanganani Ext 14	–	–	–	–	11 624	11 624
Umhlanga Hills	–	–	–	652	–	652
Vista Park Ext 3	–	–	–	–	5 320	5 320
Vredehoek	–	–	–	–	260	260
Witpoortjie	33	30	52	–	4 392	4 474
	559	2 920	6 596	1 888	24 723	36 127

 # Units under construction includes the construction of 2 720 student beds which equates to 680 standard units.

Residential Property Developments

36 127 total available opportunities



- Covid-19 effect
  - Reduction in revenue from already low base
  - Standing time costs (R35,8 million)
- Restructure cost
  - Construction division successfully closed (R12,9 million)

Social impact of integrated developments



Well located integrated developments:

- Social integration and upliftment
- Better communities and schooling for all
- Cost and time saving on traveling
  - Covid-19 reduced this benefit but highlighted need for good living conditions where people can enjoy work/life balance
- Better services for all due to cross subsidisation



Job creation (estimated 2,55 jobs per opportunity)

- Direct
- Indirect
- Operational



Support economic development



Training and skills development

- >50% local labour across projects undergo significant amount of training
- At end of development people have a skill and can sustainably generate income for their family
- On average only 1 / 3 people Calgro M3 trains, continue to work for group

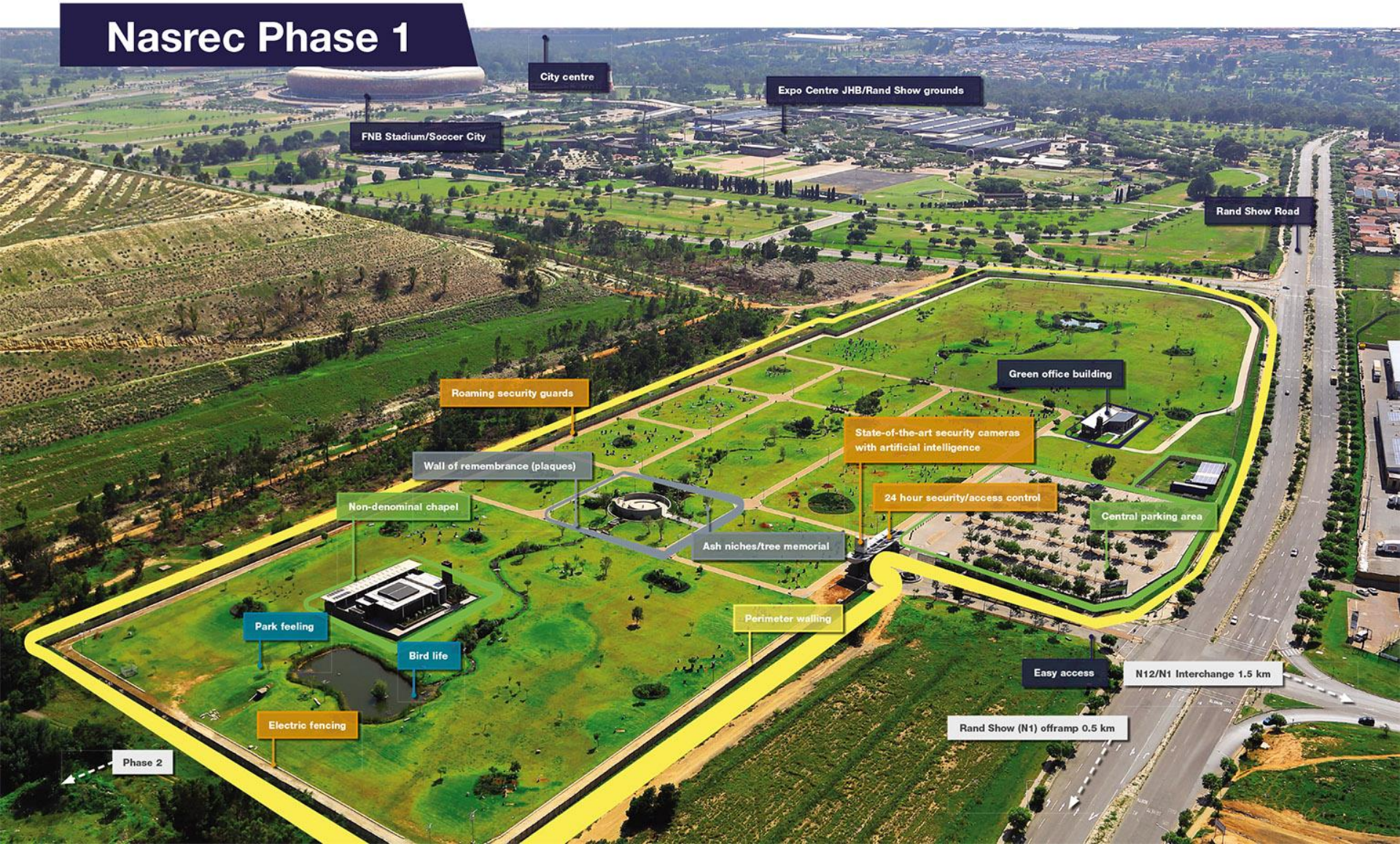
Integrated Residential Developments

- Still largest contributor to revenue
- 2 months no construction with slow startup post that
- No cost of units - interest allocation during lockdown and much higher security cost
- Meticulous capital allocation
  - Sufficient capital to switch construction off, switch units back on at feasible scale
  - No need for investment in “long-term” infrastructure as sufficient serviced stands
- Substations funded and underway
- Enhance product offering while sales prices kept low
- Consistent monthly handovers across projects and provinces
- Remain cautious of post Covid19 economic impact and will continue to manage and watch



Memorial Parks

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Memorial Parks

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NASREC MEMORIAL PARK

FOURWAYS MEMORIAL PARK

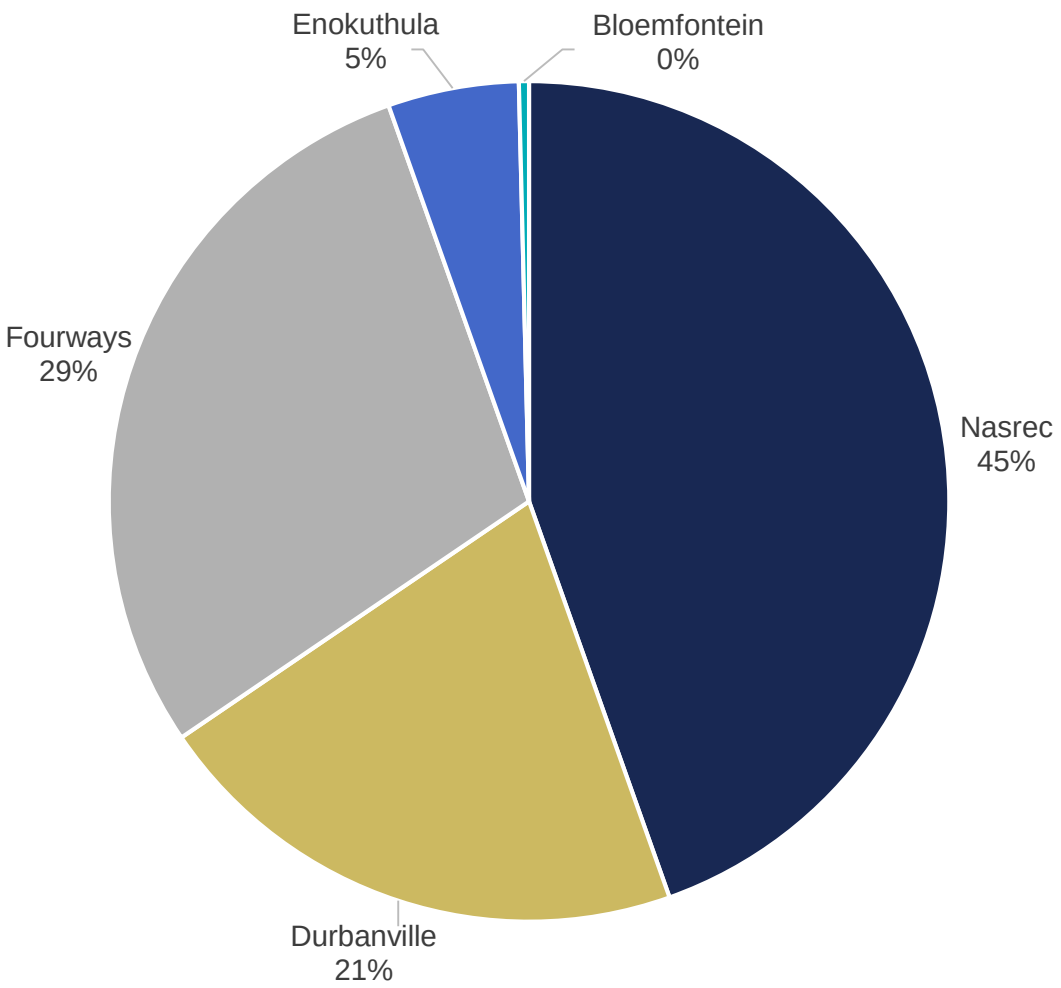
ENOKUTHULA MEMORIAL PARK

DURBANVILLE MEMORIAL PARK

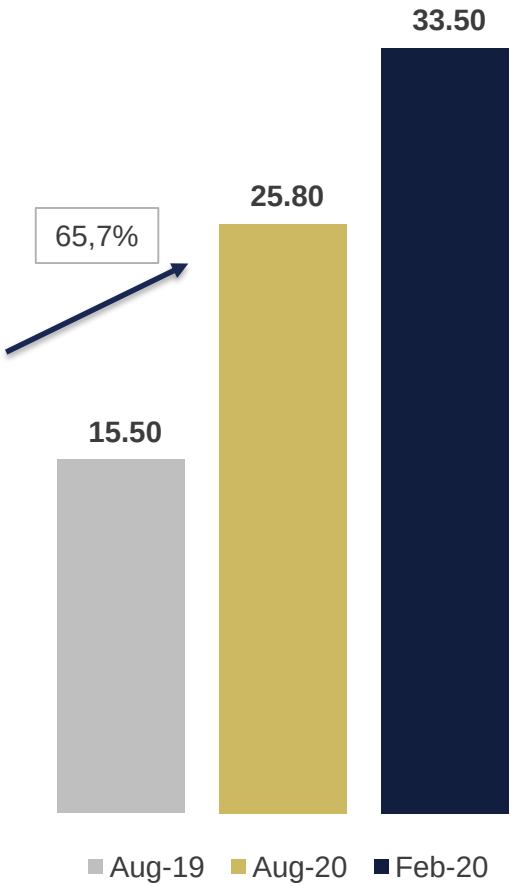
BLOEMFONTEIN MEMORIAL PARK

Memorial Parks

Split of cash received (including VAT) (R'm)



Total cash received (including VAT) (R'm)



Memorial Parks

- Risk diversifier for lumpy cash-intensive residential development business
- Market share gain, increased sales activity and increased mortality provided growth
  - R2,6 million confirmed Covid-19 burials
- Continue to focus on distribution channels
  - Build relationships with funeral directors
  - New product development
- National rollout and development of further land parcels



Residential Rental Investments

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Residential Rental Investments

Short-term focus to dispose of all existing rental units

Ruimsig

- Unconditional – 17 Sept 2020
- Settled R104 million in debt
- R13,5 million outstanding

Scottsdene

- Advanced discussion with third party

South Hills

- Free-standing houses being sold in open market
- First transfers end October 2020



FINANCIAL REVIEW

3

Statement of Cashflows

R'000	Aug 2020	Aug 2019	Feb 2020
Cash generated from operating activities			
Cash generated from operations	115 662	449 469	464 209
Finance income received	4 512	10 376	14 598
Finance cost paid	(60 552)	(63 703)	(117 612)
Tax paid	(13 654)	(20 660)	(17 818)
Net cash generated from operating activities	**45 968**	**375 482**	**343 377**
Cash flow invested in investing activities			
Additions of investment property	-	-	(17)
Purchase of property, plant and equipment	(256)	(684)	(772)
Proceeds from the sale of property, plant and equipment	12	-	380
Investments in joint ventures and associates	-	-	(104)
Acquisition of businesses	-	(8 250)	(12 500)
Loans advanced to joint ventures and associates	(6 425)	(148 733)	(163 239)
Loans repaid by joint ventures and associates	-	14 865	18 050
Net cash invested in investing activities	**(6 669)**	**(142 802)**	**(158 202)**

Statement of Cashflows
(continued)

(R'000)	Aug 2020	Aug 2019	Feb 2020
Cash flows repaid in financing activities			
Proceeds from borrowings	-	-	145 000
Repayment of borrowings	(38 000)	(111 000)	(157 000)
Loans received from joint ventures and associates	-	(23 000)	(23 000)
Repayment of capital portion of leases	(1 322)	-	(1 839)
Transactions of non-controlling interest	(9 086)	(15 900)	(15 900)
Net cash repaid in financing activities	**(48 408)**	**(149 900)**	**(52 739)**
Net (decrease)/increase in cash and cash equivalents	(9 109)	82 780	132 436
Cash and cash equivalents at the beginning of the year	255 069	122 633	122 633
Cash and cash equivalents at the end of the year	**245 960**	**205 413**	**255 069**

Covenants

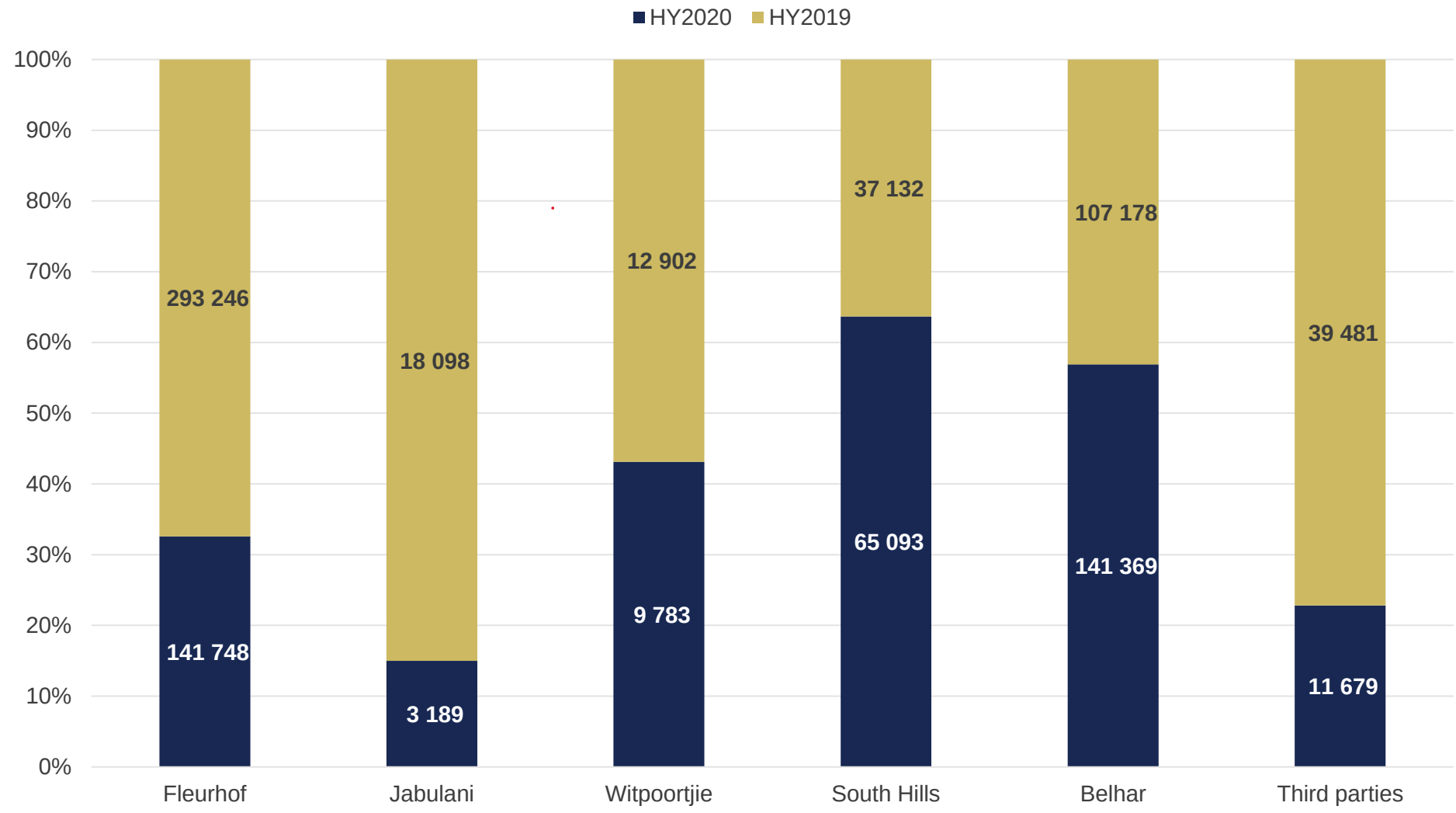
	Unaudited August 2020	Audited February 2020
Net debt to equity ratio	1.04	1.04
Debt service cover ratio (“DSCR”)	3.69	1.93



Segmental revenue contribution

Revenue (R'000)	Unaudited six months to 31 August 2020	Unaudited six months to 31 August 2019	Audited year ended 29 February 2020
Residential Property Development	372 861	508 037	950 342
Memorial Parks	19 251	11 000	25 692
Residential Rental Investments	3 717	1 744	8 096
Total	**395 829**	**520 781**	**984 130**

Residential project contributions
(to Residential Property Development segment)



Statement of Comprehensive Income

Revenue (R'000)	Unaudited Six months to 31 August 2020	Unaudited Six months to 31 August 2019	Audited year ended 29 February 2020
Revenue	**395 829**	**520 781**	**984 130**
Cost of sales	(364 572)	(481 010)	(883 521)
Gross profit	**31 257**	**39 771**	**100 609**
Other income	3 728	8 936	11 315
Administrative expenses	(47 683)	(52 667)	(89 116)
Other expenses	(5 557)	-	-
Impairment gains/(losses) on financial and contract assets	(8 937)	29 746	25 169
Operating (loss)/profit	**(27 192)**	**25 786**	**47 977**
Finance income	14 800	14 993	30 801
Finance costs	(40 818)	(44 835)	(64 717)
Share of profit/(loss) from joint ventures and associates – net of tax	1 223	923	(733)
(Loss)/profit before tax	**(51 987)**	**(3 133)**	**13 328**
Taxation	12 878	333	(7 985)
(Loss)/profit after taxation	**(39 109)**	**(2 800)**	**5 343**

Statement of Comprehensive Income
(Continued)

Revenue (R'000)	Unaudited Six months to 31 August 2020	Unaudited Six months to 31 August 2019	Audited year ended 29 February 2020
Profit after taxation attributable to:			
Equity holders of the Company	(39 036)	(1 875)	4 919
(Loss)/earnings per share – cents	(30.46)	(1.46)	3.84
Headline (loss)/earnings per share – cents	(26.29)	(3.24)	1.77

Once off costs	Unaudited Six months to 31 August 2020
Covid-19 related costs	R35.8 million
Construction division closure	R12.9 million
Executive share scheme cancellation (Manda Nkuhlu)	R3.7 million
Ruimsig sale impairment	R5.6 million
Total impact (pre tax)	**R58.0 million**

Statement of Financial Position - Assets

Assets (R'000)	Unaudited Aug 2020	Unaudited Aug 2019	Audited Feb 2020
Non-current assets			
Investment property	13 834	14 037	13 834
Property, plant and equipment	24 758	29 550	27 490
Intangible assets	159 651	159 665	159 655
Investments	12 549	11 915	12 270
Investment in joint ventures and associates	34 944	154 033	152 377
Deferred income tax asset	75 245	57 195	57 264
	320 981	**426 395**	**422 890**
Current assets			
Loans to joint ventures and associates	281 605	265 107	279 904
Inventories	724 864	810 087	719 305
Current tax receivable	1 228	1 507	1 227
Construction contracts	868 676	893 461	945 948
Trade and other receivables	121 564	87 526	130 438
Cash and cash equivalents	245 960	205 413	255 069
	2 243 897	**2 263 101**	**2 331 891**
Assets held for sale	127 662	-	-
Total assets	**2 692 540**	**2 689 496**	**2 754 782**

Statement of Financial Position - Equity and Liabilities

Equity and Liabilities (R'000)	Unaudited Aug 2020	Unaudited Aug 2019	Audited Feb 2020
Total Equity	**782 081**	**804 160**	**815 192**
Non-current liabilities	**211 004**	**178 088**	**219 242**
Current liabilities			
Borrowings	1 025 479	962 822	1 062 843
Current income tax liabilities	362	35 723	673
Trade and other payables	673 614	708 703	656 832
	1 699 455	**1 707 248**	**1 720 348**
Total liabilities	**1 910 459**	**1 885 336**	**1 939 590**
Total equities and liabilities	**2 692 540**	**2 689 496**	**2 754 782**

Borrowing maturities

Detail	Amount (Rands)
Balance at 31 August 2020	**1 031 000 000**
New Debt	**315 000 000**
NHFC facility (6 years)	215 000 000
CGR 48 – Ashburton (3 year)	50 000 000
CGR 49 – Ashburton (4 years)	50 000 000
Bonds repaid	**(314 000 000)**
CGR 33	(59 000 000)
CGR 21 – Taquanta (early)	(70 000 000)
CGR 44 – SAC	(104 000 000)
CGR 39 – Ashburton (early)	(30 000 000)
CGR 40 – Ashburton (early)	(51 000 000)
Balance at 1 October 2020	**1 032 000 000**
Remaining early settlement	(100 000 000)
New 3 & 4 year instruments	80 000 000
Balance of debt outstanding	**1 012 000 000**

Detail	Amount (Rands)
2021 financial year	55 000 000
2022 financial year	107 400 000
2023 financial year	194 800 000
2024 financial year	289 800 000
2025 financial year	203 750 000
2026 financial year	107 500 000
2027 financial year	53 750 000



4

LOOKING FORWARD

What does Calgro have to work with



- Housing shortage 5.6 million
- 66.5% housing market in Gauteng and Western Cape
- Strong pipeline
- Deep, strong market presence



- Current grave shortage for next 15 – 20 years ± 8 million
- Funeral insurance industry growing 12% pa
- Deep, strong market presence
- Increasing Memorial Parks market share and consistency in cashflow

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- Strong cashflow and cash from operations
- Well located projects and risk-mix between projects
- Emphasis placed on cash flow extraction from various residential development projects and debt maturity restructuring
- Limited long-term investment necessitated in either business
- Lean business

Take away – what lies ahead?

- Remainder of year will be carefully managed to ensure risks and liquidity are sufficient to weather more Covid-19 woes or even another lock down
- Retain higher cash levels despite lazy balance sheet in short-term
  - Balance end-user sales with bulk sales where cashflow is less lumpy
  - Working capital allocated to increase top structure construction of sold units - profit to follow on transfer to clients in 12 – 18 months
- Continue to drive Memorial Park growth
- Navigate depressed economy and post Covid-19 effect
- Careful not to have too many sold units under construction
  - Client affordability can be re-evaluated by the end-user banks pre-registration process



Building legacies. Changing lives

Thank you

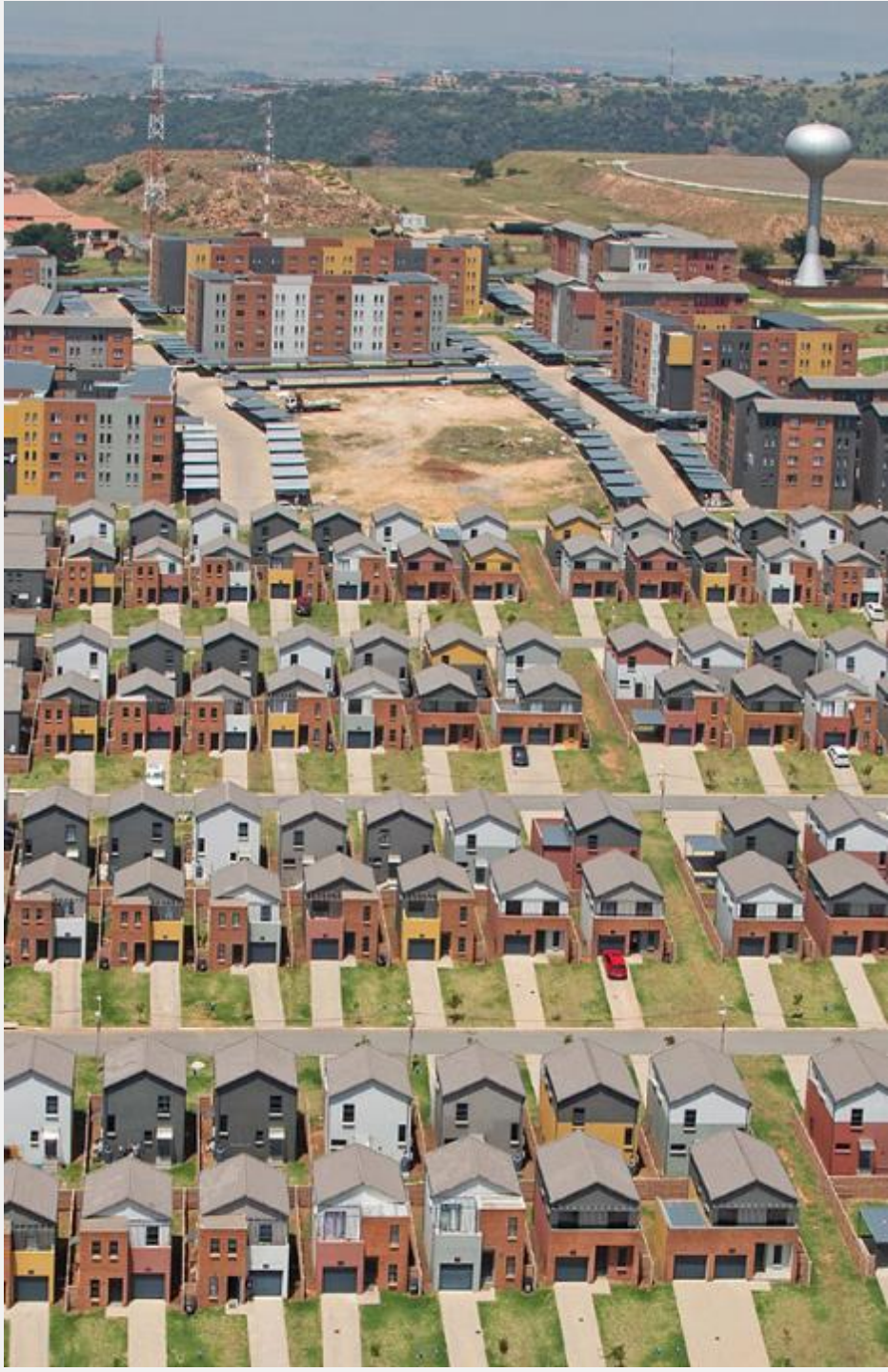
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Available on website:

- ESG Report 2020
- Corporate Governance Report 2020
- Integrated Annual Report and Annual Financial Statements 2020
- King IV™ Application Register



Disclaimer

Calgro M3 has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this presentation, including all information that may be defined as 'forward-looking statements'.

Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the Group, or its sector to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements.

Forward-looking statements are not guarantees of future performance and are based on assumptions regarding the Group's present and future business strategies and the environments in which it operates now and in the future. No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

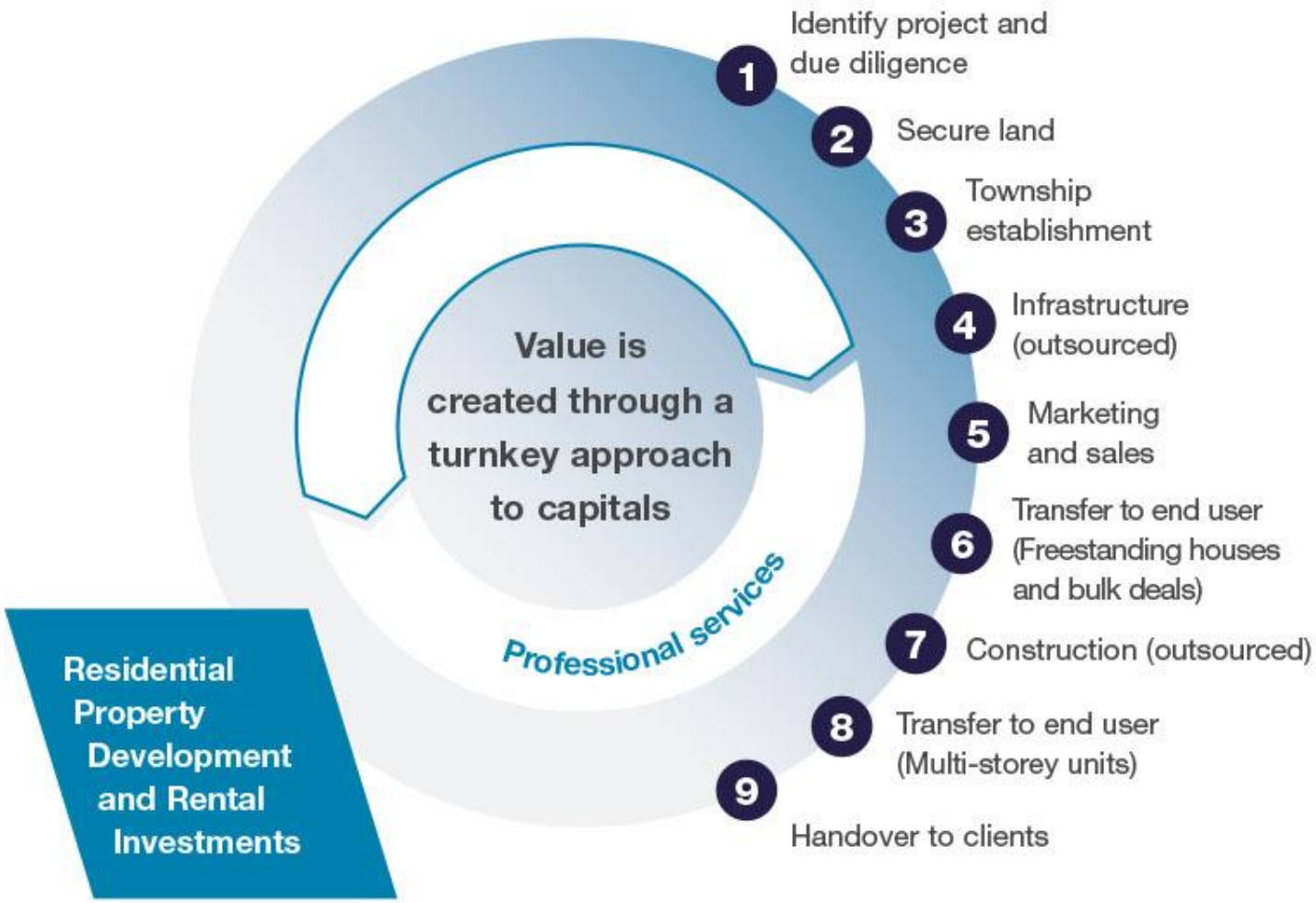
Calgro M3 does not undertake to update any forward-looking statements contained in this document and does not assume responsibility for any loss or damage whatsoever and howsoever arising as a result of the reliance by any party thereon.



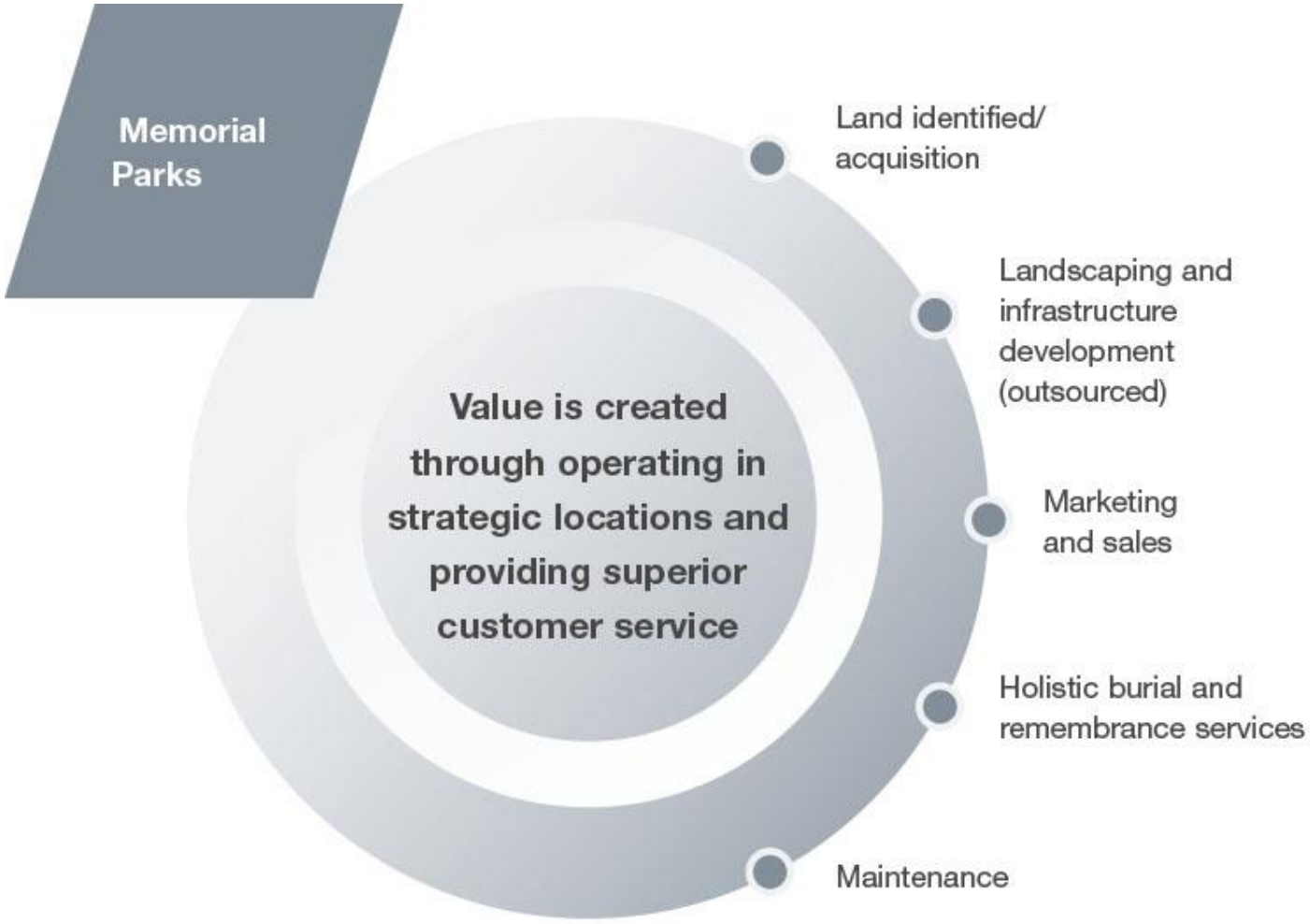
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APPENDIX

Business model

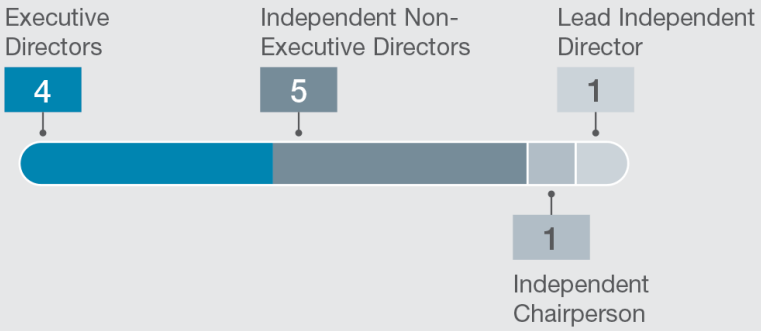


Business model

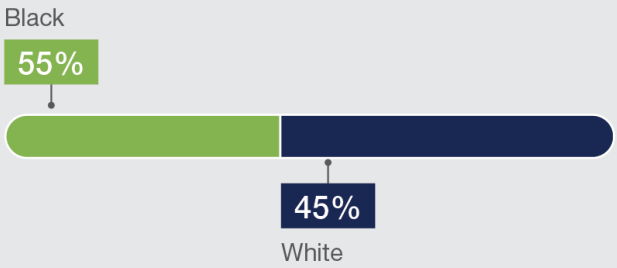


Board composition

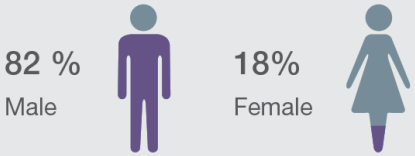
Board composition



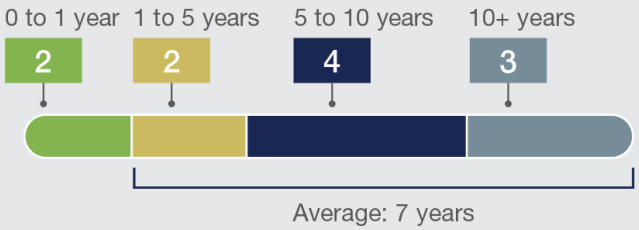
Race



Gender



Tenure



Where we were

- Left in the dark on Fleurhof
- Land invasions at Fleurhof and Scottsdene
- Cash burn and investment during this period of R485 million
- Overheads including interest reached R300 million per year
- Self imposed suspension of work to manage cashflow and associated pressures
- Projects fully sold out but working capital was lacking to commence construction
- Management forced into short-term and dated decisions

1 March 2015 - 28 February 2019 cash resources dropped by R7 million from R130 million to R123 million

During same period debt increased R478 million

Where we are

- Excellent cash generation and balances at year end (without asset sales)
- Enhanced focus on efficiencies and sales across businesses
- Outsourced functions without compromising margins
- Last 2 year limitations demolished
- Cash burn R14 million per month (including interest)
- ISO 14001:2015 and ISO 45001:2018 Certification
- South Hills development won the United Nations (“UN”) Sustainable Cities and Human Settlements award

Earnings per share increased to 3.84 cps (2019: 2.53 cps)

Headline earnings per share increased to 1.77 cps (2019: 20.30 loss per share)

Cash generated from operations R464.2 million

Cash on hand R255.1 million

Net debt to equity 1.04 : 1.00

NAV increased to 636.12 cents (2019: 629.41 cents)