

CALGRO M3
Group

Results Presentation

Final audited results for the year ended 28 February 2017

www.calgrom3.com

Building legacies. Changing lives

Agenda

- The World Today
- Introduction, highlights, challenges and risks
- Financial Review
- Prospects
- Appendix

Notes:

The World Today

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Notes:

The World



Notes:

Our Thinking About the Future

- Housing shortfall will not disappear in the near future - in fact it may increase
- Consumer will most likely come under even more pressure
- Real household disposable income at a level of 0,7%
- Unemployment likely to rise
- Banks could be calling for deposits
- Government tightening in spend
- General perception on the street

Notes:

Challenge

Challenge for business, in the economic world we live in, is compounded by an unstable and changing political landscape. How we adapt to the times will define us going forward

Theme:

How we adapt to a changing South Africa and the world

Notes:

Introduction, highlights, challenges and risks

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Notes:

Calgro M3



Integrated Residential Property Developments *



Real Estate Investments (rental units)



Memorial Parks

Turnkey property development

Through a cost effective turnkey solution

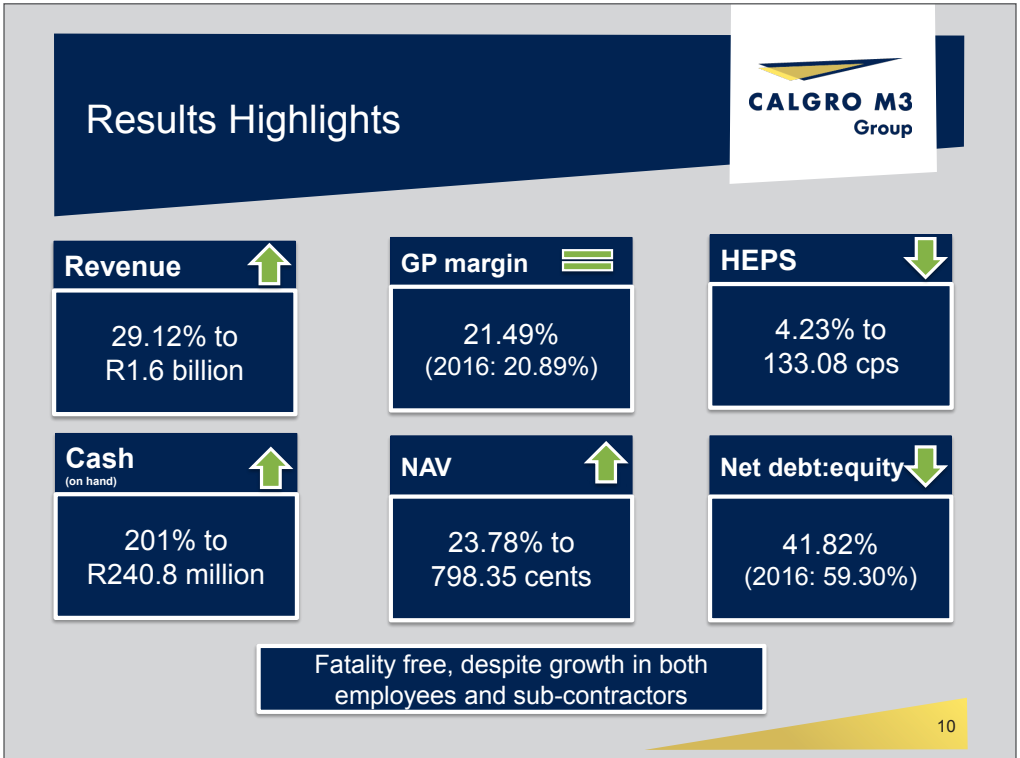
** Currently and historically the majority of revenue came from Integrated Developments as the Memorial Parks and Real Estate Investments businesses were being established and grown*

Notes:

Challenges and Risks

Item	Integrated Developments	REIT	Memorial Parks
Macro environment and impact on projects	X		
BEE Compliance	X		
Public vs Private sector exposure	X		
Retention of staff	X		X
Cash flow, uncontrolled growth and capacity	X	X	X
Reputational damage due to sub-standard workmanship	X	X	X

Notes:


Results Highlights
CALGRO M3 Group
Revenue
29.12% to R1.6 billion
GP margin
21.49% (2016: 20.89%)
HEPS
4.23% to 133.08 cps
Cash (on hand)
201% to R240.8 million
NAV
23.78% to 798.35 cents
Net debt:equity
41.82% (2016: 59.30%)
Fatality free, despite growth in both employees and sub-contractors
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Notes:

Residential Pipeline as at Feb 2017

Gauteng	Total no. of units in project	Total no. of units still to be completed and /or in progress	Revenue to completion - Rm
Fleurhof - Jhb	10 882	5 149	2 627
Jabulani CBD – Parcels A,B,C & D – Soweto	1 432	632	214
Jabulani CBD - Parcel K - Soweto	1 410	1 410	588
Jabulani Hostels - Phase 2	620	620	211
Witpoortjie - Jhb West	3 117	3 071	1 519
South Hills - Jhb	6 237	5 793	2 679
Tanganani Ext. 14 - Jhb North	8 822	8 822	3 503
Leratong - Mogale City	12 000	12 000	4 622
La Vie Nouvelle - Jhb North	392	340	467
Somerset Place - Midrand	467	36	21
Balance of mid-to-high	330	330	300
Eastern Cape			
Kwa Nobuhle - Port Elizabeth	12 964	12 964	5 343
Western Cape			
Scottsdene - Cape Town	2 897	1 219	377
Belhar - Cape Town	3 302	2 673	1 211
Free State			
Brandwag - Bloemfontein	1 051	51	9
Vista Park Ext. 3 - Bloemfontein	5 320	5 320	1 905
KwaZulu Natal			
Bridge City - Durban	356	356	133
Namibia			
Otjomuise - Phase 1	3 725	3 461	835
Residential Total	**75 324**	**64 274**	**26 564**

Notes:

Memorial Park Pipeline as at Feb 2016

Gauteng	Total no. of burial plots in project	Total no. of units still to be completed and /or in progress	Revenue to completion Rm
Nasrec	43 000	42 653	793
Fourways	13 303	13 303	404
Memorial Park Total	**56 303**	**55 956**	**1 196**

Residential Total	**75 324**	**64 247**	**26 564**
Memorial Park Total	**56 303**	**55 956**	**1 196**
Grand Total			**27 760**

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Notes:

Integrated Developments

> 7 000	Houses under construction	> 2 500	Sold, not yet started	> 8 000	Opportunities services

Top structure construction & infrastructure installation in various stages of completion	Projects delayed	Bulk infrastructure (design phase)
• South Hills • Witpoortjie • La Vie Nouvelle • Summerset • Jabulani Hostels • Jabulani CBD (A,B,C,D,K) • Scottsdene • Belhar • Brandwag • Otjomuise	• Tanganani • Leratong	• Vista Park • Kwa Nobuhle

Notes:

Professional Services

- Includes various in-house services to identify projects, due diligence, securing land, township establishment and town planning
- Contribution to Group and REIT structure
- Integral part of the turnkey approach
- Intention is not to grow division outside of internal requirements

Notes:

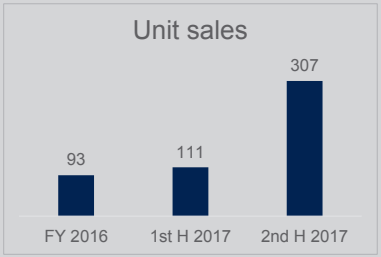
Real Estate Investments

- Partnership with SA Corporate and Real Estate
- 3 852 units to be developed for the portfolio's first phase
- Construction has begun on first units with occupation expected by mid-2017
- Units environmentally and technologically advanced
- Second phase pipeline already identified

Notes:

Memorial Parks

- Notable increase in sales to 418 burial sites
- Purchase and integration of Fourways Memorial Park
- Building industry relationships
- Sales call centre and dedicated sales department established and implemented in early 2017
- Profitable for full year
- Receiving positive market feedback on product



Notes:

New Sales Drive









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Notes:

Our Mantra

Calgro M3 provides homes, not merely houses, in a constant drive to change lives and provide South Africans with an asset and a lifestyle to support economic dignity

Notes:

Making a Difference



Notes:

Making a Difference

CALGRO M3 Group



Notes:

Making a Difference











Notes:

Making a Difference







Notes:

Financial review

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Notes:

Comprehensive Income

R'000	Change %	Audited year end 28 Feb 2017	Audited year end 29 Feb 2016
Revenue	29.1	**1 554 680**	1 204 064
Cost of sales	28.1	**(1 220 517)**	(952 517)
Gross profit	32.8	**334 163**	251 547
Gross profit margin		***21.5%***	*20.9%*
Other income	(14.7)	**16 600**	19 466
Admin and other expenses	12.4	**(118 098)**	(105 089)
Share of profit of Joint Ventures and Associates	(90.6)	**6 269**	67 234
Profit before tax	(2.5)	**233 309**	239 275
Taxation	37.0	**(63 176)**	(46 090)
Profit after taxation	(11.9)	**170 133**	193 185
Combined revenue	(13.2)	**1 989 921**	2 293 208

- ***10 out of 13 Group projects contributed to period results***

Notes:

Financial Position - Assets

R'000	Change%	Audited year end 28 Feb 2017	Audited year end 29 Feb 2016
Non-current assets	**9.0**	**199 211**	**182 734**
Property, plant & equipment		5 806	3 827
Intangible assets		159 690	159 039
Investment in joint ventures & associates		12 349	6 080
Other		21 366	13 788
Current assets	**44.6**	**2 545 544**	**1 759 766**
Inventories		595 990	453 093
Construction contracts & work in progress		1 387 537	923 521
Trade & other receivables		276 198	285 893
Other current assets		45 054	17 188
Cash & cash equivalents		240 765	80 071
Total assets	**41.3**	**2 744 755**	**1 942 500**

Notes:

Financial Position – Equity & Liabilities

R'000	Change%	Audited year end 28 Feb 2017	Audited year end 29 Feb 2016
Total Equity	**24.8**	**1 023 081**	**819 789**
Total liabilities	**54.7**	**1 721 674**	**1 112 711**
Borrowings		571 646	538 464
Deferred income tax liability		302 358	241 041
Current income tax liabilities		9	419
Trade and other payables		847 661	342 787
Total equity and liabilities	**41.3**	**2 744 755**	**1 942 500**
Net asset value per share – cents	23.7	798.35	645.00
Tangible net asset value per share – cents	29.6	673.73	519.87

Notes:

Cash Flow

R'000	Change %	Audited Year end 28 Feb 2017	Audited Year end 29 Feb 2016
Net cash generated from operating activities	570.7	238 183	35 511
Net cash utilised in investing activities		(116 891)	(140 533)
Net cash from financing activities		39 402	54 528
Net increase in cash and cash equivalents		160 694	(50 494)
Cash and cash equivalents at the beginning of the year		80 071	130 565
Cash and cash equivalents at the end of the year	**200.7**	**240 765**	**80 071**

** No interim dividend has been declared*

Notes:

Capital Expenditure

Item	Million
Cash generated from operations	**292.1**
Investment	**61.4**
Memorial Parks	35.3
La Vie Nouvelle	21.9
Witpoortjie	4.1
Adjusted cash generated from operations	**353.5**

Cash interest cover ratio:

Cash from operations:	292 068 464
Cash interest:	*63 167 041*
Adjusted cash interest cover:	***4.62***

Notes:

Prospects

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Notes:

The Difference We Can Make



Notes:

Prospects

Integrated Developments

- Total number of available, serviced opportunities >8 000
- REIT will assist with increasing scale in private sector (maximum sales of 50% to REIT)
- Continued focus on marketing and education (Captain Calgro)
- Expect economy conditions to be difficult

Real Estate Investment

- Increasing footprint
- Next phase negotiations underway

Memorial Parks

- Increasing footprint
- Increased momentum in sales
- Marketing drive
- Purchase of additional Memorial Parks

Notes:

Take Away: What Calgro Has On Its Side

- Diversification to ensure sustainability
- Underlying theme of property development
- Solid strategy and in-depth industry knowledge
- Continue strong sales drive
- Understanding of Government and how to interact with this strategic stakeholder
- Agility and hands-on approach
- Excellent reputation established in industry
- Flexibility to move between markets as economic conditions dictate
- Building annuity income to enhance sustainability and counter lumpy conditions
- Eradication of housing backlog and assisting with job creation

Notes:

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Available on www.calgrom3.com:

- Full Year Results 28 February 2017
- Sustainability Report
- Integrated Annual Report 2017
- Financial results Calgro M3 Developments 2017
- GRI Index
- King III Gap Analysis

Notes:

Thank you



Notes:

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.

Notes:

Appendix 5

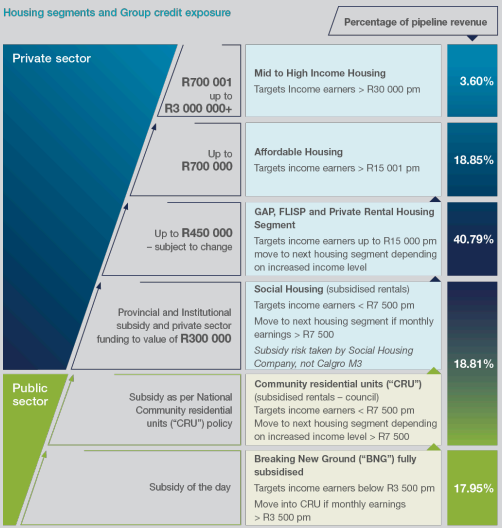


Notes:


Memorial Parks
CALGRO M3 Group
Memorial Parks selling prices
Private Sector
R30 000+
R25 000
R20 000
R15 000
R10 000
R8 500
Focus on family burials
Direct pre-death sales
Lower-end facilitated through customised funeral policies for entire family
Annuity income
Integrated turnkey approach to product delivery
37

Notes:

Integrated Developments



Notes:

Residential portfolio market

- Housing shortage compounded by absence of Public Sector infrastructure budget
- Lack of sufficient rental opportunities in metropolitan areas
- High barrier to entry into property development
- Government commitment to eradicating housing shortfalls, but unable to do so without assistance of private sector
- Lack of competition in segment, global exposure to residential sector in REIT market is 17.1% compared to less than 2% in South Africa
- Calgro's ability to enhance yields and ensure sustainable growth through turnkey approach

SA Housing Shortage

- 2.1m subsidised opportunities
- 0.7m bonded opportunities
- 1.5m rental opportunities

Notes:

REIT structure



Notes:

REIT phases



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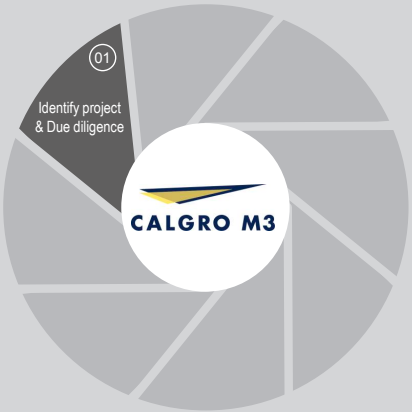
Notes:

Turnkey Approach



Notes:

Cash Flow Cycle



01 Identify project & Due diligence

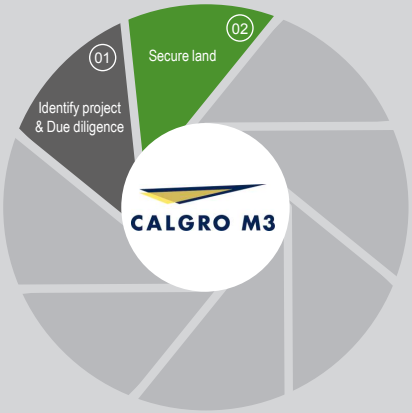
Determine target market, environmental studies, funding requirements

0 - 6 months

R0 – R2m

Notes:

Cash Flow Cycle



02 Secure land

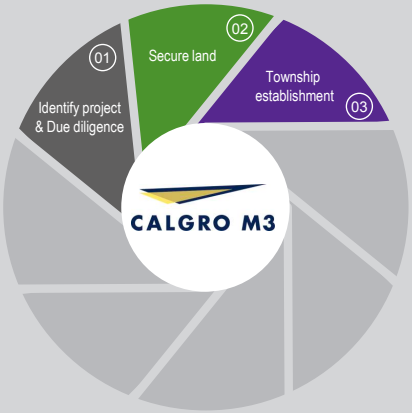
Land ownership enables control of the development process & choice of partners

6 months

R0 - R50m

Notes:

Cash Flow Cycle



03 Township establishment

In-house town planning, urban design, architecture and various other professional services.
Control development timelines

18 - 36 months

R0
(Included in overheads)

Notes:

Cash Flow Cycle



04 Infrastructure

Installation of roads, stormwater, water, sewer and electrical infrastructure are all tendered out

6 - 9 months

R50 - R100m
(Depending on phase & size)

Notes:

Cash Flow Cycle



05 Marketing & Sales

Marketing of residential units and burial sites.
Core to our business model

6 - 9 months

R5m - R10m
(Depending on phase & size)

Notes:

Cash Flow Cycle



06 Transfer to end user

Full title transfer
Free-hold, affordable market

1 month

Conveyancing cost

Notes:

Cash Flow Cycle



07 Construction

Majority of construction is done in-house and capacity is supplemented by the appointment of subcontractors

3 - 18 months

R50m+

Note: Before a project is 50% complete, funds are re-invested. Post 50% completion, project cash positive

Notes:

Cash Flow Cycle



08 Handover to clients

Quality assurance receives high priority
Sectional title

1 month

In-house capacity

Note: Before a project is 50% complete, funds are re-invested. Post 50% completion, project cash positive

Notes: