Results Presentation

Audited results
for the year ended 29 February 2020

CALGRO M3 Group

www.calgrom3.com

Building legacies. Changing lives

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CALGRO M3 Group

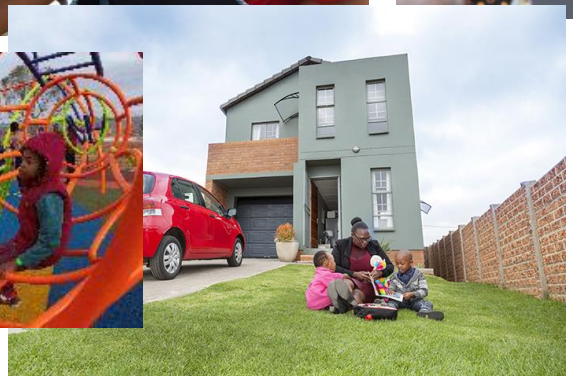




















Agenda



1. Where we were and who we are
2. Businesses update
3. Financial review
4. Environment, people and rules
5. Looking forward
6. Appendix



1

WHERE WE WERE AND WHO WE ARE

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)

Cash focus

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- Cash generated from operations — 55.6%
- Net cash generated from operations — 69.9%
- Settle R52.7m in financing activities
- Increase cash balances to R255.1 million — 108%

Able to generate sufficient cash flow from operations to settle debt maturities

Not investing in capital intensive projects

Current cash burn rate during Covid-19 — R14m

Lessons learnt

- Remain true to who we are
- Know and understand our core skills
- Cash flow is not everything – its the only thing that matters
- Keep fixed cost to a minimum
- Don’t stop dreaming

Residential Property Development

- Be aware of growing too quickly
- Diversify without divesting
- Stick to the core
- Always plan for the worst

Memorial Parks

- Be prepared to pay school fees
- Don’t give up
- Passion can achieve anything

Residential Rental Investments

- Build capital intense business only in times when there is no cashflow pressure
- Pick the right jockey

Variable cost structure

- Cost containment major focus area for year
- Reduce fixed cost base to ensure better efficiencies
- Outsource construction
  - reduced fixed monthly cost by approximately R5 million
  - further reduction of R1 million once division completely closed
- Margin evaluation
- Non-technical work in professional departments outsourced
- All office except head office (Bryanston) closed
  - work from site-offices

Awards and recognition



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

ISO 14001:2015 and ISO 45001:2018 certification achieved

Proud Level 1 B-BBEE Contributor

Attained United Nations Global Compact advanced level status



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BUSINESS UPDATE

Residential Property Developments

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Residential Property Developments

- Total available opportunities (excluding Frankenwald) – 36 868 or R18bn
- 1 495 units completed in current year
- 2 393 units are under construction
- 7 326 serviced opportunities
- 2 168 services underway at snails pace



Frankenwald



Residential Property Developments

- Challenging third successive year
  - Land invasions
  - Electrification - budget approval and work begun on Fleurhof and South Hills substations
  - Faltering economy
- Liquidity preserved by
  - Suspending operations at various sites
  - Cost cutting
  - Reassessment of internal structures and strategies
  - Restructuring of transactions
- Large first six-months operating loss turned around in second six-months
- Intend to trade out of KwaZulu-Natal
  - Exited one property, only two left (where one is already fully sold)
- Reduce investment in Eastern Cape with sale or partial sale of KwaNobuhle

Integrated Residential Developments

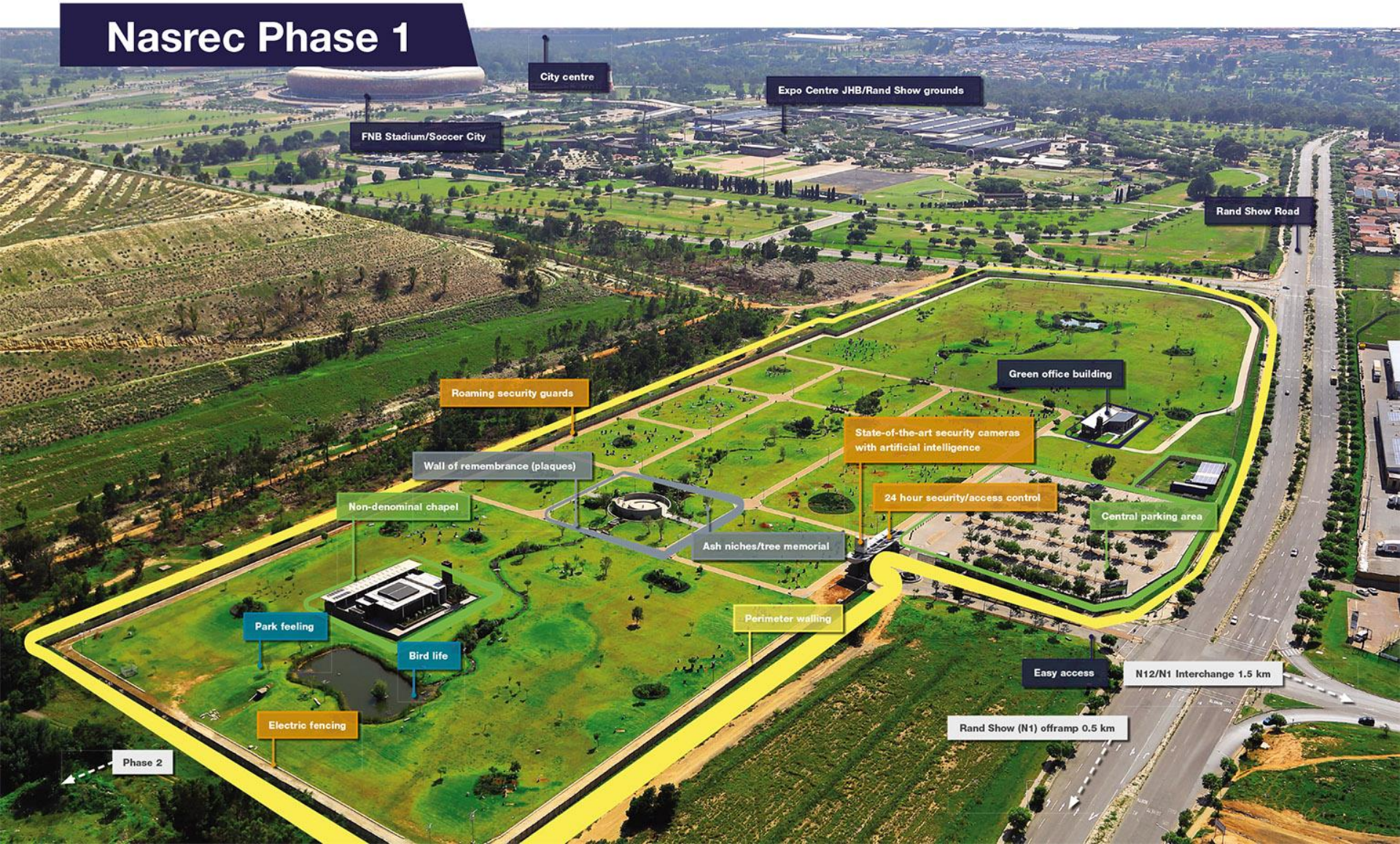
Specific Focus:

- Smaller transaction with balanced client exposure
- Sufficient capital to switch sales back on at large
- Increased focus on pipeline roll-out while unlocking value in balance sheet
- Enhance product offering while sales prices kept low
- Consistent monthly handovers across projects and provinces
- Limit growth
  - 2,800 - 2021
  - 3,500 - 2022
  - 4,500 - 2023
- Realise financial value of retail, commercial and industrial sites within current developments



Memorial Parks

CALGRO M3 Group



Memorial Parks

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NASREC MEMORIAL PARK

FOURWAYS MEMORIAL PARK

ENOKUTHULA MEMORIAL PARK

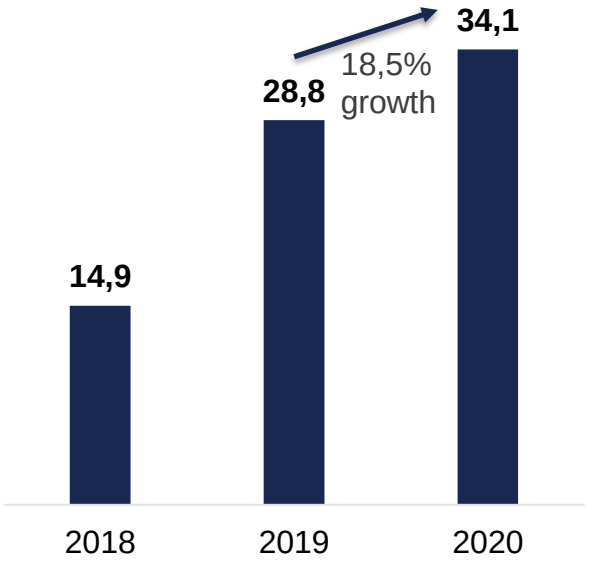
DURBANVILLE MEMORIAL PARK

BLOEMFONTEIN MEMORIAL PARK

Memorial Parks

- Group remains bullish on growth opportunities
- Revenue growth improved by 22.8% to R25.7 million
- Various corrective actions during year included:
  - Group Head of Marketing and Sales deployed to Memorial Parks full-time
  - Re-branding implemented
  - Focused marketing and brand awareness campaigns instituted
  - Restructured sales force

Total cash received
(R million)



Memorial Parks

Memorial Parks pipeline

			Other products*		Graves		
Project/Park	Region – City	Province	Quantity	Anticipated project turnover (R'000)	Quantity	Anticipated project turnover (R'000)	Total (R'000)
Nasrec Memorial Park	City of Joburg	Gauteng	2 074	20 470	29 160	934 619	955 089
Fourways Memorial Park	City of Joburg	Gauteng	4 214	44 512	8 938	247 466	291 978
Enokuthula Memorial Park	City of Ekurhuleni	Springs	◆	◆	10 407	183 623	183 623
Bloemfontein Memorial Park#	Mangaung	Free State	31 522	136 045	4 938	62 458	198 503
Durbanville Memorial Park	City of Cape Town	Western Cape	2 638	24 872	6 537	166 634	191 506
			40 449	225 899	59 980	1 594 800	1 820 699

** Other products include: various ash interment solutions, tree memorials and columbarium products.*
 # Anticipated grave density and turnover once burial rights application is approved. No burial rights currently.
◆ No other products currently. To be reassessed in future to utilise certain spaces.

Memorial Parks

Focus:

- Match profitability of property development business in medium to long-term
- Grow market share
- Establish national footprint
- Consistency and predictability in sales, underpinned by marketing campaigns
- Optimise sales force, while implementing technology to promote efficiencies
- Hands-on group support
- Enhance sales distribution through various channels



Excess rental stock

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Residential Rental Investments

- Short-term focus to dispose of all existing rental units

Ruimsig	Scottsdene	South Hills
▪ Sale contracts being finalised	▪ Advanced discussion with third party	▪ Free-standing houses being sold in open market

- Once liquidity returns to a satisfactory level, portfolio will be re-established



FINANCIAL REVIEW

3

Statement of Cashflows

	2020	2019
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 flow 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 ventures and associates	(103 500)	(119 793 746)
Acquisition of businesses	(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)**

Statement of Cashflows (continued)

	2020	2019
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
Equity paid back	-	(25 112 453)
Repayment of capital portion of leases	(1 839 258)	-
Transactions of 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 at the end of the year	**255 069 163**	**122 632 997**

Covenants

	Audited year ended 29 February 2020	Audited year ended 28 February 2019
Net debt to equity ratio	1.04	1.09
Debt service cover ratio (“DSCR”)	1.93	1.47

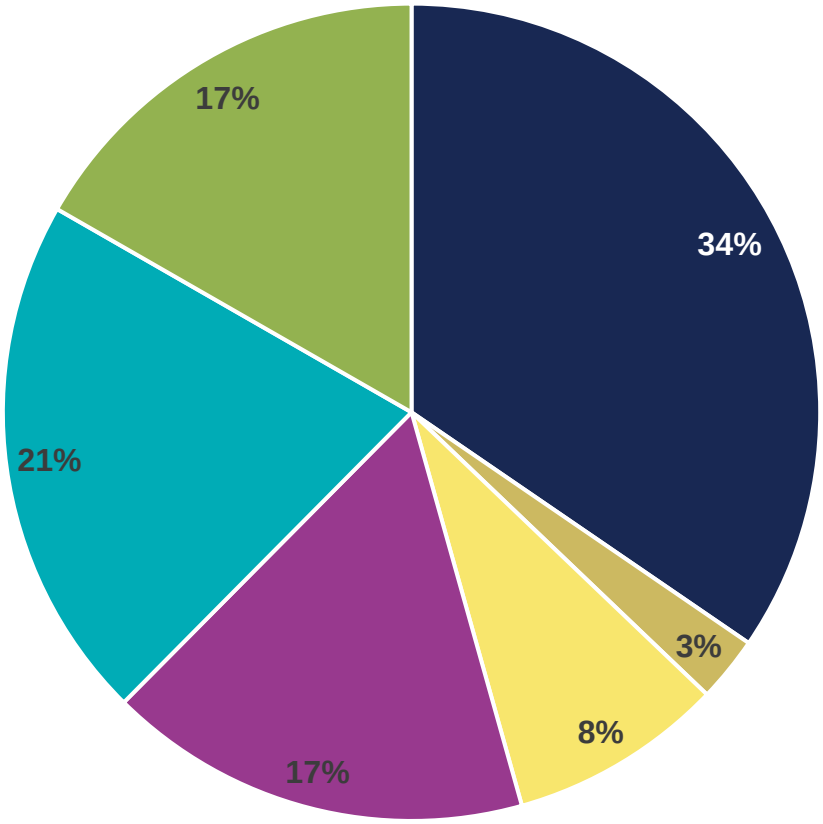
Date	Target
By 28 February 2021	0.90:1
By 28 February 2022	0.75:1
By 28 February 2023	0.60:1

Segmental revenue contribution

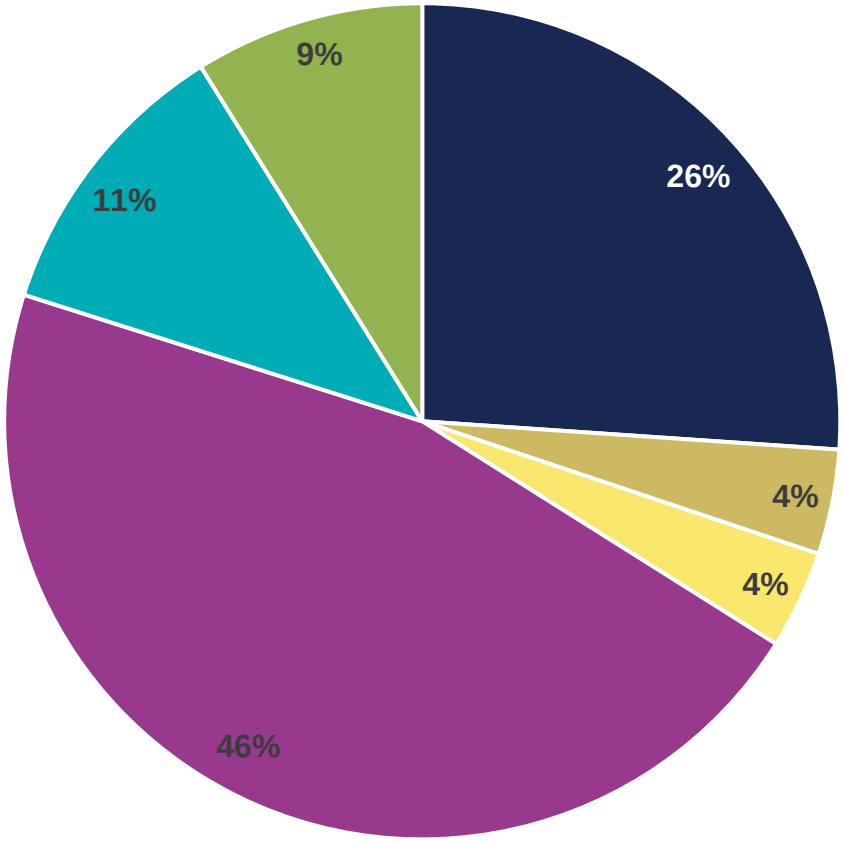
Revenue	Audited year ended 29 February 2020	Audited year ended 28 February 2019
Residential Property Development	950 342 471	976 144 785
Memorial Parks	25 692 483	20 919 743
Residential Rental Investments	8 095 532	-
Total	**984 130 486**	**997 064 528**

Residential project contributions
(to Residential Property Development segment)

Combined revenue 2020



Combined revenue 2019



Statement of Comprehensive Income

Revenue	Audited year ended 29 February 2020	Audited year ended 28 February 2019
Revenue	**984 130 486**	**997 064 528**
Cost of sales	(883 521 154)	(868 374 4810
Gross profit	**100 609 332**	**128 960 047**
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 contracts 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

Statement of Comprehensive Income
(Continued)

Revenue	Audited year ended 29 February 2020	Audited year ended 28 February 2019
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
Headline earnings/(loss) per share – cents	1.77	(20.30)

Statement of Financial Position - Assets

Assets	2020	2019
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 & investment in joint ventures and associates	164 647 175	164 095 843
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**

Statement of Financial Position - Equity and Liabilities

Equity and Liabilities	2020	2019
Total Equity	**815 191 931**	**806 587 711**
Non-current liabilities	**219 242 079**	**214 300 153**
Current liabilities		
Borrowings	1 062 842 931	969 195 006
Loans to 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 equities and liabilities	**2 754 781 613**	**2 911 274 487**

12-month maturities

Bond exchange	Bond	Capital Repayment
March 2020		
April 2020		
May 2020		
June 2020		
July 2020	CGR 32	38 000 000
August 2020		
September 2020	CGR 33	59 000 000
October 2020	CGR 21	70 000 000
November 2020		
December 2020		
January 2021		
February 2021	CGR 24/29/38	102 000 000
Total		**269 000 000**



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ENVIRONMENT, PEOPLE, AND RULES

ESG

We are acutely aware that the value we create for the business is closely tied to the value we create for our stakeholders

- Dynamic working environment not only supports staff but also communities we operate in
- Encourage skills, entrepreneurship and enterprise development
- Invest and take care of:
  - Lifestyle
  - Open spaces
  - Education
  - Green spaces
- We engage

Calgro M3's investment in social initiatives is aligned to its philosophy of community development, upliftment and empowerment

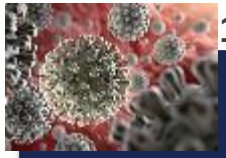
Covid-19

1st half 2020

Endured losses, implemented action to rectify

2nd half 2020

Turnaround sufficient to make up losses



1st half 2021 (onwards)

Covid-19 strikes!

- Detailed action plan in place
- Able to pay full salaries to employees to date
- Endeavour to continue paying full salaries for as long as possible under lockdown
- Unable to quantify exact impact on overall business

Calgro M3 Covid-19 action plan deals with:

- Market
- Potential customers
- Contractors and on-site activities
- Health of executive directors and key executives
- Employees
- Operations
- Debt service ability and sources of sufficient liquidity
- Social responsibility

Covid-19 at present

- Memorial Parks business continues to operate, understanding requirements
- Construction across three to four projects re-started
- Consumer under pressure driven by higher unemployment
- Banks are providing 100% bonds





We did our part

CALGRO M3 Group

Hand sanitiser and other safety disposables to staff and their families

Hand sanitiser and food delivered across our projects to communities at large

Kept various police stations and officers supplied with masks, gloves and hand sanitiser

Hand sanitiser and food across the inner cities through MES

Price lock and decrease on Memorial Parks prices in support of dignified burial

No yearly house sales price increases to assist with affordability

Initiatives were not only for Covid-19 time and families, but across the board till February 2021 to assist in supporting economy



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LOOKING FORWARD

Where to from here

- Remainder of 2020 onwards is uncertain
- Navigate economy suffering from negative growth and downgrade
- Resilient business model
- Optimal capital allocation between new opportunities and working capital
- Cash flow generation and preservation

Memorial Parks

- Benefit from increased market share
- Value proposition and service delivery

Residential Property Development

- Smaller transitions where capital invested can be quickly turned around
- Continue to evaluate possible sale of projects
- Investigate alternative uses for mid to high-end land parcels to improve cash generation

Value locked-up

Opportunities	Total No.	Effective No.	Selling price to external party (including VAT)	Total Rand
Mid to high-end portfolio – serviced & unserviced land	690	690	349 326	241 174 475
Low to mid-market portfolio – serviced opportunities	9 623	8 674	119 670	1 038 024 102
Partially serviced & unserviced opportunities				
- Projects underway	9 429	6 803	48 000	326 538 173
- Projects not started	16 944	11 132	16 944	166 980 000
Total	**36 686**	**27 299**	**531 996**	**1 772 716 749**
KwaNobuhle development to be sold (BV R97.4 m)				175 000 000
Total value in property portfolio			(A)	1 947 716 749
Less: Balance sheet costs of property (land) portfolio			(B)	1 228 162 707
Management estimate additional value (not account for / locked in balance sheet)			**(A) – (B)**	**791 554 042**

On the back of this valuation management have invested R6.5 million equal to 1,2 % of issued share capital

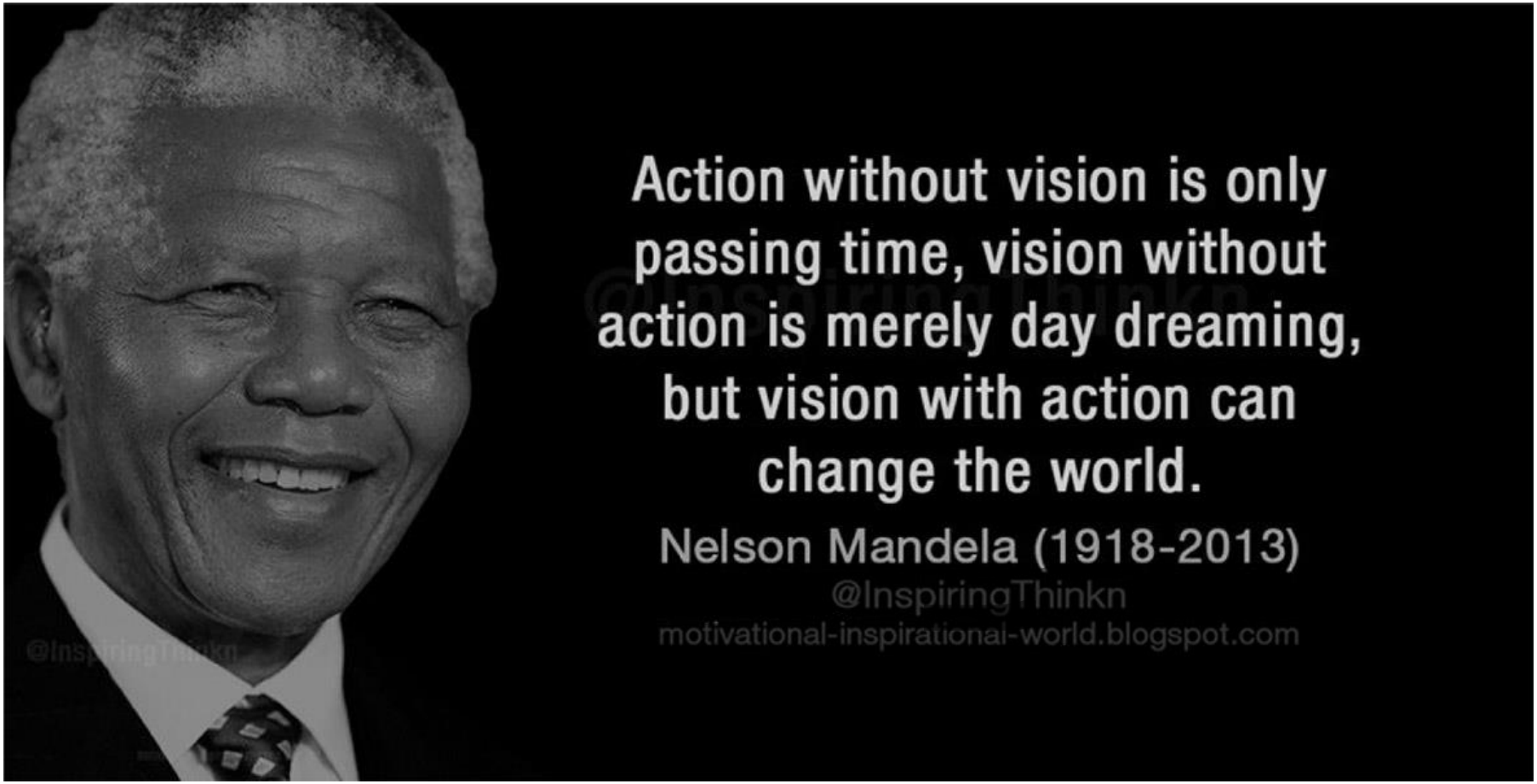
Take away

- **Housing shortage 5.6 million**
- **66.5% housing market in Gauteng and Western Cape**

- **Current grave shortage for next 15 – 20 years ± 8 million**
- **Funeral insurance industry growing 12% pa**

- Strong pipeline
- Strong cashflow and continued focus on liquidity, capital structure and right sizing
  - manage liquidity and downside risks
  - ensuring optimal capital application on projects
- Emphasis placed on cash flow extraction from various residential development projects and debt maturity restructuring
- Low fixed overheads
- Increasing Memorial Parks market share and driving consistency of income
- Enhanced product and service offering
- Remain confident in long-term growth and potential of South African market and are flexible to capitalise on this

Mindful of


Action without vision is only passing time, vision without action is merely day dreaming, but vision with action can change the world.
Nelson Mandela (1918-2013)
@InspiringThinkn
motivational-inspirationai-world.blogspot.com

Take away

CALGRO M3 Group



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.

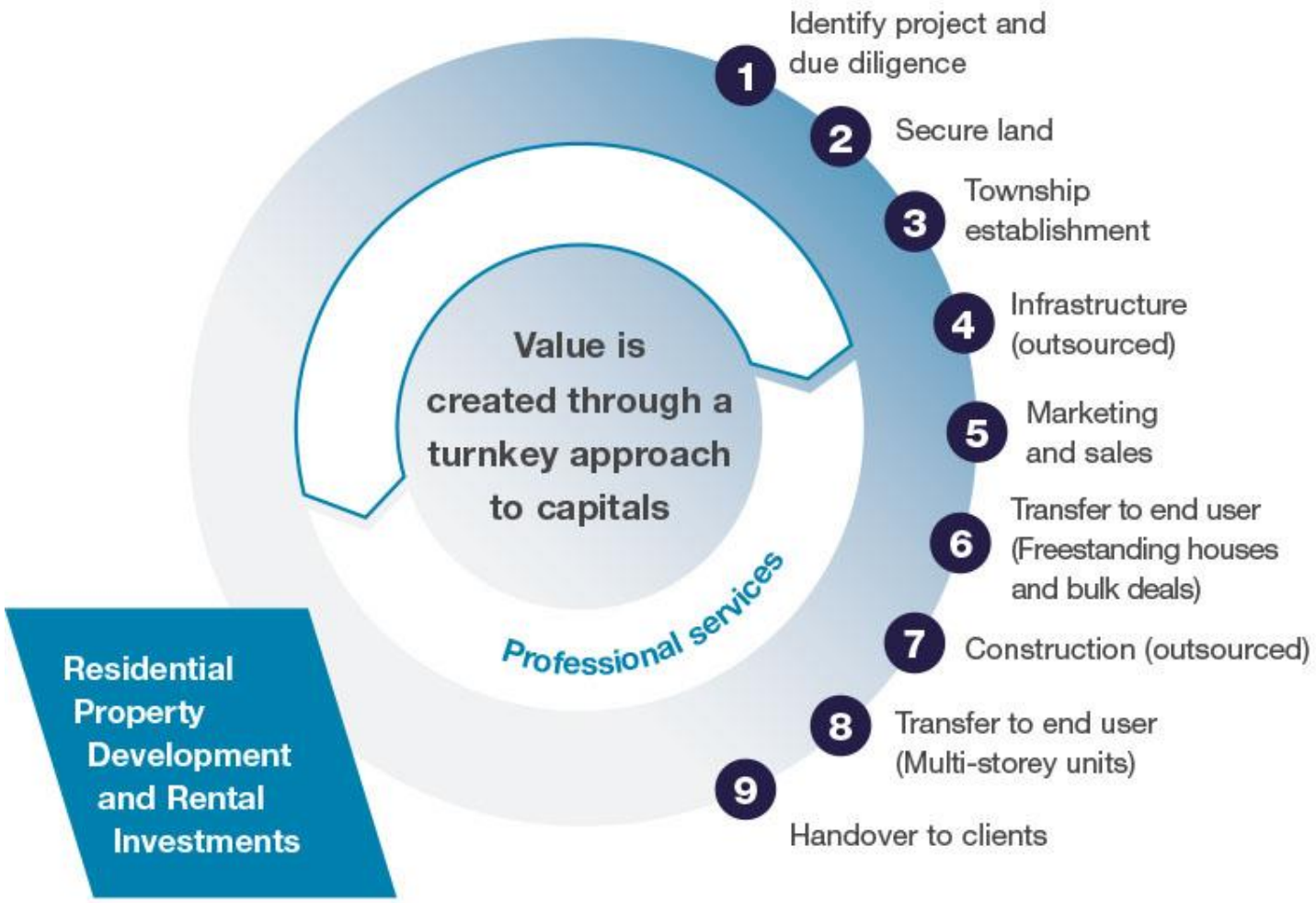
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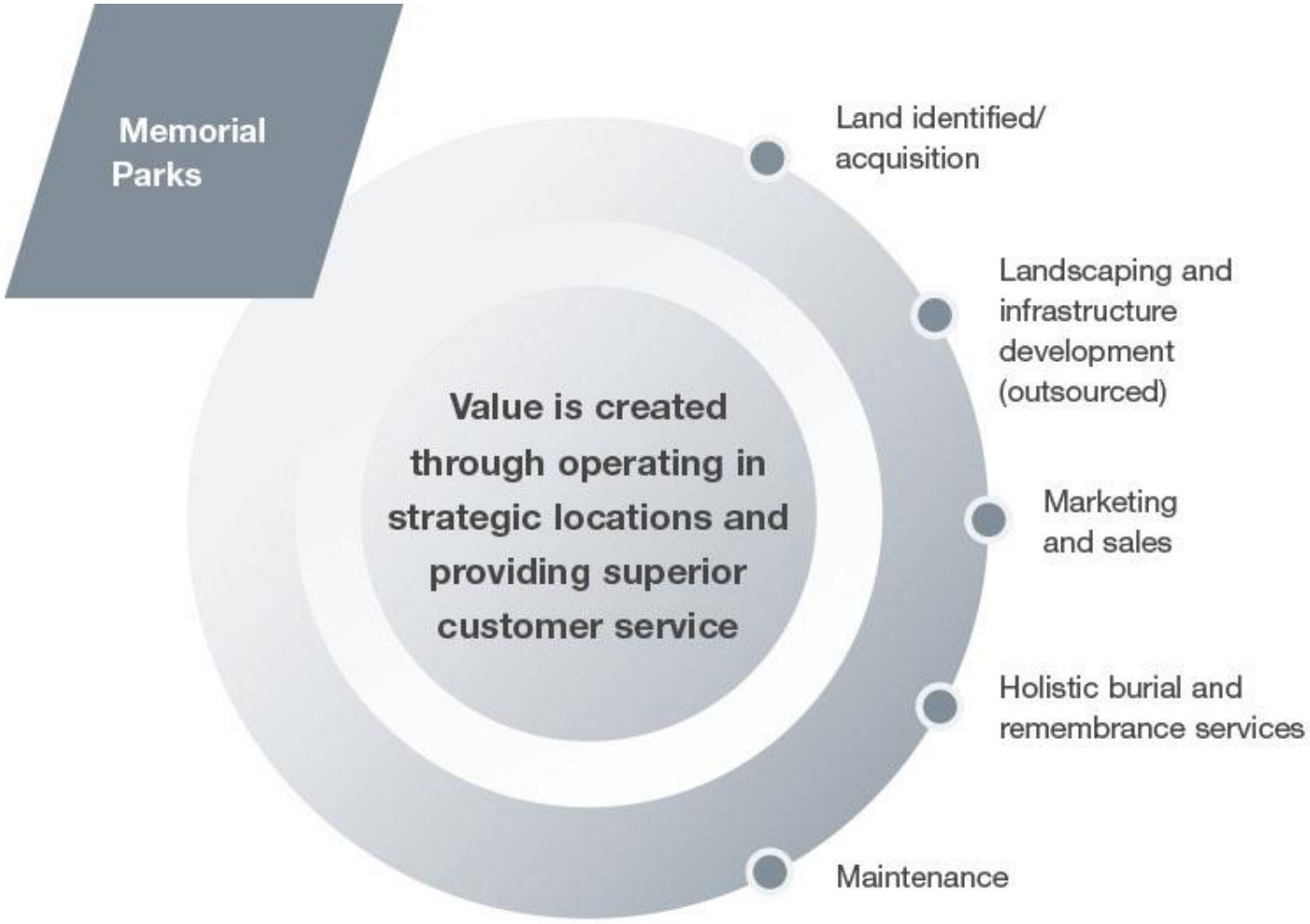
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APPENDIX

Business model

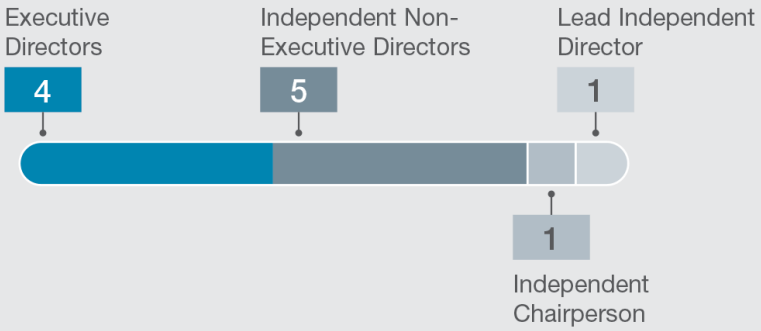


Business model

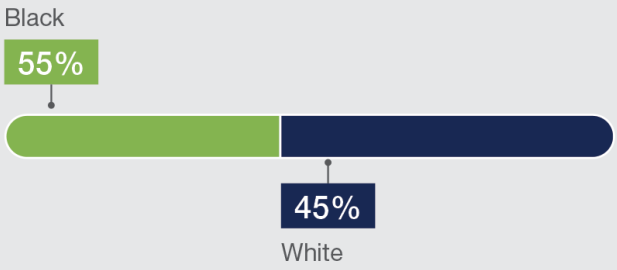


Board composition

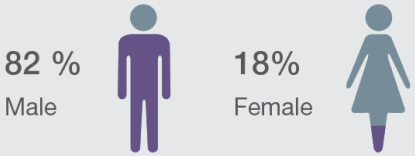
Board composition



Race



Gender



Tenure

