Results Presentation

For the year ended 28 February 2021

CALGRO M3 Group

#sustainableactions

www.calgrom3.com

Building legacies. Changing lives

Agenda



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



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YEAR IN PERSPECTIVE

Background

2016 - 2018

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

2019 - 2020:

- Having to stand ready with what feels like a loaded gun after head-winds of the past three years
- Serviced land
- Sales
- Cash to roll this out ……..
- ….. and then Covid-19

Exacerbated by:

2021 onwards

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Continued implementation to return to profitability



Optimal capital allocation



Complete units and increase sales across Residential Property Development business



Grow market share and sales through product enhancement and increasing footprint of Memorial Parks business



Ensuring liquidity and reducing debt

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Endeavour to ensure decisions and actions are taken so that we remain sustainable while supporting *Building legacies, Changing lives*.

Strategic successes

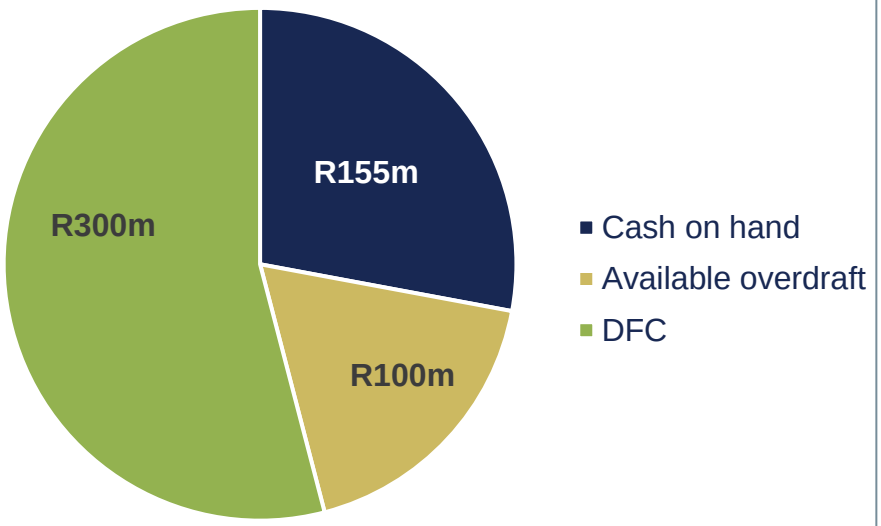
- Disposal of Ruimsig rental portfolio
- Disposal of non-core Vista Park project
- Share buy-back
- Debt restructured
- Closure of in-house construction division

The base is set!

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- NAV increased by 7,2% to R6,82 per share
- PAT of R18,5 million (2020: R5,3 million)
- Memorial Parks revenue increased by 65,2%
- 4,654 units under construction (2020: 2,393)
- Net debt : equity ratio 0.99 : 1 (2020: 1.04:1)
- Decreased total liabilities by 15,5% from R1,94 billion to R1,64 billion
- Positive cash generated from operations of R114,8 million to support #sustainableactions

Liquidity of R555 million



Dealing with Covid-19

Residential Property Development

- All construction suspended during lockdown (three months' production lost)
- Deeds office closed / operating with skeleton staff, causing delays in transfers
- Annual house sales price increases not implemented to assist with affordability

Memorial Parks

- Considered an essential service & remained operational throughout the financial year
- Pricing reductions of graves & services implemented

Ongoing interventions

- Offices regularly sanitised
- Hand sanitiser & masks readily available
- Social distancing & mask wearing mandatory
- Ongoing, consistent staff communication & education

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- Made sure all staff were paid in full during lockdown
- Even though retrenchments were unavoidable - paid 3x normal salary
- Fast tracked and shortened SMME payments and retentions
- Staff were able to work from home and will again if next lockdown materialises
- Kept thousands of people fed and safe
- Retained United Nations Global Compact advanced level status
- Continued to focus on empowerment aside from Level 1 B-BBEE status
- Reduced pricing of graves and services

Purposeful location choices

Gauteng accounts for 34,0% and 38,6% of total residential properties in volume and value respectively (Lightstone research 2020)













Purpose


It always seems
impossible until it's done.
- Nelson Mandela
Goalcast



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BUSINESS UPDATE

Integrated Residential Developments

- Largest contributor to revenue
- Three months' production (construction) loss
- Covid-19 effect:
  - Reduction in revenue from already low base
  - Standing time costs (R35,8 million)
- Closure of construction division, reducing overheads and increased cash flow predictability
  - Restructuring cost – Construction Division successfully closed (R12,9 million)
- Substations funded and underway
- No need for investment in "long term" infrastructure as sufficient serviced stands in place
- Enhanced product offering while keeping sales prices low



Integrated Residential Developments: Future focus

- Two provinces
  - Gauteng
  - Western Cape
- Sale of now non-core projects
- Meticulous capital allocation to high-yielding projects
- Consistent monthly hand-over of units to enhance stability of cash flows and reduce capital exposure
- Lower overheads and leaner structure
- Government still spending but our focus is on private sector
- Long-dated DFI debt to fund roll-outs in more sustainable manner
- Focus on where the demand is while taking risk into account – while housing market remains strong



Residential Property Developments
(Excluding Frankenwald, KwaNobuhle, and Umhlanga Hills)

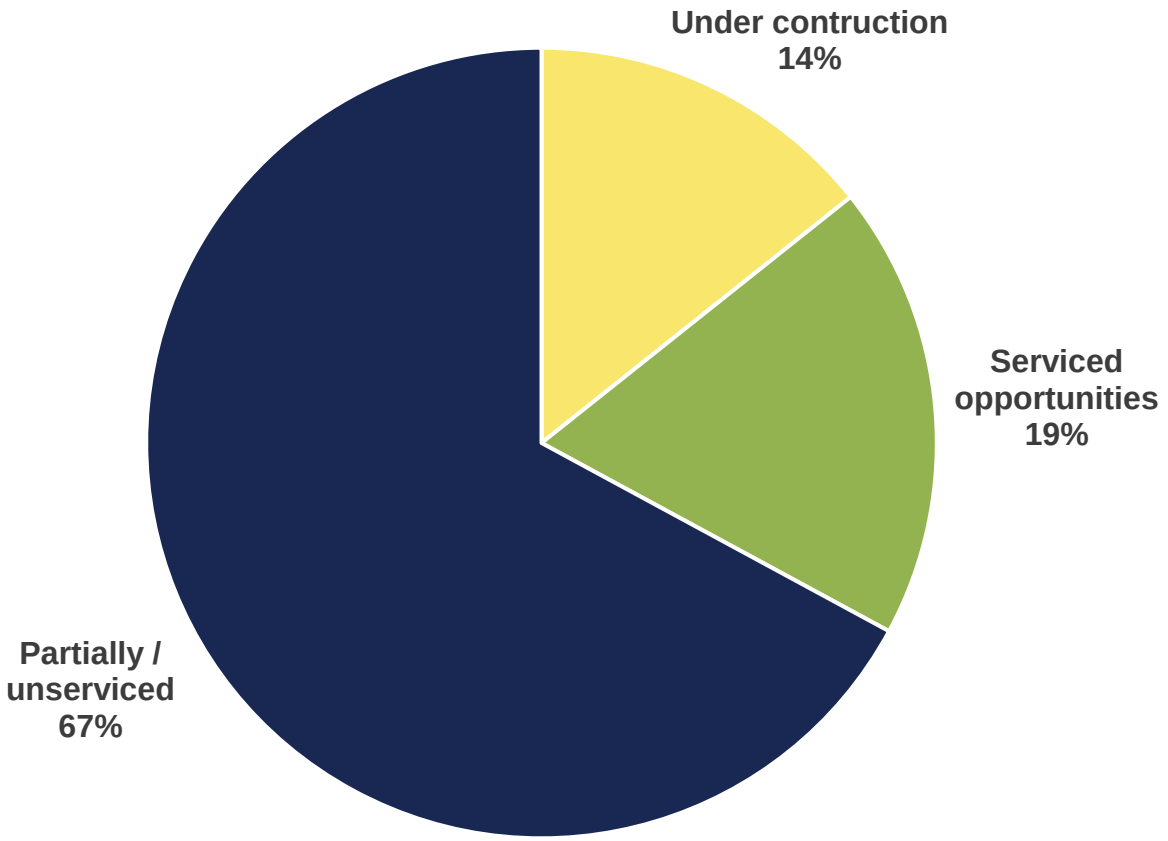
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The main projects making up the Residential Property Development pipeline

Project	Municipality	Region – Province	Government/ Private	Progress update	Number of units/ remaining units	Anticipated turnover for remaining units (Rand)
Belhar CBD	City of Cape Town	Western Cape	Private/Public	Under development	4 621	1 720 579 635
Bridge City – Fixed price contract	eThekwini	KwaZulu-Natal	Private	Under development	356	132 665 217
Fleurhof	City of Joburg	Gauteng	Private/Public	Under development	2 979	2 358 541 240
Jabulani (Soweto precinct)	City of Joburg	Gauteng	Private/Public	Under development	1 728	730 204 516
La Vie Nouvelle and mid to high cluster land	City of Joburg	Gauteng	Private	Under development	502	877 440 918
Scottsdene	City of Cape Town	Western Cape	Private/Public	Under development	1 025	385 898 297
South Hills	City of Joburg	Gauteng	Private/Public	Under development	4 130	2 429 632 324
Tanganani Ext 14	City of Joburg	Gauteng	Private/Public	Delayed	11 624	4 321 326 661
Umhlanga Hills	eThekwini	KwaZulu-Natal	Private	Land to be sold		50 000 000
Vredehoek	City of Cape Town	Western Cape	Private	Awaiting town planning approval	263	816 956 522
Witpoortjie	City of Joburg	Gauteng	Private/Public	Under development	5 362	2 301 682 552
KwaNobuhle	Nelson Mandela Bay Metropolitan Council	Eastern Cape	Private/Public	To be sold to third party (excluding memorial park)		175 000 000
Total					32 590	16 299 927 882

Residential Property Developments

32,590 total available opportunities with 33% in production



Memorial Parks

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Memorial Parks



NASREC
MEMORIAL PARK

FOURWAYS
MEMORIAL PARK

ENOKUTHULA
MEMORIAL PARK

DURBANVILLE
MEMORIAL PARK

BLOEMFONTEIN
MEMORIAL PARK

Memorial Parks

- Revenue increased by 65,2%
- Total cash received increased by 57,0% to R53,6 million (2020: R34,1 million)
- Total confirmed Covid-19 sales amounted to R6,9 million
- High-quality products in safe and tranquil environment

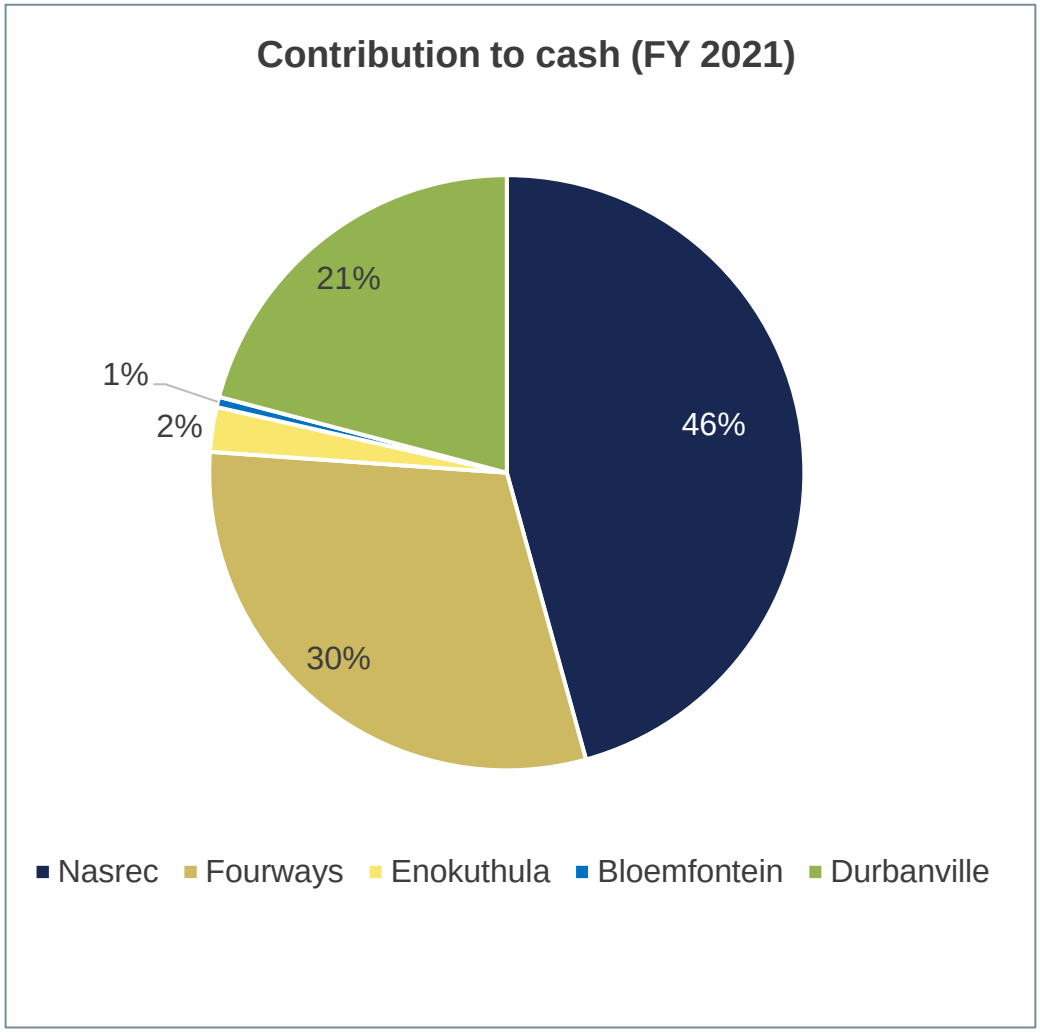


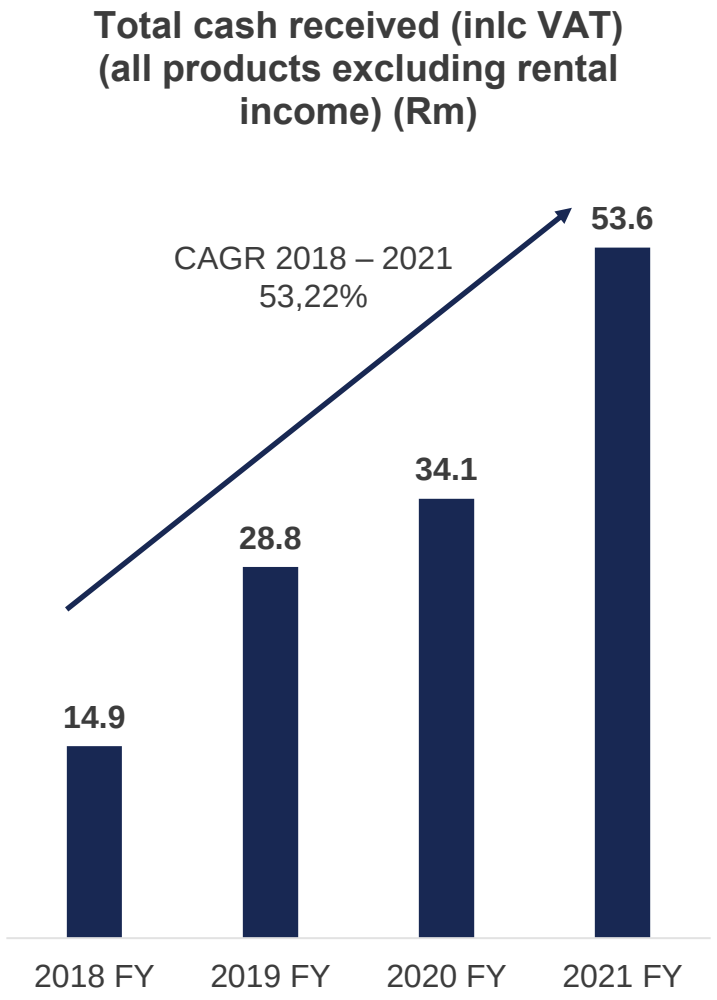
Memorial Parks: Future focus

- Current market share estimated to be 1% in metro areas representing strong potential growth with strong demand
- Pipeline of 59,366 burial opportunities
- No additional capital required – development to be funded by operations
- National roll-out and development of further land parcels to become a priority in the next two years



Memorial Parks







FINANCIAL REVIEW

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Summary of pertinent achievements in the year

Financial metric	February 2021	H1 (August 2020)	H2 (February 2021)	Improvement on H1
Revenue (R'm)	879,1	395,8	483,3	22,1%
Gross profit (R'm)	108,0	31,3	76,7	145,1%
Gross profit (%)	12,3%	7,9%	15,9%	101,3%
Administrative expenses (R'm)	(87,1)	(47,7)	(39,4)	(17,4)%
Share of profit/(loss) of joint ventures and associates – net of tax (R'm)	3,3	1,2	2,1	73,5%

Statement of Cashflows

	2021	2020
Cash (utilised in)/generated from operating activities		
Cash generated from operations	114 768 074	464 208 720
Finance income received	7 576 796	14 598 305
Finance cost paid	(107 474 196)	(117 612 227)
Tax (paid)/refunded	(17 878 456)	(17 817 929)
Net cash (utilised in)/generated from operating activities	**(3 007 782)**	**343 376 869**
Cash flow invested in investing activities		
Additions of investment property	(342 885)	(16 759)
Purchase of property, plant and equipment	(471 224)	(771 883)
Proceeds from the sale of property, plant and equipment	11 500	379 635
Disposal of cash balance in disposal of investment in subsidiary	(205 340)	-
Investments in joint ventures and associates	-	(103 500)
Acquisition of businesses	(500 000)	(12 500 000)
Loans advanced to joint ventures and associates	(50 945 569)	(163 238 723)
Loans repaid by joint ventures and associates	886 885	18 049 785
Net cash invested in investing activities	**(51 566 633)**	**(158 201 445)**

Statement of Cashflows
(continued)

	2021	2020
Cash flows repaid in financing activities		
Proceeds from borrowings	396 000 000	145 000 000
Repayment of borrowings	(403 000 000)	(157 000 000)
Loans repaid to joint ventures and associates	-	(23 000 000)
Shares bought back	(14 175 000)	-
Repayment of capital portion of leases	(2 044 207)	(1 839 258)
Transactions of non-controlling interest	(22 174 286)	(15 900 000)
Net cash repaid in financing activities	**(45 933 493)**	**(52 739 258)**
Net (decrease)/increase in cash and cash equivalents	(100 507 908)	132 436 166
Cash and cash equivalents at the beginning of the year	255 069 163	122 632 997
Cash and cash equivalents at the end of the year	**154 561 255**	**255 069 163**

Covenants

	Audited year ended 28 February 2021	Audited year ended 29 February 2020
Net debt to equity ratio	0.99	1.04
Debt service cover ratio (“DSCR”)	1.40	1.93



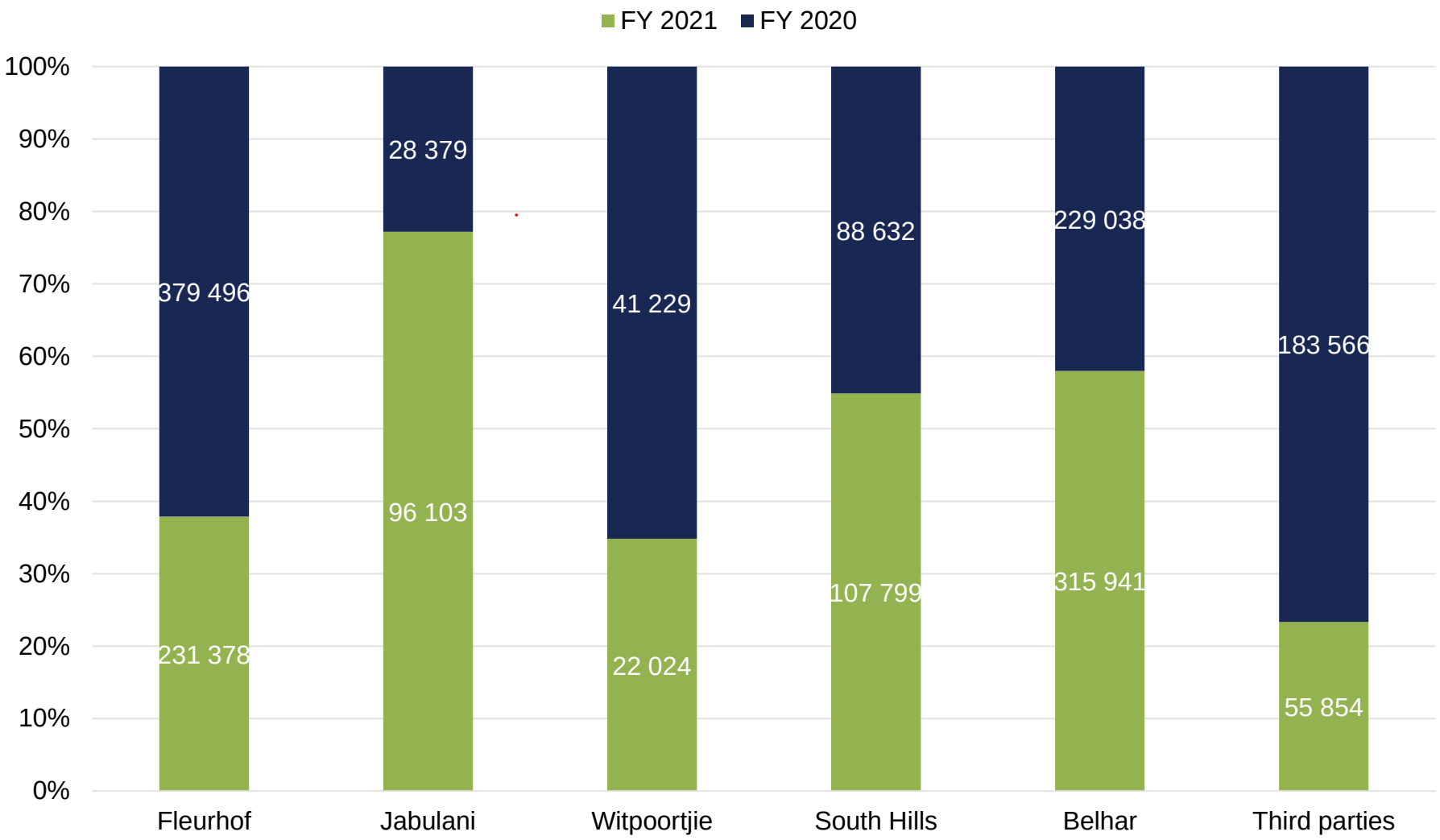
Date	Target
By 28 February 2022	0.90:1
By 28 February 2023	0.80:1
By 28 February 2024	0.75:1

Segmental revenue contribution

Revenue	Audited year ended 28 February 2021	Audited year ended 29 February 2020
Residential Property Development	829 101 989	950 342 471
Memorial Parks	42 451 968	25 692 483
Residential Rental Investments	7 592 628	8 095 532
Total	**879 146 585**	**984 130 486**



Residential project contributions
(to Residential Property Development segment)



Statement of Comprehensive Income

Revenue	Audited year ended 28 February 2021	Audited year ended 29 February 2020
Revenue	**879 146 585**	**984 130 486**
Cost of sales	(771 123 301)	(883 521 154)
Gross profit	**108 023 284**	**100 609 332**
Other income	50 630 761	11 314 454
Administrative expenses	(87 064 595)	(89 116 268)
Other expenses	(4 085 328)	-
Impairment (losses)/gains on financial and contracts assets	(99 402)	25 169 310
Operating profit/(loss)	**67 404 720**	**47 976 828**
Finance income	28 212 925	30 800 370
Finance costs	(72 897 240)	(64 717 053)
Share of profit/(loss) of joint ventures and associates – net of tax	3 345 892	(732 541)
Profit/(loss) before tax	**26 066 297**	**13 327 604**
Taxation	(7 586 856)	(7 984 810)

Statement of Comprehensive Income
(Continued)

Revenue	Audited year ended 28 February 2021	Audited year ended 29 February 2020
Profit after taxation	**18 479 441**	**5 342 794**
Profit after taxation attributable to:		
Equity holders of the Company	18 944 086	4 918 905
Earnings per share – cents	14.88	3.84
Headline earnings/(loss) per share – cents	(15.17)	1.77

Certain once off costs	Audited 28 February 2021
Profit on disposal of investment in subsidiary	(R36,6 million)
Fair value adjustment in investment properties	(R5,7 million)
Loss on sale of investment in joint venture	R4,1 million

Statement of Financial Position – Assets

Assets	2021	2020
Non-current assets		
Investment property	19 947 022	13 833 550
Property, plant and equipment	22 500 654	27 490 484
Intangible assets	159 650 534	159 655 377
Investments	13 027 204	12 269 982
Investments & investment in joint ventures and associates	37 066 691	164 647 175
Deferred income tax asset	56 582 473	57 263 604
	308 774 578	**422 890 190**
Current assets		
Loans to joint ventures and associates	320 435 842	279 903 888
Inventories	643 573 871	719 305 469
Current tax receivable	976 320	1 227 212
Construction contracts	840 695 306	945 948 487
Trade and other receivables	198 786 388	130 437 204
Cash and cash equivalents	154 561 255	255 069 163
	2 159 028 982	**2 331 891 423**
Total assets	**2 467 803 560**	**2 754 781 613**

Statement of Financial Position – Equity and Liabilities

Equity and Liabilities	2021	2020
Total Equity	**828 057 105**	**815 191 931**
Non-current liabilities	**208 616 970**	**219 242 079**
Current liabilities		
Borrowings	944 161 828	1 062 842 931
Current income tax liabilities	92 611	672 463
Trade and other payables	486 875 046	656 832 209
	1 431 129 485	**1 720 347 603**
Total liabilities	**1 639 746 455**	**1 939 589 682**
Total equities and liabilities	**2 467 803 560**	**2 754 781 613**

Borrowing maturities

Detail	Rand
Opening balance 1 March 2020 (gross)	1 069 000 000
New debt	396 000 000
Debt repaid	(507 000 000)
Closing balance – 28 February 2021	**958 000 000**

Maturity profile	Rand
FY 2022	107 400 000
FY 2023	194 800 000
FY 2024	282 800 000
FY 2025	211 750 000
FY 2026	107 500 000
FY 2027	53 750 000





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LOOKING FORWARD

What does Calgro M3 have to work with?



- Housing shortage remains high
- 66,5% housing market in Gauteng and Western Cape
- Strong pipeline to capitalise on
- Deep, strong market presence



- Current grave shortage for next 15 – 20 years ± 8 million
- Funeral insurance industry growing in excess of 10% pa
- Deep, strong market presence
- Increasing Memorial Park's market share and consistency in cashflow

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- Strong cashflow and cash from both business operations and sale of non-core projects
- Limited long-term investment necessary in both businesses, however:
  - Cash from operations and facilities to be utilised during next 6 – 9 months to capitalise and provide momentum
- Well-located projects and risk-mix between projects and clients
- Lean business

Take away – what lies ahead?

- Debt down R119 million in 2020
  - Needs to reduce further to meet 0.9:1 target by 2022
  - May increase during year though
- Conclude sale of Eastern Cape and KwaZulu-Natal land
- Sale, transfer and cash in bank of old rental properties and first commercial/retail stands
- Utilisation of proceeds:
  - Settle debt further
  - Free-up more working capital and retain higher cash balance
  - Share buybacks
- 4,650 units under construction (2020: 2,393)
  - Sell houses and drive production
  - Hand-over and transfer process needs to be profitable and turn cash
- Drive Memorial Parks for market share growth



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Thank you

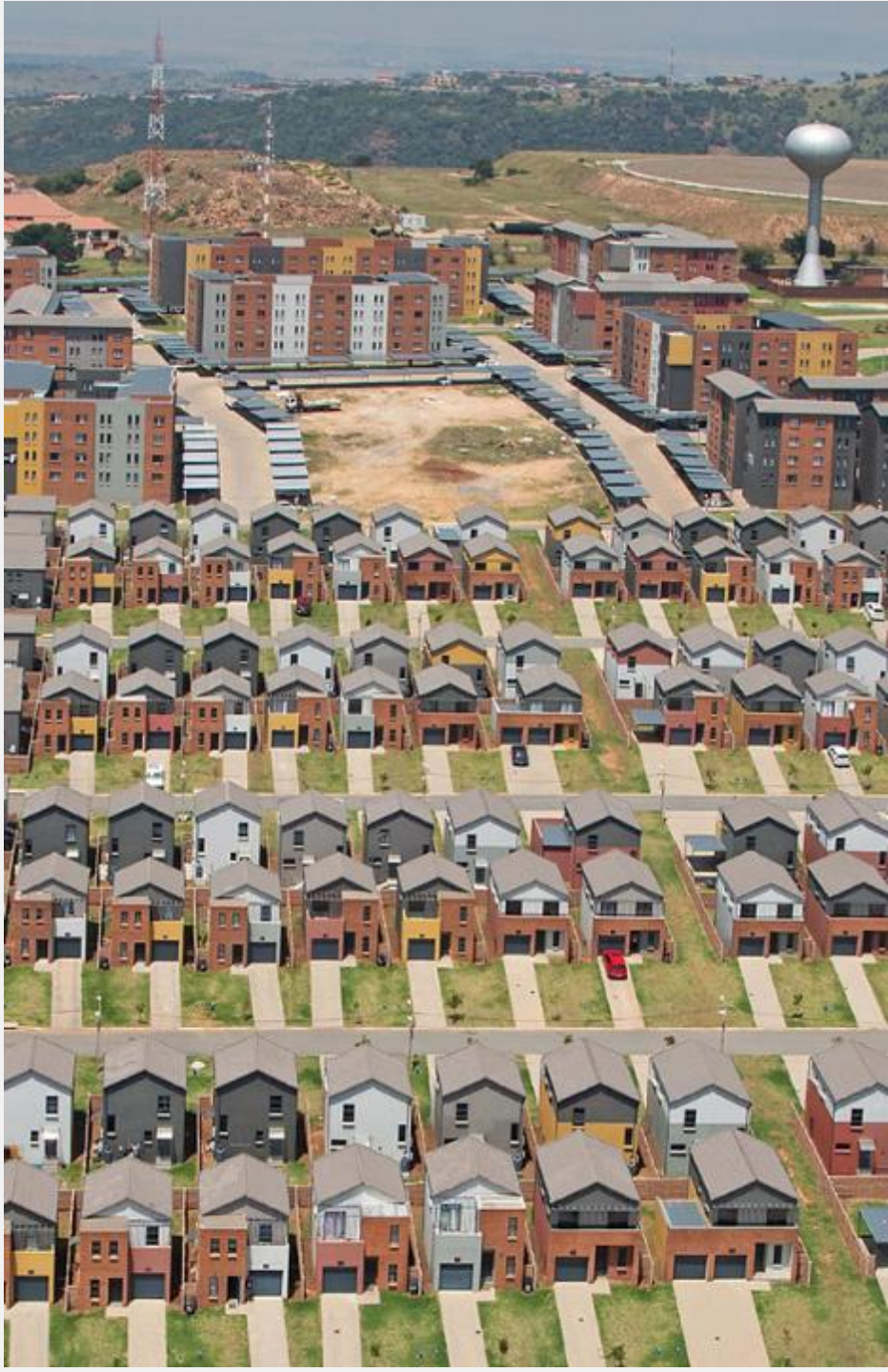
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Available on website:

- ESG Report 2021
- Corporate Governance Report 2021
- Integrated Annual Report and Annual Financial Statements 2021
- King IV™ Application Register
- Notice of AGM 2021



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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.

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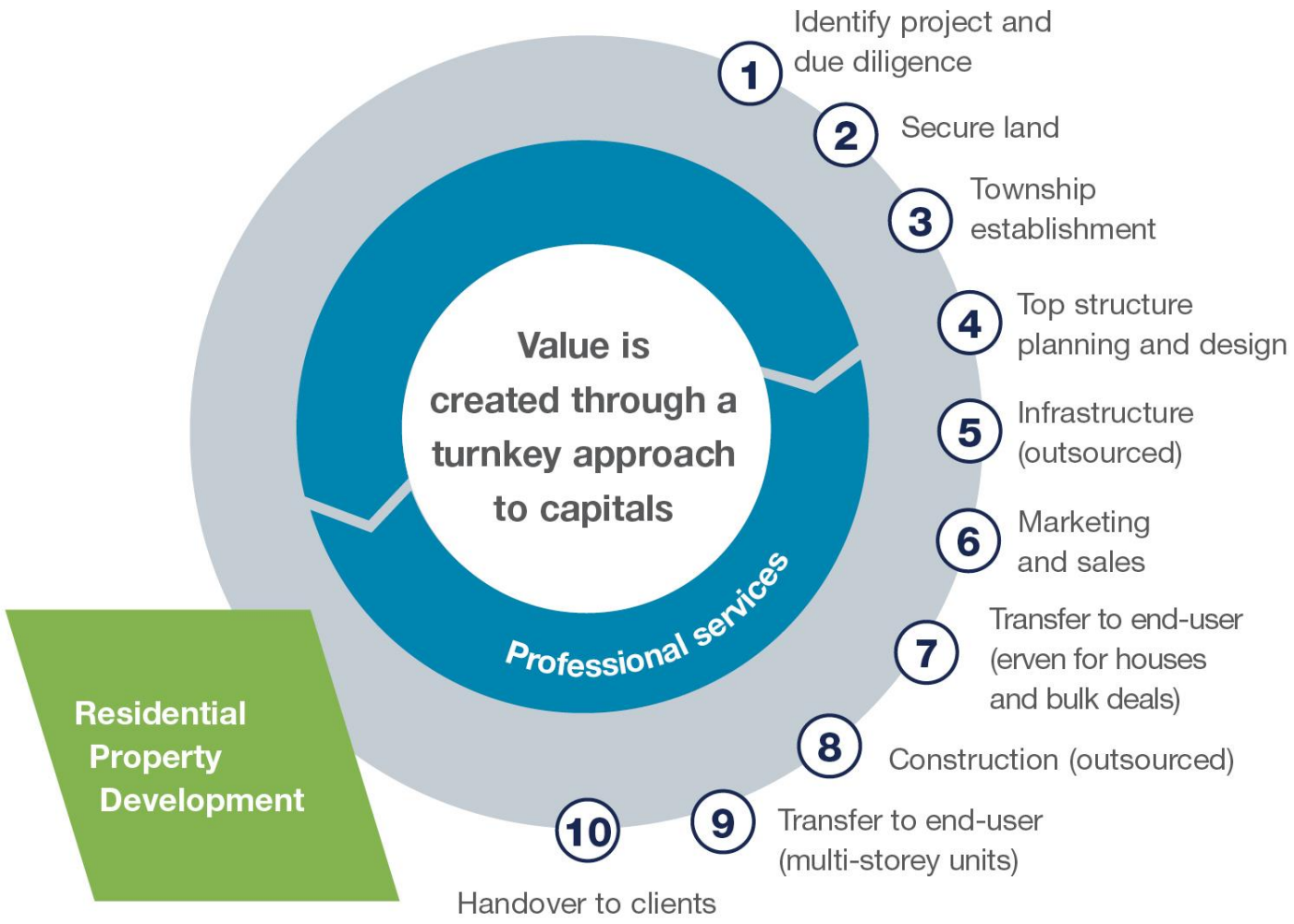




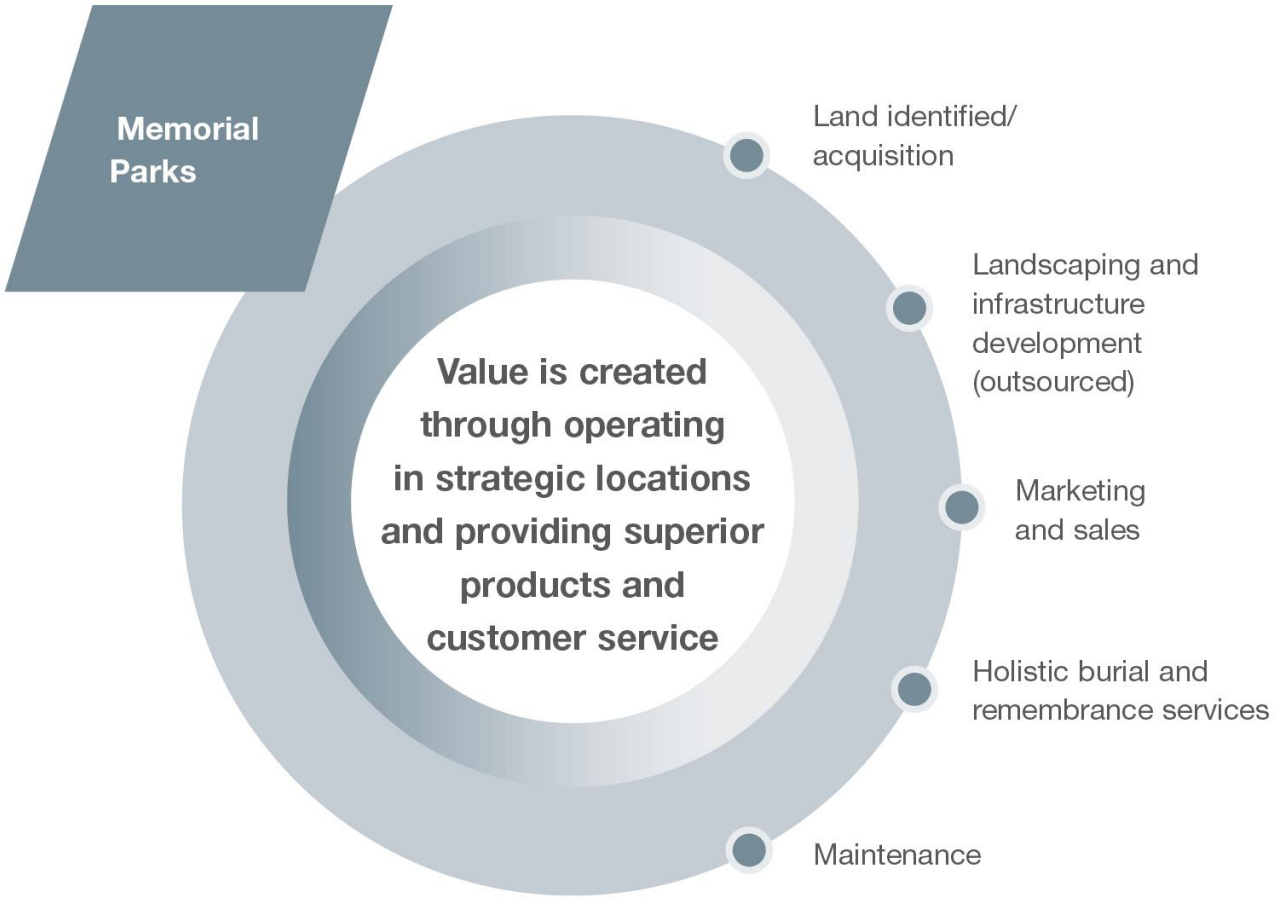
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APPENDIX

Business model



Business model



Board composition

