Group Results for Financial Half-Year Ended 31 August 2013



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Agenda

one Business model

two Financial Review

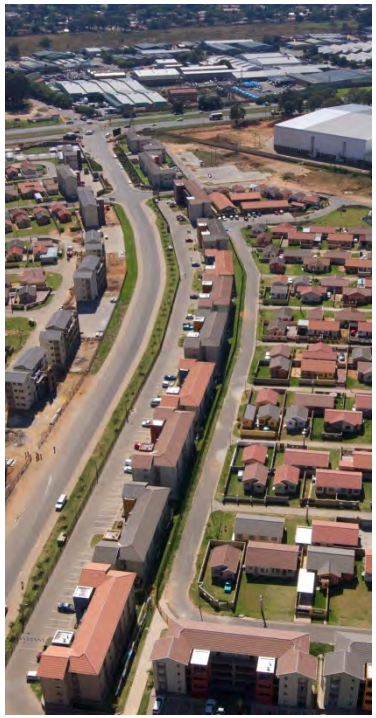
three Significant achievements

four Group Prospects



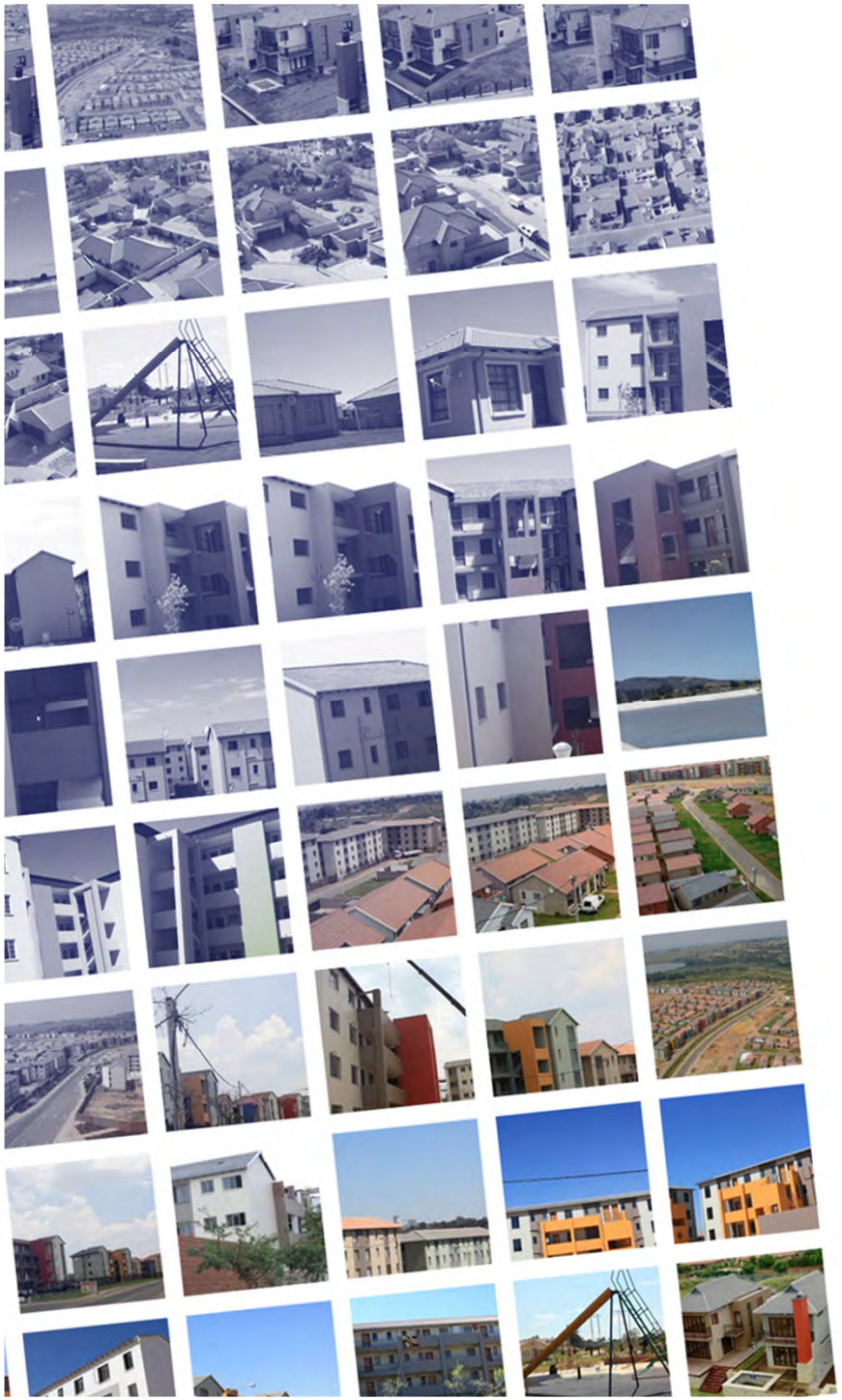






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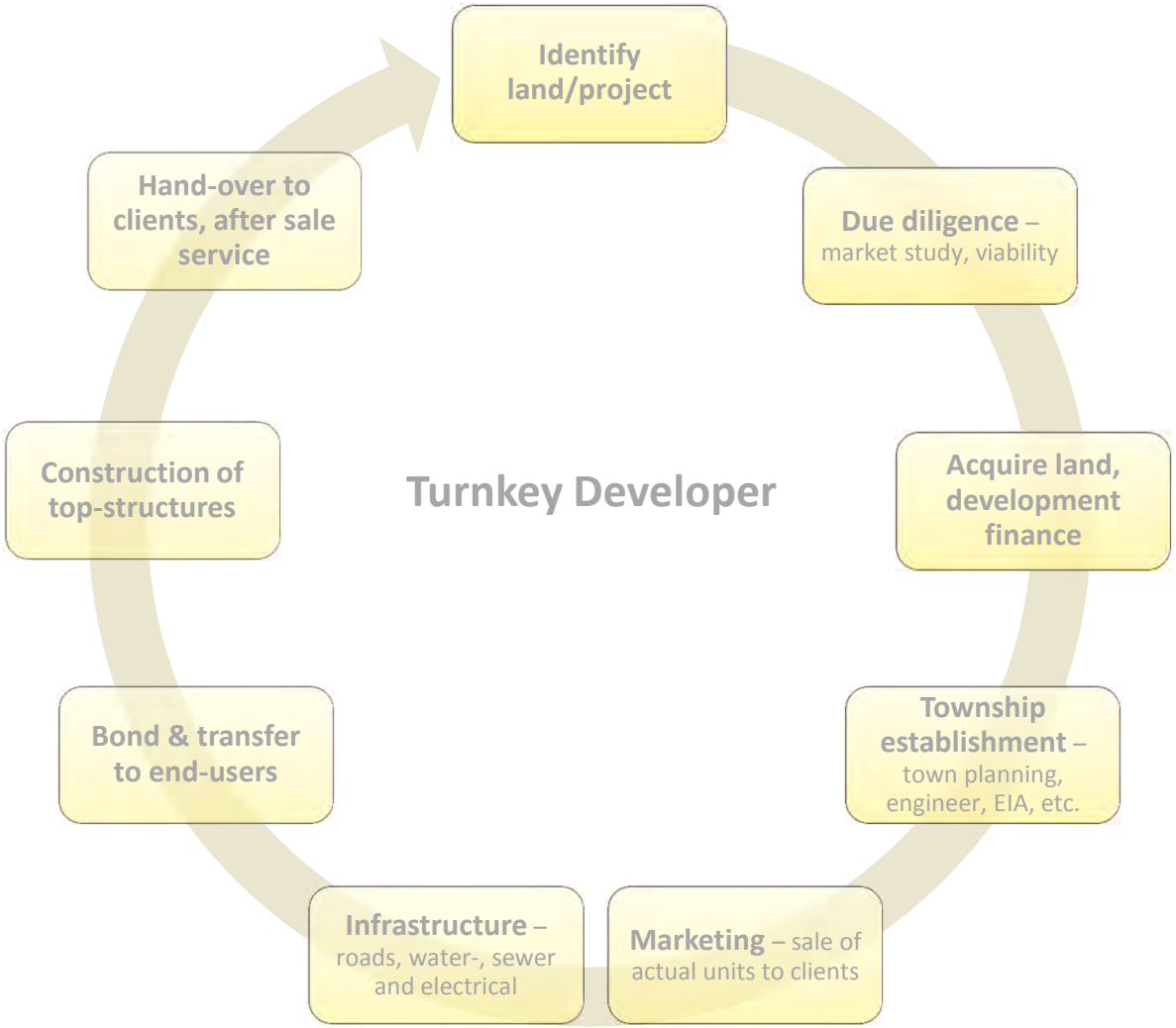


one Business model

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Business Model



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Product Definition

R551 000 up to R3 000 000+	Mid-to-High Income Segment
Up to R 550 000	Affordable Housing Segment
Up to R 300 000 – subject to change	GAP & FLISP Housing Segment
Up to R 300 000	Social Housing Segment
Subsidy as per National CRU Policy	CRU (Community Residential Units) Segment
Subsidy of the day	BNG Housing (Fully subsidized) Segment





Business Model

- The company's business model will remain mainly unchanged:
  - Integrated or low income development projects: Minimum of 80% exposure;
  - Mid-to-High income developments/market segment: Maximum of 20% exposure;
  - Principle of landowner developer to be retained with Land Availability Agreements where available on our terms;
  - Shareholding retained in projects maximized while taking into account associated risks;
- The company views its marketing capacity as key to the effective implementation of projects. Marketing drives the process as no construction is undertaken without sales in place; and
- Construction of the majority of units to be done in-house in order to control quality and after-sale service.



Business Model

- The company's business model remained unchanged:
  - Principle of landowner developer retained with LAA (Land Availability) where available on our terms;
  - Maximum shareholding will be retained in projects while taking associated risks into account;
  - Marketing responsibility to be divided into:
    - Marketing of free-standing affordable / GAP units;
    - Marketing of sectional title affordable / GAP units; and
    - Marketing of retirement project;
- Construction of the majority of units done in-house in order to control quality.
- New and recent strategic ventures by the group:
  - Ventured into the Western Cape province;
  - Exposure in Retirement Village market to be escalated to new level if existing project proves to be successful;
  - Provision of Student Accommodation to be incorporated in product offering; and
  - Investigation into a stake in Residential Investment Portfolio - (non-controlling and not managed by us).



National Footprint

North West

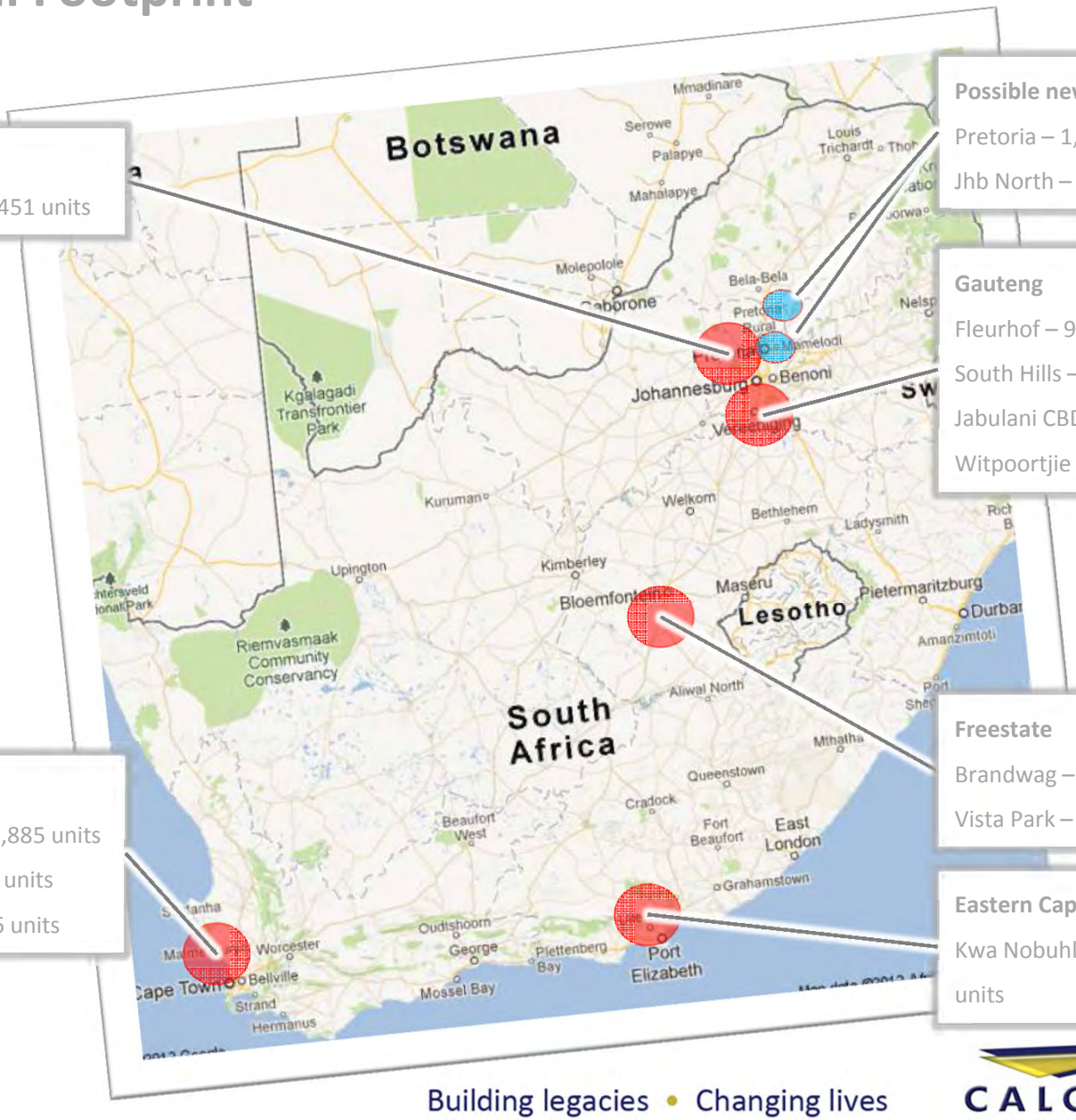
Boitekong – 3,451 units

Western Cape

Scottsdene – 2,885 units

Belhar – 3,614 units

Maitland – 136 units



Possible new projects

Pretoria – 1,900 units

Jhb North – 6,000 units

Gauteng

Fleurhof – 9,558 units

South Hills – 5,161 units

Jabulani CBD – 3,881 units

Witpoortjie – 2,023 units

Freestate

Brandwag – 1,051 units

Vista Park – 2,400 units

Eastern Cape

Kwa Nobuhle – 14,000 units

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Calgro M3 Project: Fleurhof Integrated Project

- The Fleurhof project won two prestigious awards in 2013:
  - **Govan Mbeki Awards – Best Social Housing Project of the Year;**
  - **SAHF International Housing Conference Award – Best Project of the Year.**



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Calgro M3 Project: Jabulani CBD Integrated Project



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Calgro M3 Project: Scottsdene Integrated Project



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Calgro M3 Project: Brandwag Social Housing Project



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Typical Units – Integrated 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 – Government/City owned



Social housing units: Subsidized rental – Privately owned (Private SHI's)



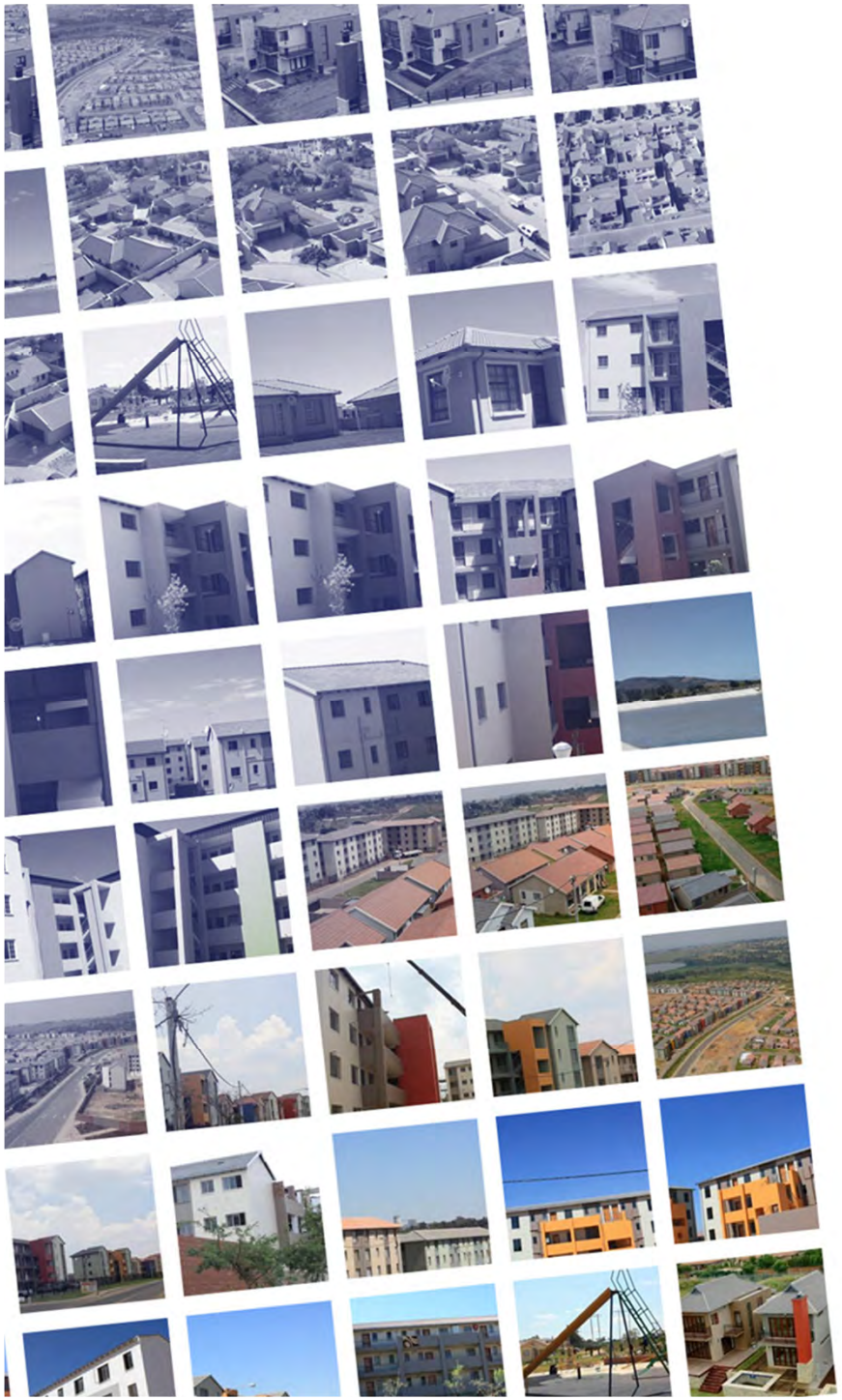
GAP /FLISP units: Bonded market - sectional title ownership



Affordable housing units –Bonded market – full title ownership

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Financial Review for the six months ended 31 August 2013

Financial Review

Two

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Financial Summary

	F2014 vs. F2013	F2014 – August Unaudited	F2013 – August Unaudited
Revenue	+ 8.48 %	434 638	400 669
Operating profit	- 20.74%	33 700	42 520
Gross Profit	- 2.78 %	14.26 %	17.04%
Headline Earnings – Rand	+ 26.98 %	51 040	40 196
Fully diluted Headline earnings – Rand	+ 26.98 %	51 040	40 196
EPS – Cents	+ 26.98 %	40.16	31.63
Fully diluted HEPS – Cents	+ 26.98 %	40.16	31.63
Net asset value per share – Cents	+ 36.98 %	297.72	217.35
Cash to Current liabilities		26.21%	38.85%
Return on net assets (Effective 12 months)		47.78%	48.55 %
Return on Equity (Effective 12 months)		28.93%	31.38 %

Management and the Board realize and appreciate the need and appropriateness of Dividends, however it will always remain management's main focus to create and retain shareholders' asset value. It is management's view that sufficient working capital is not yet available to secure the rollout of the large pipeline



Statement of Financial Performance

	F2014 – August Unaudited	F2013 – August Unaudited
Revenue from continuing operations	434 638	400 669
Operating profit	33 700	42 520
Operating margin %	7.75%	10.61%
Profit before interest, taxation & JV Profits	33 700	42 520
Share of profits from JV's (net of tax)	27 638	12 434
Finance (cost) – net	(2 595)	(1 581)
Profit before taxation	58 743	53 373
Effective tax rate % (No tax on JV profits)	24.77%	32.19 %



Statement of Financial Position - Extract

	F2014 – August Unaudited	F2013 – February Audited
Non Current assets	**202 123**	**153 254**
Intangible assets	32 967	32 808
Investments in JV's	103 521	74 350
Loans to JV's	41 748	22 200
Current assets	**800 993**	**655 866**
Inventories	284 823	264 580
Construction Contracts	250 055	139 251
Trade and other receivables	104 881	45 339
Cash and Cash equivalents	154 853	198 343
Total Assets	**1 003 116**	**809 120**



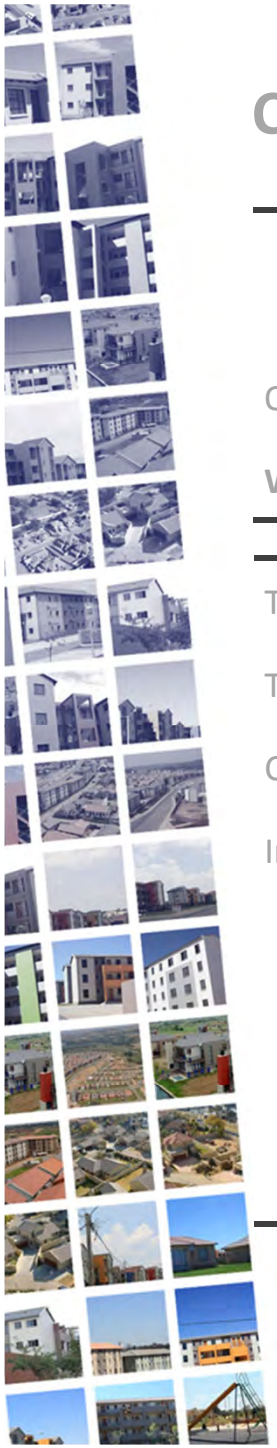
Statement of Financial Position - Extract

	F2014 – August Unaudited	F2013 – February Audited
Equity	**378 398**	**327 358**
Non-current Liabilities	**33 959**	**27 079**
Deferred tax	33 885	26 863
Current Liabilities	**590 760**	**454 683**
Borrowings	442 141	299 900
Trade and other payables	148 619	153 156
Total Equity and Liabilities	**1 003 116**	**809 120**



Statement of Cash Flow

	F2014 – August Unaudited	F2013 - August Unaudited
Operating Cash	33 886	44 109
Working capital changes	(187 126)	144
Cash (utilized in) / generated from operations	(153 241)	44 253
Finance costs – (net)	(11 449)	(7 790)
Tax paid	(2 810)	(10 257)
Net cash (utilized in) / generated from operating activities	**(167 500)**	**26 206**
PPE and Intangible assets – (net)	(607)	(2 578)
Loans to and from Joint Ventures – (net)	(18 924)	(18 100)
Cash effect of investing and financing activities	**124 010**	**23 099**
Movement in cash	(43 490)	49 305
Cash and cash equivalents on hand – end of period	**154 853**	**152 996**



Cash Flow Working Capital Reconciliation

	F2014 - August Unaudited	F2013 – August Unaudited
Operating Cash	33 886	44 109
Working capital changes	**(187 126)**	**144**
Trade and other payables	(8 892)	8 327
Trade and other receivables	(59 390)	(14 986)
Contracts in progress	(108 572)	18 974
Inventories	(10 272)	(12 171)



Cash Flow Reconciliation

Cash balance at 31 August 2013	**154 853**
Investment in working capital	210 004
Fleurhof installation of services fast track	149 212
Jabulani debtor movement – due to electricity constraint	14 797
La Vie Nouvelle Investment	24 220
New projects investment	21 775
Total	**364 857**

Cash Balance at 28 February 2013	**198 343**
Debt Raised (Bond Exchange)	222 000
Debt Repaid (RMB)	(78 890)
Group profit for 6 months (excl. JV's)	23 404
Total	**364 857**



Key Financial Ratio's

	F2014 - August Unaudited	F2013 – February Audited
Group Equity	378 397	327 358
Interest bearing debt	442 492	300 616
Cash and cash equivalents	154 853	198 343
Net interest bearing debt	287 639	102 273
Net gearing – (Debt to equity ratio %)	76.02%	31.24%
Income statement Interest Cover	9.26	11.88
Average cost of Debt (Effective 12 months)	9.17%	9.29%



Company Structure

- **Calgro M3 Holdings Limited** 2005/027663/06
  - **Calgro M3 Developments Ltd** 1996/017246/06
    - CM3 Randpark Ridge Ext 120 (Pty) Ltd 2005/018284/07
      - MS5 Projects (Pty) Ltd 2004/014691/07
    - MS5 Pennyville (Pty) Ltd 2005/024397/07
      - Calgro M3 Rectification Company (Pty) Ltd 2012/157763/07
    - PZR Pennyville Zamimphilo Relocation (Pty) Ltd 2005/027240/07
  - **Calgro M3 Land (Pty) Ltd** 2005/027072/07
    - Hightrade-Invest 60 (Pty) Ltd 2005/027489/07
      - Business Venture Investments No 1221 (Pty) Ltd 2007/023449/07
    - Tres Jolie Ext 24 (Pty) Ltd 2007/019498/07
      - CM3 Witkoppen Ext 131 (Pty) Ltd 2005/017717/07
    - Business Venture Investments No 1244 (Pty) Ltd 2007/025990/07
      - Ridgewood Estate (Pty) Ltd 2007/018365/07
    - Belhar Calgro M3 Development Company (Pty) Ltd 2007/0355790/7 (JV)
      - Sabre Homes Projects (Pty) Ltd 2002/004007/07 (JV) - JUKSKEI VIEW
    - Aquarella Investments 265 (Pty) Ltd 2005/035305/07 (JV) – JABULANI
      - Clidet No 1014 (Pty) Ltd 2009/021563/07 (JV) - SUMMERSET
    - Fleurhof Ext 2 (Pty) Ltd 2005/027248/07 (JV)
      - Witpoortjie Calgro M3 Development Company (Pty) Ltd 2012/126989/07 (JV)
  - **Calgro M3 Project Management (Pty) Ltd** 2007/030313/07
    - CTE Consulting (Pty) Ltd 2007/030310/07

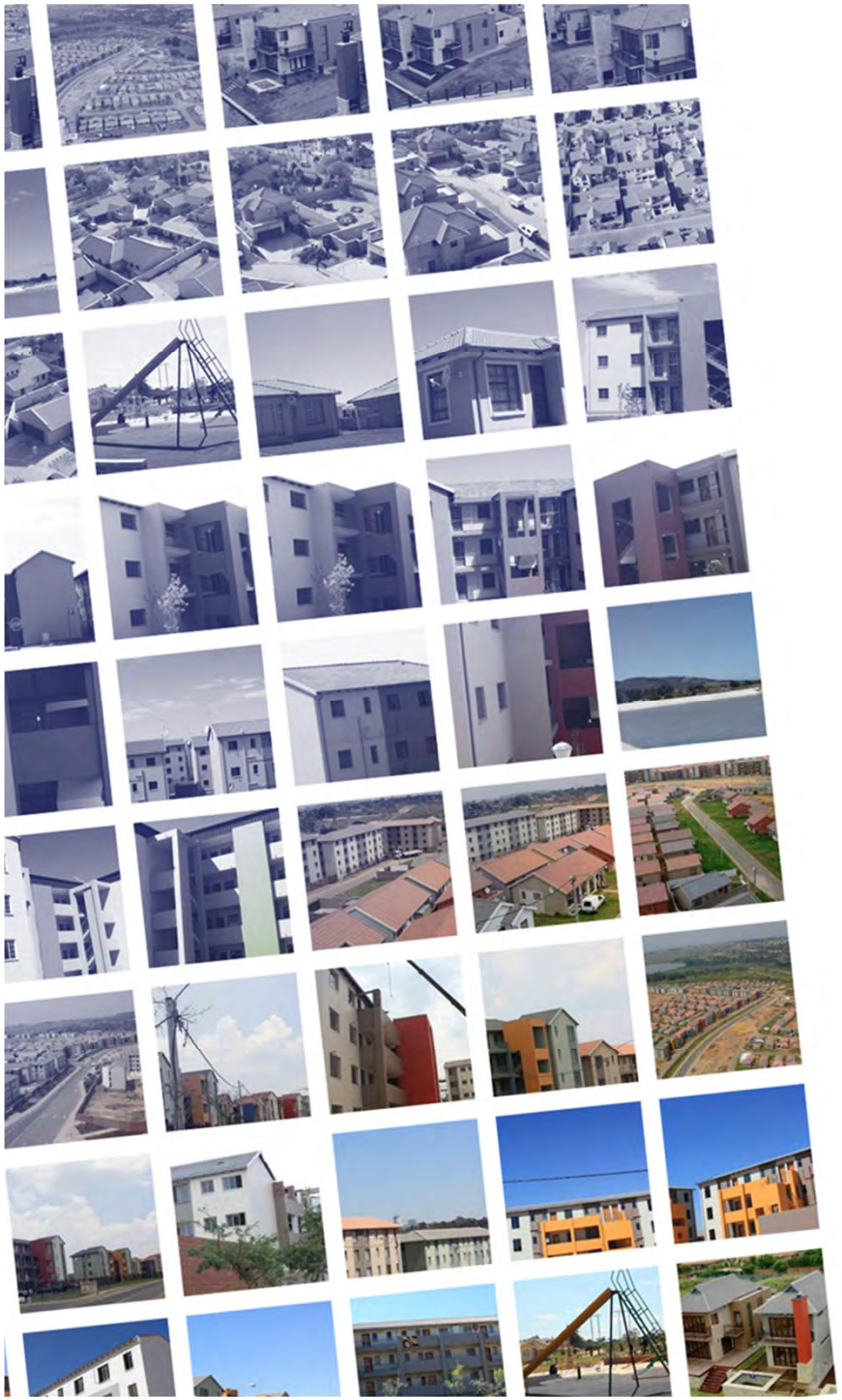
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Change in Borrowings

Increases:			
	Bond Exchange	222 000 000	Jibar linked
Decreases:			
	RMB Limited (Fully repaid)	(78 889 542)	Prime linked
	Bond Exchange AMRT (Accounting entry)	(859 269)	
Net change		(79 748 811)	
Total debt raised		**142 251 189**	









three

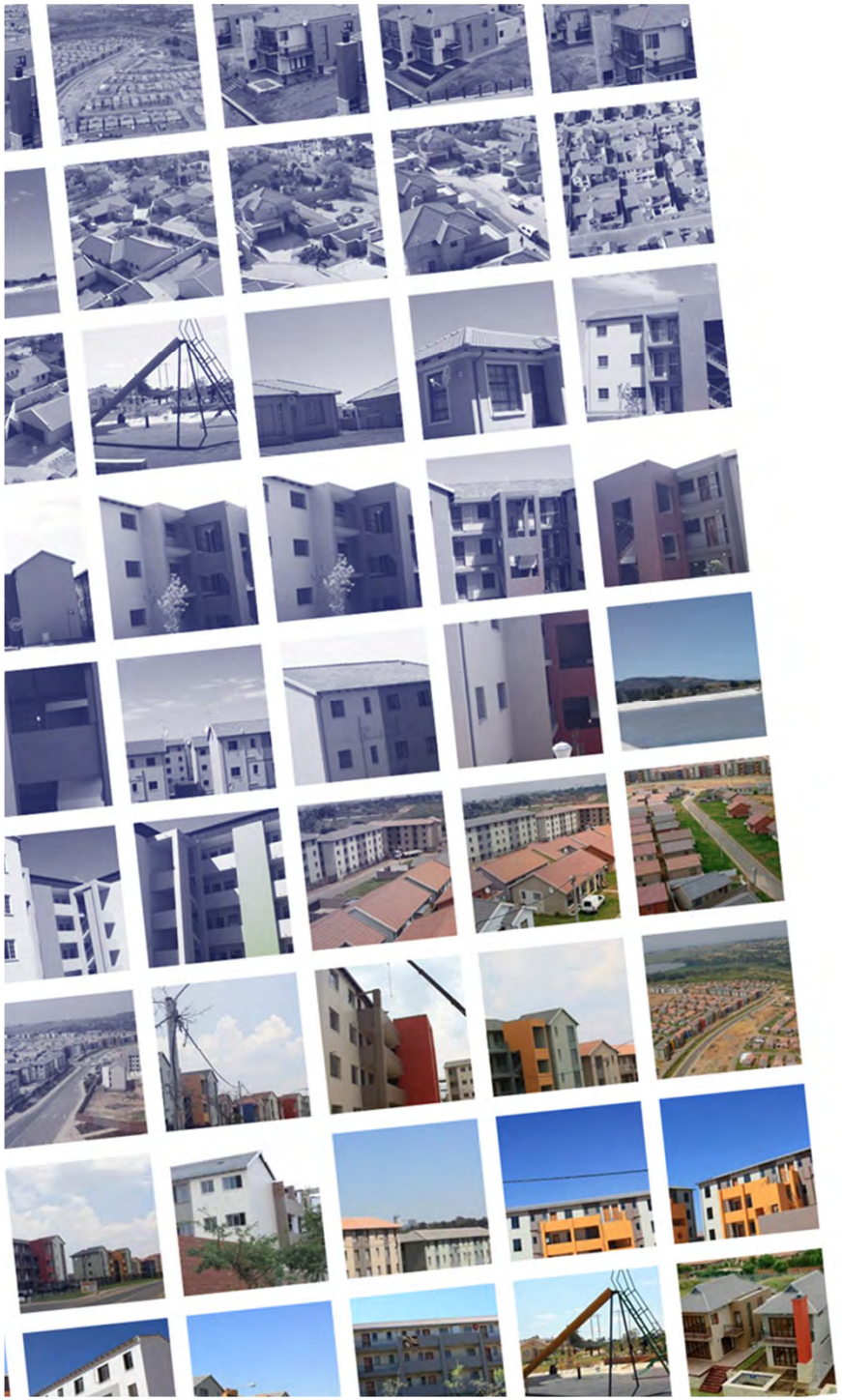
Significant Achievements

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Significant Achievements

- On 17 September 2013 Calgro M3 was awarded the SAHF Award for the Fleurhof project, it being elected the Best Integrated Project Nationally;
- The Fleurhof project won the Social Housing Project of the Year award at the prestigious Govan Mbeki Awards ceremony in 2013;
- Creating in excess 5,000 job opportunities in line with government's drive for job creation;
- Reporting zero fatalities and zero serious injuries in the work place;
- Completion and hand-over to beneficiaries and clients of the 1st completed units in Scottsdene, Cape Town;
- Hand-over of the 1st fully subsidized units in the Fleurhof project;
- Receiving environmental approval to proceed with the South Hills project;
- Completed infrastructure and the construction of the 1st two show units on the La Vie Nouvelle Retirement Estate. Construction of a further 10 units was commenced with mid-Oct-13; and
- Commenced with the construction of infrastructure and top-structures in the Summerset project.







Group
Prospects

four

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Group Project Pipeline – Low Income Market Segment

Project	Total no of units in project	No of units under construction / completed	Unit typology				Total estimated project revenue
			RDP/BNG Housing	Social Housing	GAP, FLISP & Rental Housing	Affordable Housing	
Fleurhof (Jhb)	9558	2453	2822	1459	3405	1872	R 2 963 000 000
Jabulani CBD (Soweto)	3881	1206	0	1260	2621	0	R 1 123 000 000
Scottsdene – Cape Town	2885	901	549	1351	724	0	R 774 312 000
Mabopane – Tshwane	202	95	0	0	202	0	R 70 700 000
Brandwag – Bloemfontein	897	897	0	897	0	0	R 224 250 000
Witpoortjie Ext 52&57 (Jhb)	2023	0	344	0	0	1679	R 750 364 000
Belhar - Cape Town	3614	0	0	1254	2360	0	R 1 044 315 000
South Hills – Jhb	5161	0	1750	915	915	1581	R 1 336 000 000
Boitekong Ext 16 – Rustenburg	3451	0	600	1780	800	271	R 746 000 000
Vista Park Ext 3 – Bloemfontein	5320	0	1596	1500	1045	1179	R 1 649 211 132
Maitland – Cape Town	136	0	0	0	136	0	R 63 600 000
Clayville Ext 50 – Midrand	3300	0	0	0	0	3300	R 828 000 000
Summerset Place	466	0	0	0	0	466	R 300 278 571
Kwa Nobuhle	14000	0	7000	2333.333	2333.333	2333.333	R 3 733 333 333
Total	54894	5552	14661	12749.33	14541.33	12681.33	R 15 606 364 036



Group Project Pipeline – Mid-to-High Market Segment

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
Needwood	Chartwell. Fourways	Town planning in process	Student accommodation	200	R85,200,000
				1018	R1,568,525,000



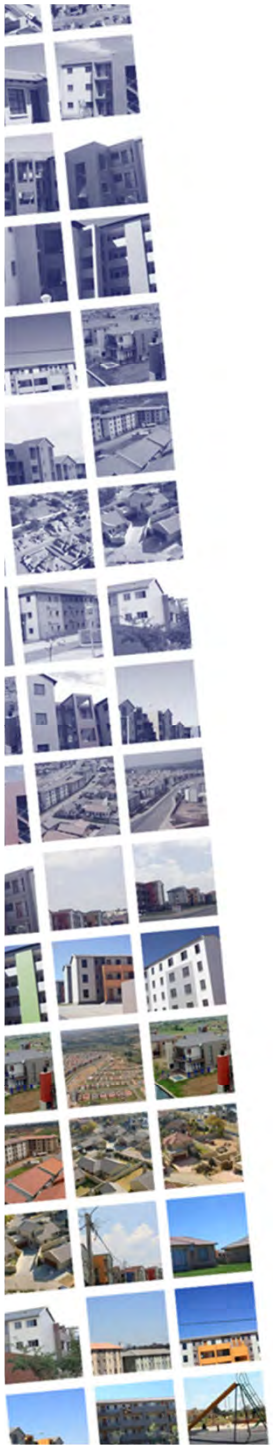






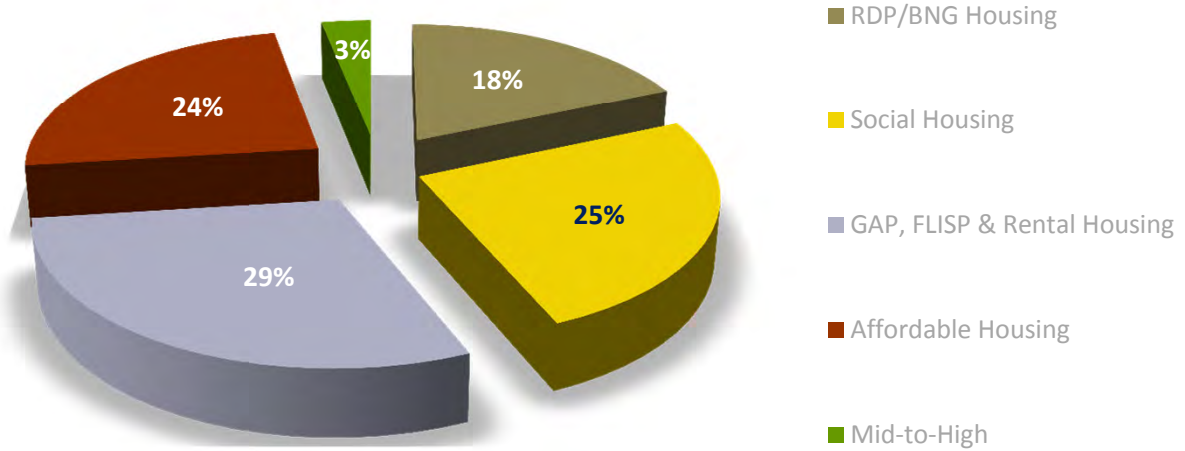
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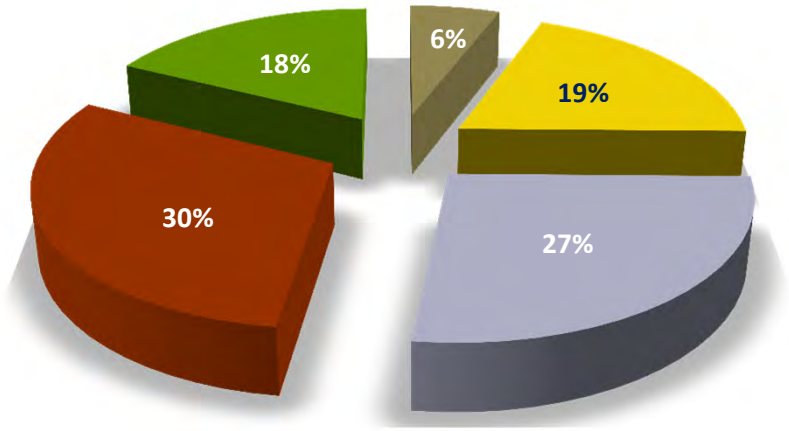


Group Prospects by Segment

By number of units



By revenue



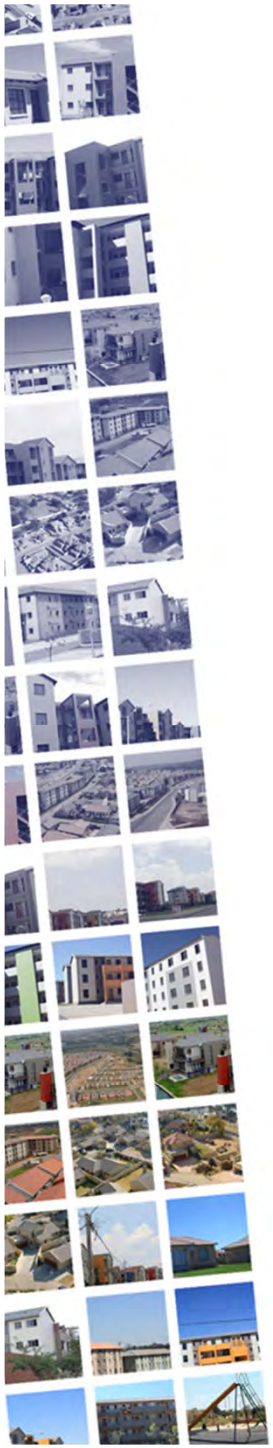


Challenges and Risk

Critical Risks:

- Retention of staff;
- Cash flow / liquidity;
- Uncontrollable growth;
- Capacity;
- BEE non-compliance;
- Reputational damage due to sub-standard work;
- Labor unrest; and
- Contract costing.

Challenges and Risk



Questions?

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Disclaimer

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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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