



CALGRO M3 Group

Calgro M3 Holdings Limited
Registration number: 2005/027663/06
JSE share code: CGR
ISIN: ZAE000109203

Short-form announcement **Unaudited Interim Results** for the period ended 31 August 2016

www.calgrom3.com

- Revenue up 25,7% to R720,2 million (August 2015: R573,2 million)
- Earnings per share down 1,7% to 65,11 cents (August 2015: 66,25 cents)
- Headline earnings per share down 1,7% to 65,13 cents (August 2015: 66,25 cents)
- Cash generation up to R94,2 million for the six months (August 2015: R32 million)
- NAV per share of 720,90 cents up 11,8% (February 2016: 645,0 cents)
- NTAV per share of 595,79 cents up 14,6% (February 2016: 519,87 cents)
- Net debt:equity strengthened to 0.53 (February 2016: 0.59)
- Zero fatalities during the period

Calgro M3 Holdings Limited ("Calgro M3" or "the Company" or "the Group"), is a listed property developer, focused on the lower end of the residential market involved in large scale Integrated Developments and the development and establishment of Memorial Parks.

As communicated in the 2016 integrated report and in line with the Group's strategic plan to diversify its exposure between residential sectors, the Group increased its focus to the private sector, in anticipation of the reduction in public sector spending. Attention was placed on cash preservation and creating long-term investment opportunities that will complement and ensure sustainable growth of the development business. Management is confident that growth will be restored in the second half of the year.

Despite overall profitability being flat, Calgro M3 is pleased that during the period 4 542 houses were under construction, of which 1 272 have been handed over to owners. An additional 5 239 opportunities are being serviced of which a majority were started post the local elections. On completion of these services just over 10 000 services opportunities will be available for future construction.

Earnings before interest and tax ("EBIT") increased by 11,4% to R119,6 million (2015: R107,5 million) as a result of the increase in

revenue and gross profit margin. The latter is due to the increase in top structure construction and the decrease in infrastructure investment. No interim dividend was declared, with the board opting to keep available cash to support the growth phase Calgro M3 is in.

On 16 August 2016, Calgro M3, in a joint announcement with SA Corporate Real Estate ("SA Corporate"), announced the formation of a Real Estate Investment Trust ("REIT") to service the rental market in South Africa. The objective for Calgro M3 is to secure annuity revenue which can be used as operating cash. In the first phase, AFHCO Calgro M3 REIT (held 51% by SA Corporate and 49% by Calgro M3) will acquire new units developed by Calgro M3 in Johannesburg and Cape Town for a total consideration of R1,6 billion. It is the intention to grow the portfolio to reach property investments in the residential market to between R10 billion and R15 billion. The REIT is to target net property income yields of circa 11%.

By order of the board

BP Malherbe
Chief Executive Officer

WJ Lategan
Managing Director

WA Joubert
Financial Director

17 October 2016

This short-form announcement is the responsibility of the directors of the Company. It is only a summary of the full announcement released on SENS and published on the Company's website (www.calgrom3.com) on 17 October 2016, and does not contain the complete or full announcement details. Copies of the full announcement may also be requested at the Company's registered office during office hours at no charge. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement.

Directors

PF Radebe (Chairperson)*, BP Malherbe (Chief Executive Officer), WJ Lategan (Managing Director), FJ Steyn, WA Joubert (Financial Director), W Williams, V Klein**, H Ntene**, R Patmore**, ME Gama**, HC Cameron**

* Non-executive # Independent

Registered office

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Sponsor
Grindrod Bank Limited

Auditors
PricewaterhouseCoopers Inc.

Transfer secretaries

Computershare Investor
Services (Pty) Ltd
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