CALGRO M3 2016 Integrated Annual Report

Building legacies,
Changing lives

Contents

Additional information

Various documents are available on the Calgro M3 website:

- *Sustainability Report*
- *75 Corporate Governance Principles*
- *Financial Statements for Calgro M3 Developments*

www.calgrom3.com

Contents

About this Report

Scope, Boundary and Assurance

The Calgro M3 Integrated Annual Report for the 12 months ended 29 February 2016 provides a review of the financial, social, environmental and governance performance of Calgro M3 Holdings and its subsidiaries. Through the use of an integrated reporting format, and application of globally recognised governance and sustainability reporting frameworks, this report aims to offer stakeholders a clear view of how Calgro M3's strategy, governance, performance and prospects – in the context of its external environment – leads to the creation of value over the short, medium and long term.

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 report, including all information that may be defined as "forward-looking statements".

Information presented covers all operating entities of the Group, including all subsidiaries, associated companies and joint ventures, unless otherwise indicated. All information is presented on the same basis as the Group's 2015 Integrated Annual Report in terms of the entities covered, the measurement methods applied and time frames used. The information provided covers all material matters relating to business strategy, risks and areas of critical importance to our stakeholders.

The integrity of the integrated annual report was overseen by the Board of Directors in conjunction with the Audit and Risk Committee. This was achieved by setting up appropriate teams, structures and processes to undertake the integrated reporting process and then performing a thorough review of the resulting document.

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The 2016 report comprises:

- A review of the Group and its financial, social, environmental and governance performance – pages 4 to 76
- Annual financial statements of the Calgro M3 Group and Calgro M3 Holdings Limited on pages 80 – 160. The financial statements are prepared and presented in accordance with International Financial Reporting Standards (IFRS) and the Companies Act 71 of 2008 (as amended) in South Africa

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The report is guided by:

- The King Code of Governance Principles for South Africa (King III)
- Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines including, where possible, the Construction and Real Estate Sector Supplement. The content of this report is self-declared at GRI 4. The scope of GRI on sustainability issues and performance is specific to Calgro M3 only and does not refer to any subcontractor, joint venture, associate or partnership unless specifically stated. The GRI Index can be found on page 170.
- The Companies Act 71 of 2008 (as amended)
- JSE Listings Requirements

- We aim to provide all stakeholders with a balanced, clear and transparent understanding of our business and how we create sustainable value
- Stakeholders are invited to actively participate by sending questions, comments and concerns to: info@calgrom3.com

2015 - Fleurhof again awarded best FLISP project of the year, best social housing project and best integrated project of 2015 at the provincial Govan Mbeki Awards

Queries regarding this Integrated Report or its content should be addressed to:
Wikus Lategan (MD)
or
Waldi Joubert (FD)
Tel: 011 300 7502

Materiality

Only material information is presented in this report.

Materiality has been determined by taking both quantitative and qualitative aspects into account. The determination of materiality necessarily requires prudent judgment to be exercised.

- For financial information, materiality is based on whether the item is of such significance that it could affect financial decisions made by providers of capital to the Group (current and potential). Both the amount and nature of an item is considered.
- For non-financial information and the identification of capitals and stakeholders, materiality is based on whether an item, resource or stakeholder is of such significance that it can prevent the Group from achieving its return on equity target (30%) over the short, medium and long term.
- Calgro M3's external communication philosophy is based on achieving full alignment between internal and external financial reporting in respect of both content and format. The only exception is the exclusion of detailed information that might prejudice Calgro M3's competitive position in the market.

Independent Assurance

PricewaterhouseCoopers (PwC) has been engaged to provide independent assurance on the Group Consolidated Financial Statements. PwC's audit opinion on the annual financial statements can be found on page 90.

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 that 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.

Board Responsibility Statement for the Integrated Annual Report

The Board of Directors acknowledges its responsibility in ensuring the integrity of the Integrated Report and has evaluated its preparation and presentation accordingly. In the opinion of the Board, this Integrated Report has been prepared to address the material matters pertaining to the long-term sustainability of the Group and fairly presents the integrated performance of the Calgro M3 Group and the impacts thereof.

Pumla Radebe
Chairperson
10 May 2016

Ben Pierre Malherbe
CEO

2015 – named SA's best performing stock over 5 years by Bloombergs

An Overview of Calgro M3

Our turnkey strategy gives Calgro M3 greater control over cost, quality, execution and risk

Turnkey Property Developer

Calgro M3, as the market leader in the integrated development segment of the residential market and the development of Memorial Parks, continues to play a leading role in the delivery of housing in line with Government's targets, which have been set to eradicate informal settlements and provide housing to South African citizens. A turnkey approach is adopted – this includes being land owner, developer and contractor with internal professional services and project management capacity.

With this approach, the Group's dependence on external parties is reduced, as is the number of role players in the value chain. This enables the Group to enter the market with a well-priced product without compromising quality. This approach gives the Group flexibility to control the pace of development in adapting to changing market drivers.

The Group's vision is long-term and the focus is on remaining flexible and agile. The ability to adapt to the demands and challenges of the environment in which the Group operates, including evolving social, economic, political and environmental imperatives, provides the agility to realise its vision. For Calgro M3, establishing sustainable business practices starts by recognising the broader responsibilities as an organisation in society. The Group strives to enhance its product offering, setting new standards for sustainable integrated developments, to the benefit of all stakeholders, including the communities in which it operates.

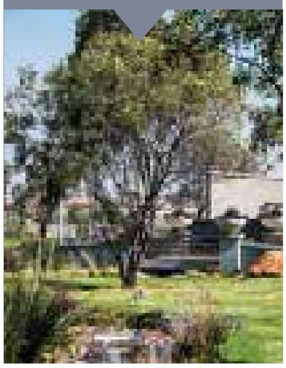
Calgro M3 is a turnkey residential property and Memorial Parks developer

- Primary focus is on the lower end of the market
- the Company specialises in:
  - large-scale integrated mixed-use projects; and
  - the development of Memorial Parks

Calgro M3's main aim is to lead and assist the South African property industry to change and adapt traditional social structures, hampering the delivery of sustainable housing solutions and increase the availability of quality burial sites

Integrated housing developments*

Memorial Parks



** Currently the majority of revenue comes from Integrated Housing Developments as the Memorial Parks business is still in an infancy phase*

2014 – Fleurhof project awarded Govan Mbeki Award for Informal Settlement Upgrade Project of the year

2016 at a Glance

Financial Highlights

Combined revenue up 38.10% to R2.3 billion

Basic EPS up 33.25% to 152.77 cps

HEPS up 26.68% to 138.96 cps

NAV up 41.83% to R821 million

Secured pipeline R27 billion (2015: R19 billion)

30% Return on Equity has been achieved

Non-Financial Highlights

Concerted effort to move towards Energy Conserving Homes. These homes are defined as including some or all of the following:

LED lighting, solar-powered, gas geysers and appliances, fully insulated ceilings, aerated shower heads, rain water harvesting and/or recycling systems.

Number of Energy Conserving Homes built:

2016: 1 507

2015: 1 118

2014: 860

Taking energy-efficient heating to the next level - To complement the use of heat pumps, gas geysers and induction geysers, the Group launched a project aimed at the low-income residential market that makes use of gas reticulation for heating and cooking.

Additional information available in the full Sustainability Report at www.calgrom3.com

Calgro M3 again created in excess of 5 000 job opportunities on its sites in the period under review. This is in line with Government's job creation drive and despite difficult trading conditions.

Corporate Social Investment (CSI) spend:

2016: R6.1m

Training spend amounted to R4.4m

B-BBEE Level 3 contributor

A number of initiatives were undertaken to meet the new B-BBEE codes. An internal action committee was formed, which has broad participation from the Group and includes members from various management levels. A full-time Employment Equity and CSI Manager has been appointed.

*Calgro M3's B-BBEE initiative was enhanced through an **Empowerment Trust and its Broad Based Employee Share Ownership Scheme** (Calgro M3 ESOP), demonstrating its commitment to enhancing B-BBEE for all stakeholders and complying to the full BEE scorecard.*

Commence construction on site of top structures

Management, staff and shareholder interest aligned through various long-term incentive scheme

Fleurhoff acquisition completed providing the Group with additional
- **Flexibility**
- **Control**
- **Synergies**

Successful roll-out (converting) of pipeline ensured 12 of 17 projects have broken ground*

Zero fatalities across all construction sites

** Breaking ground - commences with activity on site*

2014 - Fleurhof project receives Govan Mbeki Award for best FLISP housing project of the year in Gauteng

Five-Year Financial Review

(Rands)	2016	2015	2014	2013	2012
Group income statement					
Revenue	**1 204 063 379**	932 204 729	784 942 989	798 394 052	514 913 160
Gross profit	**251 546 652**	174 871 192	112 989 404	147 958 530	79 514 647
Gross profit %	**20.89%**	18.76%	14.39%	18.53%	15.44%
Operating profit	**160 166 678**	83 801 167	52 850 634	89 373 753	43 218 758
Share of profit of joint ventures and associates - net of tax	**67 233 693**	86 826 674	86 826 674	29 405 992	34 326 274
Profit before tax	**239 274 839**	168 149 043	115 214 661	117 240 277	77 935 723
Profit after tax	**193 184 722**	145 629 071	105 695 319	91 303 538	65 380 048
Basic earnings per share (cents)	**152.77**	114.65	83.16	71.84	51.44
Headline earnings per share (cents)	**138.96**	109.69	83.16	71.84	51.44
Net asset value per share (cents)	**645.00**	455.30	340.72	257.56	185.72
Tangible net asset value per share (cents)	**519.87**	423.06	314.77	231.75	159.82
Group balance sheet					
Inventories	**453 093 324**	498 089 210	385 826 228	264 579 692	249 305 202
Construction contracts	**910 736 977**	198 211 436	179 486 749	139 250 724	85 459 296
Net cash position	**80 070 805**	130 565 085	62 892 583	198 342 958	103 690 964
Retained income	**676 923 496**	482 747 300	337 031 142	231 335 823	140 032 285
Borrowings	**538 463 465**	492 131 943	470 929 440	299 889 542	225 111 270
Trade and other payables	**342 786 896**	221 637 558	156 056 986	153 155 913	113 541 488
Group cash flows					
Cash generated from/(utilised in) operations	**101 798 886**	148 294 416	(252 754 959)	49 486 223	69 829 415
Tax paid	**(16 878 792)**	(20 380 552)	(5 183 498)	(16 553 902)	(11 634 136)
Net cash generated from/(utilised in) operating activities	**35 511 468**	79 176 947	(291 953 186)	12 585 354	39 276 482
Net cash (invested in)/from investing activities	**(140 533 629)**	(25 576 428)	(16 090 602)	8 268 506	(16 243 150)
Net cash from financing activities	**54 527 882**	14 071 983	172 593 413	73 798 134	69 744 612
Net (decrease)/increase in cash and cash equivalents	**(50 494 280)**	67 672 502	(135 450 375)	94 651 994	92 777 944
Cash and cash equivalents at the beginning of the year	**130 565 085**	62 892 583	198 342 958	103 690 964	10 913 020
Cash and cash equivalents and bank overdraft	**80 070 805**	130 565 085	62 892 583	198 342 958	103 690 964
Financial ratios					
Return on equity	**32.52%**	33.73%	31.30%	32.41%	31.00%
Return on net assets	**23.57%**	25.17%	39.14%	44.45%	26.83%
Return on net tangible assets	**29.24%**	27.08%	26.42%	31.00%	31.25%
Current ratio	**2.00**	1.45	1.43	1.44	1.43
Market capitalisation at year-end - ordinary shares	**2 676 210 228**	1 689 159 000	874 448 000	653 294 000	546 530 000

2014 - Fleurhof project receives Govan Mbeki Award for best housing project of the year

Our Markets and Products

Property Development

Integrated Housing Developments

The Group's integrated development model with respect to housing development is based on the principle of seamlessly bridging the gap between the subsidised market segment, social housing, rental, GAP and the affordable market segment by providing housing, schooling and community facilities for all levels of income earners within one integrated community. **Calgro M3 provides homes, not houses, in a constant drive to change lives and provide South Africans with a lifestyle.**

The integrated development model offers homeowners a platform to improve their property according to their financial capability, whilst remaining in the same community. This enhances social upliftment by retaining role models in the community, thereby leading to more sustainable integrated suburbs.

Renewed commitments have been made by Government to ensure that developments include all social classes to promote social cohesion.

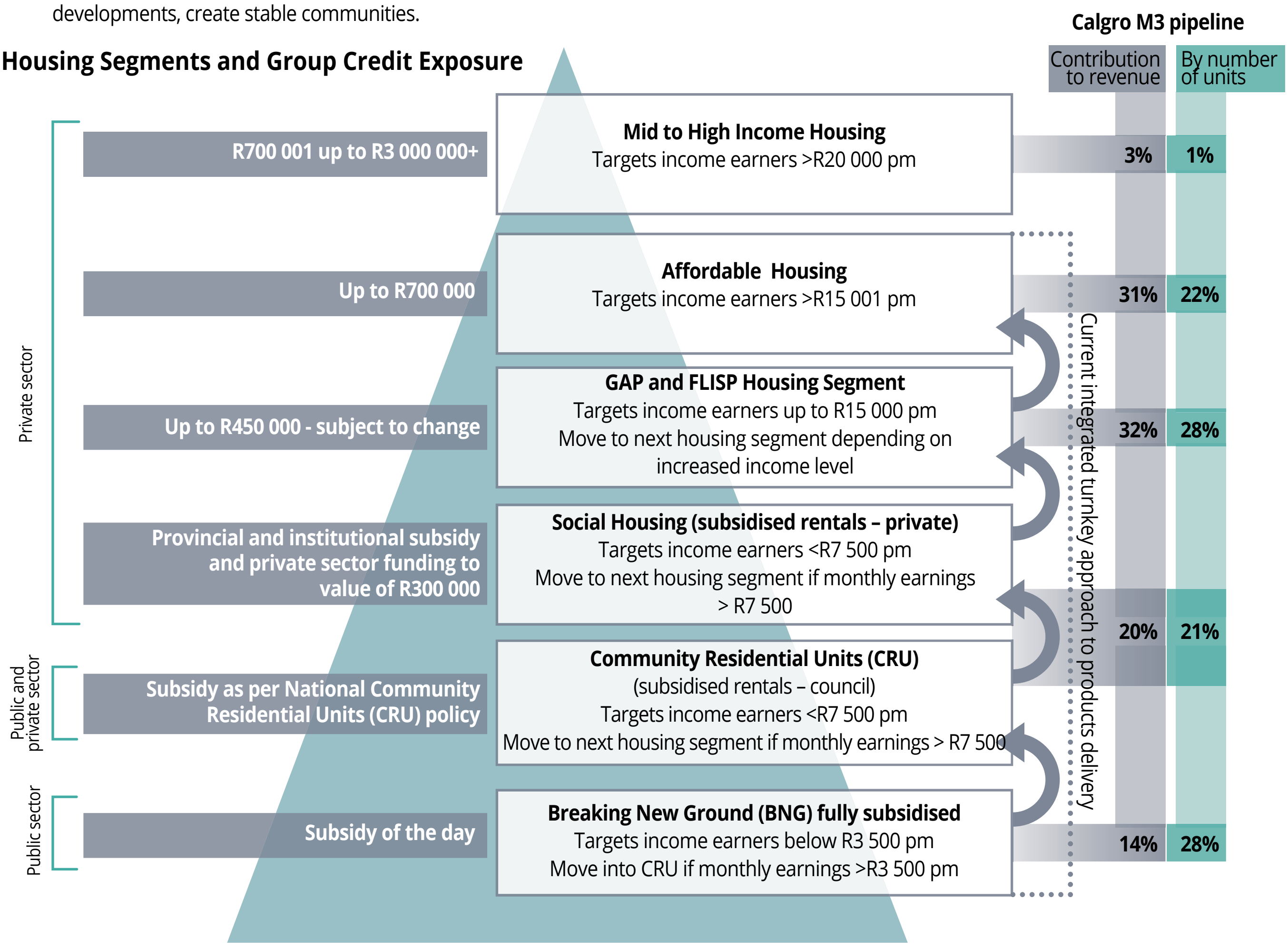
The Group is in the fortunate position of being responsive and flexible and able to switch between the provision of housing solutions based on demand and is then less exposed due to the opportunity cost basis when affordability declines.

Integrated developments offer consumers a range of options of tenure, providing ownership and rental opportunities. The wide range of housing types caters for various income levels, targeting income earners from below R3 500 up to R15 000+ per month (combined income). People of different income segments within the same developments, create stable communities.

As Government focuses on catalytic and mega projects, the Calgro M3 turnkey model is perfectly positioned to ensure sustainable developments

Read more about catalytic and mega projects in the Chairperson and CEO report on pages 33 - 38 of this Integrated Report

Housing Segments and Group Credit Exposure



2014 - Fleurhof - Govan Mbeki Award (National) for Best Housing Project

Housing Types

- **Mid to High Income Housing** – Full and sectional title residential units aimed at home owners in the bonded market, outside the Financial Services Charter (FSC) *.
- **Affordable Housing** – Full and sectional title residential units aimed at home owners in the bonded market regulated by the FSC.
- **GAP Housing** – Grassroots Affordable Peoples' Homes cater for people excluded from the subsidised programme but with incomes too low to qualify for traditional affordable homes.
- **FLISP Housing** – Finance Linked Individual Subsidy Programme. The product was introduced when the affordability level to qualify for subsidised housing was removed, allowing people previously disqualified based on income, to qualify for a partly subsidised home.
- **Social Housing** – Social Housing is a rental or co-operative housing option, of subsidised rentals owned by section 21 social housing institutes.
- **CRU Housing** – The Community Residential Unit programme comprises subsidised rental units owned by the public sector.
- **Breaking New Ground (BNG) fully subsidised** – providing fully subsidised units to qualifying South Africans (updated version of Reconstruction and Development Programme (RDP) housing).

** In October 2014, a Social Contract was entered into with banks and insurance companies under the leadership of the Minister of Human Settlements, Lindiwe Sisulu. This followed from the Financial Services Charter and the Comprehensive Plan for the Development of Sustainable Human Settlements adopted by all stakeholders in 2005, to extend housing finance on a sustainable basis to low-income borrowers.*

Memorial Parks

A recent addition is the development of Memorial Parks. The concept originated from the need to find alternative uses for large portions of Calgro M3-owned land, not suitable for residential purposes or other commercial use, in integrated housing developments. Calgro M3 is pursuing Memorial Parks instead of traditional cemeteries to add value to existing developments and introduce an alternative secure, dignified burial option.

In this endeavour Calgro M3 is making a difference by establishing energy-efficient Memorial Parks with no dependency on the national electricity grid, for the operation of offices, chapels, lighting and security.

What is a Memorial Park?

Professionally managed and maintained

A sense of an accessible park rather than a burial site

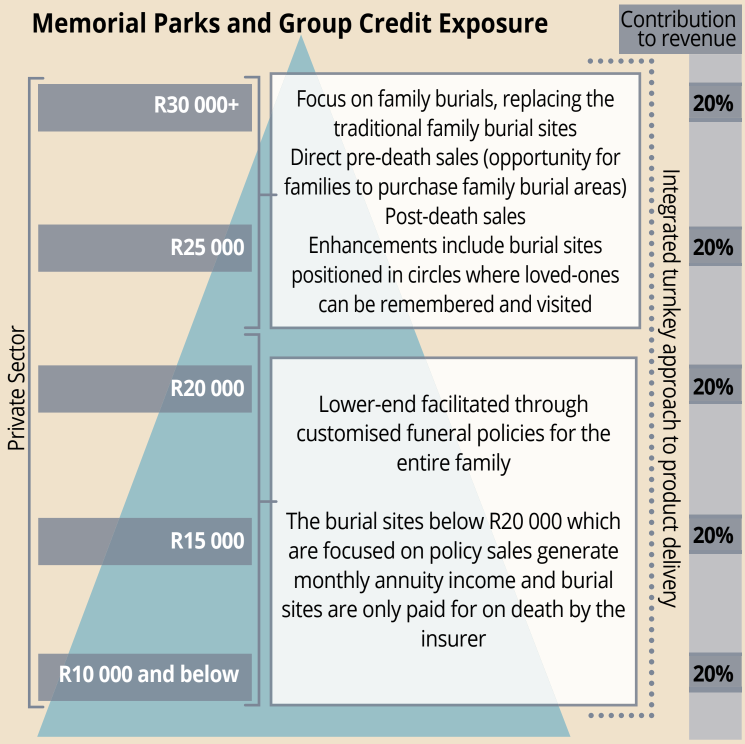
Privately owned and/or managed

State of the art security

Suitable for all denominations

Complements the offering and services of traditional municipal cemeteries

Memorial Parks and Group Credit Exposure



Within this product line, Calgro M3 will focus on land development of the site and superior services will include:

- Burial sites;
- interment - opening and closing;
- access to chapel and other amenities;
- world-class security;
- perpetual maintenance;
- tranquil look and feel;
- family burial plots; and
- pre-secured burial site space

At present this product is still in its infancy and contributed only 0.1% revenue to the Group. The reason sales have already commenced is to test market acceptance and create brand awareness. All construction work at the Nasrec Memorial Park will be completed by the end of May 2016. It is envisaged that Memorial Parks will start producing a return on investment during the current financial year.

2014 – Jabulani CBD project receives Govan Mbeki Award for Social Housing Project of the Year

Delivery Through our Capitals and Turnkey Approach

Since 1995, Calgro M3 operated as a residential property developer. Projects are delivered in a combination of BNG housing, CRU units, rental, GAP and FLISP housing, social housing, open-market affordable housing, mid-to-high income units and retirement and lifestyle estates. During 2015 the Group ventured into the developments of Memorial Parks. End-to-end solutions, specialist business units and dedicated management focusing on high growth niche markets, ensure a deep pool of expertise.

The Calgro M3 business model consists of certain key elements:

- Key professional services are retained in-house;
- internal marketing division and capacity; and
- internal construction division.

All the above functions are implemented in an endeavour to provide a practical and cost-effective turnkey solution for the implementation of sustainable housing solutions. Through the delivery of quality affordable products, Calgro M3 remains a preferred development partner for the private and public sector, maximising value creation for shareholders. A "hands-on" flexible business approach provides the framework for the Group's strategy, facilitating a swift response to market demand and providing the Group with the ability to cater to the changing needs of clients and development partners.

The Group focuses not only on infrastructure, construction of houses and the physical environment – it helps build communities by providing people with the tools to prosper. For insight see Our Economic Sustainability (page 54), Our Communities (page 61), and Human Capital Management (pages 62 - 63) contained in the Abridged Sustainability Report as well as the full Sustainability Report which can be found on the website at www.calgrom3.com.

Furthermore, through integrated developments, Calgro M3 creates an environment that supports the wellbeing and development of sustainable communities. The needs, interests and concerns of stakeholders are vital to the planning and execution of its developments. The Group provides multiple forums for engagement (see the summary Understanding our Stakeholders on (page 52) to facilitate ongoing two-way communication.

Our turnkey approach affords Calgro M3 the opportunity to manage each aspect of an Integrated Development and Memorial Park and in this way, trap margin within the business

See further detail on the Calgro M3 pipeline in the Investment Case section on page 18 of this Integrated Report

Current pipeline of work amounts to ***R27 billion*** spread over approximately the next ***seven years***

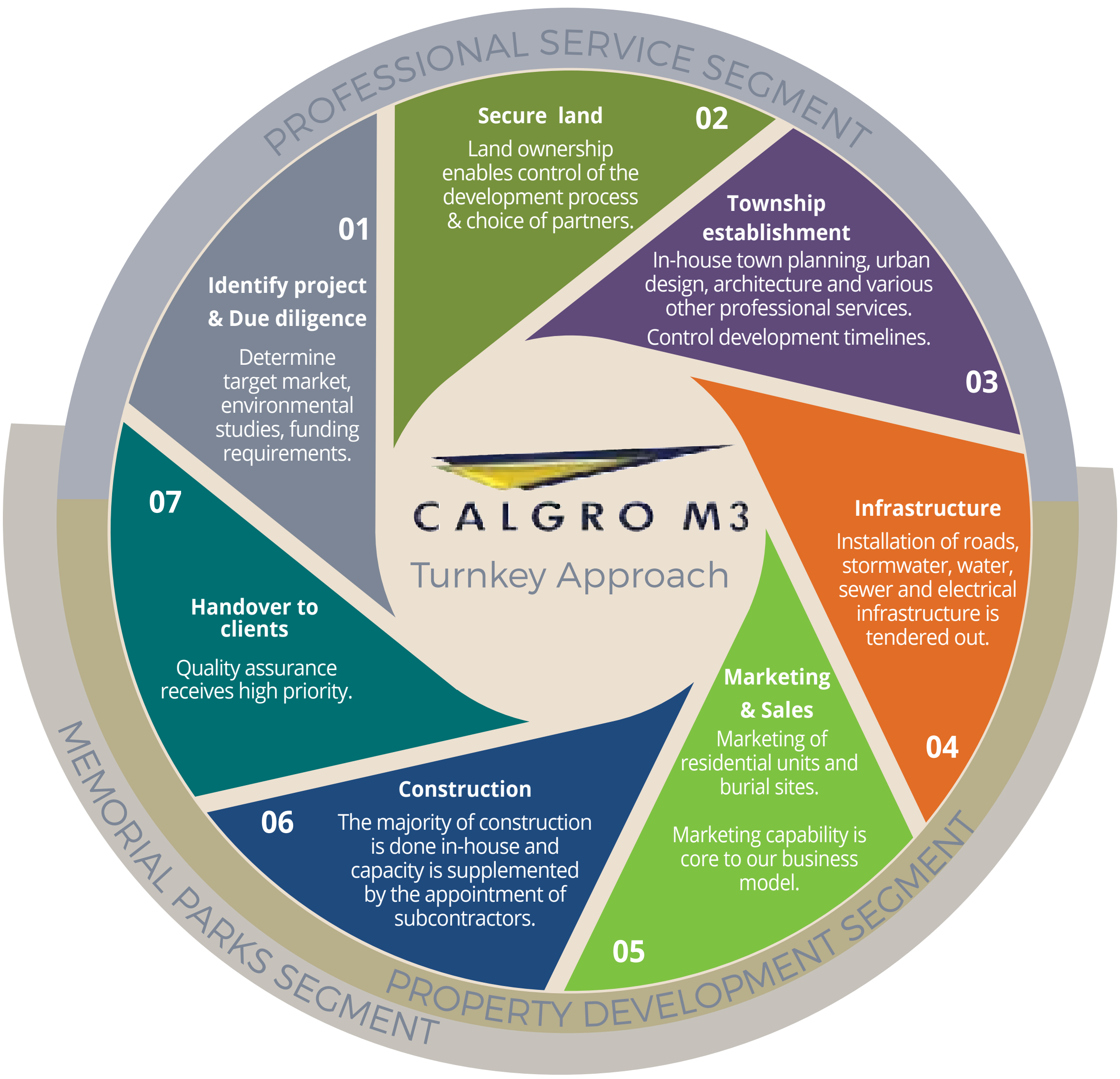
Calgro M3 specialises in Integrated Housing Developments and Memorial Parks, with sustainability at the core of policies that guide our business decisions

2013 and 2014 - Calgro M3 Holdings received merit awards from the Chartered Secretaries South Africa and the JSE Limited Awards for "The Benchmark for Integrated Reporting"

Our Capitals

INPUTS

FINANCIAL	INTELLECTUAL	HUMAN	SOCIAL & RELATIONSHIPS	MANUFACTURED	NATURAL
• *Retained profit & equity* • *Debt structure* • *Grants & other incentives*	• *Various in-house professional teams* • *Information services* • *Project management*	• *Community development & involvement* • *Culture of providing quality housing across South Africa* • *Values & essence* • *Active skills development*	• *Stakeholder relationships* • *Health & safety* • *Skills development & training*	• *Land development* • *Construction capacity*	• *Land* • *Water* • *Energy source*



OUTPUTS

FINANCIAL	INTELLECTUAL	HUMAN	SOCIAL & RELATIONSHIPS	MANUFACTURED	NATURAL
• *Profitability for shareholders* • *Taxation paid* • *Financial reporting*	• *Goodwill* • *Sustainable developments* • *Empowering skills* • *Retain talent*	• *Excellent stakeholder relations* • *Skills retention*	• *Community development* • *Assistance to Government*	• *Housing development for the nation* • *Memorial Parks* • *Community cohesion*	• *"Green" houses* • *Solar solutions* • *Water harvesting and management systems* • *Sustainable land greening and development*

Our Strategic Priorities

Calgro M3's strategic priorities across the short, medium and long term are set out below:

Short-term strategy	Medium-term strategy (3-5 years)	Long-term strategy (6 years+)
▮ Promote Broad-Based Black Economic Empowerment ▮ Reduce and contain the environmental impact of Group operations ▮ Utilise capacity created during the last 18 months ▮ Sustain growth at a controlled level to preserve cash for opportunities ▮ Increase exposure in existing performing projects (risk is lower for existing vs new projects) ▮ Reduce and contain overheads by improving efficiencies ▮ Reduce interest bill by trading out current non-contributing assets ▮ Diversifed exposure between clients continue to be monitored closely ▮ Implement Calgro M3 Information System (CIS) to reduce dependency on key personnel ▮ Enhance mutually beneficial relationships with stakeholders ▮ Ensure that the Memorial Parks business contributes towards return on investment	▮ Promote Broad-Based Black Economic Empowerment ▮ Focus on the implementation of secure projects rather than securing new projects ▮ Marketing capacity increased to keep pace with the Group's ability to deliver serviced stands ▮ Internal construction capacity complemented by the appointment of reputable subcontractors while maintaining quality ▮ Continuously improving product offering and refining integrated development principles ▮ Reduction in interest charges to be prioritised ▮ Set the benchmark for the development of Memorial Parks in South Africa	▮ Promote Broad-Based Black Economic Empowerment ▮ Establish Calgro M3 as the preferred partner to private sector and public sectors with regard to Integrated Developments ▮ Assist Government in the improvement of service delivery and the eradication of the housing backlog ▮ Establish Calgro M3 as the market leader in the development of Memorial Parks ▮ Ensure sustainable returns to shareholders and stakeholders ▮ Differentiate through quality products and superior service ▮ Retain status as "developer of choice" ▮ Grow the Group in a sustainable way ▮ Ensure sustainable returns to shareholders ▮ Create employment opportunities and suitably reward personnel ▮ Develop mutually beneficial relationships with all stakeholders

Drivers:

- **Residential developments**
  - Maximise return on existing projects
  - Increase focus on diversification between contributing projects, provinces and clients (paymasters)
  - Continued focus on affordability
  - Continue investigations into alternative building methods and greening initiatives
- **Memorial Parks**
  - Establish the Memorial Park brand
  - Build relationships with all role players in this market sector
  - Enhance insurance and annuity income products to enable development on scale
  - Increase direct sales

1995 – Calgro established by Derek Steyn and Deon Steyn, later joined by brother Douw Steyn

Operating Environment

The Group operates in an environment supported by both the public and private sectors. This market is driven by the critical need for housing and the lack of delivery.

See additional details and reference to this market on page 8 and 9 of this Integrated Report

Housing Market

Calgro M3's target market is not driven only by investment but also by the need for housing, of which there is a dire shortage in South Africa. The South African low-cost housing market bears the following statistics:

Table 1	1994	2015
Housing backlog	1.5 million	2.1 million
Informal settlements	300	2 225
Housing subsidy (BNG)	R12 500	R160 500

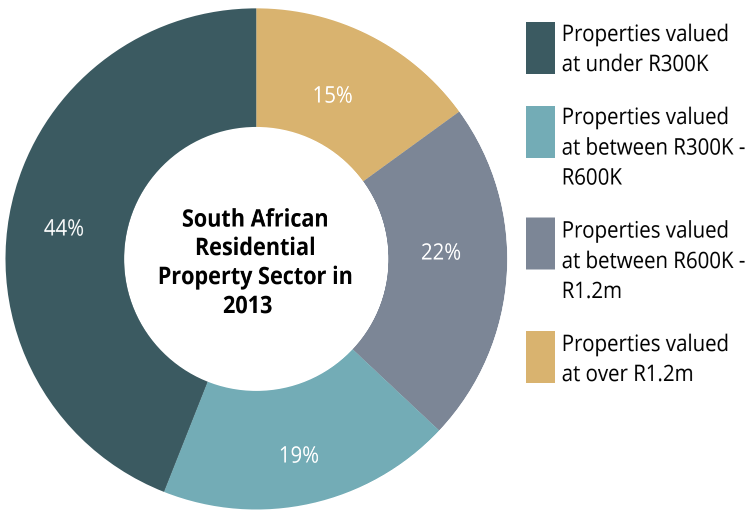
Source: South African Institute of Race Relations, No 4 2015/16 October 2015/Issue 20 ("IRR" report)

In 1994 the newly-elected Government embarked on a policy to ensure all South African residents were able to realise their constitutional right to access adequate housing. This was implemented through the Reconstruction and Development Programme (RDP). The initial homes were small, 20-30m^2, and Government expected to catch up the backlog in a short period of time (approximately five years), with a delivery goal of 350 000 units per annum, according to the Institute of Race Relations Report.

Government was criticised for the quality of the homes, the backlog grew due to households splitting up, contractors defaulting, poor quality homes being built, and a general lack of monitoring and control for the vastness of this endeavour. In 2004 a revised housing policy, Breaking New Group (BNG) was introduced, a format which included a 40m^2 house. This includes two bedrooms, bathroom, a living area and kitchen combined.

The massive need for suitable housing, in a secure environment, with appropriate infrastructure and close to places of work, is the market in which Calgro M3 excels in housing developments

This graph from the *Centre for Affordable Housing Finance in Africa and the Estate Agency Affairs Board,* shows that 44% of the total residential market, estimated to be worth R5.2 trillion, is made up of lower cost housing. Research shows rapid growth in the lower end of the market. Some 63% of the residential market is made up of properties valued at less than R600 000. It is this and the lower end of the market which are driving growth (due to exceptionally high demand) and the fact that a title is created, which then becomes a form of wealth that can be taken to a financial organisation creating value in the property chain.



Source: Centre for Affordable Housing Finance in Africa and the Estate Agency Affairs Board

2000 – M3 Developments established by Ben Pierre Malherbe and Brand Malherbe

Government Commitment to Growth Driven by Demand

From the data in Table 1 on page 13, it can be seen that the housing subsidy has increased by some 1 200% since 1994. In 1994 the housing subsidy accounted for 1% of gross domestic product (GDP). In the 2015/16 budget, expenditure on housing amounted to 3.7% of GDP. This exceeds expenditure on social grants. It is Calgro M3's experience that Government will continue to allocate spending on housing in an election year. Although consumers in this segment of the property market are poor, they are entitled to well-built houses, which conform to specified requirements and which are close to places of work. However, in the new financial year Calgro M3 expects expenditure to come under pressure due to the current local and foreign economic environment.

In the Minister of Finance's budget speech for 2016, assurance was given that Government is serious about investment in cities "creating opportunities for participation of developers and other partners in housing, infrastructure and commercial development". Calgro M3 continues to nurture relationships with stakeholders to ensure goals are aligned. In the current budget, R62 billion has been allocated for housing subsidy programmes and a further R34 billion for bulk infrastructure and residential services in metropolitan municipalities.

60% of the market in which Calgro M3 operates, lies within the eight large metro's across South Africa. This supports Calgro M3's strategy of focus on these metro's and details of this can be seen in our Geographic Footprint on page 28 of this Integrated Annual Report Calgro M3's strategy is further supported by the rapid urban growth.

New players continue to enter this market. However, barriers to entry are increasing as the scale of projects as envisaged by Provincial and National Government increases, excluding smaller players. Prospective new entrants are further affected by the lack of finance available for land acquisition and the financial requirement to implement projects of scale.

In Gauteng, various new projects of scale are in the planning process, and in 2016 it is expected that projects will be brought to market in line with the mega projects strategy of Provincial Government by a combination of new entrants and experienced developers. The acquisition of the Leratong development after year-end is an example in point, where Calgro M3 together with McCormick Property Development and Sasuka, have joined forced to provide some 12 000 residential units.

The Group is confident that its turnkey approach, lessons learnt with regard to the implementation of large-scale projects, and experience in identifying, managing, building and running high-density projects will serve it well as activity increases.

Interest Rate Cycle

The interest rate cycle, which in March 2016 was increased by a further 50 basis points, has a limited effect on lower end market sales. What happens, is that a client who previously qualified for a 56m^2 house, may now qualify for a slightly smaller 55m^2 house, based on affordability. What should be pointed out is that with each interest rate adjustment the new home owner takes time to process the adjustment. Housing in South Africa is a necessity and not a luxury in this segment of the market, and although time is taken to consider the impact of the change in the interest rate, a decision to buy is ultimately based on a dire need of quality, affordable, secure housing together with tenure of ownership.

An evolving set of social, economic, political and environmental imperatives affecting the interest rate requires the Group's skillful response.

Marketing

The current market demand, which guides the Group's marketing strategy, amounts to 1.5 million units. Calgro M3, through its relationships with the private and public sectors, has exposure to various market segments that are continuously monitored and adjusted to cater for changing demand.

The approach of partnering with the private and public sectors assists the cities in which Calgro M3 operates, by creating rate payers. Calgro M3's product range caters to a cross section of the population, from those people who cannot afford a house, but who qualify for a fully subsidised home, to the various income bands from there, through to subsidised rentals and finally to the upper-end bonded market. Given this involvement, Calgro M3, over the past two decades of operation, has learnt to understand the cycles of housing delivery and is able to adjust its focus and exposure to the sector and housing products it has to offer.

A careful balance between public and private sector exposure is maintained. Public sector cycles are taken into account with an emphasis on Government's need to deliver subsidised housing to meet electoral pledges (which results in higher exposure to fully subsidised units); and its drive for delivery of bonded properties to increase the tax base.

> "Over the next three years, Government and state-owned companies have committed R865.4 billion for investments in housing, roads, rail, public transport, water, electricity and community infrastructure."
>
> Budget review, 2016, National Treasury

2001 – The Steyn brothers, Derek, Deon and Douw, joined forces with the Malherbe brothers to take on a residential development in Gauteng – Calgro M3 Developments is born

Memorial Parks

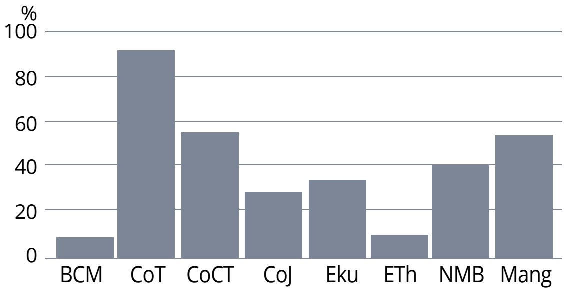
Worldwide, religion and cultures provides important guidance for social attitudes and protective approaches of communities towards the environment, as noted the 2012 study conducted by the South African Local Government Association. Attitudes and views on religion, in a sense, determine the shape of cemeteries as well as the form and content of burial. Each religion has a different approach.

It is clear that opportunities exist in the establishment of Memorial Parks across South Africa as indicated in the following graphs.

City Parks in Johannesburg are encouraging residents to consider other options of commital. Of Johannesburg's 35 cemeteries, 27 are full. They are known as 'passive cemeteries' as they are still able to accommodate second and third burials. Certainly, newer alternatives and options have to be investigated, but sometimes are not culturally acceptable.

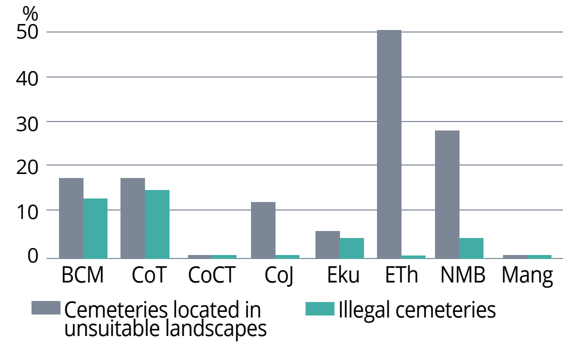
In 2012 a study was conducted by the South African Local Government Association into the state of cemeteries in South Africa. The graphs below show that cities are in dire need of suitable land for cemeteries. Most municipalities have less than 50% of cemeteries with capacity for additional burials. Apart from the high demand for in-ground burial that has caused this, other cemeteries are located on unsuitable land.

Cemeteries' remaining capacity for in-ground burial



Source: 2012 study by South African Local Government Association

Problems with current cemeteries

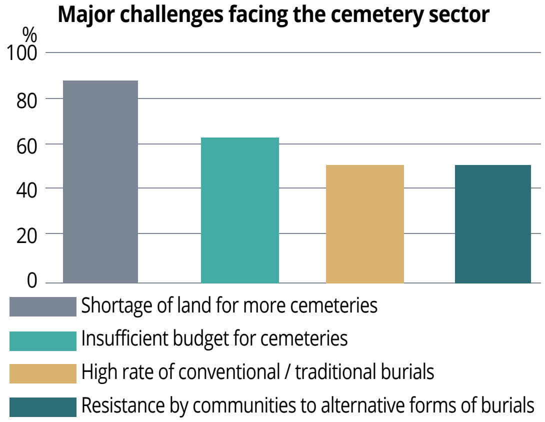


Source: 2012 study by South African Local Government Association

BCM - Buffalo City | CoT - City Of Tshwane | CoCT - City of Cape Town | CoJ - City of Johannesburg | Eku - Ekurhuleni | Eth - eThkweni | NMB - Nelson Mandela Bay | Mang - Mangaung

The challenges of a shortage of land and informal and illegal cemeteries (as indicated in the graph below), have been exacerbated by insufficient budget for cemeteries, the high rate of conventional and traditional burials as compared to other methods of interment and resistance by communities to adopt alternatives to burials, such as cremation or recycling of burial sites, among others.

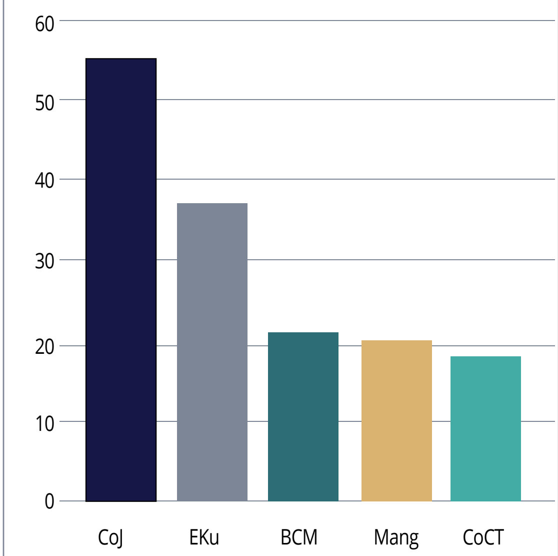
Major challenges facing the cemetery sector



Source: 2012 study by South African Local Government Association

Cemetery services are heavily subsidised by municipalities as revenue generated from this sector is significantly low compared to the total budget allocated. Only the City of Joburg (CoJ), with particular reference to 2011/12 financial year as shown (see graph on right) generated revenue of above 50% of the total budget. Budgetary constraints, undoubtedly impact on the ability of the municipalities to purchase land for extending existing or building new cemeteries, as well as maintenance of both operating and fully capacitating municipalities. This exacerbates challenges of informal and illegal burials among other land shortage related problems.

Revenue generated as a percentage of budget allocation



Source: 2012 study by South African Local Government Association

CoJ - City of Johannesburg | EKu - Ekurhuleni | BCM - Buffalo City | Mang - Mangaung | CoCT - City of Cape Town

2002 – The Group completes its first 1 000 houses aimed at the affordable market, diversifies into mid to high income residential market

Our Key Risks

Risk	Risk Category	Mitigation Strategies	Company Specific Actions
Macro Environment and Impact on Projects	Operational and Financial	• Regular consideration of current economic factors, demographics, legal, political and social conditions, technological changes and social conditions	• Consideration of economic factors when pursuing new projects or extending current projects • Consideration of the financial means of communities to participate in projects and the social conditions relevant to these communities • Consideration of technological changes on a regular basis • Consideration of changes in legislation on a regular basis • Ensuring compliance with current and changing legislation • Maintaining relationships and an open channel of communication with debt providers
BEE Compliance	Strategic	• **First priority** is to address management representation. Management implemented structures to ensure new appointments will increase representation of all groups • **Second priority** is to address ownership / shareholding	• First priority: First senior appointment (EXCO level) was made. Second senior appointment was made – project feasibility manager CA(SA) – as part of succession planning • Appointment of qualifying personnel on all levels to be pursued • Enhancement of the training of identified existing staff • Second priority: A minimum of 40% effective empowerment shareholding was secured by establishing the Employee Share Scheme Trust and the CM3 Empowerment Trust
Exposure to Government, and Associated Current Political Instability	Strategic, Financial and Reputational	• Manage exposure • Specific hands-on management by senior staff members	• Regular monthly review of all exposures, compared to other exposures • Monitoring of cash flow • Maintaining a neutral position with regard to political parties

2007 – Lists on the Alt X board of the JSE as a developer specialising in the mid to high income segment of the market

Risk	Risk Category	Mitigation Strategies	Company Specific Actions
Cash Flow/ Liquidity	Financial	• No dividend declared • Cash retained on balance sheet (war chest) • Bond Exchange facility closely monitored to ensure covenants adhered to • Early settlement of a portion of bond instruments maturing in 2016 to reduce impact of repayment in uncertain times • Provisional facility with financial institution	• Single point cash flow control • Strict budgets and budget approvals • Capital expenditure planning by Exco and supported by Manco • Strategic decision to prioritise the implementation of existing projects rather than securing new projects to assist with capital requirements
Retention of Staff	Operational	• Market related or slightly above market related remuneration is paid to retain key personnel • External appointment of senior personnel to complement internal promotions • In-house training of identified junior personnel • Defined career paths to be discussed with identified key individuals • Transparent succession planning throughout the Group	• Short-term incentive scheme implemented for senior/key personnel • Share Appreciation Rights Scheme replaced with an Executive Share Incentive Scheme and expanded to include all senior management • Imbalance in salaries on junior level rectified • Key personnel identified and incentivised accordingly • Creating a pleasant working environment • On-going staff surveys to establish staff morale and identify other important issues and suitable timeous feedback from management
Capacity	Operational	• Management capacity increased by strategic appointments and skills transfer • Capacity on departmental level addressed to relieve pressure at Department Head level while addressing succession planning • Departmental support functions closely monitored with regard to capacity • Marketing capacity to be expanded to ensure that construction capacity can be fully utilised • Planning department capacity increased for new projects as well as implementation of projects • Construction capacity to be maintained and expanded when required	• Report back to Board during strategic sessions • Manco structure established to enhance and fast track skills transfer • Construction capacity supplemented by reputable external contractors • Appointment of project accountant to assist with feasibilities and streamline interaction between operations and accounting departments during implementation
Uncontrolled Growth	Strategic	• Strict Board and stakeholder supervision and advice	• Exco reviews cash flows and controls monthly • All new projects approved by Exco with the support of Manco • Continuous capacity building
Reputational Damage due to Sub-Standard Work	Reputational	• Construction capacity retained in-house in order to "step in" should the need arise • Maintain relationship with NHBRC as watchdog for the industry • Appointment of reputable external contractors, suitably qualified and capable of delivering quality products within stipulated time frames	• Good internal controls • Good relationship with appointed professional team • Excellent quality controls in-house

2008 – Embarks on its first integrated residential project, namely Pennyville Ext 1

The Calgro M3 Investment Case

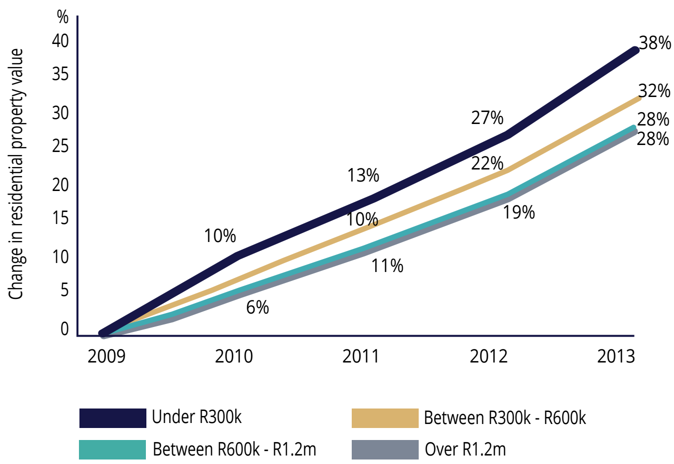
As previously mentioned in this report, the housing backlog in South Africa remains significant. Mixed-income integrated residential developments provide a solution to the development of sustainable communities as they incorporate socio-structures such as health, education, municipal and sporting facilities. This is Calgro M3's primary market.

South Africa's BNG housing backlog is estimated to be in excess of **2.1 million houses**. Government wants to eradicate this backlog by 2030 and has introduced a number of new subsidy models to achieve this **(FLISP, GAP, CRU, etc.)**

About four million South African households fall into the **GAP** and **Affordable** market where there is demand for homes of R300 000 to R700 000. Estimates put the shortage in the market at 1.5 million units, **growing by 100 000 units a year**

The graph below indicates that within the eight metro's in South Africa, property values have increased more slowly than property values across the rest of the country. The blue and yellow lines depict property values under R300 000 and R600 000 where value has grown much faster, by 38% and 32% respectively, a result of demand and supply. According to the Centre for Affordable Housing Finance in Africa, *"The growth of property value outpaces interest on savings, salary increases and most businesses and shows homeownership is among the most powerful way of moving up the economic ladder."*

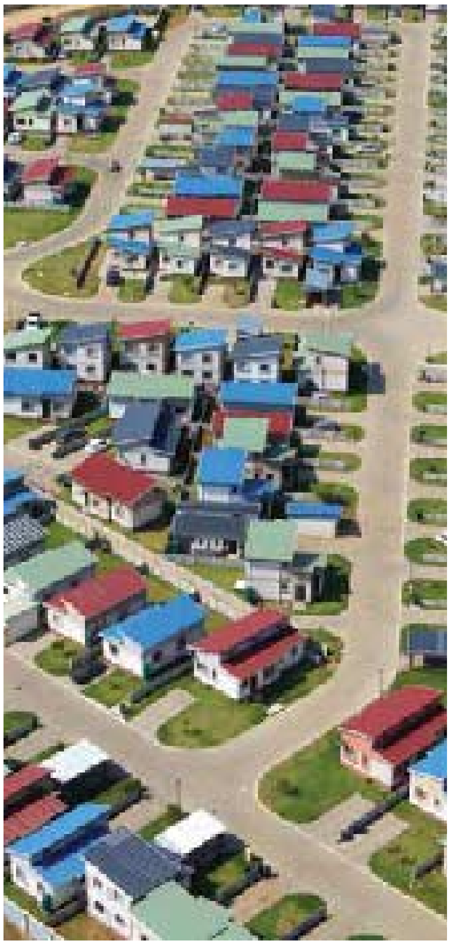
Percentage change in value of Residential Properties from 2009, eight major metro's by market segment



Source: Centre for Affordable Housing Finance in Africa and the Estate Agency Affairs Board

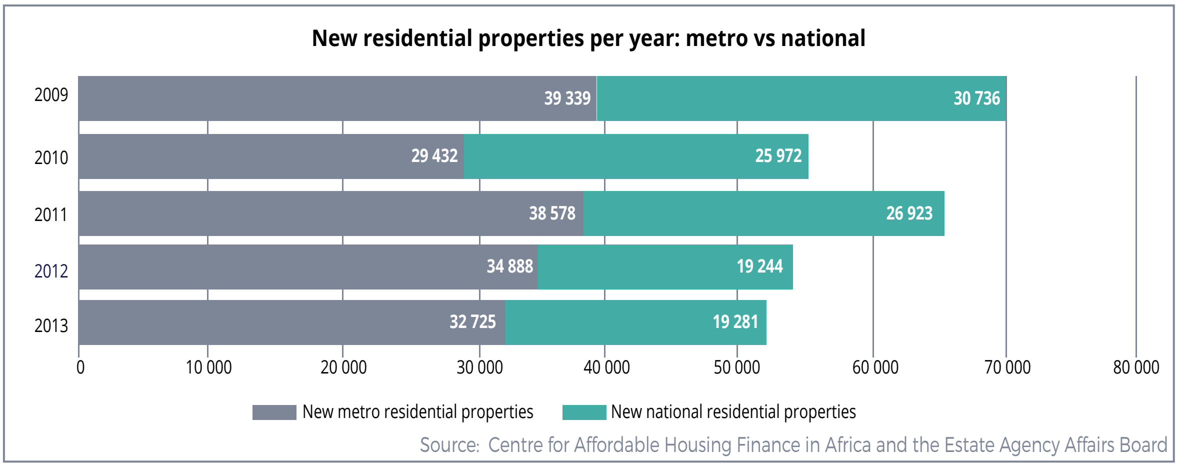
"Over the medium term, R61.6 billion has been allocated to provincial human settlements departments for low-income subsidy housing programmes and R34.4 billion to metropolitan municipalities for bulk infrastructure, land and basic services, with particular emphasis on upgrading informal settlements."

Budget review, 2016, National Treasury



2009 – Group breaks ground on the Fleurhof integrated development

The graph below depicts the number of new residential properties registered in the eight South African metro's. What is of interest, is that the number has been quite consistent over a five year period. However, when looking at it as a percentage of all new properties, it has increased steadily.



This table below indicates the annual increase in the number of properties in the metro's.

	2009	2010	2011	2012	2013
Change in properties nationally	70 075	55 404	65 502	54 132	52 006
Change in properties, eight metro's	39 339	29 432	38 579	34 888	32 725
Percent of new properties, nationally	56%	53%	59%	64%	63%
Change in properties under R600K	26 278	21 256	28 218	24 135	20 346
Percent of new properties, metro	67%	72%	78%	69%	62%

Source: Centre for Affordable Housing Finance in Africa and the Estate Agency Affairs Board

The Group has entered a new segment of property development, namely Memorial Parks, as illustrated on page 9. Calgro M3 intends changing the face of cemeteries in South Africa and this will complement the Group's current developments.

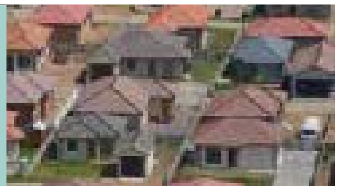
Our quality developments, built with environmental mindfulness and high standards, will convert to financial success, due to demand and ultimately ensure the sustainability of Calgro M3

The Calgro M3 Investment Proposition

1 Making a meaningful and sustainable difference in the lives of South African people

2 Product mix offering which is different and unique

3 Strong financial position



4 21-year track record made up of quality outputs and stable growth

5 Turnkey integrated residential development and memorial park capability

6 Committed to sustainable business growth

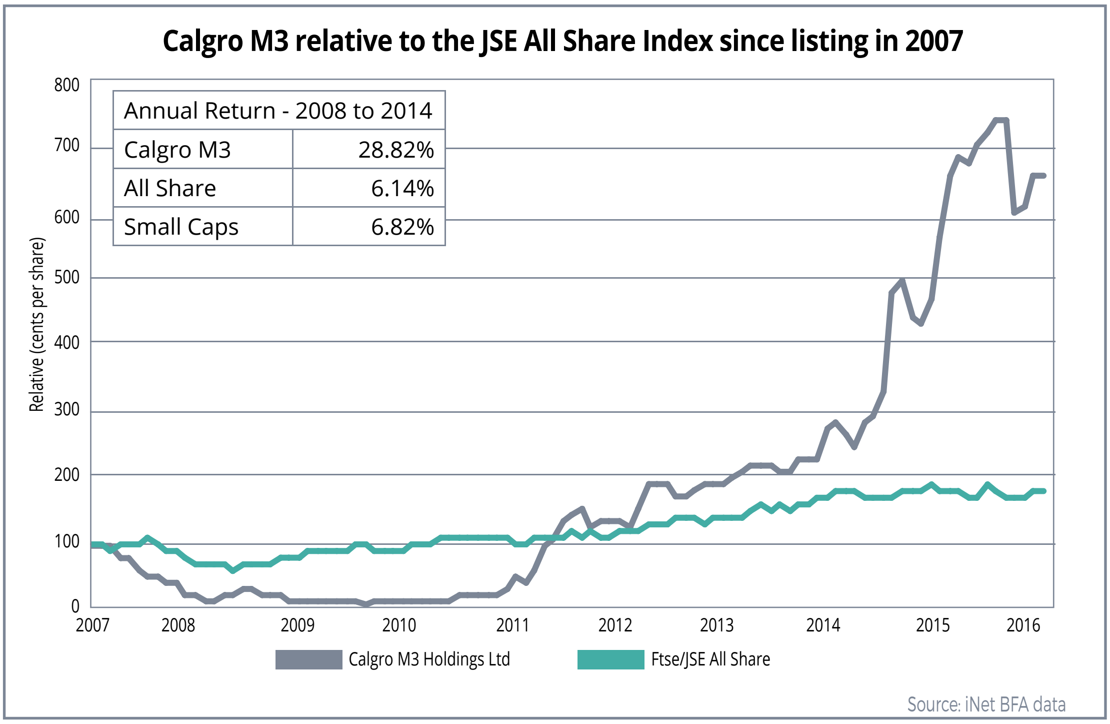
7 Focused on meeting financial, social and environmental targets

8 Ability to swiftly adapt to changing market demands

2010 – The Groups's first Integrated Residential Project - Pennyville completed

Our Share Price Performance

Calgro M3 is a share which has performed well relative to the All-Share Index.



Annual Return - 2008 to 2014	
Calgro M3	28.82%
All Share	6.14%
Small Caps	6.82%

Our Share Price Performance

Update on Major Residential Projects

Calgro M3 is involved in a number of residential projects, all in various stages of development across the year. This update of the major residential projects provides information on the status of the respective Professional Services and Property Development phases, which information can be used together with the Segmental Report (see Note 5 on page 103).

Project Name	General Background	Professional Services Phase	Property Development Phase

Fleurhof	• Public Private Partnership
	• Project classified as one of Gauteng Province's mega projects
	• Integrated Project based on Government's BNG (Breaking New Ground) principles
	• 10 411 residential opportunities:
	  • BNG units (fully subsidised)
	  • CRU (Community Residential Units)
	  • Social Housing
	  • Rental Housing
	  • GAP/FLISP Housing
	  • Affordable Housing
	• Schools and crèches being developed and constructed
	• Various shopping centres including a regional shopping centre of 46 000 m^2
	• Filling stations
		• All town planning and related approvals in place for the entire project; however improvements to the final phase to accommodate the latest market requirements regarding locality of shopping centres, schools etc., have been submitted, with approval expected later this year	• All bulk infrastructure required to be completed by end 2016
			• All internal infrastructure required to be completed during 2017
			• In excess of 4 500 units have been completed to date with a further 2 100 units currently under construction

Jabulani CBD	• Located in Soweto adjacent to the highly successful Jabulani Mall
	• A world-class performing arts theatre and newly built hospital as part of Jabulani precinct
	• 3 870 Residential opportunities:
	  • BNG units (fully subsidised)
	  • CRU
	  • Social Housing
	  • Rental Housing
	  • GAP/FLISP Housing
		• All town planning and related approvals in place for the existing phases of the project	• Infrastructure for the first 1 570 opportunities completed
			• 1 282 units completed to date

Jabulani Hostels redevelop-ment Phase 2	• Jabulani Hostel redevelopment project in Jabulani, Soweto
	• Calgro M3 successfully developed and constructed Jabulani Hostels Phase 1
	• Calgro M3 awarded contract for Phase 2 in February 2014 consisting of infrastructure and top structure construction
	• 663 residential opportunities:
	  • BNG units (fully subsidised)
	  • CRU
		• All town planning and related approvals in place for the entire project	• Civil infrastructure complete
			• Electrical infrastructure to commence during 2016
			• 295 Top structure units under construction

Witpoortjie	• Project based on Government's BNG (Breaking New Ground) principles
	• 3 117 residential opportunities:
	  • BNG units (fully subsidised)
	  • CRU
	  • Social Housing
	  • Rental Housing
	  • GAP/FLISP Housing
	  • Affordable Housing
		• Town planning and related approvals for phases 1 - 8 are in place
		• Applications for the following phase are pending, and expected late this year to early next year
			• Phase 1 & 2: Construction of bulk, link and internal infrastructure complete
			• Phase 1 & 2: Electrical infrastructure complete
			• Construction of top structures has commenced

Additional information available on Memorial Parks see page 9

2010 – Secured Jabulani CBD project

Project Name	General Background	Professional Services Phase	Property Development Phase

South Hills	• Public Private Partnership between Standard Bank of South Africa and the City of Johannesburg(CoJ), with Calgro M3 appointed as Implementing Agent
	• Project classified as one of National Department of Human Settlements catalytic projects
	• Project based on Government's BNG principles
	• 6 204 residential opportunities:
	  • BNG units (fully subsidised)
	  • CRU
	  • Social Housing
	  • Rental Housing
	  • GAP/FLISP Housing
	  • Affordable Housing
	• Crèches
	• Various convenience shopping centres
	• A filling station
		• All town planning and related approvals in place for the entire project	• Construction of bulk, link and internal civil infrastructure for phases 1 and 3 completed
			• Construction of bulk and link electrical infrastructure has commenced and should reach completion early 2017
			• Construction of the first BNG & CRU units commenced post year-end

Tanganani	• Joint venture project with ESOR in Diepsloot
	• Integrated project based on Government BNG principles
	• Project classified as one of Gauteng Province's mega projects
	• 8 822 residential opportunities:
	  • BNG units (fully subsidised)
	  • CRU
	  • Social Housing
	  • Rental Housing
	  • GAP/FLISP Housing
	  • Affordable Housing
	• Crèches
	• Various convenience shopping centres
	• A filling station
		• Record of Decision (RoD) * was issued during the second half of 2015, but has been challenged by the neighbouring community
		• All concerns were addressed, and a final decision is expected during third quarter of the year
			• Construction of two pedestrian bridges
			• Infrastructure installation to commence when RoD challenges are cleared

La Vie Nouvelle	• Retirement and Lifestyle Estate in Broadacres • 250 Sectional Title Ownership units, freestanding simplex • 80-bed unit assisted living facility, 36-bed medical care facility • Redesigned to adapt to market needs • Energy efficiency measures such as gas reticulation for cooking and water heating implemented • Rainwater harvesting implemented • Fibre optic network • Full wetland rehabilitation	• All town planning and related approvals in place for the entire project	• Infrastructure for the project is nearing completion • Phase 1 sold out and completed with temporary nursing station • Phases 2 and 3 are sold and well under construction • Main building construction, including medical care facilities, commenced post the year-end

*Record of Decision (RoD) * - last environmental approval required in order for the project to proceed*

2010 – Awarded Jabulani hostels redevelopment first phase

Project Name	General Background	Professional Services Phase	Property Development Phase
Summerset	• Affordable Lifestyle Estate in Midrand, behind Vodaworld • 230 Sectional Title Ownership units, freestanding simplex • 50 walk up units • Redesigned to adapt to market needs • Energy efficiency measures such as gas reticulation for cooking and water heating implemented • Rainwater harvesting implemented • Clubhouse, swimming pool and various other amenities • Top security	• All town planning and related approvals in place for the entire project	• Infrastructure commencement imminent

Kwa Nobuhle	• Project based on Government's BNG principles
	• 14 000 residential opportunities:
	  • BNG units (fully subsidised)
	  • CRU
	  • Social Housing
	  • Rental Housing
	  • GAP/FLISP Housing
	  • Affordable Housing
	• Crèches
	• Various convenience shopping centres
	• A filling station
	• Regional shopping centre
		• Town planning and approvals well underway	• It is anticipated that infrastructure installation will commence during the first half of 2017

Scottsdene	• Public Private Partnership with City of Cape Town (CoCT)
	• Integrated Project based on Government's BNG principles
	• 2 897 residential opportunities:
	  • BNG units (fully subsidised)
	  • CRU
	  • Social Housing
	  • GAP/FLISP Housing
	  • Affordable Housing
	• Crèche
	• Major upgrades to area services, sport and church facilities
		• All town planning and related approvals in place for the entire project	• Infrastructure completed, including the upgrade to the Scottsdene/Wallacedene Taxi Rank and the Wallacedene Attenuation Pond
			• 1 093 units completed
			• 716 units under construction

Belhar	• Situated adjacent to the University of the Western Cape and the Cape Peninsula University of Technology
	• 3 616 residential opportunities:
	  • Social Housing
	  • GAP/FLISP Housing
	  • Student Housing
	  • Affordable Housing
		• All town planning work completed, with the relevant approvals for the next phases still outstanding	• Phase 1 infrastructure complete
			• 627 Social Housing Units under construction
			• Phase 2 bulk and link civil and electrical infrastructure to commence in the first half of 2016

Brandwag	• Social Housing Development of 1 051 units to be constructed in three phases consisting of refurbishments and new builds in Bloemfontein	• All town planning and related approvals in place for the entire project	• Phase 1 complete • Phase 2 new build units complete, refurbishments ongoing • Phase 3 new building in progress

2011 – Group breaks ground on the Brandweg social housing project in Bloemfontein, the first project outside Gauteng

Project Name	General Background	Professional Services Phase	Property Development Phase

Vista Park	• Public Private Partnership with Mangaung (Bloemfontein local municipality)
	• Project based on Government's BNG principles
	• 5 320 residential opportunities:
	  • BNG units (fully subsidised)
	  • CRU
	  • Social Housing
	  • Rental Housing
	  • GAP/FLISP Housing
	  • Affordable Housing
	• Crèches
	• Various convenience shopping centres
	• A filling station
	• Hospital
		• All town planning and related approvals in place for the entire project	• Commencement of infrastructure installation is imminent, based on tender process

Otjomuise	• First Calgro M3 project outside South African borders
	• Public Private Partnership with Namibian Housing Enterprise (NHE)
	• Integrated residential development
	• 2 523 residential opportunities:
	  • Freestanding family units
	  • Multi-storey walk-up units
		• All town planning and related approvals in place for phase 1A
		• Densification application is underway for phase 1B
			• Phases 1A & 1B all on site infrastructure completed
			• Construction on Phase 1A underway

A solid pipeline in place to support the sustainability of Calgro M3

Project	Total no of units in project	Total no of units still to be completed and/or in progress	Unit typology					Revenue to completion Rm
			BNG Housing	CRU & Social Housing	GAP, FLISP, Rental & Student Housing	Affordable Housing	Mid-to-high	
Residential Pipeline								
GAUTENG								
Fleurhof - Joburg	10 411	4 133	3 236	1 334	3 719	2 122	0	**2 235**
Jabulani CBD – Parcels A, B, C & D - Soweto	2 460	1 160	0	300	2 160	0	0	**401**
Jabulani CBD – Parcel K - Soweto	1 410	1 410	705	705	0	0	0	**562**
Jabulani Hostels Phase 2 – Soweto	663	663	663	0	0	0	0	**208**
Witpoortjie – Joburg West	3 117	3 117	938	779	300	1 100	0	**948**
South Hills – Joburg	6 204	6 204	1 904	457	2 397	1 446	0	**2 300**
Tanganani Ext 14 – Joburg North	8 822	8 822	2 596	3 159	2 492	575	0	**3 503**
Leratong - Mogale City	12 000	12 000	4 200	2 400	2 400	3 000	0	**5 747**
La Vie Nouvelle – Joburg North	330	297	0	0	0	0	330	**267**
Summerset Place – Midrand	280	182	0	0	0	280	0	**319**
Balance of Mid-to-high	330	330	0	0	0	0	330	**297**
EASTERN CAPE								
Kwa Nobuhle – Port Elizabeth	14 000	14 000	4 960	2 333	2 333	4 374	0	**5 013**
WESTERN CAPE								
Scottsdene – Cape Town	2 897	1 171	549	1 141	997	210	0	**434**
Belhar – Cape Town	3 616	2 989	0	627	2 973	16	0	**1 044**
FREE STATE								
Brandwag – Bloemfontein	1 051	51	0	1 051	0	0	0	**17**
Vista Park Ext 3 – Bloemfontein	5 320	5 304	1 596	1 500	1 045	1 179	0	**1 905**
NAMIBIA								
Otjomuise - Phase 1	2 523	2 073	0	0	0	2 523	0	**797**
Residential Total	**75 434**	**63 906**	**21 347**	**15 786**	**20 816**	**16 825**	**660**	**25 997**

Project	Total no of burial plots in project	Total no of units still to be completed and/or in progress	Typology					Revenue to completion Rm
			Burial sites	Interment	Wall of remember-ance plagues			
Memorial Park pipeline								
GAUTENG								
Nasrec	46 271	46 036	39 271	2 000	5 000			**1 241**
Memorial Park Total	**46 271**	**46 036**	**39 271**	**2 000**	**5 000**	**0**	**0**	**1 241**

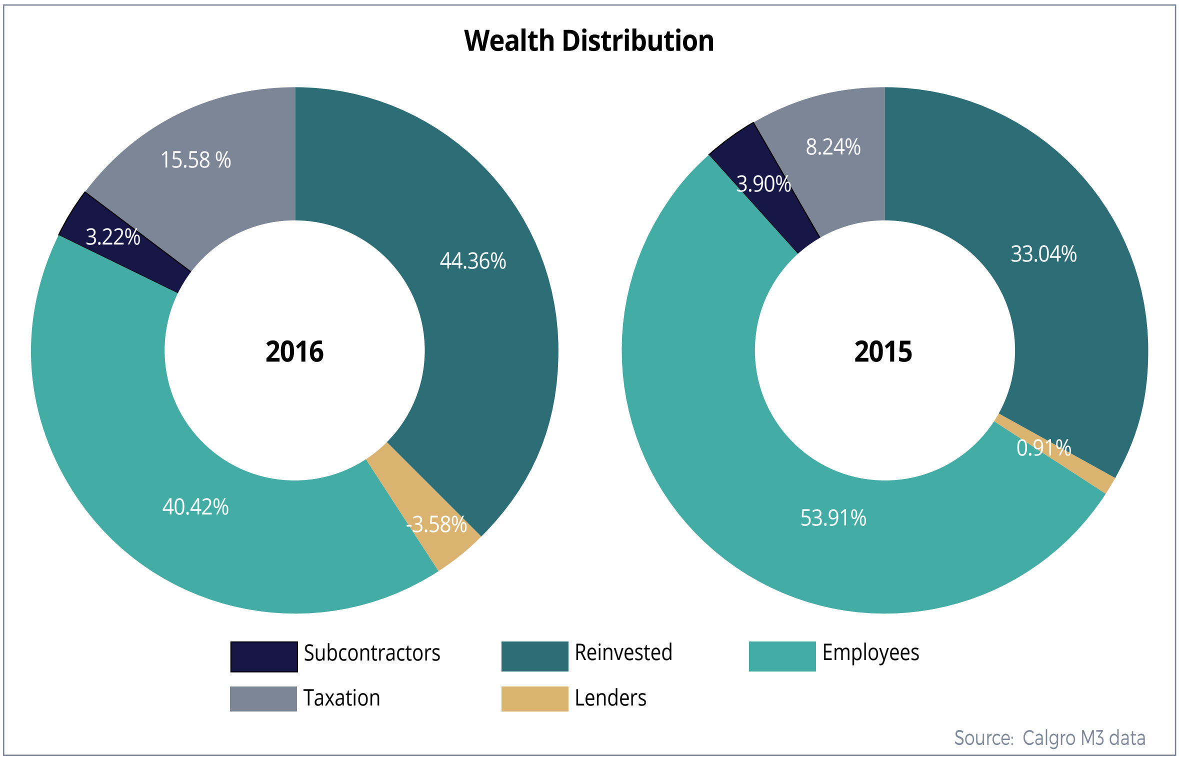
Grand Total								**27 238**

See full Sustainability Report at www.calgrom3.com

2011 – Office opened in Western Cape

Group Value-Added Statement

(Rands)	2016	2015	2014	2013	2012
Revenue	**1 204 063 379**	932 204 729	784 942 989	798 394 052	514 913 160
Less: cost of materials facilities and services	**(900 892 037)**	(754 318 891)	(605 938 240)	(572 554 493)	(369 366 142)
Value added	**303 171 342**	177 885 838	179 004 749	225 839 559	145 547 018
Other income	**19 465 682**	8 520 994	1 792 524	1 264 531	566 983
Share of profit on joint ventures	**67 233 693**	86 826 674	66 161 456	29 405 992	34 326 274
Total wealth created	**389 870 717**	273 233 506	246 958 729	256 510 082	180 440 275
Distributed to					
Employees - salaries wages and other benefits	**149 699 003**	90 283 593	63 984 709	75 946 240	47 796 917
Subcontractors - labour only	**11 400 118**	10 660 461	61 597 783	59 103 170	52 900 488
Government - Company taxation	**46 090 117**	22 519 972	9 519 342	25 936 739	12 555 675
Net finance (income)/costs	**(11 874 468)**	2 478 797	3 797 429	1 539 468	(390 691)
Maintain and expand the Group					
- profits retained	**193 184 722**	145 629 072	105 695 319	91 303 538	65 380 048
- depreciation amortisation and impairment	**1 371 225**	1 661 611	2 364 147	2 680 927	2 197 838
Total wealth distributed	**389 870 717**	273 233 506	246 958 729	256 510 082	180 440 275



2012 – Lists on the JSE Main Board

Our Values, Vision and Mission

01

Clear Strategy
We are committed to high quality outcomes across all phases of our projects – from concept to implementation. We strive to continuously raise the bar, applying what we learn on every project to improve the next and building a culture of achievement.

02

Presence and Quality
Calgro M3 is a market leader in integrated development, providing innovative solutions in all aspects of property development and associated professional services.
Calgro M3 ventured into the Memorial Parks industry.
Our leading brands are entrenched.

03

Our Environment
We are aware of our impact on the environment and strive to minimise our impact in every development. We invest in eco-friendly energy and water solutions, rehabilitate disturbed land and support long-term environmental stewardship.

04

Relationships/Partnerships
We strive to be engaged and responsive, strengthening our business networks and our relationships with all stakeholders.

05

People
We strive to create a working environment that is non-discriminatory, safe and healthy, respectful of human dignity and fully supportive of human rights. We embrace transformation and diversity. We respect the rights and needs, and actively support the interests of the communities on whom our developments may have a direct or indirect impact.

06

Securing Shareholder Wealth through Profitable Growth
We are committed to stable growth and creating value for our business and our stakeholders. Management has built solid foundations by successfully implementing growth strategies in various market segments.
We continue to expand into new markets.

VISION

Calgro M3 will be the developer of choice in select markets through consistent delivery of homes and Memorial Parks of the highest quality

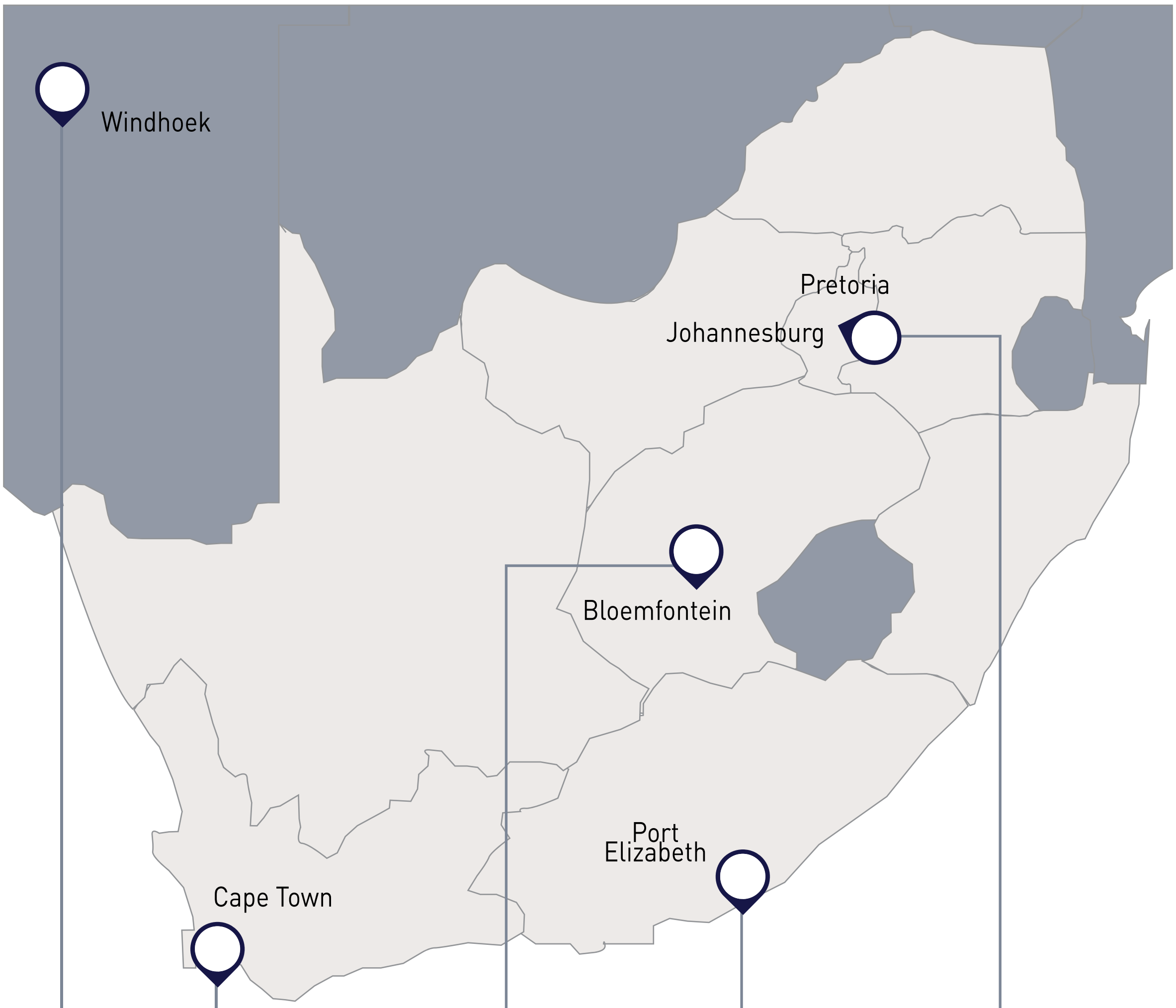
MISSION

Calgro M3 is committed to:

- **Superior building quality and the highest service standards**
- **Sustainable returns to our shareholders**
- **Broad Based Black Economic Empowerment**
- **Creating employment opportunities and rewarding personnel**
- **Developing mutually beneficial relationships with all our stakeholders**

2012 – Secures the second project in Western Cape, Belhar project

Our Geographic Footprint



Namibia
Otjomuise 2 523 units

Western Cape
Scottsdene 2 897 units
Belhar 3 616 units

Free State
Brandwag 1 051 units
Vista Park 5 320 units

Eastern Cape
Kwa Nobuhle 14 000 units

Gauteng	
Fleurhof 10 411 units	**Residential Units**
South Hills 6 204 units	
Jabulani CBD 3 870 units	
Witpoortjie 3 117 units	
La Vie Nouvelle 330 units	
Summerset Place 280 units	
Jabulani Hostels 663 units	
Tanganani Ext 14 8 822 units	
Leratong 12 000 units	
Balance (mid-high income) 330 units	
Nasrec 46 271 burial opportunities	**Memorial Parks**

Our Board

Over the past few years, a conscious decision was taken to ensure that not only was a balanced Board in place, but that the strength and depth of necessary skills is retained within the business.

Calgro M3 Board of Directors

Pumla Radebe
Independent Chairperson

Ralph Patmore
Lead Independent Director

Chairperson and Lead Independent

Ben Pierre Malherbe - CEO
Wikus Lategan - MD
Waldi Joubert - FD
Derek Steyn - Director
Wayne Williams - Director

Executive Directors

Mduduzi Gama
Hatla Ntene
Hugh Cameron
Venete Klein

Independent Non-Executive Directors

Audit and Risk Committee	Remuneration and Nomination	Social and Ethics Committee	Stakeholder Relations
Hugh Cameron - Chair	**Pumla Radebe** - Chair Nomination Committee	**Mduduzi Gama** - Chair	**Ben Pierre Malherbe**
Ralph Patmore	**Ralph Patmore** - Chair Remuneration Committee	**Hatla Ntene**	**Wikus Lategan**
Mduduzi Gama	**Mduduzi Gama**	**Ben Pierre Malherbe**	**Derek Steyn**
Ben Pierre Malherbe (by invitation)	**Ben Pierre Malherbe** (by invitation)	**Wikus Lategan**	
Wikus Lategan (by invitation)	**Wikus Lategan** (by invitation)	**Wayne Williams**	
Waldi Joubert (by invitation)			

For additional information on skills development and the retention of quality management within the business, please read the Group's full Sustainability Report, available on
www.calgrom3.com

Chairperson and Lead Independent

Pumla Fundiswa Radebe (60)

CD(SA), BA (Social Sciences)

Pumla specialises in social analysis, project planning and management, and has more than 20 years' experience at local and regional government level. She holds a Certificate in Municipal Management from the University of Johannesburg.

Pumla is currently managing partner for Bungane Development Consultants, a former chairperson of Johannesburg City Parks, president of the International Federation for Parks and Recreation Administration, chairperson of PikiTup Johannesburg, a chief examiner and board member on the Films and Publications Board and chairperson of the Independent Development Trust.

She further sits on the boards of Khuselo Investments, Khuselo Telecoms and Impi-Linux.

Ralph Bruce Patmore (62)

BCom, MBL (SBL)

Ralph brings a valuable 10 years' experience in building materials distribution as former CEO of Iliad, as well as a wealth of industrial manufacturing experience, as the former director of Everite and Group Five. Ralph currently serves as a non-executive director on the boards of ARB Holdings Limited, Mustek Limited Sentula Mining Limited and Accentuate Limited.

Independent Non-Executive Directors

Dr Mduduzi (Mdu) Edward Gama (46)

PhD (Finance)

Mdu holds a PhD (Finance) degree and various management qualifications from South African, US and UK universities. Mdu is currently CEO of Resultant Finance (Proprietary) Ltd and is a non-executive director of Mustek Limited. He is a founder, director and a significant shareholder of various other companies.

Hatla Ntene (61)

BSc (QS)

Hatla is currently executive chairman of Mvua Property Partners and has over 30 years' industry experience. In 1996 Hatla became the BEE partner for Farrow Laing Ntene, where he has spent the last five years. He was also the Property Executive Manager of Propnet (Property Division of Transnet) for three years.

Hugh Colin Cameron (64)

CA(SA)

Hugh was appointed as an independent Non-Executive Director with effect from 8 May 2015 and is a member of the Group's Audit and Risk Committee.

Hugh is a retired partner of PricewaterhouseCoopers where he was appointed as the firm's mining leader, responsible for Europe, the Middle East and Africa in 1999. In 2002 he became PwC's global mining leader.

He has also gained extensive experience in other industries, notably property, construction, insurance and investments and industrial products. He was a member of PwC's governing board for 12 years until retirement in 2010 and has served as a member of the advisory panel of the International Accounting Standards Board.

Hugh is currently an independent non-executive director of Impala Platinum Holdings and a trustee of the Sishen Iron Ore Community Development Trust.

Venete Jarlene Klein (57)

CD (SA)

Venete was appointed as an Independent Non-Executive Director with effect from 1 January 2016. Venete has in excess of 30 years' experience as a senior executive in the financial services industry. Amongst her directorships were appointments as executive director of Absa Retail Bank and Retail Business Bank, Ecobank Transnational, and appointments as non-executive director of Post Bank SA, AllPay Consolidated Investment Holdings, Absa Trust, Absa Brokers, National Business Initiative, The Banking Association of South Africa, Ombudsman for Banking Services, ACSIS Wealth Managers and The South African Bureau of Standards.

She was also a trustee of The Community Impact Trust. Venete is currently one of the Governors of Chartered Directors South Africa, the chairperson of the Institute of Directors of South Africa, a non-executive director on the boards of The South African Reserve Bank, ESKOM, Old Mutual Wealth and PG Group Holdings, and a Trustee of the SANDF Education Trust.

She serves on a number of audit, risk, social and ethics and remuneration committees of the boards of directors that she serves.

Executive Management

Ben Pierre Malherbe (50)

BSc (QS), MBA

Ben Pierre began his career as a quantity surveyor. After spending seven years as project manager in the affordable market segment, in 2001 he and his brother joined forces with the Steyn brothers to form Calgro M3, specialising in residential development. He was appointed Calgro M3's COO when the Group was listed in 2007 and took over the function of acting CEO during January 2009 before being appointed as CEO with effect from 11 December 2009.

Wikus (Willem Jakobus) Lategan (35)

CA(SA)

Wikus joined Calgro M3 in 2008 as Financial Director and was subsequently appointed as Group Managing Director with effect 1 June 2015, responsible for the overall operational activities of the Group. Wikus served as a member of the SAICA National Members on the Business Executive and is also Chairperson of the SAICA Northern Region and Business Council.

Derek (Frederik Johannes) Steyn (53)

BSc (QS)

Derek worked as a quantity surveyor for five years at Eskom, after which he became a project manager at Safrich, an established property development company specialising in the affordable housing market sector. Calgro was started in 1995 by Derek and his brothers, Deon and Douw. Derek is responsible for all new projects and business opportunities for the Group. He is a specialist in residential developments, land acquisitions as well as project funding.

Waldi (Willem Adolph) Joubert (30)

CA(SA)

Waldi was appointed as Financial Director with effect from 1 June 2015. He is a qualified chartered accountant, having completed his articles with PricewaterhouseCoopers, where he gained vast experience in a variety of industries including the manufacturing, construction, insurance and fast moving consumer goods industries. Waldi joined the Group in January 2012 as Group Financial Manager.

Wayne Williams (47)

B.Proc

Wayne joined Calgro M3 in 2012 and was appointed as Executive Director with effect from 1 June 2015. He is a qualified attorney who was in private practice for 20 years. He has extensive experience in commercial transactions and commercial and company law.

2013 – Agreement signed for Kwa Nobuhle project in the Eastern Cape Province

Chairperson and CEO's Report

This joint Chairperson and CEO Report discusses the high level strategic positioning of the Company in the context of the South African environment

Introduction

Calgro M3 operates within a sector of the market where there is a huge shortage of housing for the general population of South Africa as well as a major shortage of dignified burial places.

The constitution makes provision for the right to shelter for all. In 1994 Government embarked on an endeavour to eradicate the housing backlog based on a housing code, aimed at providing housing to previously disadvantaged South Africans. Although more than 4.3 million housing opportunities were created, the shortfall in housing has, 20 years after democracy, not been reduced. At the moment the shortfall is estimated to be in the region of 2.1 million units.

Calgro M3 operates in a market where the need for housing outweighs current supply. It is however, the Group's resilient value proposition, based on our turnkey approach and Calgro M3's positioning through diverse investments in the integrated housing market, that continues to secure the long-term pipeline that ensures Calgro M3's success

"Going forward, we will need to put emphasis on our delivery, to deliver faster, better and more efficiently. Our commitment, as we indicated last year is to build 1.5 million houses and housing opportunities to accommodate our growing backlog. And in particular we emphasise the issue of partnerships. We could not possibly do what needs to be done alone."

Minister Lindiwe Sisulu 2016

With the change from the Department of Housing to the creation of the Department of Human Settlements, Government acknowledges that the provision of housing was not enough and that a lot more needed to be done to improve the quality of the lives of the people residing in these developments, also that spend on infrastructure is essential and mutually inclusive. Without proper access roads, water, electricity, schools and public amenities, housing development becomes just that – another development. It does not provide occupants with a meaningful change in lifestyle.

The shortage of burial space is becoming more pronounced in South Africa's metro's. Cemeteries, devoid of religious affiliation, date largely from the early 19th century. Compounding the shortage of cemeteries is the fact that a cemetery, in many cultures, is much more than just a place of burial for the dead but a place of spiritual and cultural reference. In many major urban municipalities, the older cemeteries which were initially considered to be sufficiently large, are running out of space for new burials and metro's are struggling to keep pace due to pressure on infrastructural needs. Demand for burial land as a result of an increased population, is naturally increasing.

Calgro M3 specialises in the provision of integrated human settlements and Memorial Parks, making a meaningful difference in the communities in which we operate, and to the lives of those for which Calgro M3 is building homes or developing Memorial Parks. Our slogan is *Building legacies, Changing lives.* We view our involvement in the market as both an opportunity and a responsibility for the Company.

Addressing a South African Challenge

Our diversified and turnkey business model gives us a unique perspective on the needs, fears, frustrations and hopes of the people. We believe, by making sure all South Africans have a roof over their heads, and a secure, dignified place to be buried, it does not result in just a happier life, but also one that has much greater economic stability and provides a foundation for individual and societal advancement. We are very proud of the progress we have made towards our purpose of caring for the people, one family at a time. But we are all keenly aware of the gaps that still exist.

The substantial gap and shortfall in the South African housing market was brought to the public's attention again during last year's mine workers' strike, as well as the general service delivery protests during the last few years.

We are committed to a partnership and in consultation with public sector, to convening a dialogue that recognises and addresses this gap. We work with communities, local government partners and several other stakeholders to make a difference and take action to improve the lives of people.

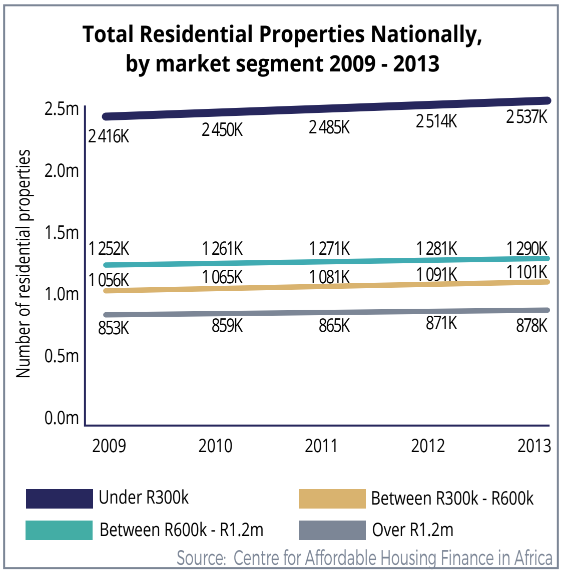
The pressure to deliver in partnership with Government will increase this year ahead of the elections and the Group is poised to assist, while balancing our public and private sector exposure, bearing in mind at all times, associated risks and the interest of our shareholders.

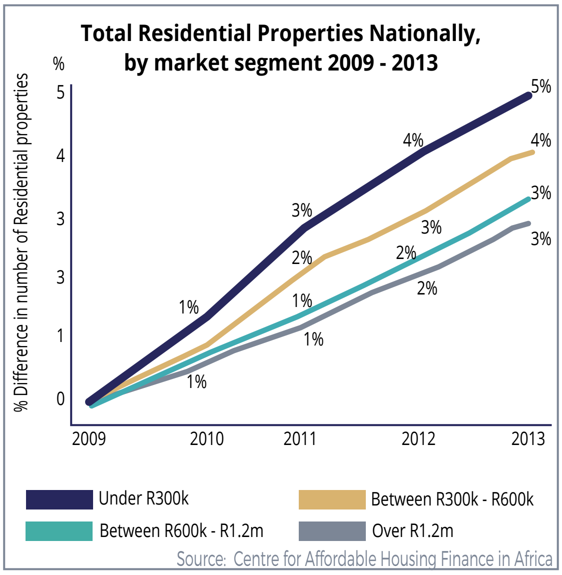
Although the 2016 financial year in general was good, the impact of the restructure of the National Department of Finance on the Group was severe, as its clients and the general consumer's ability to raise finance was affected, resulting in a gradual slowdown in construction activity. In contrast to the general trend of an increased exposure to public sector, in a year leading into elections, the Group was forced to increase private sector exposure as infrastructure spend by Government has declined significantly since the height of 2010.

The Group acquired the equity stake held by a partner in the successful Fleurhof development in order to manage its risk and more specifically the risk associated with starting new projects in uncertain times, when infrastructure spend by the public sector is in decline.

The number of units has steadily declined since 2010. This has resulted in the Department of Human Settlements focusing its efforts on catalytic and mega housing projects. These projects are seen to serve as a catalyst for broader economic development and generally take place in areas where people live closer to their places of work. Gauteng Province in turn has embarked on a mega housing project approach in order to meet committed delivery by increasing the scale of projects undertaken.

2013 – Completion of the first phase of Jabulani hostel development





The graphs above indicate through the thicker lines, the growth in the lower end of the market. This is in line with income distribution of the population and hence where policy and development of housing is focused.

According to Gauteng Premier, David Makhura, it is envisaged that these mega human settlements will yield between 15 000 and 20 000 units with the assistance of the private sector. A number of Calgro M3's existing projects, included in our pipeline of R27 billion, were accredited as catalytic and mega projects and the effect of these partnerships will be felt in the years ahead and will be to the benefit of both Calgro M3, its public sector partners and the communities in which we operate.

Calgro M3 projects mentioned in the National Minister of Finance's Budget Speech:

The Calgro M3 Belhar project (Voortrekker Road Corridor):

- In Cape Town, the N2 Gateway housing programme is continuing, together with redevelopment of the Voortrekker Road Corridor, Conradie Hospital, the Athlone Power Station and other sites.

The Calgro M3 Vista Park project:

- In Manguang, the R2.6 billion mixed-use Airport Development Node is under construction. An inner city residential development is planned and the Vista Park and Brandkop projects will yield over 8 500 housing units at a total development cost of over R1.9 billion.

The Calgro M3 Fleurhof project forms part of the "Corridors of Freedom". The new entrance into Soweto*, Calgro M3 has under construction, connecting Soweto to the more affluent northern suburbs will be opened by the Honourable Mayor Parks Tau later this year.

- **In Johannesburg, the "Corridors of Freedom"** connecting Soweto, Alexandra, Sandton and the Johannesburg CBD brings together public transport improvements, social amenities and partnerships with property developers, to increase settlement densities and improve social mobility

Source: Extract from the Minister of Finance Budget 2016:- Fin 24

Infrastructure Spend

It is important for stakeholders to understand the relationship between infrastructure spend and housing developments. Infrastructure spend is an essential first step to ensuring that integrated housing developments can be successfully implemented. Government is currently restrained due to the economic downturn and infrastructure spend is declining. Calgro M3 has experienced a slowdown in Government spend during the last six months under review. The resulting lack of spend on the construction of bulk capacity to provide power (energy), water and road infrastructure is concerning and will affect the number of units constructed in future years. The Group's existing mega and catalytic projects will however enable the Group to continue with the construction of housing units while much needed infrastructure capacity is being created.

The mega project approach coupled with an emphasis on infrastructure such as public transport, access to water, electricity supply, the provision of schooling, health care and public amenities such as shopping centres, clinics and recreational areas is viewed as a Provincial priority.

2013 – Environmental approval to proceed with South Hills development

The size of projects available on tender from the public sector creates huge opportunities for the Group, although the barrier to entry excludes smaller role-players from contributing. This exclusion increases pressure on established developers to include emerging and BEE contractors in projects when tendering on new work.

Memorial Parks

South Africa is not unique in experiencing a shortage of suitable land for burial purposes. Calgro M3 believes that it has been able to put forward meaningful alternatives for consideration to metro's. An area which requires attention is marketing, and the presentation of Memorial Parks as an alternative to traditional cemeteries. With our first Memorial Park, construction is set for completion at the end of May of this year. We also expect this business to show strong signs of growth during the year ahead.

Prospects and Our Strategy in Motion

Calgro M3, with its 21 year history, a turnkey approach and a commitment to assist the country in closing the housing backlog, has been through times such as this before. The product offering in 2016 however is wider and the Company has the ability to be agile and focus on different sectors of the market where the housing demand and funding requirements can be matched. A robust pipeline, including projects in the process of being implemented, stands the Company in good stead for the future.

Calgro M3 has always maintained excellent relationships with Government and will continue to nurture, respect and support Government as it tackles this housing shortfall. The Group supports the catalytic and mega project approach as it is regarded as a sustainable way to ensure the culmination of the mandate Government set out to achieve in 1994 – *that access to housing is a basic human right and that the government has to ensure that an environment is created conducive to progress the realisation of the right.*

We regard the reduced spend towards infrastructure as temporary and a result of the economic downturn and expect Government spending on infrastructure to increase in the short to medium term in order to roll-out on committed delivery. Calgro M3 is in the fortunate position to be able to diversify its efforts towards the private sector component of the integrated developments, should the need arise.

The Group's strategy remains dedicated to the delivery of housing within South African borders and does not involve the securing of new projects elsewhere in Africa or on other continents. This is evident in the ever increasing secured pipeline in South Africa. From a Group perspective, there is no doubt the interest rate increases do affect the interest payment, but we feel these increases are at levels which the Company is comfortable with and remains in a position in which debt can be serviced. With respect to interest rate increases on the consumer, because Calgro M3 services an area of the market which we describe as a segment in super-demand, people wanting houses, buying smaller houses rather than not at all, when interest rates change. In our experience, they take a few months to re-assess their situation, and inevitably still enter the market, as housing in this segment of the market is viewed as a necessity and not a luxury or simply an investment.

Calgro M3 is positioned within market segments where demand is extremely high for housing or Memorial Parks. We remain focused on the use of land which is not suitable for housing developments.

Risks facing the Calgro M3 business are discussed on page 16 of this integrated report. However a risk which bears some discussion in this report is that of financial institutions moving away from commitments made in terms of the Financial Services Charter by not providing 100% bonds during an economic down-turn. Although this has a larger knock-on effect on income earners wanting to access our middle-tier housing solutions, than an interest hike, the rental market will benefit. During 2015 South Africa experienced an increased interest in properties for rental and this contributed significantly towards sales.

The deteriorating construction cycle in South Africa is directly linked to reduced Government spending. As the Group does not base its business model on tendering for projects, but rather acquires land to develop in partnership with Government, the Group was spared the competitive pricing used to secure projects in these strained times. The Company has however experienced more competitive pricing from the civil engineering contractors installing much needed infrastructure for its integrated projects. The Group continues to pursue its long-term strategy to deliver sustainable returns to shareholders, by focusing on a combination of organic growth and geographic expansion. While Calgro M3 has been building on its reputation as the leader in integrated housing and now the Memorial Park market, we have, in the process, created value for our shareholders, attracted innovative and motivated employees, and contributed to the communities in which we operate, to ensure a successful, sustainable business for the future.

2013 – Jukskei View sold out

As an enhancement to our turnkey approach, we have identified certain activities and processes which are not currently undertaken in-house which can be brought into our scope of activity rather than expend margin to access these processes from outside of the Company.

Ensuring Sustainable Growth

Calgro M3 remains committed to a business model and strategic priorities which ensure sustainable growth while delivering affordable housing products and Memorial Parks to its end-user clients.

Innovation to create value is our first commitment, not just in products and services, but in everything we do and everywhere we operate. We are able to generate new ideas and different approaches to meet the challenges and opportunities of the future. Within this scope we continue to actively asses innovations which can be looped into our turnkey approach which will further enhance margins.

We continue to ensure that we remain the residential developer of choice in selected markets. We believe that the successful roll-out of 12 of our 17 active residential projects as well as the roll-out of our first pilot memorial park is just such an achievement.

Our national footprint has not been extended. However our exposure in provinces we operate in has been diversified to include more municipalities and therefore decreasing exposure to specific paymasters for the business. Once the uncertainty, resulting from the upcoming elections, has passed and we return to a more stable business environment, opportunities secured in new provinces will be prioritised.

Through a strenuous process of redefining standards and processes we have ensured that superior building quality is maintained underpinning our slogan *"Building legacies, Changing lives"*. Last but certainly not least, we will continue to foster a purpose-driven organisation and develop leadership at every level of our Company. This is essential for us to deliver on the responsibilities we assume as the market leader and in order to deliver on our turnkey approach across our product range.

Conclusion

The Group has for the sixth consecutive year, delivered a pleasing performance in an environment which remains challenging. On behalf of the Board we are pleased with the outstanding leadership and operational competence of the executive team. Our fellow Non-Executive Directors continue to provide valuable insight and guidance and we are appreciative of their on-going support.

To all Calgro M3 employees across the country, who have ensured that the Group continues to strengthen its market position, we are overwhelmed by your dedication and hard work in making Calgro M3 a company which is proud of its product and service delivery. Finally, to all our external stakeholders, including our customers, shareholders, Government, community forum, suppliers, industry regulators and business partners, thank you for your continued support.

PF Radebe
Chairperson
10 May 2016

BP Malherbe
CEO

2013 – Installing infrastructure on the La Vie Nouvelle Retirement and Lifestyle Estate

Managing Director and Financial Director's Report

We underpinned the Group's sustainable growth philosophy: *"Building legacies, Changing lives"* by undertaking projects that bridge the historical social gap as well as provide amenities that contribute to a dignified lifestyle

This combined Operational and Financial Report provides information on the health and strength of the operations that make up Calgro M3 and unpacks the financial results of the Group.

Introduction:

The past year has once again, proven to be a successful one for Calgro M3. This is due to remaining committed to the strategy and turnkey approach adopted, coupled with our expertise in successfully managing the development of Integrated Developments and Memorial Parks. The Group has been in business for more than two decades and sustainability and risk mitigation remain top priorities for us. We will continue to mention this across all communication as it is central to the DNA of the Group.

During the year under review we delivered a set of results that might have been better, but of which we are nontheless proud, given the current South African economic environment. We failed to register a number of units for the year-end due to economic uncertainty amongst consumers, as well as being paid late by Government, which forced us to closely monitor our Government exposure. Going forward we foresee having to adjust the focus of work slightly, as Government prepares for local elections and budget cuts. However, we remain ready to assist Government in providing homes for the people of South Africa if funding and cash flow can be secured and paid on a consistent basis. Nevertheless, Calgro M3 is nimble and fortunate enough to be able to make these changes without a material impact on the business, as our turnkey approach reduces margin pressure. Furthermore our flexibility to move between markets, combined with our integrated development approach, allows us to exclude select markets when required to do so, in some financial years. This assists with cash utlisation, which Calgro M3 assesses in terms of being able to invest into new projects. This is the backdrop to our decision to acquire the balance of the Fleurhof project.

A new in-house architectural team, which will bring broader industry experience to enhance efficiencies and expertise. We also believe that a more diverse professional in-house team is able to complement one another, producing better results. In short we deliberate before investing capital, believing that it is easier to be efficient and save money than to expend money on services outside our turnkey approach.

The Year in Review

The Group's focus over the past year was to ensure that more projects in the pipeline broke ground, were rolled out and contributed to revenue. We were successful in this and currently have 12 of the 17 residential projects in the ground, as well as our pilot Memorial Park project, ensuring that risk is sufficiently spread over projects, provinces and customer bases.

The secured pipeline increased from R19 billion to in excess of R27 billion. This is sufficient work for roll-out over the next seven to eight years. Building the pipeline is continuous and Calgro M3 remains confident that long-term sustainability is in place. It is our goal to extend the pipeline further during the coming year to provide investors with an estimated ten year visibility.

The Group is delighted to report that from an OH&S perspective we were again fatality-free despite growth in both activity and the number of employees, creating in excess of 5 000 jobs. Unfortunately we were not accident-free. One incident occurred where three people were admitted to the Milpark Hospital after an electric shock. We are pleased to report that all three have recovered. Although no further serious injuries occurred in the work place, the injuries sustained are viewed in a serious light and the Group will endeavor to continuously aim at achieving its target of zero harm in the workplace.

Calgro M3 again achieved high recognition for its projects, being awarded the best FLISP project of the year, best social housing project and the best integrated project of the year at the 2015 Govan Mbeki Awards.

Residential Developments

Fleurhof remains a flagship project and is recognised by the Department of Human Settlements as the premium integrated project in South Africa. As such, Calgro M3 continues to maintain a good relationship with Government at a national, provincial and local level. This ensures that bulk infrastructure is afforded to the developments, which in turn assists Government with the building and handing over of housing to those who qualify for fully subsidised housing.

The Jabulani development and Jabulani Hostels redevelopment projects remain challenging, with delays experienced as a result of negative community sentiment and limited availability of bulk amenities. However, good progress has been made to stabilise the situation and we have worked hard at establishing trust in the community. We believe that this project will contribute more positively during the year ahead.

During the year 5 837 houses were constructed and 3 575 additional opportunities serviced bringing the total number of serviced, opportunities for the year ahead to 6 585

With the phased infrastructure installation on the Witpoortjie, South Hills, Summerset and La Vie Nouvelle projects, a priority during the past financial year, the Group is now well placed to enhance material revenue and cash flow contributions from these projects in the year ahead and actively reduce reliance on the Fleurhof project.

Sales at our La Vie Nouvelle retirement development remained slow. However, after a relaunch of the development and an enhanced marketing plan and drive, sales have begun to improve substantially and we are pleased with the progress made. The Group is considering the launch of the next cluster development in the mid-to-high housing market, where there has been an increase in demand. The roll-out will be dependent on cash generated from the La Vie Nouvelle project to ensure holding and opportunity costs in the mid-to-high sector are minimised throughout the Group and that returns are maximised.

In Cape Town good progress was made on the Scottsdene project, where most units sold have been constructed and handed over. Although a fair amount of money for this project was received post financial year-end, the project made a positive contribution to the Group during the financial year. A further positive contribution is expected in the year ahead.

The first 629 units in the Belhar project are well underway, with bulk infrastructure upgrades on the future phases expected to commence during the latter part of the new financial year. This will see just short of 3 000 additional units coming onto the market.

2013 – Commenced installation of infrastructure on the Witpoortjie project aimed at the affordable housing market

The Brandwag project in the Free State is near completion and all regulatory approvals for the new Vista Park project received, making the commencement of infrastructure installation imminent.

Namibia is in the ground after contractual delays as a result of all Government funded housing projects in Namibia being placed on hold by the Namibian Government, pending an investigation by the National Department of Housing into local housing schemes. The Calgro M3 project was cleared at the end of February 2016, recommencing building during March 2016.

With a possible reduction of Government work in the short to medium term a much larger marketing focus will be required by the Group. Steps have already been taken to increase marketing capacity and pace dramatically over the coming months. This iniative saw the launch of "Captain Calgro" after the year-end as a new sales and brand awareness campaign.

Memorial Parks

The launch of our first Memorial Park project was not without challenges, but we are pleased to report that sales are picking up and that Calgro M3 remains committed to this business as a significant contributor in future. We initially placed our focus on the client, defining it as the man on the street. In reality, while we might be selling to the man on the street, the real "client" is the funeral director who is the first port of call with respect to advising on everything relating to funerals. We believe great strides have been made in building relationships in this area.

From a financial position sales are improving and several potential bulk deals are being negotiated, which we will endeavour to conclude over the next few months. The contribution to the current financial year was negligible as sales only started improving towards the end of the financial year.

The Group serviced and beautified 22 000 burial sites and constructed a wall of remembrance catering for 5 000 plaques at the Memorial Park, which is located at Nasrec. We also completed the entrance gate, offices and electrical installation off the electricity grid, replaced by green technology. The final construction of the chapel with capacity for 450 people will be completed end May 2016.

Burial site sales are expected to increase significantly post the completion of the chapel, ensuring that all customers are assured a secure and dignified burial place. Calgro M3 continues to view this product as a long-term solution to creating sustainable Memorial Parks whilst at the same time contributing towards restoring dignity in the burial place.

Financial Overview

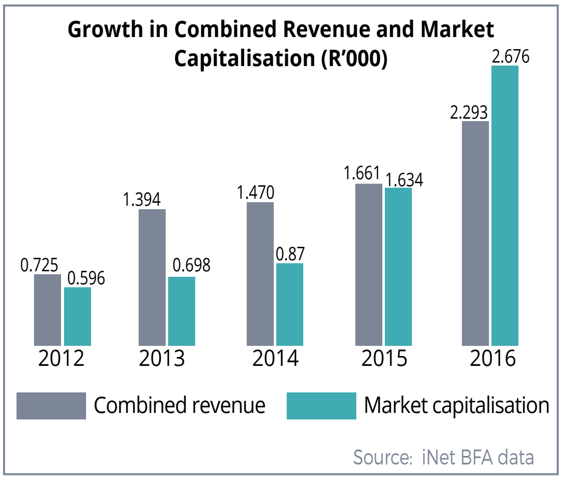
R'000 (unless specified)	Percentage	2016	2015
Revenue	+29.16	**1 204 063**	932 205
Group combined revenue including JV's	+38.09	**2 293 208**	1 660 629
Operating profit	+91.12	**160 167**	83 801
Gross profit margin %	+2.13	**20.89**	18.76
Basic earnings per share (cents)	+33.25	**152.77**	114.65
Fully diluted headline earnings per share (cents)	+24.76	**136.85**	109.69
Net Debt to Equity %	-3.17	**59.30**	62.47
Return on Equity %	+1.08	**33.73**	31.30

Calgro M3 is pleased to report growth for the sixth consecutive year. A growth in revenue of 22.16% to R1.204 billion (2015: R932 million) and in combined revenue of 38.09% to R2.293 billion (2015: R1.660 billion), supported growth in operating profit and earnings. An increase in operating profit of 91.2% to R160.2 million (2015: R83.8 million) was due to the increase in revenue in combination with the increase in gross profit margin and limited increase in administrative expenses. There was also a once-off deemed gain on the Fleurhof transaction that is discussed later in this financial review. The target of 30% return on equity has been reached.

[1] Combined revenue represents revenue from Group and Joint Ventures (JV's) as all JV's are finance JV's and other parties have no operational involvement, resulting in Calgro M3 doing all the work for only a percentage of the revenue and profit.

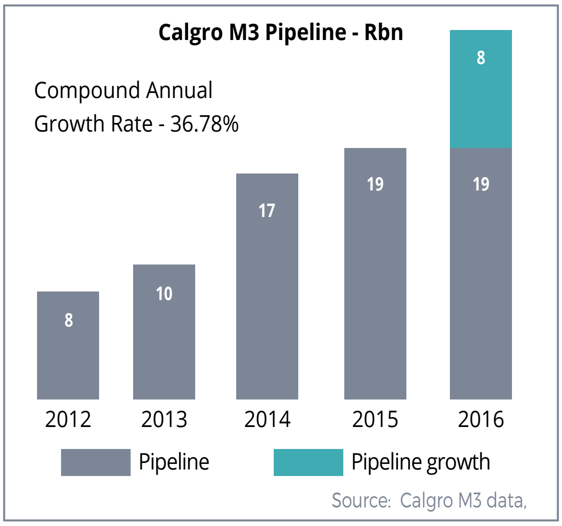
2013 – Commenced construction on the newly acquired Sagewood project after completing the installation of infrastructure

Basic earnings per share (EPS) increased by 33.25% to 152.77 cents per share. Fully diluted headline earnings per share (HEPS) increased by 24.76% to 136.85 cents per share. The main differences between EPS and HEPS is a R17.6 million fair value gain on the deemed disposal of an interest in a joint venture, which resulted from the acquisition of the remaining 30% stake of the Fleurhof project, as well as the dilutive effect of the equity settled Executive Share Scheme.



The gross profit margin increased from 18.76% to 20.89% due to a better mix between infrastructure installations and top structure construction. This was achieved as a result of more projects in the ground being at various stages of our turnkey business approach, where Calgro M3 strives to earn a combined margin of between 20% and 25% on the entire cycle.

During the past five years the Calgro M3 pipeline has steadily increased. During this financial year the increase is meaningful and demonstrates the leading position we have established in the marketplace.



Net Debt to Equity (interest-bearing debt less cash and cash equivalents divided by equity) strengthened even further during the year to 59.30%, providing the Group with sufficient debt raising headroom to ensure sustainable growth and the pipeline rolled out successfully over the estimated timeframes.

When adjusting for "capital invested" cash movements, operating cash flow was at face value, more positive. There are certain areas where improvements are required and we will continue to focus on efficiencies across the Group, and rolling out additional projects to lower the concentration risk on both revenue and cash flow. We believe that the Group has sufficient cash flow, cash from operations and debt gearing ability to roll-out the pipeline without raising additional equity. Value continues to be maximised through actively managing the phasing of developments to generate cash, ensure positive and stable cash flow and the continual roll-out of projects. In this process the following significant transactions were facilitated:

Fleurhof Acquisition

Calgro M3 successfully acquired the remaining 30% of the Fleurhof project for a total consideration of R243 million towards the end of the financial year. This transaction was a milestone for the Group as it resulted in the Group re-acquiring 100% control of our largest contributing project after it was necessary to sell this 30% share in 2009. Synergies will be unlocked in the form of other projects, which will be able to add to the current Fleurhof contract.

The transaction was critical in allowing the Group more flexibility in terms of utilising positive cash generated from Fleurhof to invest in getting other pipeline projects off the ground. It also allowed the Group to negotiate more freely on other opportunities in the area including the post financial year-end announcement of the Leratong development and various other pieces of land the Group is assessing. This is all with the goal to grow the "Fleurhof"/"Main Reef Road" precinct to over 30 000 units.

The impact of the acquisition on the income statement sees a fair value gain on the deemed disposal of previously held 70% in the joint venture of R17.6 million that is accounted for in other income (excluded from HEPS) and the corresponding goodwill of R118.3 million on the deemed acquisition of 100% of Fleurhof which accounts for the main increase in intangible assets. Fleurhof is accounted for as a subsidiary of the Calgro M3 Group from 29 February 2016 for statement of financial position purpose, with income during the year remaining at a joint venture level.

2014 – Awarded the Otjomuise project in Namibia, signaling the Group's cautious expansion outside South Africa

Share Schemes

During the financial year, there were two significant changes to the historical cash settled share appreciation rights (SAR) scheme:

- the conversion of the old cash settled share appreciation rights (SAR) scheme to an equity settled executive share scheme for some participants; and
- settlement of participants that did not want to convert to the equity settled scheme.

The purpose of the scheme was to align management's goals to that of the mid-to-long term goals of shareholders and even debt providers. This was in an attempt to maintain the "family business" culture of the Group, where management co-invests with other stakeholders to create long-term wealth for all and where management is discouraged from abandoning the business in difficult times.

The old cash SAR scheme was unpredictable in accounting terms and could have created a situation where management's focus was on short-term goals as their compensation was paid out annually. The creation of the equity settled Executive Share Scheme afforded management the option to buy shares at R4.08, (being the initial allocation price of Calgro M3 shares in the old cash settled SAR scheme) but which are only transferred in tranches of 50% after five years and 50% after six years from 1 March 2015 for Exco members, excluding Ben Pierre Malherbe. Shares will be transferred in tranches of 50% after four years and 50% after five years from 1 March 2015 for Manco members. Ben Pierre Malherbe is locked in for a three-year period to ensure continuity.

Calgro M3, which began as a family business, always had senior management with a large portion of shares in the Group, coupled with vast exposure, which ensured that decisions were taken with a long-term view. This new equity scheme ensures that new senior and middle management are locked into this same scheme with the same long-term goals. It should be noted that should any participant leave the Group before the restriction period has expired, the Group will buy the shares back at R4.08 with the individual losing all the upside of the capital growth.

Some of the participants who chose not to convert their cash settled SAR's were settled in the current year to minimise the negative effect on the income statement in future years. These individuals excluding founders, have service conditions attached to the settlement, which resulted in a fixed expense to be recognised for the remaining two years.

2014 – Awarded second phase of the Jabulani project

The following table depicts the effect of the share incentive schemes on the overheads in the 2015 to 2021 financial years:

	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21
Cash settled SAR Scheme (variable)	965 660	924 302	924 302	415 839		
Calgro M3 Executive Scheme (equity settled) (fixed)	26 682 078	26 682 078	23 392 013	21 198 637	18 203 812	7 185 432
Settlement of Share Appreciation Rights Scheme (fixed)	12 189 811	4 578 615	3 385 395			
	39 837 549	**32 184 995**	**27 701 710**	**21 614 476**	**18 203 812**	**7 185 432**

Income Statement Performance – Administrative Expenses

Adjusted Administrative Expenses for the year ending 29 February 2016			
	Percentage	2016	2015
Administrative expenses	6.26	**105 088 979**	98 900 176
Less:			
Share scheme expense		**(39 837 549)**	(45 231 939)
Adjusted administrative expenses	+21.58	**65 251 430**	53 668 237

The adjusted administrative expense increase of 21.58% is in line with revenue growth of 29.16% and is mainly attributable to an increased number of staff, especially senior staff, as capacity was increased to ensure the successful roll-out of the pipeline. A new in-house architectural and urban design department was set up as it was found that our previous department had become stale in their approach. Marketing expenses increased substantially as a result of an increased focus on the La Vie Nouvelle development and Memorial Parks in an effort to increase brand awareness in the market.

Other income grew as a result of the "deemed gain on disposal of previously held interest in joint ventures" of R17.6 million (2015: R6.22 million on acquisition of the remaining 24% of the Summerset project), when the Group acquired the remaining 30% of the Fleurhof project, which is now 100% owned by Calgro M3.

Other expenses increased as a result of a loan balance from Mettle being written off in the current year, after Mettle won its high court appeal. Refer to note 12 in the financial statements for details.

Finance income increased significantly as a result of funding provided to various joint ventures through working capital where interest is charged on debtors' balances. This was done in order to fast track projects by investing in their early completion. It increased further as a result of interest earned on debtors balance related to the sale of the four pockets of land. This strategy remains within the realm of Calgro M3's strategy to work the balance sheet harder and unlock working capital tied up in inventory.

A decrease in the share of profit from joint ventures is mainly as a result of lower spend on services and top structures by Government. The Group does however, have ample serviced opportunities available to continue development of top structures in the 2017 FY without a material impact on the business. A focus on infrastructure installation will however, carry priority towards the end of the 2017 FY as discussed in the Operational and Looking Ahead sections.

2014 – Commences construction on Witpoortjie and Sagewood projects

Balance Sheet Position and the Group's Liquidity

R'000 (unless specified)	Percentage	2016	2015
Net asset value per share (cents)	+44.85	**645.00**	445.30
Working capital invested in projects (inventories, construction contracts, work in progress and trade and other receivables)	+88.59	**1 662 506**	881 553
Borrowings	+9.41	**538 463**	492 132
Net Debt to Equity ratio %		**59.30**	62.47
Current ratio		**2.00**	1.45
Cash on hand	-38.67	**80 071**	130 565

The Fleurhof acquisition resulted in pressure on cash-on-hand at year-end, which is down 38.67% as a result of the acquisition with only R46.3 million of new debt raised during the year. Nonetheless, the Group has sufficient short-term receivables to build up cash resources again post the year-end.

The majority of working capital increases are attributable to the acquisition of Fleurhof. Fleurhof construction contracts consist of numerous services installed and partially installed on future phases that will be developed with top structures in the 2017 and 2018 financial years. Unfortunately a substantial amount of funds were not received before the financial year-end, from the registration of 184 sectional title units to the value of R67.5 million. Once the processes relating to sectional title and property rates registrations have been completed, these units are expected to positively impact on cash flow in May 2016. In addition, a large number of affordable units were delayed due to various external processes, again outside the Group's control. The total amount, in excess of R100 million, is also expected to be received by end of May 2016. This, together with funds due by Government, and bulk transactions that became due after year-end (for which commitments for payment before end May 2016 have been received), should restore the Group to a healthy cash position. This demonstrates the Group's ability to utilise its cash from operations to fund growth.

The Group has strict control mechanisms in place to ensure that debtors are recovered in a timely manner to ensure sufficient cash flow resources to fund current and future growth, and to pursue a target RoE of 30% on opening available equity.

Calgro M3 successfully restructured the majority of its debt maturing in the 2017 financial year in addition to the early settlement of two bonds prior to their maturity dates, with payments made from operating cash. The current funding model for the Group is still mainly focused on the debt capital market and operates through a centralised treasury function that allocates resources across all projects as and when necessary. Furthermore, the Group finances its JV's at Group level with a single debt function. The strengthening of the Debt to Equity ratio demonstrates that debt is actively monitored and managed.

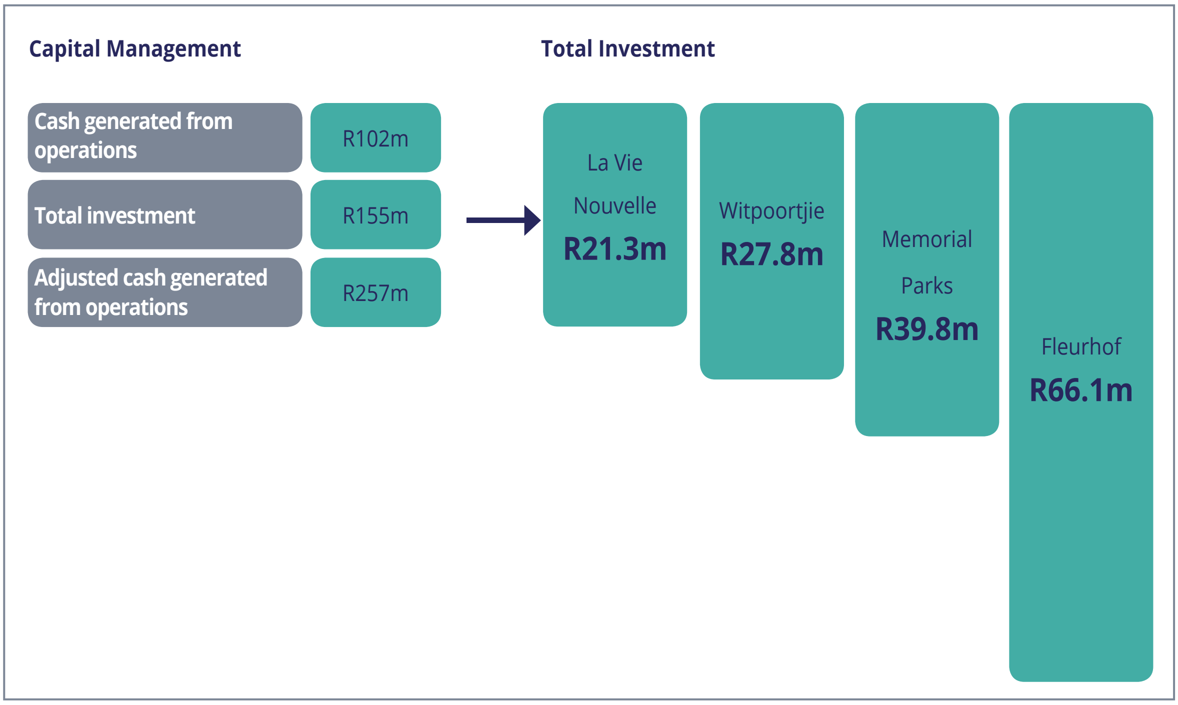
Although the land portfolio is carried in the financial statements at a value of R453 million, the total external valuations of the Group's land portfolio, excluding joint venture partner interests, is maintained in excess of R1.36 billion.

Cash Flow Management

Cash generated from operations in the cash flow statement should be analysed further as a result of capital investment in new projects and in the fast-tracking of projects being accounted for as construction contracts or inventory (due to the nature of our operations). This had a negative impact on cash generated from operations.

2014 – Break ground on South Hills development

During the current year, Calgro M3 invested the following amounts into preparing and servicing new and existing projects so that larger scale construction could follow:



Adjusted cash generated from operations amounted to R257 million, supporting the fact that a number of projects have turned cash positive and are returning previously invested cash. The focus in the 2017 financial year will be to preserve cash, which will not be invested immediately into current or future projects, as we believe economic conditions will bring about business opportunities that Calgro M3 can capitalise on.

Looking Ahead

It is envisaged that Government will slow down on infrastructure spend, however in the case of housing, it remains committed to the roll-out of catalytic and mega projects and Calgro M3 is well positioned to benefit in this regard. The acquisition of the Leratong development after year-end is an example. The Group will however, act with caution with regard to Government work, while budget constraints are being experienced and enhance focus on private sector work for the short to medium term. However, we remain ready to assist Government to fulfill their mandate of providing homes for the people of South Africa, if funding and cash flow can be secured and paid on a consistent basis, as mentioned earlier in this report.

As commented on in the Operational section, we believe we have a sustainable business model, if we remain true to our values and business principles. With 12 projects in the ground at different phases and the expectation that the Vista Park, Leratong and the Kwa Nobuhle projects will commence with bulk infrastructure in the third and fourth quarter of the new financial year, we are well positioned to weather a possible recession and a credit rating downgrade for South Africa.

In developed markets approximately 11% of the housing property market is made up of rental units. In developing countries the percentage is 13%, in South Africa the percentage is less than one. This presents an opportunity for Calgro M3, which will be considered going forward. The Group will continue to investigate bringing in-house other functions that are currently performed by external parties in keeping with our turnkey business model.

Looking forward we expect that economic growth will be low and that the consumer will remain under pressure. However, while low growth means activity slows down, it does not dry up completely. With over two decades of experience, the Group remains confident in its ability to switch between product categories in order to keep the financial performance acceptable. As discussed, capacity in our marketing department will be a priority and has already commenced to ensure growth. The effect of the general economy on the mindset of the consumer should never be underestimated and we believe we will have to work hard for our sales. Despite this, we believe that the strong pipeline, coupled with our ability to focus more on the private sector, Calgro M3 will be able to sustain growth.

2014 – Entered into JV with Esor to develop the Tanganani Ext 14 project

The approach of Government to roll-out new catalytic and mega developments will assist Calgro M3 in the mid to long term, while the private sector will form the basis of our business in the short to medium term, given the uncertainty about Government's ability to support private sector development.

We have increased our residential projects under construction from 12 to 17 and expect that this will ensure sufficient work for the foreseeable future, with the expectancy of three more to go to ground towards the end of the year. With our first Memorial Park gaining momentum post year-end, we believe that we will be able to secure more Memorial Parks towards the end of the year.

Dividends

Management believes that available cash should be retained to fund growth across the Group, and that cash retention is important to invest in future projects and reduce reliance on project finance. The Board has, due to the challenging economic climate and tough trading conditions, therefore resolved not to declare a dividend for this reporting period.

Sustainability

In 2014/15, Calgro M3, as a responsible corporate citizen, embedded sustainability into every facet of the business to deliver sustainable human settlements. A full Sustainability Report can be found on the Group's website with an abridged version contained on page 50 of this Integrated Report.

During the 2016 financial year shareholders approved two new Trusts on 29 July 2015. These Trusts, namely the Calgro M3 BBBEE Trust and Calgro M3 Broad Based Employee Share Ownership Trust (Calgro M3 ESOP), enhance Calgro M3's commitment to BBBEE and provide for the educational and economic development needs, skills development, training and charitable donations of historically disadvantaged South Africans. Each Trust was allocated 5 212 909 Calgro M3 Holdings shares. Neither the BBBEE Trust, nor the ESOP Trust will be a related party or a non-public shareholder of Calgro M3 as defined in the Listings Requirements.

The shareholding acquired by this Trust will ensure that an effective minimum 40% BBBEE shareholding in Calgro M3 is reached in line with the new BBBEE Charter. The Trust was established as a Broad Based Ownership Scheme and registered as a Public Benefit Organisation.

The purpose of the ESOP Trust is to create a self-sufficient, sustainable scheme to incentivise eligible stakeholders (employees, subcontractors, suppliers etc.) of Calgro M3 or any associated Group by providing them with the ability to participate in the capital growth of Calgro M3 and to improve the broad-based black economic empowerment credentials of the Group. Under the ESOP Trust at least 51% of income and assets will be allocated to Black people.

For Management Control and Employment Equity, the Group recognises that greater improvements need to be made in this area. Various mentorship and learnership programmes have been implemented; however these will be expanded greatly across the Group. The mentorship programmes will act as a catalyst to allow current and future Black managers an opportunity to gain greater management skills. This in turn will create a sustainable and adaptable platform to allow Black managers to advance through the ranks across the Group.

We are pleased to announce that we promoted one of our previous project managers, Zelna van der Walt, to head up training and social development in the Group and on all our projects. This is indicative of our commitment towards creating a better South Africa, and *Building legacies and Changing lives.*

During the year the Group commenced a new comprehensive and holistic Training and Local Economic Development Programme, the pilot of which was rolled out on our South Hills project during 2015 and which was implemented on other projects during 2016 and 2017. This programme includes relevant artisan and vocational skills training as well a Business Education programme for the Start-up and Small and Medium Businesses (SSME's) that are registered with the local labour desk. The aim of the programme is to enrich the lives of the local communities we operate in by identifying maintenance opportunities within the development after we, the developer, have handed over the homes to the end-user. This is in support of sustainability of any jobs and skills we have created. Details of the roll-out and specific training can be obtained from the Human Capital section of the Sustainability Report on the website www.calgrom3.com.

Board of Directors and Management

With the exception of Deon Steyn, the Group was able to retain the services of all Executive Directors of the Board. Waldi Joubert and Wayne Williams were appointed as Executive Directors. John Gibbon retired as Non-Executive Director and Chairman of the Audit Committee during January 2016. Hugh Cameron was appointed in May 2015 to replace John as Non-Executive Director and Chairman of the Audit Committee. Ralph Patmore remains the Lead Independent Director and with many years of strategic operational experience, his input and guidance, coupled with that from the Board is considered invaluable. Venete Klein joined the Board in January 2016 bringing a far-reaching skills set that will further benefit the Group. Operational management has been strengthened by the appointment of skills necessary to ensure that each area within our turnkey integrated development model is staffed with the correct expertise and experience.

2014 – Enter into development agreement to develop the Vista project

Appreciation

Despite the difficulties and challenges of the past year, the tenacity, industry knowledge and experience of our staff and management, put the Group on a good footing, allowing it to successfully continue in a challenging environment. Going forward, challenges will remain. The support and dedication of our senior executive team, senior management and loyal staff continue to be appreciated.

We would like to thank every Calgro M3 employee whose commitment and dedication contributed to our ongoing success.

In conclusion, we would like to, on behalf of our fellow Executive Directors, express our deep appreciation to our Board for their wisdom, support and guidance. We would also like to thank our stakeholders, financial and development partners, suppliers and Government for their continued support.

Wikus Lategan
Managing Director
10 May 2016

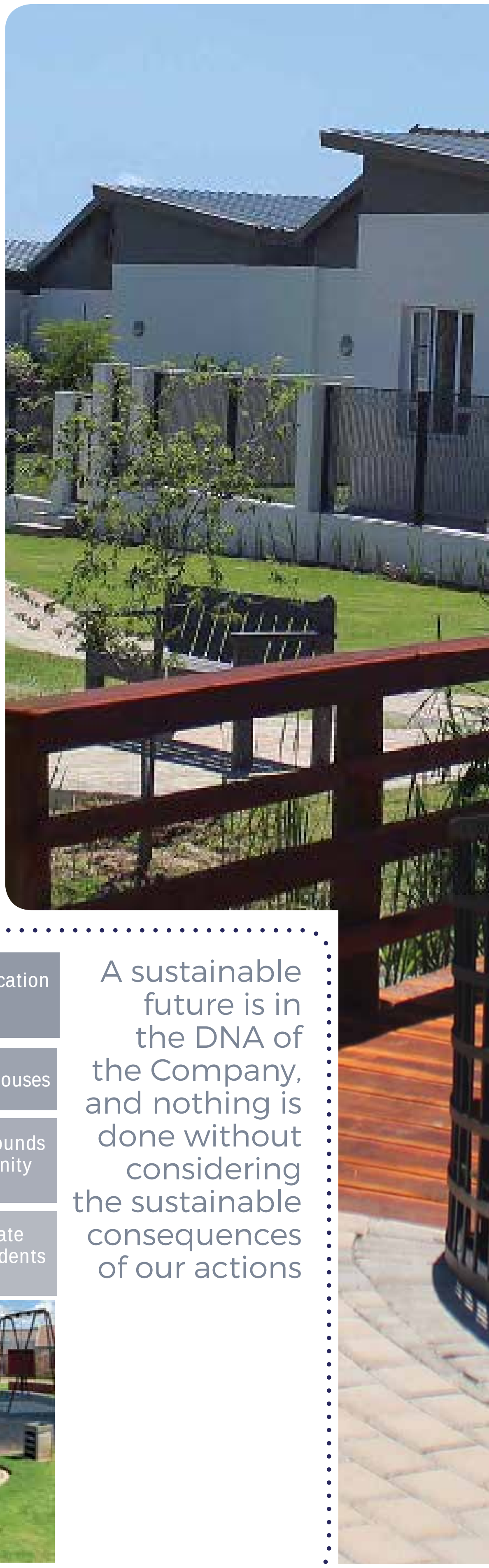
Waldi Joubert
Financial Director

2015 – 2016 – Current progress on projects detailed on pages 21 to 24

Managing Director and Financial Director's Report - continued

Abridged Sustainability Report

The full Calgro M3 2016 Sustainability Report can be viewed on the website www.calgrom3.com



This summary provides the reader with high level sustainability information, the underlying detail of which is discussed in the full Sustainability Report available on the Company's website. This summary will highlight all the factors considered and actively pursued by Calgro M3 in order to ensure the business is sustainable into the future.

The principle of sustainability underpins core business imperatives such as ensuring stable business growth and maximising profit for shareholders. We are keenly aware that the value we create for the business is closely tied to the value we create for our stakeholders – namely our investors, partners, suppliers, clients, our workforce and the communities we impact through our developments. In South Africa, where historical inequity has created a huge shortfall in housing, our role as a developer of integrated mixed-use residential housing is an important one. As our business grows, so does our potential to deliver positive social and developmental impact.

Carried out with the goal of profitability, in time, within conscious environmental parameters of a high standard

Why Calgro M3 is able to maintain high levels of sustainability

1. Location, location, location (of projects)
2. We build homes, not houses
3. We beautify the surrounds and restore community pride
4. We plant trees, create parks and spaces residents can enjoy
5. We create transport infrastructure within our developments, giving back valuable time to residents
6. We bridge the social gap and retain role models

A sustainable future is in the DNA of the Company, and nothing is done without considering the sustainable consequences of our actions

We build the future together

While the bricks and mortar residential developments we establish are an important measure of our output, the real value lies in creating an environment in which communities can thrive. Our goal is to deliver not just housing, but an environment that empowers and uplifts communities.

- From entry to exit, in all the phases of our operations, we focus on putting in place structures that will support the future success, wellbeing and prosperity of these communities.
- We engage with stakeholders to understand their challenges and needs, incorporating their inputs into our outputs.
- We employ design principles and energy and water solutions that are affordable, eco-friendly and durable and build "green" structures wherever possible, always mindful of affordability.
- We create employment, encourage skills development and support entrepreneurship.
- We invest in the development of shared public spaces for the community and in social, educational, sport and recreational facilities.
- We take care of the environment, rehabilitating and protecting the natural surrounds, preserving them for future generations.

We do this without taking our eye off the ball in terms of creating business value.

Material Issues

To identify material issues, Calgro M3 took into consideration:

- Shareholders' expectations and concerns;
- the Group's key strategies, policies and values;
- relevant legal and regulatory requirements; and
- industry and sector challenges.

Our material issues include:

1 Skills shortage

2 Energy

3 Acceptance of the integrated housing model by certain authorities

4 Health and Safety

5 Changing social structures of the past

6 Water

CALGRO M3

Understanding Our Stakeholders

The Full Sustainability Report how Calgro M3 engages with each of the stakeholders identified below.
www.calgrom3.com

Understanding and communicating with stakeholders plays a critical role within the Group, helping ensure continued growth and sustainability. Calgro M3 thus subscribes to meaningful, ongoing internal and external communication with all stakeholders.

EXTERNAL STAKEHOLDERS

Through our communication with external stakeholders we aim to:

- Build strong stakeholder relationships to support the Company's sustainability framework;
- obtain support for the business concept and strategies;
- strengthen confidence in the Company, its brand, employees, management and products;
- share information regarding public and industry affairs;
- meet expectations in terms of compliance with legislation, regulations and standards relating to communication activities;
- obtain support for an accurate evaluation of Company shares;
- facilitate the raising of capital by providing an accurate picture of the Company's financial position for investors;
- manage the image of the Company, its products and activities; and
- facilitate the recruitment of employees, supporting the Company's drive to become an employer of choice.

Calgro M3 has a number of external stakeholders which include:

- Customers
- Government – National | Provincial | Local
- Shareholders | Investors | Analysts | Media
- Environmental Agencies | Interest Groups
- Suppliers | Services Providers | Specialists
- JSE and other Regulatory Bodies
- Financial Institutions | Other Lenders | Auditors
- Joint Ventures and Other Partners
- Communities in which we operate

INTERNAL STAKEHOLDERS

Calgro M3 has a workforce made up of permanent staff as well as a large component of contractors and together the Company ensures that their rights, working conditions, environment and health and safety are a top priority at all times.

Our work force, staff and contractors

Through our communication with internal stakeholders, we aim to:

- Ensure that the Company's goals, policies and guidelines are communicated and understood to the benefit of the employees, the Company and external stakeholders;
- give employees the information they need, when they need it, in order to increase understanding and commitment, build motivation and garner support for Company strategies;
- communicate with employees about decisions and events that affect them;
- cultivate support and an understanding for the Company's business objectives, strategies and values;
- increase each employee's understanding and knowledge of the Company and its development;
- provide clear and current information to employees on the Company policies and information vital to the Company with regard to the Company's corporate identity;
- ensure that the Company's Code of Conduct, as it relates to communication, is adhered to by all staff, whether permanent or temporary;
- ensure the internal dissemination of success stories and good business solutions throughout the organisation, in order to spread creativity and encourage knowledge sharing and cross-operating unit/project cooperation; and
- provide guidelines for employees with regard to general as well as to inter- and intra-Company social communications/interactions and to proactively mitigate risks of damaging press leaks or misinformation being spread to the public, Company clients or suppliers.

Health and Safety

We were not accident-free. One incident occurred where three people were admitted to the Milpark Hospital after an electric shock. We are pleased to report that all three have recovered. Although no further serious injuries occurred in the work place, the injuries sustained are viewed in a serious light and the Group will endeavor to continuously aim at achieving its target of zero harm in the workplace.

UN Global Compact Principles

The Group is a signatory to the UN Global Compact (UNGC) which requires companies and their subsidiaries to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

The CEO and Managing Director of Calgro M3 embrace and are committed to the UN Global Compact Principles. They actively seek to address social, economic and environmental issues in all spheres of their operations, in their efforts to make a difference in the lives of the communities they serve.

HUMAN RIGHTS PRINCIPLE	1	Businesses should support and respect the protection of internationally proclaimed human rights; and
	2	Ensure that they are not complicit in human rights abuses.
LABOUR PRINCIPLE	3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	4	The elimination of all forms of forced and compulsory labour;
	5	The effective abolition of child labour; and
	6	The elimination of discrimination in respect of employment and occupation.
ENVIRONMENTAL PRINCIPLE	7	Businesses should support a precautionary approach to environmental challenges;
	8	Undertake initiatives to promote greater environmental responsibility; and
	9	Encourage the development and diffusion of environmentally friendly technologies.
ANTI-CORRUPTION PRINCIPLE	10	Businesses should work against corruption in all its forms, including extortion and bribery.

Our Economic Sustainability

For Calgro M3, economic sustainability starts with value delivery and customer satisfaction: healthy, happy and more satisfied clients improve the marketability of our products, which generates more work, sees the employment of a larger labour force, increases our social impact and delivers a better financial performance. The upside: a company that contributes to the sustainability of the larger economy in a sustainable way

The housing construction sector in South Africa is one of the highest employment multipliers. Calgro M3's current pipeline of over R27 billion could, taking into account direct and indirect employment opportunities, create in excess of 30 000 jobs.

While Calgro M3's financial performance is a fundamental measure of its sustainability, the Company's contribution to the larger economic system can be seen in its impact on society and the flow of capital among its stakeholders.

Calgro M3's management approach to economic sustainability focuses on:

1. Organisational and operational excellence;
2. Providing greater value to all stakeholders; and
3. Positioning the Company for future growth.

We develop, functioning communities, not just properties and remain true to our slogan of *"Building legacies, Changing lives"*

Abridged Sustainability Report

Corporate Social Investment (CSI)

Calgro M3's investment in social initiatives is aligned to its philosophy of community development. We invest in social development initiatives that help uplift and empower. We favour the support of projects in our residential developments, identifying opportunities where we can make a tangible difference, supporting the growth and development of individuals, nurturing vulnerable or needy groups and strengthening the community.

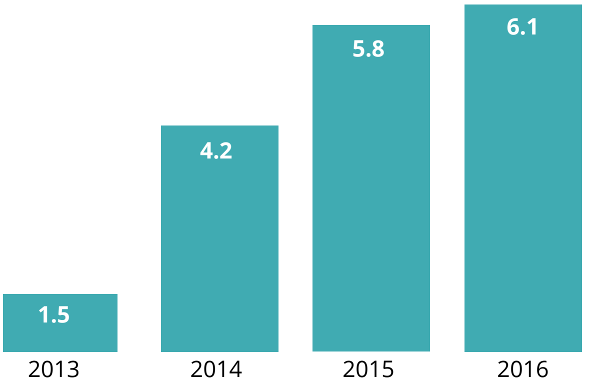
We align our CSI spend with Calgro M3's core capabilities, building health, sports, educational and public use infrastructure

We provide support in line with our CSI programme

We partner with specialist providers, including non-profit organisations, to ensure appropriate skills are applied to execute initiatives

We monitor outcomes and manage investments to drive delivery of envisaged benefits

During the 2016 financial year a total of R6.1 million was spent by Calgro M3 on CSI



CSI spend (Rm)

CSI investments include:

- A second crèche to be opened at the Fleurhof Integrated Residential Development catering for 196 children;
- various recreational parks and additional open hard surfaces for recreational purposes;
- building a school hall at the Letsibongo Secondary Girls School;
- on Mandela Day, donating a freestanding residential unit to a mother and child, identified in the community, in need;
- supporting facilities and additional recreations parks developed by Calgro M3 at Scottsdale development;
- school classrooms for the Sagewood Primary School in Midrand; and
- various monetary and product donations throughout the year.

Calgro M3 believes that in supporting education, a meaningful difference can be made to change the well-being of South Africans.

In addition to the CSI projects supported Calgro M3 provides:

Support in the format of funding, training and the creation of beautiful, practical urban spaces

Financial assistance to crèches

Sporting and recreational facilities in developments

Educational facilities at the Sagewood development in Midrand

Body corporate and trustee training

Financial awareness training for new home owners

Parks and open space creation

Food resilience programmes for urban agricultural use to feed communities

Improving communities' facilities

Environmentally sensitive areas are protected

Achieving a balance between densification and lifestyle needs is important.

Internal Skills Development

Skills development is one of our material issues which we take extremely seriously. Skills shortage is a problem in South Africa and we, as a responsible corporate citizen, cannot sit back and expect Government to bridge the gap. Calgro M3 has therefore once again taken the responsibility and identified the opportunity to enhance the skills of internal staff. This is good for morale, staff retention and through a mentorship process, we ensure that skills are well instilled in staff – finally contributing to the Company and the country.

Employees are also motivated through skills development which typically comprises some of the following:

- Formal career development plans;
- transitional skills transfer and general up-skilling;
- short-term "shadow skills training" and/or on-the-job coaching;
- medium-term technical, supervisory, formal management training;
- longer-term, in-depth mentoring; and
- expertise transfer by experienced long-term employees.

The Skills Development Programmes on sites are an important focus point in terms of the socio-economic contribution that Calgro M3 makes.

Corporate Social Investment (CSI) - continued

fleurhof	✔ Various Skill Training Programmes have been identified which are being implemented during the 2017 financial year; ✔ Employees at our Fleurhof development were identified and received Environmental Management Training during the previous financial year; ✔ Various Health and Safety Training Programmes commenced during the 2016 financial year.
South Hills	✔ At South Hills 200 learners completed various vocational CETA Accredited skills programmes inclusive of PPE Training; ✔ 50 SSME's enrolled in a New Venture Creation Programme, whereby they received theoretical Business Education Training; ✔ The Client Liaison Officer and Labour Desk Officer also received CETA Accredited training; ✔ Calgro M3 has identified the need to empower GAS SSME's for future maintenance opportunities. ✔ Phase 2 of the Vocational and RPL Skills Development Training will also continue during the 2017 financial year.
JABULANI	✔ Jabulani Hostels Bricklaying Apprenticeship: Construction Training and Authority Seta has granted funds to train 20 candidates on a bricklaying apprenticeship course, managed by Black Business Council. The course is currently a three year programme. ✔ The learners are gaining practical work experience at Jabulani Hostel; ✔ Recognition of Prior Learning Training and Subcontractor training will commence during the 2017 financial year.

The benefits of the comprehensive Training and Development programme can be seen through:

- Increasing job creation;
- sustainable SSME's and the improvement of SSME's accreditation i.e. CIDB levels or other institutional rating scales;
- the Socio-Economic status of the development's adjacent communities will be increasing through sustainable enterprise development initiatives; and
- subcontractor development is beneficial to the economic growth within the Integrated Residential Developments.

Our Environment

Calgro M3 strives to:

Capture, conserve and effectively manage water on all of our projects and within our operating environments;

Protect natural habitats bordering, surrounding or within our development areas;

Use greening initiatives to proactively build up the environment – at all of our sites we plant non-invasive trees which are suited to, and will enhance the local biosphere;

Harness natural energy and minimise the use of energy related to non-renewable resources wherever possible;

Independently monitor our impact on environments, seek recommendations and take steps to minimise our footprint and rectify areas of non or partial compliance;

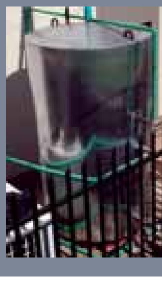
Stay abreast of the latest trends and information in the global environmental sustainability landscape, specifically regarding construction and real estate development, and implement optimisation projects where relevant; and

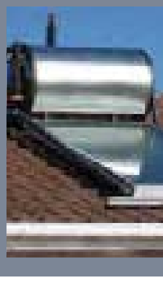
Actively engage stakeholders, industry partners and environmental regulatory bodies to understand issues and implement proactive solutions.

Energy

"Green" energy efficient buildings

- Heat pumps
- Induction geysers
- Solar geysers
- Gas





Water

- Rainwater harvesting

Wetland rehabilitation

- Eco-responsibility
- Preservation and restoration of heritage sites

A total of 2 666 units have been equipped with heat pumps

Calgro M3 plants one tree for every unit built

Greening our space

The table below analysis provides insight into the extent of our efforts:

Development	Units	Green space required by law	Green space provided
South Hills			
Residential 1 units:	1 446		
Multi-storey units:	4 758	10 ha	112 ha
Fleurhof			
Residential 1 units:	2 550		
Multi-storey units:	8 097	20 ha	113 ha
Jabulani CBD			
Multi-storey units:	3 881	7 ha	11 ha
Scottsdene		0 ha (Due to this being an in-fill development, a separate park erven was not a tender or a town planning requirement)	12 ha (as part of each sectional scheme)
Residential 1 units:	621		
Multi-storey:	2 245		
Kwa Nobuhle			
Residential 1 units:	4 121		
Multi-storey:	9 683	133 ha	166 ha

Design of the Green Office Building

The fundamental principles of building "Green" are:

- Structure design efficiency;
- energy efficiency;
- materials efficiency;
- indoor quality enhancement;
- operations and maintenance efficiency; and
- waste and toxic reduction.

The design of the office building will take into consideration, multiple passive design principles, for instance:

- Elongated east-west axis and optimised north orientation;
- optimal northern orientation and frontages of offices on northern side of building;
- small openings and well-shaded eastern and western windows and openings;
- large overhangs;
- bathrooms (service space) serve as buffer zones on eastern side of building;
- large north and south window openings to allow for optimal cross ventilation;
- high volume spaces to allow for warm air to rise;
- zoning of internal spaces to allow different thermal requirements to be compartmentalised when required;
- low E-glass specified for windows;
- clear storey windows and light shelves for optimal natural interior light (minimise use of internal electrical lighting);
- highly insulated roofs; and
- use of massing.

Our Products and Services

To mitigate the environmental impacts of its products and services, Calgro M3:

Implements a formal environmental plan for each project;

Puts in place ecological management plans where needed;

Monitors compliance through an independent environmental control officer appointed at each development;

Uses a follow-up system to ensure red-flag issues are addressed; and

Develops innovative housing typologies that comply with new environmental and safety ratings.

The Group was proud to maintain and increase overall spend with Black businesses, to 72% compared to 68% in the prior period. The Group also spent over R100 million of their qualifying spend on small to medium-sized Black-owned businesses. This was an improvement of over 20% from the prior year.

Innovation, efficiency, quality, sustainability and affordability are key guiding principles for Calgro M3 in the design and execution of its developments

Calgro M3 is driven by a desire to make a tangible difference in the lives of individuals, families and communities through the environments it creates. We want to set a new standard - not just in housing but in community upliftment and development.

A lasting Legacy

To mitigate the risk to local communities that can accompany the completion of the development, Calgro M3 actively helps develop the community, providing education, training non-skilled and skilled local workers, and by supporting local small, medium and micro enterprises (SMMEs) through training partners. This leaves a lasting legacy of social and economic upliftment when the projects close.

Fraud and Corruption - Zero Tolerance

Calgro M3 is committed to preventing and detecting fraud and corruption, and maintaining the highest standards of honesty, integrity and ethical conduct. We have a zero tolerance approach to fraud, corruption and theft. This approach is supported by our Fraud and Corruption Policy, helping define management and employee responsibilities in this area and entrench an anti-fraud and corruption culture.

Our Fraud and Corruption Policy ensures consistent and effective investigation, reporting and disclosure, and minimisation of fraud and corruption occurrences within the Group.

24-hour 'Ethics Hotline'

Calgro M3 has established a 24-hour 'Ethics Hotline' and engaged the services of Deloitte to manage it.

The Ethics Hotline is intended to encourage employees, stakeholders and members of the public to raise serious concerns relating to specific matters (including fraud and corruption) without fear of victimisation. No person will suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud or corruption.

Should any employee or member of the public wish to make use of this service (with the option of remaining anonymous), kindly call the following

toll-free number: **0800 204837**,
send a **fax to 0800 007788,** or
send an e-mail to **calgrom3@tip-offs.co.za.**

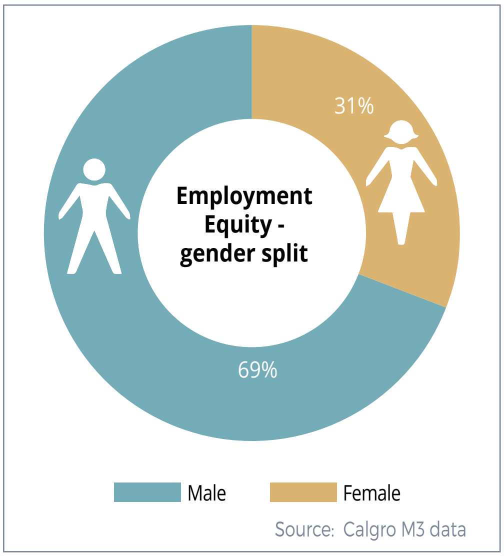
We involve the community from day one:

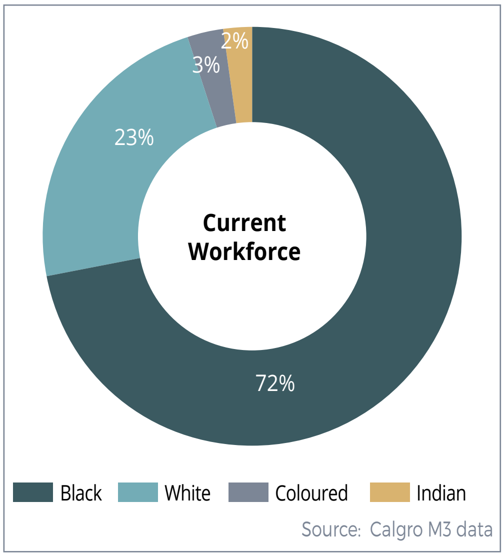
- Inviting public participation in town planning and environmental assessments, and involving local councillors in pre-development and implementation phases;
- Employing local labour, supporting skills and enterprise development;
- Partnering with business and the public sector on key social issues;
- Investing in social development initiatives and facilities; and
- Implementing policies, plans and approaches that ensure compliance and mitigate risks throughout the phases and cycles of the development.

Human Capital Management

It is Calgro M3's goal to make South Africa a better place for all by providing employment and homes to as many people as possible.

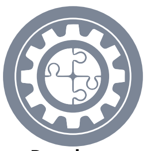
At Calgro M3 we consider many factors which contribute to the overall success of our business, however one factor that stands above all, is our people. While we may be a property developer at heart, we cannot lay a single brick or get a single plan approved or sell a single house or produce a single set of financials, if it were not for the people who work for Calgro M3. The management team of Calgro M3 would like thank all our staff in helping us build legacies and improve lives.





The Group's Human Capital Strategy and workforce model focuses on four areas:

Attract

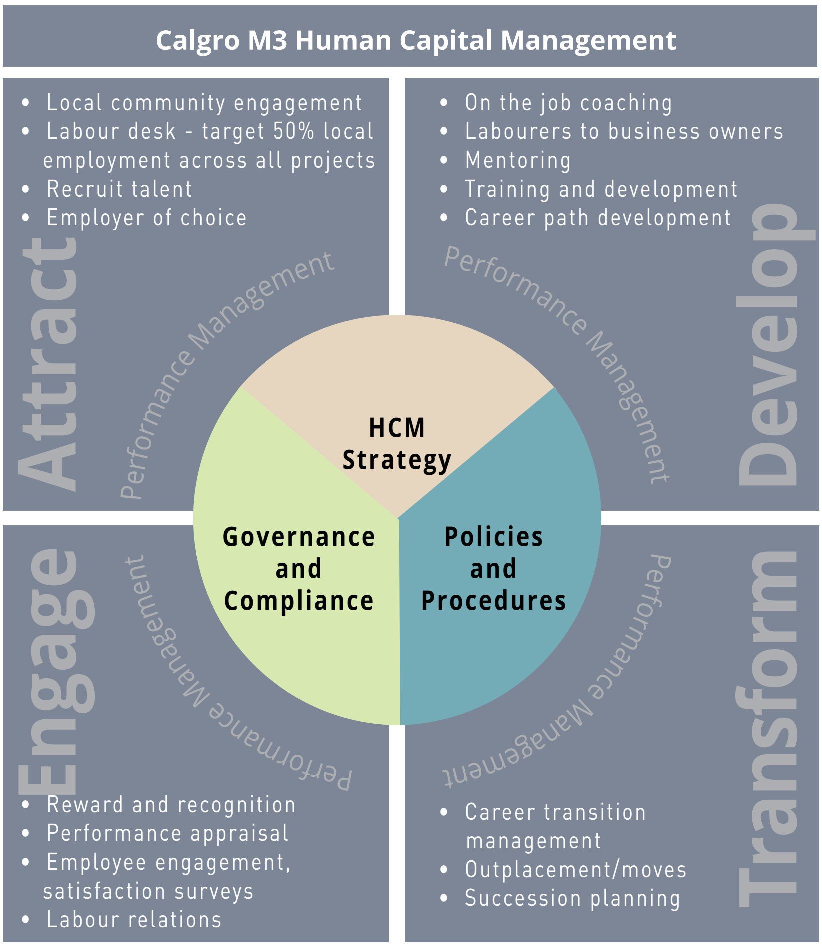


Develop

Engage

Transform

enabling the Group to unlock the potential of each of our valued employees.



Preferential Procurement and Enterprise Development

Our *Building legacies, Changing lives* slogan is a constant reminder to actively help develop the community, providing business education, training non-skilled and skilled local workers, and by supporting local small, medium and micro enterprises (SMMEs) through training partners, to mitigate the risk to local communities that can accompany the completion of the development. This leaves a lasting legacy of social and economic upliftment when the projects close.

The Group prides itself on reaching a target of 50% of its suppliers having a Level 3 or better empowerment certificate in place. During the current year, the Group bettered its spend with Black business owners to 68%, up from 50% a year ago.

Human Resource Policies and Procedures

Non-discrimination

The Group practices a policy of non-discrimination as stipulated in the respective establishment agreements signed with trade unions on our operations. We strive to recruit and retain the best people both on our projects and within our corporate support operations, and draw on talent from the populations of the areas we work in, wherever possible.

Empowerment of Local Communities

The Group's policy to recruit members of local communities has provided us with rewards in terms of multiple individual success stories. There have however, also been challenges in terms of labour relations on certain projects.

Code of Conduct and Ethics

The Group's success is dependent on the trust and confidence that is earned from employees, customers and shareholders. The Group's reputation is built on its values of integrity, respect and truthfulness, and its strong commitment to upholding the highest ethical standards. We gain credibility by adhering to our commitments, displaying honesty and integrity, and reaching Company goals through honourable conduct.

Grievance Management

The Company has policies and procedures in place aimed at improving grievance management resolution times, including in-sourcing of key stakeholder engagements. As a result, the average conflict resolution is 72 hours. For the financial period under review, the Group was minimally impacted by work stoppages. On Fleurhof there was a two week work stoppage by local SME's as a result of a change in local leadership in the area. The stoppage resulted from a misunderstanding by local laborers used in the different areas of the project as well as a contractors' rates issue between civil contractors (rates are regulated by the Government Gazette) and building contractors (negotiated with employees). On the Group's many other sites, good staff engagement, early stakeholder identification, communication and training and improved resolution of disputes before industrial action have ensured good relations are maintained.

Employee relations to remain a focus of the Company

Staff engagement initiatives throughout the year, such as briefings, CEO addresses, and feedback from the different divisions and from site managers in daily, weekly or monthly meetings held across the different forums within operations.

Rewarding Employees

A transparent performance management system that is linked to the performance of the Company has been successfully rolled out for a number of years.

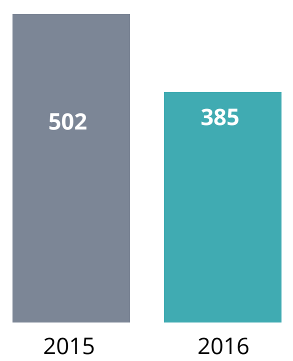
Employee Wellbeing and Safety

The Group makes every effort to create a safe and healthy working environment for its employees.

HIV & AIDS Education

HIV/AIDS is addressed in the induction training provided to all new employees and subcontractors, as well as by a formal programme that aims to educate all employees and subcontractors about the socio-economic impact and effects of the disease.

Staff Complement



Total staff complement (including contract employees)

Corporate Governance

Calgro M3 Holdings Limited is listed on the main board of the Johannesburg Stock Exchange. The Company remains committed to sound corporate governance, sustainability principles and compliance with the JSE Listings Requirements and the King III Report on Corporate Governance ("King III").

The Board of Directors ("the Board") believes that sound corporate governance structures and processes are crucial to delivering responsible and sustained growth of the Company for the benefit of all stakeholders. The Company has implemented controls to provide reasonable assurance of its compliance with these requirements, insofar as they are applicable.

Transparency, accountability and openness in reporting and disclosure of information, both operational and financial, are internationally accepted to be vital to the practice of good corporate governance. Achieving this objective demonstrates the Group's public accountability and that it conducts its business within acceptable ethical standards.

Corporate Governance Structure

The Group is vigilant on disclosure and transparency and manages the business along the lines of best practice

Statement of Compliance

JSE Limited and King III Corporate Governance

The Board has acquainted itself with the extent to which the Company complies with the JSE Listings Requirements and King III. Following the commencement of the Group's King III journey in 2011 and 2012, the Group has shown commitment to change where necessary.

During the year under review ("the period") the Group has shown proactive disclosure and increased transparency in line with the Global Reporting Initiative's G.4 guidelines for reporting. Where there are instances of non or partial compliance, it is because the Group has elected not to apply certain recommendations of King III for specific reasons, which are dealt with in the Gap Analysis on page 76.

Shareholders are referred to the Calgro M3 website www.calgrom3.com for an analysis of the application of the 75 Corporate Governance Principles as recommended in the King III Report.

The Board is satisfied that there have been no material instances of non-compliance during the period.

Board Composition

The Board operates as a unitary board comprising five Executive Directors and five Independent Non-Executive Directors. The Board Chairperson is an Independent Non-Executive Director and the Company has a Lead Independent Director, Ralph Patmore to ensure independence on Board decisions.

The Board is responsible to shareholders for the Group's performance. It is the highest governing body and ultimate guardian of corporate governance. It strives to instill leadership and integrity in the execution of its duties.

In accordance with the King III recommendations, the roles of Chairperson and CEO are separate, with a clear division of roles and responsibilities defined in the Board Charter.

The Board reviews its composition and determines the optimal number and type of directors necessary to fulfil the role of the Board of Directors effectively and efficiently, on an annual basis. It also reconsiders appointments or changes to the Board as needed, in accordance with the growth cycle of the Group.

Independence

In accordance with the Companies Act No. 71 of 2008 ('the Act") and the guidelines of King III, the independence of Non-Executive Directors is evaluated by the Remuneration and Nomination Committee and reviewed by the Board on an annual basis. Similar principles and processes are in place to ensure that no single director may exercise unfettered decision-making powers.

Where the CEO is responsible for the implementation of strategic direction and daily operation of the Company, the Board provides guidance and leadership deliberations, and oversees its efficient operation. The CEO is assisted in his responsibilities by an Executive Committee ("Exco").

The Board's decision-making process is improved by the involvement and objective contributions of all Non-Executive Directors. These are experienced high-merit individuals possessing a wide range of industry skills and knowledge. They are not involved in the daily operations of the Company. To date, all Non-Executive Directors have served on the Board for less than 10 years.

Board members with the necessary experience and expertise are asked to join the Board and in this way their skills set is used appropriately.

Board Director	Skills set	Board Director	Skills set
Pumla Radebe	Specialises in social analysis, project planning and management and with more than 20 years' experience at local and regional government level. It is experience such as this, which is highly regarded within the Group, given the exposure to government.	**Ralph Patmore**	With his vast industry experience, including, but not limited to being a former director of Everite, Group Five, Unihold, Illiad and Malbak, comes a valuable approach to specific industry thinking and expertise.
Mdu Gama	A doctorate in finance combined with an entrepreneurial flair blends exceptionally well with Calgro M3.	**Hatla Ntene**	Finding a person with 30 years of deep experience in the property industry is rare and the insight which Hatla provides to the Board is highly regarded. Potential pitfalls are pointed out early before time and money are potentially wasted.
Hugh Cameron	To have the expertise of a retired PricewaterhouseCoopers partner on the Board is invaluable. When mixed with specific industry experience as well as the experience of serving on the advisory panel of the International Accounting Standards Board ensure that the highest standards of guidance are imparted to Calgro M3 by Hugh.	**Venete Klein**	30 years of unsurpassed experience goes a long way and the value of this experience is very difficult to measure. Venete guides the Group in her knowledge of corporate governance and business principles ensuring that the correct methodology and implementation is used on each occasion.

The Role of the Board and Board Procedure

The role of the Board is to establish, review and monitor strategic objectives, the approval of disposals and capital expenditure, and to oversee the Group's systems of internal control, governance and risk management. The Board meets at least three times per annum and more often if and when the need arises.

Register of attendance for board meetings in the period under review

BOARD MEMBERS' ATTENDANCE REGISTER					
BOARD MEETINGS	**24 February 2015**	**8 May 2015**	**22 July 2015**	**9 October 2015**	**24 February 2016**
Pumla Radebe	✔	✔	✔	✔	✔
Ralph Patmore	✔	✔	✔	✔	✔
Mdu Gama	✔	✔	✔	✔	✔
John Gibbon	✔	Via Telecon	✔	✔	N/A
Hatla Ntene	✔	✔	✔	✔	✔
Hugh Cameron	N/A	✔	✔	✔	✔
Ben Pierre Malherbe	✔	✔	✔	✔	✔
Wikus Lategan	✔	✔	✔	✔	✔
Waldi Joubert	N/A	N/A	✔	✔	Apology
Wayne Williams	✔*	✔*	✔	✔	✔
Derek Steyn	Apology	✔	✔	✔	✔
Deon Steyn	Via Telecon	✔	N/A	N/A	N/A
Sponsor					
Grindrod Bank	✔	✔	✔	✔	✔
Audit & Risk Committee	**24 February 2015**	**5 May 2015**	**7 October 2015**	**23 February 2016**	
Ralph Patmore	✔	✔	✔	✔	
Mdu Gama	✔	✔	✔	✔	
John Gibbon	✔	Via Telecon	✔	N/A	
Ben Pierre Malherbe	✔	✔	✔	Apology	
Wikus Lategan	✔	✔	✔	✔	
Hugh Cameron	N/A	✔	✔	✔	
Waldi Joubert	N/A	N/A	✔	✔	
Wayne Williams	✔*	✔*	N/A	✔*	
Sponsor					
Grindrod Bank	✔	✔	✔	✔	
Auditor					
PwC	✔	✔	✔	✔	
Internal audit					
Sizwe Ntsaluba			✔	✔	
REMCO Committee	**28 April 2015**	**21 July 2015**			
Pumla Radebe	Apology	✔			
Ralph Patmore	✔	✔			
Mdu Gama	✔	✔			
John Gibbon	Via Telecon	✔			
Attends sections of meeting by invitation					
Ben Pierre Malherbe	✔	✔			
Wikus Lategan	✔	✔			
Social & Ethics Committee	**24 February 2015**	**21 July 2015**	**7 October 2015**	**23 February 2016**	
Mdu Gama	✔	✔	✔	✔	
Ben Pierre Malherbe	✔	✔	✔	✔	
Hatla Ntene	N/A	N/A	✔	✔	
Wikus Lategan	✔	✔	✔	✔	
Wayne Williams	✔	✔	✔	✔	
By Invitation					
Veriksha Baijoo	N/A	✔	✔	✔	
Zelna van der Walt	N/A	N/A	N/A	✔	

✔* Attendance as Company Secretary

Information is supplied to the Board and its sub-committees timeously to allow them to comply with their duties and carry out their responsibilities. The Board also enjoys unrestricted access to all Company information, records, documents and property. Non-Executive Directors have access to management and may meet separately with management without the attendance of Executive Directors. A range of non-financial information is made available to the Board to enable its members to consider qualitative performance that involves broader stakeholder interest.

The daily management of the Company's affairs has been delegated to the CEO and the Managing Director, who co-ordinate the implementation of Board policies through EXCO with the support of the Management Committee ("Manco").

Through recently concluded appraisals, the Board and its committees were found to have operated and functioned effectively during the period.

Full and effective control over all operations of the Company is retained by the Board at all times.

Appointment and Re-election of Directors

Directors, both executive and non-executive, are appointed for their skill and experience. The nomination for appointment of new directors requires the approval of the Board.

In accordance with the Calgro M3 Memorandum of Incorporation, Non-Executive Directors are subject to rotational retirement and re-election by shareholders at the annual general meeting.

On the recommendation of the Nomination Committee, the Board as a whole is responsible for approving directors for appointment. New directors are appointed in terms of a formal and transparent procedure. Prospective appointees are nominated by the Nomination Committee with the nomination being approved by the Board and the appointment being made by shareholders at the annual general meeting.

Induction of New Directors

Individual competence of Board members is imperative as they are the decision-makers of the Company and are ultimately responsible for its success.

Directors are required to have a sound understanding of the business and knowledge of the markets within which the Group operates, and must exercise due care and skill in their fiduciary duties. Directors are selected based on their experience, business skills, the diversity of their business backgrounds and for their academic qualifications. Race and gender are also taken into account in line with the transformation agenda of the South African Government and in order to accurately reflect the demographics of the country.

An informal orientation programme for new directors exists to ensure they acquire the requisite level of competence and knowledge of the Group's structure, operations and policies to enable them to fulfil their fiduciary duties and responsibilities.

The Executive Committee

Exco is responsible for the day to day running of the Group and is comprised of the Executive Directors. The CEO is the head of Exco which is, in turn, accountable to the Board for the actions and decisions taken by Exco.

Exco's initiatives and progress is reported to the Board via Board packs made available in advance of the Board meetings or whenever deemed appropriate or necessary. Exco meets regularly at set intervals, but also holds ad hoc meetings as required.

Access to Company Information and Confidentiality

Via the Chairperson and Company Secretary, policies and procedures have been implemented so that the Board has access to relevant Company information and to senior management at all reasonable times. Directors are expected to treat all Company information as strictly confidential and to comply with the provisions of the statutes applicable to the use of Company information.

Dealings in Securities

Calgro M3's closed-period policy precludes Directors, officers, participants, staff, advisors and consultants who may have access to price-sensitive information, from dealing in Calgro M3 shares prior to the release of the interim and final results and during price-sensitive periods.

Before dealing in Calgro M3 securities, all Directors and the directors of subsidiary companies are required to obtain written clearance from the CEO or the Chairperson. Similarly, the CEO requires prior clearance from the Chairperson or Financial Director. The same rules and restraints apply where securities are held by immediate family members of Directors or senior staff.

The Company Secretary keeps record of all consents and dealings in Calgro M3 shares by Directors.

Conflict of Interest

The disclosure to the Board of all and any conflicts of interest or potential conflicts of interest which Directors may have in relation to the business of the Company is required. Directors are further required to recuse themselves from discussions or decisions on those matters where conflicts or potential conflicts of interest may exist. The Board may, if deemed appropriate, request a Director to recuse himself/herself from the meeting for the duration of the matter under discussion should there be a conflict or potential conflict of interest.

Board Committees Structure

Each of the Board committees has specific responsibilities which have been delegated and sanctioned by the Board.

The Board committees operate under board-approved terms of reference which are reviewed annually by the Board. Board committees are free to obtain independent professional advice as and when deemed necessary. Full transparency and disclosure from Board committees to the Board exists. Apart from the establishment of the Board committees, the Board has reserved a range of key matters for itself to ensure that it retains proper direction and full control of the Group.

Remuneration and Nomination Committee

The main purpose of the Remuneration Committee is to ensure the adoption of remuneration policies which aim at attracting and retaining top talent and the aligning of such policies with the Company's strategy to drive performance in the long and short term.

This committee also fulfils the role of Nomination Committee, having the responsibility to evaluate the Directors and executive managers and examine the skills and characteristics required of these persons. The Nomination Committee is also required to identify suitably qualified candidates for the position of Director, if and when the need arises.

Any matter of the Nomination Committee, is chaired by the Chairman of the Board. Although the Chairman of the Board is not the Chairman of the combined committee, the Chairman of the Board is an active member of the Committee.

It is the duty of the Committee to align its interests with those of the shareholders and take into account the interests of the broader grouping of stakeholders. The integration of the duties of a Nomination Committee with that of the Remuneration Committee has been successful.

The Board Committees operate under Board-approved terms of reference which are reviewed annually

The Committee's terms of reference include the following responsibilities:

Assisting the Board from a Remuneration Committee perspective with:

- Approval of the remuneration policy to be adopted by the Company;
- ensuring that the remuneration strategy is market-related and competitive;
- determining specific remuneration packages for senior executives of the Company;
- ensuring that remuneration for executives, including their short- and long-term incentives, is based on performance and as such, that performance is rewarded;
- considering the relationship between senior executive remuneration and the remuneration of other senior Group employees;
- considering and recommending to the Board what fees should be paid to Non-Executive Directors for their services on the Board and its committees;
- ensuring that disclosure of Director remuneration is accurate, complete and transparent;
- approving the structure of short-term incentive schemes, including determining the targets and participation thresholds thereof;
- approving the structure of long-term share incentive schemes, including the determination of allocation criteria and performance conditions;
- reviewing and monitoring progress in people management; and
- reviewing the terms of reference and activities of subsidiary Companies and joint venture Remuneration Committees.

Assisting the Board from a Nomination Committee perspective to help ensure that:

- The Board has the appropriate composition for it to execute its duties effectively;
- Directors are appointed through a formal process;
- induction and on-going training and development of Directors takes place; and
- formal succession plans for the Board, CEO and senior management positions are considered.

The Committee meets twice a year. The CEO and Managing Director attend the meetings by invitation but do not participate in discussions on their own remuneration. The committee Chairman reports back to the Board on the activities of the Committee at subsequent Board meetings and the minutes of the Committee meetings are circulated to all Directors.

During the course of the year, the Committee approved senior appointments, reviewed succession plans and the performance and service agreements of the Exco members. The Committee also assesses the independence of each of the independent Non-Executive Directors on an annual basis.

Remuneration Strategy

Calgro M3's remuneration philosophy is designed to attract, develop and retain passionate, committed and talented people who are required to effectively implement the overall Calgro M3 strategy as defined in the first pages of this report and create value for shareholders.

The remuneration strategy for executive and senior management is based on principles of retention of key and critical skills and to drive performance in alignment with shareholders' interests, through guaranteed pay and short and long-term incentives. A significant portion of executives' total potential remuneration is performance-related in order to drive the right behaviour to optimise Company performance. Stretch targets are set annually in the context of future prospects of the Group and the prevailing economic environment in which it operates.

Components of Executive Remuneration

The Remuneration Committee ensures that the components of proper remuneration, inclusive of annual guaranteed remuneration and short and long-term incentives are linked in such a way as to achieve the Group's strategy and drive performance objectives.

Guaranteed Remuneration

The Group utilises a total "cost to company" approach which encompasses a cash component, fixed car allowance, and retirement funding contributions. The Company considers benchmarking remuneration surveys which enables reliable comparisons of remuneration for executive job descriptions and other disciplines in the sector.

Our policy is to remunerate all competent performing employees between the 25th and 75th percentiles, thereby ensuring that these employees are properly benchmarked within their respective disciplines.

Employee Benefits

Calgro M3 makes provision for employee retirement funding by means of a defined contribution fund, which is compulsory for all salaried employees.

Variable Remuneration

Short-term Incentives

The objectives of the short-term incentive policy are:

- To motivate executives to manage and lead the business successfully and to drive strong growth in line with strategy and business objectives as stated in this report;
- to ensure that the interests of the executives are aligned with those of shareholders by linking remuneration directly to the Company's bottom line profit; and
- to ensure there is transparency and fairness in the executive remuneration policy and practices, and at the same time recognise that remuneration is a critical aspect of human resource management.

The short-term incentive bonus pool for executive management and certain members of the senior management team if a minimum return on average equity of 25% is achieved, was calculated based on profit pre-tax on a sliding scale as follows:

Range			Incentive percentage
<	20%	of previous financial year PAT	3
=	equal	of previous financial year PAT	6
>	20%	of previous financial year PAT	7
>	40%	of previous financial year PAT	8
>	60%	of previous financial year PAT	9
>	80%	of previous financial year PAT	10
>	100%	of previous financial year PAT	12

New Share Schemes

During the financial year under review, two significant changes took place to the historical cash settled share appreciation rights (SAR) scheme. These changes included i) the conversion of the old cash settled share appreciation rights (SAR) scheme to an equity settled Executive Share Scheme for some participants and ii) settlement of participants that chose not to convert to the equity settled scheme.

The purpose of the scheme was to align management goals to the mid-to-long term goals of shareholders and debt providers. This motive was to maintain the culture of the Group, align interests with those of shareholders and ensure that management is committed to the Company through good and bad times alike.

The creation of the equity settled executive share scheme afforded management the option to buy shares at R4.08, but which are only transferred in tranches of 50% after five years and 50% after six years from 1 March 2015 for Exco members, excluding Ben Pierre Malherbe. Shares will be transferred in tranches of 50% after four years and 50% after five years from 1 March 2015 for Manco members. Ben Pierre Malherbe is locked in for a three-year period to ensure continuity.

The new equity scheme ensures that new senior and middle management are locked into this same scheme with the same long-term goals. Should any participant leave the Group before the restriction period has expired, the Group will buy the shares back at R4.08 with the individual losing all the upside of the capital growth.

The long-term incentive for the executive management and senior management team is detailed in the Directors' Report on page 85. Details relating to the Group's Equity Scheme can be found on page 43 and in note 34 (page 136) to the annual financial statements.

Directors' Remuneration and Contracts

Executive Directors

The schedules containing the breakdown of the annual remuneration for Executive Directors for the years ended February 2015 and February 2016 appear in note 37 of the financial statements.

Service Contracts

Executive Directors are appointed on the Group's standard terms and conditions of employment. This entails a three-month probationary period with the period of employment continuing indefinitely thereafter, unless agreed to otherwise.

Non-Executive Directors' Fees

Non-Executive Directors are remunerated for their membership of the Board and of the various Board sub-committees. The Calgro M3 incentive arrangements and Share Appreciation Rights scheme do not apply to Non-Executive Directors and they may not participate in, or benefit from them.

As recommended in the Notice of the Annual General Meeting, shareholders are requested to ratify the Non-Executive Directors' fees for the year at the Calgro M3 Annual General Meeting. To comply with the requirements of King III, the Board has instituted rulings that Non-Executive Directors' fees are split between an annual retainer and an attendance component.

The Audit and Risk Committee

During the period, this Committee was chaired by John Gibbon, an Independent Non-Executive Director, until January 2016 when John retired upon reaching age 75. In accordance with the statutory requirements, the other members of this Committee, Ralph Patmore, Mdu Gama and Hugh Cameron, are all Independent Non-Executive members. As from January 2016, Hugh Cameron assumed the position of Chairman of this Committee.

The overall objectives of this committee are to:

- Assist the Board in discharging its duties relating to safeguarding assets and operating adequate systems and controls;
- control reporting processes and accurate reporting of financial statements in compliance with legal requirements and accounting standards;
- provide a forum for discussing business risk and control issues, and for developing recommendations for consideration by the Board;
- oversee the activities of internal and external audit; and
- perform those duties prescribed by the Companies Act, the JSE and King III.

From a risk management perspective, the Committee's main responsibilities include overseeing risk exposure and mitigation across the entire Group via its risk management programme. The actual responsibility for identifying, evaluating and managing risk resides with management.

The internal audit function has continued its progress complying with its obligations in terms of the King III guidelines. The internal audit function reports directly to the Audit and Risk Committee and has a direct line to the Chairperson of the Committee.

The full Audit and Risk Committee report has been incorporated on page 81 of the annual financial statements.

The Social and Ethics Committee

This Committee is advisory in nature and reports to the Board. The members of this Committee are appointed by the Board. The members of the Committee are Hatla Ntene, Ben Pierre Malherbe, Wikus Lategan and Mdu Gama, who serves as Chairperson and is an Independent Non-executive Director. A quorum for this Committee is two members of which one needs to be the Chairperson or another Independent Non-Executive Director attending the meeting on his behalf.

The function of this Committee is to monitor the Group's activities relating to:

Social and economic development, including the Group's standing in terms of the goals and purposes of:

- The 10 principles set out in the United Nations Global Compact Principles;
- the OECD recommendations regarding corruption;
- the Employment Equity Act; and
- the Broad Based Black Economic Empowerment Act.

Good corporate citizenship, including the Group's:

- Promotion of equality and prevention of unfair discrimination and corruption;
- contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
- record of sponsorship, donations and charitable giving.

The environment, health and public safety, including the impact of the Group's activities and of its products or services on:

- Sustainability;
- consumer relationships, including the Group's advertising, public relations and compliance with consumer protection laws; and
- Labour and employment, including:
  - The Group's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
  - the Group's employment relationships and its contribution towards the educational development of its employees.

The responsibilities and duties of the Social and Ethics Committee shall focus primarily on:

- Group sustainability responsibilities;
- Group transformation responsibilities;
- Group Code of Ethics standards;
- the Companies Act and Social and Ethics Committee responsibilities; and
- the King III Report on Corporate Governance.

It shall consider with management any feedback from external providers (as relevant), any contraventions of the Group Code of Ethics and management's response and action taken in light of such events. It will also review the effectiveness of Group and division systems for monitoring compliance with laws and regulations.

It is furthermore responsible for:

- Identifying and monitoring the non-financial aspects relevant to the business of the Group and for reviewing appropriate non-financial information that goes beyond assessing the financial and quantitative performance of the Group;
- reviewing the effectiveness of the Group Affirmative Action Strategy on creating opportunities that will enable previously disadvantaged employees to prepare themselves to occupy more skilled and responsible positions within the organisation;
- reviewing the effectiveness of the Group's dealing with Safety, Health and Environmental issues and to provide the necessary guidance in developing and approving the policy, strategy and structure to manage Safety, Health and Environmental issues;
- reviewing the effectiveness of the Group's contagious diseases strategy regarding the handling of HIV/AIDS training and education programmes, voluntary anonymous testing, anti-retroviral and crisis planning;
- reviewing the effectiveness of the Group's environmental strategy regarding:
  - The taking of reasonable measures to prevent significant pollution or degradation to the environment from occurring, continuing or recurring;
  - minimising and rectifying pollution or degradation that has already occurred;
  - disclosing the nature of their environmental policies, ethos and values; and
  - a commitment by all relevant Group companies becoming certificated with the required international safety and environmental standards.
- Reviewing the effectiveness of the Group's Social and Transformation Strategy regarding the submission of its Employment Equity and Skills Development plans to the relevant authorities and monitoring that they are on track to meet, if not exceed, the required targets;
- reviewing the effectiveness of the Group's Employment Equity strategy regarding principles of employment equity and ensuring the Group's compliance with the Employment Equity Act;
- to periodically assess and communicate the quality of key stakeholder relationships;
- to consider and communicate the results and evaluation reports relating to the Group's annual report performance and to ensure appropriate action is taken to address areas identified for improvement;
- assess the divisional reporting requirements in terms of adequacy and effectiveness in meeting the mandate of the Committee;
- perform other oversight functions as requested by the Board; and
- in performing its duties, the Social and Ethics Committee shall at all times adhere to the Group's Board Charter.

Group Secretary

The Group Company Secretary, who is subject to a fit and proper test, assists the Board in fulfilling its functions and is empowered by the Board to perform his duties. Juba Statutory Sevices, represented by Sirkien van Schalkwyk, was appointed as the Company Secretary effective 1 June 2015. Post the year-end on 10 March 2016 Juba Statutory Services resigned as Company Secretary due to a conflict of interest. The Company is in the process of interviewing a suitable replacement and in the interim Wayne Williams has taken responsibility for the function.

In addition to general company secretarial duties, the Company Secretary is also responsible for:

- Assisting the Chairperson, CEO and Financial Director with the induction of new directors;
- assisting the Board with director orientation, development, education and access to information;
- where practical, ensuring the Group complies with relevant legislation;
- monitoring the legal and regulatory environment and communicating new legislation and any changes to existing legislation to the Board and the different divisions of the Company; and
- providing the Board with a central source of guidance and assistance.

The Group Company Secretary further assists the Chairperson and CEO in determining the annual Board plan and Board agendas and in formulating governance and Board-related matters.

Financial Control and Risk Management

Risk Management

The Audit and Risk Committee is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority within the Group to enable it to discharge its responsibilities effectively. Good progress has been made with the internal audit function. To further advance this function and fast track progress, the Group also resolved post year-end during March to subcontract internal audit responsibilities to Sizwe Ntsaluba Gobodo with effect 1 April 2015. Furthermore, the Audit and Risk Committee oversees co-operation between the internal and external auditors, and serves as a link between the Board and these functions.

The Board defines acceptable risk tolerance levels and has tasked the Audit and Risk Committee to continually identify key risks and ensure acceptable risk tolerances through the executive risk control processes across business-specific risk areas. This sets the matrix for regular and extra-ordinary reporting, if required, by management to the Audit and Risk Committee and the subsequent reporting to the Board.

Effectiveness of Internal Controls and Risk Management

The Board receives inputs on the effectiveness of internal control mechanisms as follows:

- Regular operational risk management and management reporting;
- assurance provided by the Board committee to the Board on certain or specific risks that may be raised;
- quarterly confirmation by executive finance that the financial and accounting control frameworks have operated satisfactorily; and
- assurance from the Audit and Risk Committee.

The systems of internal control are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the annual financial statements, to safeguard and maintain accountability of the Group's assets and to identify and minimise fraud, potential liability, loss and material misstatement while complying with applicable statutory laws and regulations. There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. The system is therefore designed to effectively manage rather than eliminate risk.

The Board is of the opinion that the systems of internal control have continued to improve during the period and are sufficient to minimise the risk of material loss and to provide accurate and reliable reporting. The Directors are satisfied that systems of control only provide reasonable but not absolute assurance and nothing has come to their attention during the year to indicate a material breakdown in the systems of internal control.

Further details on financial risk management, including the Group's exposure to interest rate risk, credit risk and liquidity risk, are contained in note 3 to the annual financial statements.

Risk

The Board assesses the Group's operational and tactical business risks with a view to eliminating, minimising or mitigating such risks and their effects in the context of the Group's strategies and operations. The Executive Committee (Exco) from a strategic and high level operational level, assisted by Management Committee (Manco) on a detail operational level, is responsible for managing risk through the day-to-day roll-out of effective risk management processes. A risk register on page 16 details key risks to the Group.

Legal and Litigation

To the best of the Board's knowledge there is no material pending or threatening legal action that may have a material effect on the Group's financial and non-financial position.

Information Technology

The management and maintenance of the Company's information, information systems and related electronic assets is outsourced to EOH. The responsibility of the Board extends to ensuring that the information assets, in terms of system security, data integrity and resulting business continuity, are secure and robust. This function is overseen by the Audit and Risk Committee.

No information has come to the attention of the Board that the systems of internal control over information technology are inadequate or ineffective. To the best of the Board's knowledge, no material breakdown in the functioning of the internal control systems occurred during the period.

Code of Conduct

It is the policy of the Group to conduct its business with integrity and in accordance with the highest legal and ethical standards. The Company has implemented a formal policy that governs the Code of Ethics in order to:

1. Distinguish between acceptable and unacceptable practices;
2. Provide a comprehensive set of ethical corporate standards;
3. Encourage ethical behaviour by the Board, management and the employees of the Group;
4. Guide ethical decision making; and
5. Assist in resolution of conflicts.

Communication and Engagement Stakeholders

Communication and engagement with stakeholders is vital to ensure transparency. The Board is committed to appropriate disclosure in its communication and interaction with stakeholders. The CEO and Managing Director act as chief spokespersons for the Company and all investor related correspondence is dealt with by them, in conjunction with an external investor and public relations consultancies.

All pertinent communication is channeled via the Stock Exchange News Service (SENS) as well as meetings with major local shareholders which are undertaken at least twice a year. Calgro M3 has three large international shareholders which management visits overseas once a year. On the same basis, these shareholders travel to South Africa for site visits. The Company further engages with local shareholders and stakeholders through site visit to projects.

It is the policy of the Group to pursue dialogue with institutional investors, engaging constructively within the frameworks provided by statutory and regulatory environments with regard to the dissemination of information. This helps ensure a fair and accurate representation and valuation of the Company and its performance. Grindrod Bank Limited acts as the Company's sponsor in compliance with the JSE Listings requirements.

The Company's Annual General Meeting provides an important platform for engagement with shareholders as attendance of these meetings offers them an opportunity to participate in discussions relating to Company agenda items and to raise potential issues and concerns. Explanatory notes setting out the effects of all proposed resolutions will be included in the Notice of the Annual General Meeting.

The Company's Transfer Secretaries attend all meetings with shareholders to assist with the recording of shareholders' attendance and to tally votes. The Chairpersons of Board-appointed committees and the Executive Directors are required to attend annual general meetings or other general meetings to respond to questions from, and to communicate with shareholders.

The section entitled Understanding our Stakeholders, details other platforms and means of communication and engagement between Calgro M3 and its broader community of key stakeholders who affect, or are affected by the Company.

The Group's sustainability information (contained in the Full Sustainability Report on the Company's web-site) further details Calgro M3's overall strategy and approach for themes such as transformation and Broad Based Black Economic Empowerment, employment equity, skills transfer, training and development, succession planning, occupational health and safety, environmental matters, policies regarding HIV & Aids and other human rights issues.

For a full stakeholder analysis overview, please see the full Sustainability Report on the Company's web-site.

www.calgrom3.com

King III Gap Analysis

Main category	Sub category	Exception where compliance is not met	Mitigating factors and management plan where applicable
Board role and duties	Risk	The Group has not appointed a separate chief risk officer or chief compliance officer.	The Group CEO BP Malherbe, Managing Director WJ Lategan and Company Secretary oversee all compliance and risk related matters.

General Information

Calgro M3 Holdings Limited
Incorporated in the Republic of South Africa
Registration Number: 2005/027663/06
Share Code: CGR
ISIN: ZAE000109203

Registered Office
Calgro M3 Building
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
2196

Business Address
Calgro M3 Building
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
2196

Postal Address
Private Bag X33
Craighall
2024

Published
10 May 2016

Directors:

PF Radebe	**Independent Non-Executive**
RB Patmore	**Lead Independent Non-Executive**
BP Malherbe	**Executive**
WJ Lategan	**Executive**
WA Joubert	**Executive**
FJ Steyn	**Executive**
W Williams	**Executive**
ME Gama	**Independent Non-Executive**
H Ntene	**Independent Non-Executive**
HC Cameron	**Independent Non-Executive**
VJ Klein	**Independent Non-Executive**

Secretary
To be announced

Transfer Secretaries
Computershare Investor Services

Bankers
Standard Bank of South Africa

Auditors
PricewaterhouseCoopers Inc.

Internal Auditors
Sizwe Ntsaluba Gobodo

Sponsors
Grindrod Bank Limited

Preparer
The financial statements were internally compiled by WA Joubert CA(SA).

Level of assurance
These financial statements have been audited by our external auditors PricewaterhouseCoopers Inc. in compliance with the applicable requirements of the Companies Act 71 of 2008.

Shareholders' Diary

Financial year-end	29 February 2016
Year-end results	11 May 2016
Annual general meeting	1 July 2016
Interim report	October 2016

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Group Consolidated Financial Statements

SECTION 4

Group Financial Statements

Directors' Responsibilities and Approval

The Directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the Group and Company as at the end of the reporting period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

The external auditors were engaged in expressing an independent opinion on the financial statements.

The consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and Company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and Company and all employees are required to maintain the highest ethical standards in ensuring the Group and Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group and Company is on identifying, assessing, managing and monitoring all known forms of risk across the Group and Company. While operating risk cannot be fully eliminated, the Group and Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Group and Company's Audit and Risk Committee plays an integral role in risk management as well as overseeing the Group and Company's integrated reporting.

The Code of Corporate Practices and Conduct has been integrated into the Group and Company's strategies and operations.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate financial statements. However, any system of internal financial control can provide only reasonable and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Group and Company's cash flow forecast for the year to 28 February 2017 and, in the light of this review and the current financial position, they are satisfied that the Group and Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Company's annual financial statements. The consolidated and separate financial statements have been examined by the Group and Company's external auditors and their report is presented on page 90.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board and committees of the Board. The Board of Directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The consolidated and separate financial statements set out on pages 92 to 160 which have been prepared on the going concern basis, were approved by the Board of Directors on 10 May 2016 and were signed on its behalf by:

BP Malherbe

WJ Lategan

10 May 2016

Report of the Audit and Risk Committee

This report is presented by the Company's Audit and Risk Committee ("the Committee") appointed by the Board and the shareholders in respect of the period ended 29 February 2016.

The Audit and Risk Committee is an independent statutory committee.

The main purpose of the Committee is to assist the Board in monitoring the integrity of financial statements and overseeing the Integrated Report. It is also responsible for monitoring the effectiveness of the Group's internal financial controls and oversees the internal and external audit functions. The Companies Act 71 of 2008 (as amended) furthermore requires the Committee to perform specific responsibilities.

The Audit and Risk Committee's terms of reference are formalised in a charter approved by the Board. In addition to performing this function for Calgro M3 Holdings Limited, the Audit and Risk Committee also accepted and performed the role for all the Group's subsidiaries.

In addition, the Committee reviewed the annual work plan. The intent was to ensure completeness in respect of executing the Committee's responsibilities within a given period of time. However, the process of review does not exclude pertinent issues that are being tabled by the Committee and/or management during the course of a particular reporting period nor those matters that are being addressed by the business on an ongoing basis.

The Board determined that the Committee members have appropriate and adequate skills and experience to contribute meaningfully to deliberations and to fulfil their responsibilities. In addition the Committee Chairman (a chartered accountant) has the requisite experience in accounting and financial management. The Committee presently comprises HC Cameron (Chairman), R Patmore and M Gama who are all independent. JB Gibbon resigned from the Committee effective 1 January 2016 and HC Cameron was appointed as the Chairman on 1 January 2016 in his stead.

Functions of the Audit and Risk Committee

Audit Functions

The Committee's role and responsibilities include its statutory duties as per the Companies Act 71 of 2008 and the responsibilities assigned to it by the Board.

The Committee is satisfied that it has complied with its legal regulatory and other responsibilities.

From an audit oversight perspective the Audit and Risk Committee is primarily responsible for:

- considering and monitoring the independence of the external auditors and the appropriate rotation of the lead audit partner and to make recommendations to the Board and shareholders on the appointment and dismissal of the external auditor;
- overseeing the effectiveness of the Group's internal control systems, ensuring that they are designed in response to identified key business and control risks, and have been effective throughout the year;
- reviewing the scope and effectiveness of the external audit functions;
- ensuring that adequate books and records have been maintained;
- monitoring proposed changes in accounting policies;
- considering the accounting and taxation implications of major transactions;
- reviewing and reporting on compliance with IFRS, King III and the JSE Listings Requirements;
- reviewing of management's evaluation that the Group's going-concern assertion remains appropriate;
- reviewing the interim and annual financial statements to ensure that they give fair presentation, consistent with information known to the Committee before submission to the Board;
- considering the appropriateness of the expertise and experience of the Financial Director on an annual basis;
- determining the fees to be paid to the auditor and the auditor's terms of engagement;
- ensuring that the appointment of the auditor complies with the provisions of the Act and any other legislation relating to the appointment of auditors;
- determining the nature and extent of any non-audit services which the auditor may provide to the Company;
- pre-approving any proposed agreement with the auditor for the provision of non-audit services to the Company;
- preparing a report to be included in the annual financial statements for the year;
- receiving and dealing appropriately with any concerns or complaints relating to the accounting practices and internal audit of the Company, the content or auditing of the financial statements or any other related matter;

- making submissions to the Board on any matter concerning the Company's accounting policies, financial controls, records and reporting; and
- performing other functions as determined by the Board including development and implementation of policy and a plan for a systematic disciplined approach to evaluate and improve effectiveness of risk management control and governance.

The Committee has resolved to undertake a self-assessment every year.

Risk Functions

The Board of Directors has assigned oversight of the Group's risk management function to the Audit and Risk Committee. The Committee fulfils an oversight function regarding risks in the areas of operations, finance, reporting, fraud, information technology and ethics.

Based on the on-going oversight of the Committee, it could be concluded that nothing came to the attention of the Committee and the Board that would suggest that the prevailing system of risk management is not, in all material aspects effective.

Risks are continually being identified and mitigated in terms of a process that involves allocating responsibility, developing action plans and monitoring compliance with these action plans.

During the year under review the Committee discharged all of its duties in respect of risk management.

From a risk perspective, the Audit and Risk Committee is primarily responsible for:

- ensuring that appropriate systems are in place to identify and monitor risks affecting the Group;
- evaluating the adequacy of the effectiveness of the risk management process;
- keeping an updated risk register;
- reviewing and assessing issues such as compliance with legislation and corporate governance matters, the impact that significant litigation could have on the Group, the adequacy of the insurance cover as well as the effectiveness of controls over areas of risks; and
- providing Board level oversight of the management of processes to ensure that operations remain viable and sustainable.

Members of the Audit and Risk Committee and Attendance at Meetings

The Audit and Risk Committee consists of the Independent Non-Executive Directors listed below and meets at least three times per annum. All members are independent as prescribed in section 269A of the Companies Act 71 of 2008. During the year under review, three meetings were held.

The Group Chief Executive Officer, Managing Director and Financial Director are permanent invitees. The Company Secretary is the statutory secretary of the Audit and Risk Committee.

The Group's internal and external auditors, in their capacity as assurance providers also attended all Audit and Risk Committee meetings.

Only the official members of the Audit and Risk Committee are allowed to exercise their respective voting rights in decision-making exercises as prescribed in the charter.

Name of Committee Member	Qualifications	Period Served on Committee	Changes to the Committee
HC Cameron	CA(SA)	1 year	Appointed: 1 July 2015
RB Patmore	BCom, MBL(SBL)	5 years	
ME Gama	PhD(Finance)	4 years	
JB Gibbon	CA(SA)	7 years	Resigned: 1 January 2016

Internal Audit

The Audit and Risk Committee is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority within the Group to enable it to discharge its responsibilities effectively. The Audit and Risk Committee oversees co-operation between the internal and external auditors and serves as a link between the Board of Directors and these functions.

Sizwe Ntsaluba Gobodo was appointed as internal auditors during the year.

The internal audit function reports to the Audit and Risk Committee and is responsible for reviewing and providing assurance on the adequacy of the internal control environments across all of the significant areas of the Group's operations. Sizwe Ntsaluba Gobodo is responsible for reporting the progress and findings of internal audits as conducted in terms of the Group's approved audit plan, to the Audit and Risk Committee.

Internal Financial Controls

The Audit and Risk Committee had oversight over a process by which internal audit performed an assessment of the effectiveness of the Group's system of internal financial controls.

This assessment conducted by internal audit and the annual external audit together with management's close monitoring of controls formed the basis for the Audit and Risk Committee's assessment of internal financial controls.

Nothing came to the attention of the Committee and the Board, based on the assessments performed by internal audit, external audit and management that would suggest that the prevailing system of internal financial controls are not, in all material aspects effective.

Integrated Reporting

In fulfilling its oversight responsibilities the Audit and Risk Committee has reviewed the sustainability information that forms part of the Group's Integrated Report and has assessed its consistency with operational and other information known to the Committee members, as well as its consistency with the Group's annual financial statements.

The Audit and Risk Committee is satisfied that the above is consistent with the Group's financial results, and as such has recommended that this be approved by the Board. Nothing came to the attention of the Committee and the Board that would suggest that the prevailing system of risk management is not, in all material aspects effective.

Going Concern

The Audit and Risk Committee has reviewed a documented assessment, including key assumptions, prepared by management on the going concern status of the Group.

The Board's statement regarding the going concern status of the Group as supported by the Committee is included in the Directors' Report on page 85.

Attendance

The external auditors in their capacity as auditors to the Group, attended and reported at all meetings of the Audit and Risk Committee. The Group risk management function which is performed by Executive Directors, was also represented. Relevant senior managers attended meetings by invitation.

Audit and Risk Committee Attendance Register			
Member Name	**5/5/2015**	**7/10/2015**	**23/2/2016**
JB Gibbon	X	X	*
RB Patmore	X	X	X
ME Gama	X	X	X
HC Cameron	#	X	X
WJ Lategan	#	#	#
BP Malherbe	#	#	^
WA Joubert	^	#	#
PwC	#	#	#
Sizwe Ntsaluba Gobodo	^	#	#
W Williams	#	^	#
Sponsors	#	#	#

X - Indicates attendance
- Indicates attendance by invitation
* - No longer on the Committee
^ - Indicates non-attendance

Independence of the External Auditor

The Audit and Risk Committee has satisfied itself that the external, auditor PricewaterhouseCoopers Inc (PwC), conducted its duties independently and that no limitations were imposed by management on PwC whilst performing their duties during the year. The Audit and Risk Committee, in consultation with the Group's executive management, agreed to the terms of the PwC engagement letter audit plan and budgeted audit fees in respect of the 2016 financial year.

The Audit and Risk Committee has further established a procedure for the approval of any non-audit services and the pre-approval of any proposed contract with the auditors in this regard.

The Audit and Risk Committee nominates PwC for re-election at the Annual General Meeting (AGM) of Calgro M3 Holdings, and Mr J-P van Staden as the designated partner to perform the functions of external auditor until the 2017 AGM. The Audit and Risk Committee has satisfied itself that both PwC and Mr van Staden are accredited with the JSE Limited as required.

Expertise and Experience of Financial Director and the Finance Function

As required by the JSE Listings Requirement 3.84(h) as well as recommended practice outlined in King III, the Audit and Risk Committee has satisfied itself that the Financial Director has appropriate expertise and experience.

In addition the Audit and Risk Committee also considered and has satisfied itself that the appropriateness, composition experience and skills set of the finance function met the Group's requirements.

Financial Statements

The Committee reviewed the financial statements and the accounting policies and practices of the Group and is satisfied that they comply with International Financial Reporting Standards. The Committee recommended the financial statements to the Board for approval. The Board concurred with this assessment.

HC Cameron
Chairman: Audit and Risk Committee
10 May 2016

Certificate of the Company Secretary

I, Sirkien van Schalkwyk, hereby confirm, in my capacity as Company Secretary of Calgro M3 Holdings Limited for the year under review that for the year ended 29 February 2016, the Company has filed all required returns and notices in terms of the Companies Act 71 of 2008 and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.

Juba Statutory Services (Pty) Ltd (represented by Sirkien van Schalkwyk)
Company Secretary (Resigned 10 March 2016)
10 May 2016

Directors' Report

The Directors submit their report for the period ended 29 February 2016.

1. Nature of Business

Calgro M3 Group is a mixed-use housing development group, established in 1995 in South Africa. The business model focuses on the full range of related disciplines including acquisition of land, town planning, architecture, project management of civil infrastructure, services installation, marketing and construction of homes as well as Memorial Parks. The Group operates in terms of its unique turnkey business model and has three operating segments within this model, namely Property Development, Professional Services and Memorial Parks.

The Group's business strategy supports Government's proactive drive, which is expressed in the 'Breaking New Ground' initiative aimed at ensuring the formation of sustainable settlements. This is achieved through the integration of various income groups, as well as the provision of socio-amenities such as schools and hospitals, within a fully integrated community.

The operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months based on the forecasts prepared by management. Accordingly the associated liabilities are classified as current as they are expected to be settled within the same operating cycle as inventory, construction contracts and work in progress.

Registered Office:	Postal Address:
Calgro M3 Building	Private Bag X33
Ballywoods Office Park	Craighall
33 Ballyclare Drive	2024
Bryanston	
2196	

2. Financial Position

The consolidated and separate financial statements on pages 92 to 160 set out fully the financial position, results of operations and cash flows of the Group and Company for the year ended 29 February 2016 and do not in our opinion require any further comment.

Segmental reporting is set out in note 5 of the financial statements. The Group operates within 3 distinct segments, namely Property Development, Professional Services and Memorial Parks. Refer to note 5 for more details on the determination of the segments and changes form the prior year.

3. Events after Reporting Period

Please refer to note 40 in the Consolidated Financial Statements.

4. Type of Company

Calgro M3 Holdings Limited is registered as a public Company in terms of the Companies Act No. 71 of 2008.

5. Subsidiary Entities

On 29 February 2016 the Group acquired the remaining 30% of the share capital and the associated 50% of the voting rights of Fleurhof Ext 2 (Pty) Ltd, an unlisted South African property development company. The Group previously owned 70% share capital and held 50% of voting rights. The investment was previously accounted for as a joint venture. A total cash consideration of R243 million was payable for the 30% interest with R93 million of this being settled after 29 February 2016. The total deemed consideration was R573 689 300. Goodwill of R118 250 791 arose and was recognised through the transaction.

Refer to Note 31 for further details of the business combination.

On 12 February 2016, the Group founded the Calgro M3 Empowerment Trust and the Calgro M3 Employment Benefit Trust. The Calgro M3 Empowerment Trust will assist the Group in meeting its Broad-Based Black Economic Empowerment objectives by providing for the educational and economic development needs, skills development training and charitable donations to historically disadvantaged South Africans. Furthermore, the Trust will assist the Group in achieving the minimum 40% net shareholding as per the Codes of Good Practice on Broad-Based Black Economic Empowerment issued by the Broad-Based Black Economic Empowerment Act 53 of 2003.

The Calgro M3 Employment Benefit Trust has been created to establish a self-sufficient, sustainable infinite employee ownership scheme to incentivise eligible employees of the Group by providing them with the ability to participate in the capital growth of Calgro M3 and to improve the Broad-Based Black Economic Empowerment credentials of the Company. Both trusts are deemed to be subsidiaries of Calgro M3 Holdings Limited in terms of IFRS 10 Consolidated Financial Statements and have therefore been consolidated into the Group. Neither trust has a financial impact on the Group in the 2016 financial year.

All direct and indirect subsidiary companies are South African-based and are engaged in the three core business segments of the Group.

Particulars of the joint ventures and associates (note 9) and the principal subsidiaries (note 43) are set out in the financial statements.

The attributable interest of the holding company in the aggregate income earned and losses incurred after taxation by its subsidiaries, excluding any associated consolidation entries are as follows:

	2016	2015
R'000		
Profit	84 542	64 289
Losses	(6 095)	(8 405)

6. Directors' Interest in Shares and Remuneration

At the date of this report these Directors held the following direct and indirect interests in the Company:

	Direct 2016	Direct 2015	Indirect 2016	Indirect 2015
Ordinary Shares				
BP Malherbe	1 050 069 *	-	14 500 000	14 500 000
WJ Lategan	5 048 219	4 450 000	-	-
WJ Lategan	2 294 214 *	-	-	-
FJ Steyn	-	-	9 294 461	10 194 461
WA Joubert	16 000	16 000	-	-
WA Joubert	952 562 *	-	-	-
W Williams	83 219	-	70 000	-
W Williams	1 084 815 *	-	-	-

* Shares issued as part of the Calgro M3 Executive Share Scheme have service conditions and trading restrictions associated to them and are disclosed as treasury shares until such time when the trading restrictions are lifted. Refer to note 34 for further details on the Calgro M3 Executive Share Scheme.

Refer to note 37 for details of the Directors' emoluments.

7. Share-Based Payments

During the current year, all Directors and selected employees who were previously granted Share Appreciation Rights (SAR's) were given the option to either continue on their cash settled SAR scheme, agree a settlement value for their unvested SAR's with the Group or modify their unvested SAR's to the Calgro M3 Executive Share Scheme.
Five individuals elected to settle their unvested SAR's, one individual elected to partly settle his SAR and continue on the SAR scheme and eight individuals elected to modify their SAR's to the Calgro M3 Executive Share Scheme (Executive Scheme).

The SAR's were previously divided into two main categories with various SAR issues in each category. At 29 February 2016, the total number of SAR's outstanding is 300 000 (2015: 10 378 172) and are classified within Category 2 (2015: 5 400 000). There are no SAR's classified in Category 1 (2015: 4 978 172).

Nil Category 1 SAR's were granted (2015 FY - 1 744 839) and 916 667 Category 1 SAR's were exercised (2015 FY - 1 616 667) by Directors and selected employees during the 2016 financial year.

Nil Category 2 SAR's were granted (2015 FY -1 200 000) and 450 000 Category 2 SAR's were exercised (2015 FY - Nil) by Directors and selected employees during the 2016 financial year.

The rights will vest if the share price at each vesting date exceeds the hurdle price.

The hurdle price is the strike (allocation) price grown by CPI plus 2% per year over the vesting period. In the situation that the hurdle price is not achieved at the vesting date, 25% of the possible vested SAR's will roll over to the next vesting date.

Refer to note 34 for details on the Share Appreciation Rights Scheme.

The Executive Share Scheme was approved by shareholders in July 2015 whereby 10 215 572 shares were made available to participants of the Scheme at a subscription price of R4.08. Only individuals who were currently allocated SAR's and elected to convert at least 75% of their unvested SAR's into the new scheme were eligible to participate in the new scheme. 9 518 700 shares were granted to individuals during the year and 696 872 shares were not taken up. The Calgro M3 Executive Share Scheme is considered to be a modification of the SAR scheme.

Offers under the scheme are at the discretion of the Company.

Shares issued under the scheme may not be sold by participants before the completion of a service period and until the release date stipulated in the scheme rules.

Refer to note 34 for details on the Calgro M3 Executive Share Scheme.

8. Accounting Policies

The financial statements have been prepared in accordance with International Financial Reporting Standards.

9. Authorised and Issued Share Capital

Total number of ordinary shares authorised 29 February 2016	500 000 000
Total number of ordinary shares in issue at 29 February 2016	127 100 000
Balance at beginning of the year	**127 100 000**
Shares issued to Calgro M3 Employee Benefit Trust	5 212 909
Shares issued to Calgro M3 Empowerment Trust	5 212 909
Shares issued in terms of the Calgro M3 Executive Share Scheme (note 34)	9 518 700
Treasury shares in issue	(19 944 518)
Balance at end of the year	**127 100 000**

10. Capital Expenditure

Details on capital expenditure are set out in note 7 and 8 of the financial statements.

11. Dividends

No dividends were declared or paid to the shareholders during the year under review.

12. Going Concern

Please refer to note 39 in the Consolidated Financial Statements.

13. Directors

Name	Position	Date appointed	Date resigned	Contract expiry
Pumla Fundiswa Radebe	Independent Chairperson	29.06.2007		
Ben Pierre Malherbe	Chief Executive Officer	05.08.2005		3 month notice
Mduduzi Edward Gama	Independent Non-Executive	10.01.2012		
John Braidwood Gibbon	Independent Non-Executive	01.11.2008	01.01.2016	
Willem Jakobus Lategan	Managing Director	05.08.2008		3 month notice
Hatla Ntene	Independent Non-Executive	12.10.2007		
Ralph Bruce Patmore	Independent Non-Executive	18.01.2011		
Deon Noel Steyn	Chief Operating Officer	14.12.2009	01.06.2015	
Frederik Johannes Steyn	Strategic Planning Director	05.08.2005		3 month notice
Hugh Colin Cameron	Independent Non-Executive	08.05.2015		
Willem Adolph Joubert	Finance Director	01.06.2015		3 month notice
Wayne Williams	Executive Director	01.06.2015		3 month notice
Venete Jarlene Klein	Independent Non-Executive	01.01.2016		

14. Secretary

Juba Statutory Services (Pty) Ltd as represented by Mrs Sirkien van Schalkwyk resigned as the Company Secretary with effect from 10 March 2016. The Company is in the process of interviewing a suitable replacement and in the interim, Wayne Williams has taken responsibility for the function and will continue in office for the interim period until a new Company Secretary is appointed in accordance with section 86 of the Companies Act 71 of 2008, subject to the approval of the shareholders at the next general meeting.

As required by the JSE Listings Requirements, the Board is satisfied that Juba Statutory Services (Pty) Ltd has appropriate qualifications, expertise and experience. In addition, the Board had satisfied itself that there is an arms-length relationship with Juba Statutory Services (Pty) Ltd, due to the fact that Juba Statutory Services (Pty) Ltd was not a director of the Company.

The address of the Secretary is set out below:

Business address:
Calgro M3 Building
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
2196

Postal Address:
Private Bag X33
Craighall
2024

15. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with Section 90 of the Companies Act 71 of 2008 of South Africa subject to approval of shareholders at the upcoming annual general meeting. J-P van Staden will be the individual registered auditor who will undertake the audit.

16. Preparer

The financial statements have been internally compiled by WA Joubert CA(SA).

17. Liquidity and Solvency

The Directors have performed the required liquidity and solvency tests required by the Companies Act No. 71 of 2008.

18. Level of Assurance

These financial statements have been audited by our external auditors PricewaterhouseCoopers Inc. in compliance with the applicable requirements of the Companies Act 71 of 2008.

19. Special Resolution

At the annual general meeting held on 29 July 2015, the following special resolutions were approved:

- Conversion of the Company's ordinary share capital from par value to no par value shares;
- Issuance of shares for the purpose of Calgro M3 Executive Share Scheme;
- Financial assistance provided to the Calgro M3 Employee Benefit Trust;
- Financial assistance provided in respect of the Calgro M3 Executive Share Scheme;
- Financial assistance provided to the Calgro M3 Empowerment Trust;
- General authority to repurchase shares;
- Remuneration of Non-Executive Directors; and
- Authorising general financial assistance.

No special resolution relating to the capital structure borrowing powers or any other material matter that affects the understanding of the Group were passed by subsidiary companies during the year under review.

20. Analysis of Shareholders

Shareholders' spread analysis as at 29 February 2016:

Shareholders' spread	No. of shareholders	%	No. of shares	%
1 - 1 000 shares	1 354	48.78	575 908	0.45
1 001 - 10 000 shares	1 080	38.91	3 821 578	3.01
10 001 - 100 000 shares	283	10.19	8 092 252	6.37
100 001 - 1 000 000 shares	45	1.62	12 334 257	9.70
1 000 001 shares and over	14	0.50	102 276 005	80.47
	2 776	**100.00**	**127 100 000**	**100.00**
Distribution of shareholders				
Nominee and trusts	46 188 999	36.34		
Financial institutions and other corporations	36 648 550	28.83		
Individuals	17 016 856	13.39		
Empowerment	23 695 947	18.64		
Private and public companies	3 549 648	2.80		
	127 100 000	**100.00**		
Public/non-public shareholders				
Directors and associates of the holding Company	45 031 729	35.43		
Public shareholders	82 068 271	64.57		
Non-public shareholders	-	0.00		
	127 100 000	**100.00**		
Shareholders with an interest of 3% or more in shares				
Pershing LLC	28 634 380	22.53		
BPM Family Trust	14 000 000	11.01		
Snowball Wealth Pty Ltd	13 202 304	10.39		
DNS Trust	10 500 000	8.26		
FJS Trust	9 294 461	7.31		
Mr Leo Chih Hao Chou	6 200 000	4.88		
Hendrik Brand Trust	6 019 830	4.74		
Mr Willem Jakobus Lategan	5 048 219	3.97		
	92 899 194	**73.09**		
Reconciliation of shares issued in the share register				
Total shares in issue			147 044 518	
Less: Treasury shares				
Calgro M3 Employee Benefit Trust			(5 212 909)	
Calgro M3 Empowerment Trust			(5 212 909)	
Calgro M3 Executive Share Scheme*			(9 518 700)	
			127 100 000	

* Refer to note 34 for further details on the Calgro M3 Executive Share Scheme. Refer to note 36 for shares issued to Directors and Prescribed officers under the scheme.

Independent Auditor's Report

to the shareholders of Calgro M3 Holdings Limited

Report on the Financial Statements

We have audited the consolidated and separate financial statements of Calgro M3 Holdings Limited set out on pages 92 to 160, which comprise the statements of financial position as at 29 February 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Calgro M3 Holdings Limited as at 29 February 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 29 February 2016, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Calgro M3 Holdings Limited for 9 years.

PricewaterhouseCoopers Inc.
Director: J-P van Staden
Registered Auditor
Sunninghill
10 May 2016

Consolidated Statement of Financial Position

as at 29 February 2016

	Notes	2016	2015
ASSETS			
Non-current assets			
Investment property	6	**-**	5 743 370
Property plant and equipment	7	**3 827 044**	1 753 893
Intangible assets	8	**159 039 103**	40 970 966
Investment in joint ventures and associates	9	**6 079 686**	229 567 676
Deferred income tax asset	10	**13 787 806**	13 825 385
		182 733 639	291 861 290
Current assets			
Loans to joint ventures and associates	11	**2 700 143**	16 793 010
Loan receivable	12	**-**	5 756 677
Inventories	13	**453 093 324**	498 089 210
Current tax receivable		**14 488 320**	3 935 703
Construction contracts	14	**910 736 977**	198 211 436
Work in progress	15	**12 783 457**	14 152 960
Trade and other receivables	16	**285 892 617**	171 099 664
Cash and cash equivalents	17	**80 070 805**	130 565 085
		1 759 765 643	1 038 603 745
Total assets		**1 942 499 282**	1 330 465 035
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the parent			
Stated capital	18	**96 021 721**	96 021 721
Share-based payment reserve		**47 921 782**	-
Retained income		**676 923 496**	482 747 300
		820 866 999	578 769 021
Non-controlling interests	32	**(1 078 145)**	(86 671)
Total equity		**819 788 854**	578 682 350
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	10	**241 040 955**	37 951 620
		241 040 955	37 951 620
Current liabilities			
Borrowings	19	**538 463 465**	492 131 943
Current income tax liabilities		**419 112**	61 564
Trade and other payables	20	**342 786 896**	221 637 558
		881 669 473	713 831 065
Total liabilities		**1 122 710 428**	751 782 685
Total equity and liabilities		**1 942 499 282**	1 330 465 035

The notes on pages 96 to 160 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

for the year ended 29 February 2016

	Notes	2016	2015
Revenue	21	**1 204 063 379**	932 204 729
Cost of sales	22/24	**(952 516 727)**	(757 333 537)
Gross profit		**251 546 652**	174 871 192
Other income	23	**19 465 682**	8 520 994
Administrative expenses	24	**(105 088 979)**	(98 900 176)
Other expenses	24/25	**(5 756 677)**	(690 843)
Operating profit		**160 166 678**	83 801 167
Finance income	26	**30 656 909**	9 773 841
Finance costs	27	**(18 782 441)**	(12 252 639)
Share of profit of joint ventures and associates - Net of tax	9	**67 233 693**	86 826 674
Profit before tax		**239 274 839**	168 149 043
Taxation	28	**(46 090 117)**	(22 519 972)
Profit after taxation		**193 184 722**	145 629 071
Other comprehensive income		**-**	-
Total comprehensive income		**193 184 722**	145 629 071
Profit after taxation and other comprehensive income attributable to:			
- Owners of the parent		**194 176 196**	145 716 158
- Non-controlling interests		**(991 474)**	(87 087)
		193 184 722	145 629 071
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in cents per share)			
- basic	38	**152.77**	114.65
- diluted	38	**150.45**	114.65

The notes on pages 96 to 160 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

for the year ended 29 February 2016

	Stated capital	Share-based payment reserve #	Retained income	Total	Non-controlling interests *	Total equity
Balance at 1 March 2014	96 021 721		337 031 142	433 052 863	-	433 052 863
Non-controlling share of equity	-	-	-	-	416	416
Comprehensive income						
Profit for the period	-	-	145 716 158	145 716 158	(87 087)	145 629 071
Other comprehensive income	-	-	-	-		-
Total comprehensive income	-	-	145 716 158	145 716 158	(87 087)	145 629 071
Balance at 28 February 2015	96 021 721	-	482 747 300	578 769 021	(86 671)	578 682 350
Balance at 1 March 2015	**96 021 721**	**-**	**482 747 300**	**578 769 021**	**(86 671)**	**578 682 350**
Reclassification of share appreciation rights liability to equity	**-**	**21 239 704**	**-**	**21 239 704**	**-**	**21 239 704**
Share-based payment expense	**-**	**26 682 078**	**-**	**26 682 078**	**-**	**26 682 078**
Comprehensive income						
Profit for the period	**-**	**-**	**194 176 196**	**194 176 196**	**(991 474)**	**193 184 722**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**194 176 196**	**194 176 196**	**(991 474)**	**193 184 722**
Balance at 29 February 2016	**96 021 721**	**47 921 782**	**676 923 496**	**820 866 999**	**(1 078 145)**	**819 788 854**
Note	18	34			32	

* *This relates to the shareholding of the subsidiaries Calgro M3 Private Memorial Parks (Pty) Ltd, Belhar Calgro M3 Developments Company (Pty) Ltd and Holm Jordaan GWA (Pty) Ltd, where the Calgro M3 Group does not hold 100% of the shareholding.*

\# *Refer to note 34 for further details regarding the Calgro M3 Executive Share Scheme.*

The notes on pages 96 to 160 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

for the year ended 29 February 2016

	Notes	2016	2015
Cash generated from operations			
Cash generated from operations	29	**101 798 886**	148 294 416
Finance income		**7 929 681**	3 267 608
Finance cost		**(57 338 308)**	(52 004 525)
Tax paid	30	**(16 878 792)**	(20 380 552)
Net cash generated from operating activities		**35 511 467**	79 176 947
Cash flows invested in investing activities			
Purchase of property plant and equipment		**(3 309 910)**	(553 481)
Proceeds from the sale of property plant and equipment		**-**	113 924
Proceeds from the sale of investment property		**5 807 017**	-
Purchase of intangible assets		**(30 975)**	(230 898)
Acquisition of subsidiary	31	**(142 999 261)**	(24 905 973)
Loans advanced to joint ventures and associates		**(500)**	-
Net cash invested in investing activities		**(140 533 629)**	(25 576 428)
Cash flows from financing activities			
Proceeds of borrowings		**260 000 000**	113 000 000
Repayment of borrowings		**(213 585 255)**	(98 928 017)
Equity received in advance*	34	**8 113 137**	-
Net cash from financing activities		**54 527 882**	14 071 983
Net (decrease)/increase in cash and cash equivalents		**(50 494 280)**	67 672 502
Cash and cash equivalents at the beginning of the year		**130 565 085**	62 892 583
Cash and cash equivalents at end of the year	17	**80 070 805**	130 565 085

* *This relates to cash received for the subscription of shares issued under the Calgro M3 Executive Share Scheme. Refer to note 34 for further details.*

The notes on pages 96 to 160 are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1. General Information

Calgro M3 Holdings Limited (the "Company") and its subsidiaries (together "the Group") is a residential developer specialising in integrated developments aimed at the entry-level consumer. The Group's turnkey business model provides the Group with a key differentiator: the capability to fulfil delivery across the full residential development cycle, from conceptualisation to hand-over of completed units to the end-user.

The Company has its primary listing on the Johannesburg Stock Exchange.

2. Summary of Significant Accounting Policies

The most significant accounting policies have been presented next to the relevant notes in these financial statements. The remainder of the accounting policies not relating to a specific note is dealt with here. All policies have been consistently applied to all the years presented.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis and are presented in South African Rands.

2.2 Working capital cycle

The operating cycle for inventory, construction contracts and work in progress is considered to be longer than 12 months. Accordingly the associated liabilities are classified as current as they are expected to be settled within the same operating cycle as inventory, construction contracts and work in progress.

2.3 Significant estimates and judgements

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. The significant judgements have been disclosed in the applicable note. These include:

- Fair value estimation — Note 4
- Impairment of goodwill — Note 8
- Assessment of joint control — Note 9
- Land under development held for sale — Note 13
- Impairment of trade receivables — Note 16
- Percentage of completion for construction revenue — Note 21
- Scope of construction agreements — Note 21
- Share-based payments — Note 34

2.4 New standards and interpretations

There were a number of new standards and interpretations effective and adopted in the current year none of which have a significant impact on the company, except for the standards and amendments listed below:

Topic	Key Requirements	Effective Date
Annual improvements for IFRS 2010 to 2012 cycle	Each of the amendments are summarised below: Amendment to IFRS 8, 'Operating segments'. The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.	1 July 2014

2.5 Standards and interpretations issued not yet effective

There are a number of new standards and amendments to new standards and interpretations which will only be effective after the 2016 year end. None of these are expected to have a significant impact on the Group, except for IFRS 15 'Revenue from contracts with customers'.

Topic	Key Requirements	Effective Date
Amendments to **IFRS 10,** 'Consolidated Financial Statements' and **IAS 28** 'Investments in associates and joint ventures' on sale or contribution of assets	The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures. The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.	Postponed initially 1 January 2016
IFRS 15 Revenue from contracts with customers	The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations which occurs when control of goods or services transfers to a customer. The expected impact can not be quantified at this time.	1 January 2018
IFRS 9 Financial Instruments (2009 & 2010) • Financial liabilities • Derecognition of financial instrument • Financial assets • General hedge accounting	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.	1 January 2018
IFRS 16 Leases	After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard. The model reflects that at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months) and leases for which the underlying asset is of low value (such as laptops and office furniture). A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.	1 January 2019

Topic	Key Requirements	Effective Date
IFRS 16 Leases - (continued)	One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios). IFRS 16 supersedes IAS 17, 'Leases' IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases - Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.	1 January 2019

2.6 Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of the Group and all its subsidiaries. In the case of associates and joint ventures, those entities are presented as single line items in the statement of comprehensive income and statement of financial position (refer to note 9). Intercompany transactions and balances are eliminated upon consolidation. Consistent accounting policies have been applied across the Group in the preparation of the Consolidated Financial Statements.

The Group treats transactions with non-controlling interests that do not result in a loss of control as equity transactions. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.7 Impairment of non-financial assets

The Group assesses at each end of the reporting period whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. Goodwill is tested annually for impairment regardless of any indicators of such.

If there is any indication that an asset may be impaired the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing fair value and value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an individual non-financial asset is less than its carrying amount the carrying amount of the asset is reduced to its recoverable amount.
That reduction is an impairment loss and is recognised directly in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts, of the other assets in the unit on a pro rata basis.

When an impairment loss subsequently reverses the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. An impairment loss in respect of goodwill is not reversed.

2.8 Provisions and contingencies

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Contingent assets and contingent liabilities are not recognised.

2.9 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in South African Rands, which is the Group's presentation currency.

(b) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

2.10 Financial instruments

2.10.1 Classification

The Group holds the following categories of financial assets and financial liabilities:

	Notes	2016	2015
Financial assets - loans and receivables			
Loans to joint ventures and associates	11	**2 700 143**	16 793 010
Loans & receivables	12	**-**	5 756 677
Trade and other receivables	16	**278 676 785**	158 895 914
Cash and cash equivalents	17	**80 070 805**	130 565 085
		361 447 733	**312 010 686**
Financial liabilities - financial liabilities at amortised cost			
Borrowings	19	**538 463 465**	492 131 943
Trade and other payables	20	**317 471 864**	208 959 817
		855 935 329	701 091 760

2.10.2 Initial recognition and measurement

The Group initially records both financial assets and financial liabilities at fair value. Where transaction costs are incurred they are recognised as part of the initial cost of the financial instrument as the Group does not have any financial instruments classified as fair value through profit or loss.

2.10.3 Subsequent measurement

All of the Group's financial assets are categorised as 'loans and receivables' and are therefore subsequently measured at amortised cost. Amortised cost is the basis of moving the initial amount of the financial instrument (fair value of the instrument) to the maturity value of the instrument on a systematic basis using a fixed interest rate (effective interest rate) taking into account repayment dates and initial premiums or discounts.

The carrying amount of amortised cost financial assets is adjusted for impairments.

All of the Group's financial liabilities are classified as 'financial liabilities at amortised cost' and are therefore subsequently measured at amortised cost.

2.10.4 Impairment of financial assets

Financial assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

Impairment is normally determined based on a realistic assessment of future cash flows discounted using the original effective interest rate compared with contractual amounts.

For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment. Impairment losses are recognised in profit or loss.

The Group's trade receivables are impaired through use of an allowance account. The amount of the loss is recognised in profit or loss within administrative expenses. When the trade receivable is written off, it is written-off against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against administrative expenses.

3. Risk Management

3.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the executive committee and identifies and evaluates financial risks in close-co-operation with the Group's operating Board of Directors are responsible for overall risk management, as well as guidance covering specific areas, such as interest rate risk, and credit risk and investment of excess liquidity.

(a) *Market risk (cash flow interest rate risk)*

The Group's interest rate risk arises mainly from its borrowings (refer to note 19).

The interest rate exposure is monitored and managed by the executive committee and will not be hedged to limit interest rate risk. The executive committee monitors the cash flows relating to borrowings i.e. interest paid, more so than the changes in the interest rate. Refer to the statement of cash flows for more information on finance costs paid.

	2016	2015
The impact on post-tax profit of a 2% shift in the interest rate would be a maximum increase/decrease of:	**(2 113 993)**	(1 572 519)

A 2% shift is considered appropriate by management taking into account the current economic environment that Group operates in.

(b) *Credit risk*

Credit risk consists mainly of loans to joint ventures and associates, financial guarantees to third parties, cash deposits and cash equivalents and trade and other receivables (including retention debtors). The Group only deposits cash with major banks with a minimum rating of 'BBB' and limits the exposure to any one counter party. Trade and other receivables comprise a widespread customer base. Customers include government institutions, private sector entities and individuals. Management evaluates credit risk relating to trade debtors (excluding trade receivables owing by joint ventures and associates) on an ongoing basis taking into account their financial position, past experience and other factors. Credit risk is limited due to the nature of trade debtors which consist of outstanding draw downs from banks and government institutions. In cases where management deems the risk level to be unacceptable, payment guarantees or collateral are insisted upon.

The Group considers its credit risk relating to the loans and trade receivables owing by joint ventures and associates on a case by case basis. Any credit risk related to loans to joint ventures and associates is mitigated by the fact that management has insight into the financial position of the joint ventures as a result of the joint venture relationship.

The maximum exposure to credit risk the Group has in terms of the financial guarantees is R54 803 115 (2015: R39 986 254).
The credit risk of the guarantees (registered bonds over the properties) are mitigated through land owned by the related party, which is held as security to the value of R147 242 490 (2015 - R125 243 950). The financial guarantees of the Group relate to joint ventures and associates, refer to note 33.

For loans to joint ventures and associates loan receivables trade and other receivables (including retention debtors), and cash and cash equivalents the maximum exposure to credit risk is limited to what is disclosed in the statement of financial position.

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities.

Due to the dynamic nature of the underlying businesses, the executive committee maintains flexibility in funding by maintaining availability under committed credit lines.

The Group manages liquidity risk by monitoring forecasted cash flows.

The Group strives to match the maturity profile of borrowings with expected cash flows from the development projects.

A specific liquidity risk associated with the Group is the raising of loans at specified dates of repayment, against construction projects.

The related cash inflows from these construction projects are however uncertain and dependant on factors not under the control of the Group.

The financial liabilities to be settled within 1 (one) year will be funded by cash and cash equivalents as well as the realisation of trade and other receivables and construction contracts.

The table below analyses the Group's financial liabilities into relevant maturity Groupings based on the remaining period at the reporting period date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

at 29 February 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
Financial instruments recognised on the statement of financial position						
Borrowings (including future interest)	**250 942 496**	**174 028 379**	**116 159 670**	**10 304 365**	**97 728 274**	**649 163 184**
Trade and other payables	**317 471 864**	**-**	**-**	**-**	**-**	**317 471 864**
	568 414 360	**174 028 379**	**116 159 670**	**10 304 365**	**97 728 274**	**966 635 048**
Financial instruments not recognised on the statement of financial position						
Financial guarantee	**54 808 115**	**-**	**-**	**-**	**-**	**54 808 115**
	54 808 115	**-**	**-**	**-**	**-**	**54 808 115**

at 28 February 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
Financial instruments recognised on the statement of financial position						
Borrowings (including future interest)	66 254 785	364 086 691	160 293 504	-	-	590 634 980
Trade and other payables	208 959 817	-	-	-	-	208 959 817
	275 214 602	364 086 691	160 293 504	-	-	799 594 797
Financial instruments not recognised on the statement of financial position						
Financial guarantee	-	39 986 254	-	-	-	39 986 254
	-	39 986 254	-	-	-	39 986 254

The above amounts will be repaid by utilising cash generated from operations available cash, working capital facilities and the refinancing of borrowings.

The Group has overdraft facilities with major banks to the value of R60 000 000 (2015 - R50 000 000).

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.
Management's intention is to use debt as a means to fund operations rather than to raise more capital.

The Group monitors capital on the basis of its Debt/Equity ratio. The maximum allowed Debt/Equity ratio for the Group is 1.5 : 1

Debt/Equity ratio
This ratio is calculated as net debt divided by equity. Net debt is calculated as total borrowings less cash and cash equivalents. Equity is calculated as the total equity per the statement of financial position.

	2016	2015
Net Debt		
Borrowings (refer to note 19)	**538 463 465**	492 131 943
Less: cash and cash equivalents (refer to note 17)	**(80 070 805)**	(130 565 085)
	458 392 660	361 566 858
Equity		
Stated capital	**96 021 721**	96 021 721
Retained income	**676 923 496**	482 747 300
	772 945 217	578 769 021
Net Debt/Equity ratio	**0.59**	0.62

4. Fair Values

Financial instruments

All of the Group's financial instruments are measured at amortised cost. To determine the fair value of the financial instruments future contractual cash flows are discounted using current market interest rates available to the Company for similar financial instruments.

With the exception of the Group's borrowings, the financial instruments carrying values equals their fair values, due to the short-term nature of the instruments.

Non-financial instruments

In assessing the fair value of investment property, valuations consider title deed information, town planning conditions, locality and improvements made to the property. Property vacancy rates in surrounding areas, realised yields on comparative sales as well as micro- and macro-economic conditions pertaining to residential properties are considered.

Fair value table

The table below analyses the valuation levels used to determine the fair values of the applicable line items in the statement of financial position.

Level no	Level definition
1	Quoted prices (unadjusted) in active markets for identical assets or liabilities
2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Comparison of carrying and fair values of applicable line items in the statement of financial position:

			Fair value			
	Carrying values		Level 2		Level 3	
	2016	2015	2016	2015	2016	2015
Assets						
Investment property	**-**	5 743 370			**-**	6 600 000
Loans to joint ventures and associates	**2 700 143**	16 793 010			**2 700 143**	16 793 010
Loan receivable	**-**	5 756 677			**-**	5 756 677
Trade and other receivables	**278 676 785**	158 895 914			**278 676 785**	158 895 914
Liabilities						
Borrowings	**538 463 465**	492 131 943	**547 929 366**	508 697 726		
Trade and other payables	**317 471 864**	208 959 817			**317 471 864**	208 959 817

Based on the Group's accounting policies no assets and liabilities are recognised at fair value at year-end.

Notes to the Consolidated Financial Statements

5. Segment Information

The appointed Chief Operating Decision Maker (CODM) within the Calgro M3 Group is the Group's Executive Committee (Exco). It is Exco's responsibility to meet on a regular basis (through weekly meetings and more frequently if required) and determine the strategy for the Group, set and review budgets, allocate Group resources to the operating segments and assess the performance of the operating segments.

At Exco meetings, summarised feedback on the segments is provided by the Managing Director who is responsible for the management of the different operational activities within the Group.

The Managing Director obtains the necessary information to be discussed at Exco from the weekly management meeting (Manco) principally from the head of project management who is supported by the managers of the various activities within the Calgro turnkey business model.

These managers are not seen by the CODM as segment managers but rather as being responsible for the management of day-to-day operations within the activities they are responsible for.

The head of project management combines all information for the various projects and ensures the co-ordination of the internal and external processes.

The CODM manages the Group activities in 3 distinct segments namely:

- Professional services which consists of the following activities: identify projects & due diligence; securing land; and township establishment;
- Property development which consists of the following activities: infrastructure development; marketing & sales; construction; and handover to client; and
- Memorial Parks is the newly established memorial park business and is managed separately by the CODM.

As a result of the strategic redesign of the group's business and the fact that Memorial Parks started contributing to the Group's profit; the CODM has changed its assessment of the performance and allocation of resources to be in line with the Group's current and strategic goals.

The segmental presentation has changed from the previously reported segments of: construction and infrastructure; sale of land and developments; and professional services. As a result, the prior year numbers have been restated to reflect the new format.

The Group's products relating to the Memorial Parks segment consist of burial rights and the associated burial and maintenance services. The operation of the Group's other 2 segments, being Property Development and Professional services encompass the following product range: mid to high income housing, as well as integrated developments. Integrated developments comprise affordable housing, Grassroots Affordable People's Homes (GAP), Finance Linked Individual Subsidy Programme (FLISP) and rental housing, social housing, Community Residential Units (CRU) housing, as well as Breaking New Ground (BNG) fully subsidised housing. The operation of the three operating segments span the entire product range. The Group's customer base includes the government, financial institutions and the general public.

The segment information provided to Exco for the operating segments for the year ended 29 February 2016 has been provided below. The table indicates from where the Group's revenue has been earned, including its joint ventures and associates. The revenue earned by the joint ventures and associates, in their own capacities, have been disclosed in note 9.

The CODM assesses the performance of the operating segments based on a measure of adjusted profit before tax. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as legal expenses and goodwill impairments when the impairment is a result of an isolated, non-recurring event. The measure also excludes the effects of net finance income and the share of profits from joint ventures and associates as this information is not reviewed by the CODM.

A large portion of developments done by the Group is done through joint venture and associate arrangements. The joint ventures or associates sub-contract the Group to provide various services to these joint ventures and associates. The segmental revenue shown below has been broken down into the amount of revenue each segment of the Group has earned from these sub contract arrangements.

2016	Property development	Professional services	Memorial Parks	Total
Total segment revenue	1 183 418 276	19 989 854	655 249	1 204 063 379
Fleurhof Ext 2 (Pty) Ltd	636 610 494	12 724 297	-	649 334 791
Aquarella Investments 265 (Pty) Ltd	797 086	1 451 427	-	2 248 513
Calgro Kuumba Planning & Design (Pty) Ltd	10 405 416	-	-	10 405 416
Witpoortjie Calgro M3 Development Company (Pty) Ltd	26 184 169	2 062 900	-	28 247 069
South Hills Development Company (Pty) Ltd	125 932 956	4 944 763	-	130 877 719
Third parties	383 488 155	(1 193 533)	655 249	382 949 871
Combined revenue*	2 272 563 350	19 989 854	655 249	2 293 208 453
Total segment revenue	1 183 418 276	19 989 854	655 249	1 204 063 379
Revenue of joint ventures and associates	1 089 145 074	-	-	1 089 145 074
Fleurhof Ext 2 (Pty) Ltd	886 443 998	-	-	886 443 998
Aquarella Investments 265 (Pty) Ltd	1 330 290	-	-	1 330 290
South Hills Development Company (Pty) Ltd	148 598 433	-	-	148 598 433
Calgro Kuumba Planning & Design (Pty) Ltd	52 772 353	-	-	52 772 353

* *Combined revenue is the total segment revenue plus the total revenue of joint ventures and associates. The revenue included represents the gross revenue of each joint venture and does not include any inter-group eliminations.*

Refer to Note 9 for details on revenue attributable to joint ventures and associates.

Profit before tax for reportable segments	132 752 748	15 891 088	(1 929 784)	146 714 052
Operating profit	151 494 914	15 891 092	(1 893 656)	165 492 350
Finance costs	(18 742 166)	(4)	(36 128)	(18 778 298)
Assets per segment	1 433 723 028	16 938 457	84 907 987	1 535 569 472
Goodwill	154 800 714	4 155 000	-	158 955 714
Inventories	368 185 337	-	84 907 987	453 093 324
Work in progress	-	12 783 457	-	12 783 457
Construction contracts	910 736 977	-	-	910 736 977

Operating segments for the year ended 28 February 2015, based on the revised segments are disclosed below (restated 2015):

2015 (restated)	Property development	Professional services	Memorial Parks	Total
Total segment revenue	**913 081 290**	**19 123 439**	**-**	**932 204 729**
Fleurhof Ext 2 (Pty) Ltd	417 232 111	9 349 255	-	426 581 366
Aquarella Investments 265 (Pty) Ltd	13 203 808	-	-	13 203 808
Clidet No 1014 (Pty) Ltd	1 568 189	-	-	1 568 189
Calgro Kuumba Planning & Design (Pty) Ltd	2 500 236	-	-	2 500 236
Witpoortjie Calgro M3 Development Company (Pty) Ltd	48 463 402	-	-	48 463 402
South Hills Development Company (Pty) Ltd	18 138 368	-	-	18 138 368
Third parties	411 975 176	9 774 184	-	421 749 360
Combined revenue*	**1 641 505 473**	**19 123 439**	**-**	**1 660 628 912**
Total segment revenue	913 081 290	19 123 439	-	932 204 729
Revenue of joint ventures and associates	728 424 183	-	-	728 424 183
Fleurhof Ext 2 (Pty) Ltd	650 847 334	-	-	650 847 334
Aquarella Investments 265 (Pty) Ltd	37 888 672	-	-	37 888 672
Sabre Homes Projects (Pty) Ltd	(903 414)	-	-	(903 414)
South Hills Development Company (Pty) Ltd	20 899 913	-	-	20 899 913
Calgro Kuumba Planning & Design (Pty) Ltd	19 691 678	-	-	19 691 678

* *Combined revenue is the total segment revenue plus the total revenue of joint ventures and associates. The revenue included represents the gross revenue of each joint venture and does not include any inter-group eliminations.*

Refer to Note 9 for details on revenue attributable to joint ventures and associates.

	Property development	Professional services	Memorial Parks	Total
Profit before tax for reportable segments	**56 775 692**	**17 030 514**	**-**	**73 806 206**
Operating profit	**69 004 189**	**17 030 520**	**-**	**86 034 709**
Finance costs	**(12 228 497)**	**(6)**	**-**	**(12 228 503)**
Assets per segment	**687 843 974**	**18 307 960**	**45 006 594**	**751 158 528**
Goodwill	**36 549 922**	**4 155 000**	**-**	**40 704 922**
Inventories	**453 082 616**	**-**	**45 006 594**	**498 089 210**
Work in progress	**-**	**14 152 960**	**-**	**14 152 960**
Construction contracts	**198 211 436**	**-**	**-**	**198 211 436**

A reconciliation of profit before tax is provided as follows:

	2016	2015
Profit before tax for reportable segments	**146 714 052**	73 806 206
Group overhead costs	**(5 325 672)**	(2 233 542)
Total share of profit of joint ventures and associates - net of tax	**67 233 693**	86 826 674
Fleurhof Ext 2 (Pty) Ltd	**62 187 690**	85 794 209
Calgro Kuumba Planning & Design (Pty) Ltd	**(246 249)**	246 214
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**288 981**	-
South Hills Development Company (Pty) Ltd	**5 003 271**	786 251
Profit before tax, finance income and finance cost	**208 622 073**	158 399 338
Finance income	**30 656 909**	9 773 841
Finance cost - unallocated to reportable segments	**(4 143)**	(24 136)
Profit before tax	**239 274 839**	168 149 043

Please refer to note 9 for details of the share of profits of joint ventures and associates.

The amounts provided to Exco with respect to total assets are measured in a manner consistent with that in the statement of financial position. These assets are allocated based on the operations of the segment.

Reportable segments' assets are reconciled to total assets as follows:

	2016	2015
Segment assets for reportable segments	**1 535 569 472**	751 158 528
Unallocated:		
Deferred tax	**13 787 806**	13 825 385
Investment property	**-**	5 743 370
Property plant and equipment	**3 827 044**	1 753 893
Intangible assets excluding goodwill	**83 389**	266 044
Investment in joint ventures and associates	**6 079 686**	229 567 676
Loans to joint ventures and associates	**2 700 143**	16 793 010
Loans and receivables	**-**	5 756 677
Current tax receivable	**14 488 320**	3 935 703
Trade and other receivables	**285 892 617**	171 099 664
Cash and cash equivalents	**80 070 805**	130 565 085
Total assets per the consolidated statement of financial position	**1 942 499 282**	1 330 465 035

Loans to joint ventures and associates and trade and other receivables are managed on a Group level, on a customer basis rather than an operating segment basis.

The amounts provided to Exco with respect to total liabilities are measured in a manner consistent with that in the statement of financial position. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

Segment liabilities for reportable segments	**-**	-
Unallocated:		
Deferred tax	**241 040 955**	37 951 620
Borrowings	**538 463 465**	492 131 943
Current tax	**419 112**	61 564
Trade and other payables	**342 786 896**	221 637 558
Total liabilities per the consolidated statement of financial position	**1 122 710 428**	751 782 685

6. Investment Property

Accounting policy

The Group owned three townhouses that were held to earn long-term rental income and for capital appreciation.

The investment property is initially recognised at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is provided to write down the cost, less estimated residual value over the useful life, which is 20 years for the townhouses. The cost of land is not depreciated.

Where the residual value of buildings exceeds the carrying amount, no depreciation is provided.

	2016			2015		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Investment property	-	-	-	5 777 257	(33 887)	5 743 370

The three investment properties held were disposed in the current year.

Land and buildings under investment property have a fair value of Rnil (2015 - R6 600 000). The fair value was based on a valuation by an independent valuer who held a recognised and relevant professional qualification and had recent experience in the location and category of the investment property being valued.

Rental income received in respect of investment property amounts to R185 812 (2015 - R514 812). Refer to note 23.

7. Property, Plant and Equipment

Accounting policy

The Group's long life assets mainly provide the infrastructure to enable the Group to operate. The assets are initially measured at cost. The cost of the assets are then recognised in the statement of comprehensive income over the useful lives of the assets as a depreciation charge.

The useful lives of the assets have been assessed as follows:

Item	Average useful life
- Plant and machinery and motor vehicles	5 years
- Leasehold improvements	10 years
- Furniture and fixtures and office equipment	6 years
- IT equipment	3 years

	2016			2015		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Plant and machinery	**3 040 636**	**(2 848 911)**	**191 725**	3 111 292	(2 419 981)	691 311
Furniture and fixtures	**1 002 311**	**(181 102)**	**821 209**	273 026	(96 377)	176 649
Motor vehicles	**190 263**	**(152 211)**	**38 052**	427 098	(304 046)	123 052
Office equipment	**840 569**	**(196 250)**	**644 319**	375 977	(117 177)	258 800
IT equipment	**899 840**	**(529 295)**	**370 545**	937 115	(462 317)	474 798
Leasehold Improvements	**1 863 671**	**(102 477)**	**1 761 194**	31 945	(2 662)	29 283
Total	**7 837 290**	**(4 010 246)**	**3 827 044**	5 156 453	(3 402 560)	1 753 893

Property, plant and equipment with a carrying amount of R79 157 (Cost - R612 812, Accumulated depreciation - R549 916) (2015 - R29 025 (Cost - R6 710 201, Accumulated depreciation - R6 681 176)) has been written off in the current year.

Additions of R3 309 910 (2015: R553 481) have been made in the current year.

Depreciation expense of R1 157 602 (2015 - R1 382 162) has been charged to 'administrative expenses' in the statement of comprehensive income.

A register containing the information required by Regulation 25 (3) of the Companies Regulations 2011 is available for inspection at the registered office of the Company.

8. Intangible Assets

Accounting policy

(a) Goodwill

Goodwill for the Group arose as a result of the acquisition of four subsidiaries, MS5 Pennyville (Pty) Ltd, CTE Consulting (Pty) Ltd, Clidet No 1014 (Pty) Ltd and Fleurhof Ext 2 (Pty) Ltd.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(b) Computer software

Computer software is initially recorded at cost and subsequently carried at cost less accumulated amortisation and any impairment losses.

Amortisation on computer software is calculated using the straight-line method to allocate its cost to the statement of comprehensive income over its useful life of two years.

(c) Estimates and key judgements

Management used estimates in determining the fair value and value in use calculation for the annual goodwill impairment test. Refer below for further detail.

	2016			2015		
	Cost	Accumulated Amortisation/ Impairment	Carrying amount	Cost	Accumulated Amortisation/ Impairment	Carrying amount
Goodwill	**173 669 692**	**(14 713 978)**	**158 955 714**	55 418 900	(14 713 978)	40 704 922
Computer software	**261 874**	**(178 485)**	**83 389**	618 623	(352 579)	266 044
	173 931 566	**(14 892 463)**	**159 039 103**	56 037 523	(15 066 557)	40 970 966

Amortisation expenses on computer software of R213 623 (2015 - R279 450) have been included in 'administration expenses' in the statement of comprehensive income.

Additions of R30 975 (2015: nil) have been made in the current year.

Computer software with a carrying amount of R7 (Cost - R387 724, Accumulated depreciation - R387 717) (2015 - R1 533 (Cost - R198 690, Accumulated Depreciation - R197 157)) has been written off in the current year.

Additions to goodwill of R118 250 791 were made in the current year as a result of the acquisition of the remaining shareholding of Fleurhof Ext 2 (Pty) Ltd. In the prior year, additions to Goodwill was R8 035 371 relating to acquisition of the remaining shareholding of Clidet No 1014 (Pty) Ltd.

For details on the business combination please refer to note 31.

Impairment tests for goodwill

	2016	2015
Goodwill is monitored at the operating segment level. The following is a summary of goodwill allocation for each operating segment:		
Professional services	**4 155 000**	4 155 000
Property development	**154 800 714**	36 549 922
	158 955 714	40 704 922

The recoverable amounts of the property development and professional services operating segments have been determined based on value-in-use calculations.

These calculations use real pre-tax cash flow projections based on financial budgets approved by management covering a five year period.

The key assumptions used for value-in-use calculations are as follows:

	Property Development		Professional Services	
	2016	**2015**	**2016**	**2015**
Gross margin	**20.40%**	17.67%	**66.00%**	71.00%
Pre-tax Discount rate (real)	**25.56%**	24.97%	**26.86%**	26.27%

No cash flows beyond the initial forecast period of five years were included in the value-in-use calculations.

The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments. Management determined budgeted gross margins based on past performance and its expectations of market development and availability of cash for the end user.

If the budgeted gross margin used in the value-in-use calculations had been lower by 5% than the management estimates, the Group would still not recognise an impairment of goodwill.

If the estimated discount rate applied to the cashflows had been 5% higher than the management estimates, the Group would still not recognise an impairment of goodwill.

9. Investment in Joint Ventures and Associates

Accounting policy

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Joint ventures are companies in which the Group has an investment where it, along with one or more other shareholders has contractually agreed to share control of the business and where the decisions about relevant activities require the unanimous consent of the joint partners. In both cases the Group equity accounts these investments resulting in the Group's statement of comprehensive income reflecting it's share of the entity's profit or loss after tax and the statement of financial position records the Group's share of the net assets.

When the Group's share of losses in a joint venture or associate equals or exceeds its interests in the joint ventures and associates (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures and associates), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures and associates.

Unrealised gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the joint ventures and associates, unless the transaction provides evidence of an impairment of the asset transferred.

Significant judgement and source of estimation uncertainty

The Group holds either more or less than 50% of the shareholding in a number of these entities. Refer below to the judgements management exercised in determining whether or not it has joint control over the various entities.

	% Voting power 2016	% Voting power 2015	% Holding 2016	% Holding 2015	Carrying amount 2016	Carrying amount 2015
Joint ventures						
Fleurhof Ext 2 (Pty) Ltd *	**100.00**	50.00	**100.00**	70.00	**-**	228 533 993
Aquarella Investments 265 (Pty) Ltd#	**50.00**	50.00	**14.00**	14.00	**14**	14
Sabre Homes Projects (Pty) Ltd^	**50.00**	50.00	**60.00**	60.00	**600**	600
Witpoortjie Calgro M3 Development Company (Pty) Ltd^	**50.00**	50.00	**75.83**	75.83	**288 981**	-
South Hills Development Company (Pty) Ltd^@	**50.00**	50.00	**57.50**	57.50	**5 789 591**	786 320
Safdev Tanganani (Pty) Ltd	**50.00**	50.00	**50.00**	50.00	**500**	500
					6 079 686	229 321 427

Notes to the Consolidated Financial Statements

	% Voting power 2016	% Voting power 2015	% Holding 2016	% Holding 2015	Carrying amount 2016	Carrying amount 2015
Associates						
Calgro Kuumba Planning & Design (Pty) Ltd	**35.00**	35.00	**35.00**	35.00	**-**	246 249
					-	246 249
					6 079 686	229 567 676

* Fleurhof Ext 2 (Pty) Ltd was previously a joint venture. From 29 February 2016 the Group holds 100% of the issued share capital, as well as 100% of the voting rights. The investment is therefore accounted for as a subsidiary. Refer to note 31 for details of the business combination.

@ Although the Group holds 57.5% of the shareholding in South Hills Development Company (Pty) Ltd, it only equity accounts for 42.5% as 15% of the shareholding and related profits have been ceded to a third party.

^ Although the Group has majority shareholding in these entities it does not have control of the Company as the Board comprises an equal number of representatives from both the Group as well as the minority shareholder. Both parties have equal voting rights irrespective of the percentage shareholding or representation on the Board of Directors. Any decision regarding the relevant activities of these entities that significantly affect the returns of the entity are made with the unanimous consent of both parties.

Although the Group has minority shareholding in this entity, the Board comprises an equal number of representatives from both the Group as well as the majority shareholder. Both parties have equal voting rights, irrespective of the percentage shareholding or representation on the Board of Directors. The majority shareholder does not have sole control over the activities of the entity. This is because decisions regarding the relevant activities of the entity that significantly affect the returns of the entity are made with the unanimous consent of both parties.

The joint ventures and associate are managed by steering committees that contain an equal number of representatives from both the Calgro M3 Group as well as the other shareholders.

The steering committee meets on a regular basis to discuss the relevant activities of the project. These activities include the authorisation of budgets, project feasibilities, cash flow forecasts, distributions, potential variation orders, cost over runs, determining of sales prices and the appointment of all contractors and professional teams. Any decisions related to the relevant activities that significantly affect the returns of the entity need to carry the unanimous consent of both joint venture partners, irrespective of the number of representatives a party has on the steering committee or directorate of the respective company.

Other than loans to Joint-Ventures and associates (Note 11), trade and other receivables (Note 16), commitments related to financial guarantees (Note 33) and related party transactions (Note 36) which arose in the ordinary course of business, the Calgro M3 Group has no further financial risks associated with these joint-ventures and associates.

The projects which are managed by each joint venture or associate are as follows:

Name of company	Name of project
Fleurhof Ext 2 (Pty) Ltd *	Fleurhof
Aquarella Investments 265 (Pty) Ltd	Jabulani CBD
Sabre Homes Projects (Pty) Ltd	Jukskei View
Witpoortjie Calgro M3 Development Company (Pty) Ltd	Witpoortjie
South Hills Development Company (Pty) Ltd	South Hills
Safdev Tanganani (Pty) Ltd	Diepsloot
Calgro Kuumba Planning & Design (Pty) Ltd	Otjomuise Windhoek Namibia

The place of business for all joint ventures and associates is South Africa, with the exception of Calgro Kuumba Planning & Design (Pty) Ltd which place of business is in Namibia.

The functional currency of all joint ventures and associates are South African Rands with the exception of Calgro Kuumba Planning & Design (Pty) Ltd which is Namibian Dollars.

All the year-ends of joint ventures and associates are consistent with those of the Group.

A detailed statement of financial position and statement of comprehensive income for each individual joint venture and associate is disclosed in the notes below. The impact of the cash flows on the Calgro M3 Group from these joint ventures and associates are also presented for each individual joint venture and associate in the notes below.

	Fleurhof Ext 2 (Pty) Ltd*		Aquarella Investments 265 (Pty) Ltd	
	2016	**2015**	**2016**	**2015**
Detailed statement of financial position				
Assets				
Non-current assets				
Deferred income tax asset	**-**	-	**6 974 253**	6 579 858
	-	-	**6 974 253**	6 579 858
Current assets				
Construction contracts	**-**	527 740 273	**394 468**	394 468
Inventories	**-**	-	**159 643 352**	139 283 085
Trade and other receivables	**-**	14 865 569	**7 927 386**	7 626 069
Current income tax asset	**-**	4 965 752	**-**	-
Cash and cash equivalents	**-**	1 031 555	**2 364**	316 100
	-	548 603 149	**167 967 570**	147 619 722
Total assets	**-**	548 603 149	**174 941 823**	154 199 580
Equity and liabilities				
Equity				
Share capital	**-**	101	**100**	100
Retained income/(accumulated loss)	**-**	321 359 253	**(18 001 082)**	(16 828 153)
	-	321 359 354	**(18 000 982)**	(16 828 053)
Liabilities				
Non-current liabilities				
Deferred income tax liability	**-**	128 904 351	**-**	-
	-	128 904 351	**-**	-
Current liabilities				
Current income tax liabilities			**-**	-
Loans from shareholders	**-**	16 793 611	**176 156 151**	157 028 005
Trade and other payables	**-**	81 545 833	**16 786 654**	13 999 628
	-	98 339 444	**192 942 805**	171 027 633
Total liabilities		227 243 795	**192 942 805**	171 027 633
Total equity and liabilities		548 603 149	**174 941 823**	154 199 580
Detailed statement of comprehensive income				
Revenue	**886 443 998**	650 847 334	**1 330 290**	37 888 672
Cost of sales	**(762 865 447)**	(477 146 326)	**(2 990 941)**	(73 490 851)
Gross profit/(loss)	**123 578 551**	173 701 008	**(1 660 651)**	(35 602 179)
Other income	**37 971**	19 078	**211 299**	185 642
Administrative expenses	**(1 004 822)**	(2 918 832)	**(118 578)**	(405 661)
Operating profit/(loss)	**122 611 700**	170 801 254	**(1 567 930)**	(35 822 198)
Finance income	**242 264**	543 960	**606**	15 476
Finance cost	**-**	-	**-**	-
Profit/(loss) before tax	**122 853 964**	171 345 214	**(1 567 324)**	(35 806 722)
Taxation	**(34 014 407)**	(48 782 058)	**394 395**	10 070 338
Profit/(loss) after taxation	**88 839 557**	122 563 156	**(1 172 929)**	(25 736 384)
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income	**88 839 557**	122 563 156	**(1 172 929)**	(25 736 384)

* Fleurhof Ext 2 (Pty) Ltd was previously a joint venture. The Group now holds 100% of the issued share capital, as well as 100% of the voting rights. The investment is therefore accounted for as a subsidiary.
Refer to note 31 for details of the business combination.

Reconciliation of detailed financial information

Reconciliation of the detailed information presented to the carrying amount of its interest in the joint venture.

	Fleurhof Ext 2 (Pty) Ltd*		Aquarella Investments 265 (Pty) Ltd	
	2016	**2015**	**2016**	**2015**
Summarised financial information				
Opening net assets at 1 March	**321 359 354**	208 874 744	**16 828 053**	8 908 331
Profit/(loss) after tax	**88 839 557**	122 563 156	**(1 172 929)**	(25 736 384)
Closing net assets	**410 198 911**	331 437 900	**15 655 124**	(16 828 053)
Limitation due to contractual preferential right to profit in favour of the Joint Venture partner	**-**	-	**(15 655 124)**	16 828 053
Dividend distribution to other joint venture partner	**-**	(10 078 546)	**-**	-
Closing net assets	**410 198 911**	321 359 354	**-**	-
Interest in joint venture at 70% and 14%	**287 139 238**	224 951 548	**14**	14
70% of previous dividend not distrubuted to the Group	**7 079 228**	7 079 228	**-**	-
Carrying value	**294 218 466**	232 030 776	**14**	14
Unrealised profits eliminated	**-**	(3 496 783)	**-**	-
Acquisition of joint venturers' shareholding in Fleurhof Ext 2 (Pty) Ltd (note 31)	**(294 218 466)**	-	**-**	-
Net carrying value	**-**	228 533 993	**14**	14

No share of profits or losses in Aquarella Investments 265 (Pty) Ltd has been accounted for in the statement of comprehensive income in the current year. In terms of the shareholders agreements the other shareholders of this joint venture have a preferential right to a share of the profits before any distributions may be made to the Group. The Group will commence accounting for its share of profits once the other shareholders preferred rights have been met.

Reconciliation of investment in joint venture

At 1 March	**228 533 993**	142 739 784	**14**	14
Share of profit	**62 187 690**	85 794 209	**-**	-
Unrealised profits recognised	**3 496 784**	-	**-**	-
Acquisition of joint venture's shareholding in Fleurhof Ext 2 (Pty) Ltd (note 31)	**(294 218 466)**	-	**-**	-
Net carrying value	**-**	228 533 993	**14**	14
The impact of the cash flows on the Group consists of the following:				
Cash (outflow)/inflow from construction activities (net movement in trade debtors)	**-**	95 732 480	**(3 355 452)**	15 271 072
Cash inflow for loans from joint ventures	**-**	-	**-**	-
Cash outflow for loans to joint ventures	**-**	-	**-**	-
Net cash flows on the Group from joint ventures	**-**	95 732 480	**(3 355 452)**	15 271 072

	Sabre Homes Projects (Pty) Ltd		Witpoortjie Calgro M3 Development Company (Pty) Ltd	
	2016	**2015**	**2016**	**2015**
Detailed statement of financial position				
Assets				
Non-current assets				
Loans to shareholders	**600**	600	**-**	-
Deferred income tax asset	**3 366 396**	3 208 120	**-**	-
	3 366 996	3 208 720	**-**	-
Current assets				
Inventories/construction contracts	**854 243**	854 243	**150 865 781**	115 489 316
Trade and other receivables	**-**	-	**4 672 280**	5 537 304
Cash and cash equivalents	**1 370 241**	2 313 659	**251 706**	1 000
	2 224 484	3 167 902	**155 789 767**	121 027 620
Total assets	**5 591 480**	6 376 622	**155 789 767**	121 027 620
Equity and liabilities				
Equity				
Share capital*	**1 000**	1 000	**-**	-
(Accumulated loss)/retained income	**(5 926 123)**	(4 776 011)	**381 092**	-
	(5 925 123)	(4 775 011)	**381 092**	-
Liabilities				
Non-current liabilities				
Deferred income tax liability	**-**	-	**202 452**	-
	-	-	**202 452**	-
Current Liabilities				
Borrowings	**-**	-	**54 803 114**	39 986 254
Loans from shareholders	**4 463 658**	3 978 922	**-**	-
Trade and other payables	**7 052 945**	7 172 711	**100 403 109**	81 041 366
	11 516 603	11 151 633	**155 206 223**	121 027 620
Total liabilities	**11 516 603**	11 151 633	**155 408 675**	121 027 620
Total equity and liabilities	**5 591 480**	6 376 622	**155 789 767**	121 027 620

* Witpoortjie Calgro M3 Development Company (Pty) Ltd has been incorporated under the new Companies Act 71 of 2008. The value of the shares are stated at no par value.

Detailed statement of comprehensive income				
Revenue	**-**	(903 414)	**9 363 357**	-
Cost of sales	**(2 740)**	622 825	**(8 707 007)**	-
Gross (loss)/profit	**(2 740)**	(280 589)	**656 350**	-
Other income	**-**	3 537	**165 045**	-
Administrative expenses	**(857 144)**	(866 945)	**(237 856)**	-
Operating (loss)/profit	**(859 884)**	(1 143 997)	**583 539**	-
Finance income	**36 232**	45 458	**4**	-
Finance expense	**(484 736)**	(418 266)	**-**	-
(Loss)/profit before tax	**(1 308 388)**	(1 516 805)	**583 543**	-
Taxation	**158 276**	410 797	**(202 452)**	-
(Loss)/profit after taxation	**(1 150 112)**	(1 106 008)	**381 092**	-
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income	**(1 150 112)**	(1 106 008)	**381 092**	-

Reconciliation of detailed financial information

Reconciliation of the detailed information presented to the carrying amount of its interest in the joint venture.

	Sabre Homes Projects (Pty) Ltd		Witpoortjie Calgro M3 Development Company (Pty) Ltd	
	2016	2015	2016	2015
Summarised financial information				
Opening net assets at 1 March	**(4 775 011)**	(3 669 003)	**-**	-
(Loss)/Profit after tax	**(1 150 112)**	(1 106 008)	**381 092**	-
Closing net assets	**(5 925 123)**	(4 775 011)	**-**	-
Limitation due to contractual preferential right to profit in favour of the joint venture partner	**5 925 123**	4 775 011	**-**	-
Interest in joint venture at 60% and 75.83%	**600**	600	**288 981**	-
Carrying value	**600**	600	**288 981**	-

No share of profits or losses in Sabre Homes Projects (Pty) Ltd has been accounted for in the statement of comprehensive income in the current year. In terms of the shareholders' agreements the other shareholders of this joint venture have a preferential right to a share of the profits before any distributions may be made to the Group.

The Group will commence accounting for its share of profits from the joint venture when they arise based on a pari pasu agreement between shareholders.

Reconciliation of investment in joint venture				
At 1 March	**600**	600	**-**	-
Share of profit	**-**	-	**288 981**	-
Net carrying value	**600**	600	**288 981**	-
The impact of the cash flows on the Group consists of the following:				
Cash (outflow)/inflow from construction activities (net movement in trade debtors)	**-**	943 200	**(22 454 572)**	(30 840 889)
Cash inflow for loans from joint ventures	**-**	-	**-**	-
Cash outflow for loans to joint ventures	**-**	-	**-**	-
Net cash flows on the Group from joint ventures	**-**	943 200	**(22 454 572)**	(30 840 889)

	South Hills Development Company (Pty) Ltd		Safdev Tanganani (Pty) Ltd	
	2016	2015	2016	2015
Detailed statement of financial position				
Assets				
Non-current assets				
Deferred income tax asset	**-**	-	**596 553**	-
	-	-	**596 553**	-
Current assets				
Construction contracts	**38 743 864**	20 899 913	**-**	-
Inventories	**-**	-	**53 447 597**	48 760 959
Trade and other receivables	**466 424**	2 415 279	**2 270**	4 329 045
Cash and cash equivalents	**-**	55	**23 320**	-
	39 210 288	23 315 247	**53 473 187**	53 090 004
Total assets	**39 210 288**	23 315 247	**54 069 740**	53 090 004
Equity and liabilities				
Equity				
Share capital	**120**	120	**1 000**	1 000
Retained Income	**13 622 405**	1 850 002	**509 432**	-
	13 622 525	1 850 122	**510 432**	1 000
Liabilities				
Non-current liabilities				
Deferred income tax liability	**5 297 602**	719 445	**-**	-
	5 297 602	719 445	**-**	-
Current liabilities				
Bank overdraft	**7 997 636**	-	**-**	941
Amounts owing to related parties	**-**	-	**-**	48 880 035
Loans from shareholders	**5 202 010**	3 031 611	**52 110 748**	-
Trade and other payables	**7 090 515**	17 714 069	**1 448 560**	4 208 028
	20 290 161	20 745 680	**53 559 308**	53 089 004
Total liabilities	**25 587 763**	21 465 125	**53 559 308**	53 089 004
Total equity and liabilities	**39 210 288**	23 315 247	**54 069 740**	53 090 004
Detailed statement of comprehensive income				
Revenue	**148 598 433**	20 899 913	**12 827 685**	8 881 278
Cost of sales	**(132 282 689)**	(18 077 244)	**(12 827 685)**	(8 881 278)
Gross profit	**16 315 744**	2 822 669	**-**	-
Administrative expenses	**(84 344)**	(253 222)	**(87 321)**	(864 407)
Operating profit	**16 231 400**	2 569 447	**(87 321)**	(864 407)
Finance income	**119 161**	-	**200**	-
Profit before tax	**16 350 561**	2 569 447	**(87 121)**	(864 407)
Taxation	**(4 578 157)**	(719 445)	**596 553**	242 034
Profit after taxation	**11 772 404**	1 850 002	**509 432**	(622 373)
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income	**11 772 404**	1 850 002	**509 432**	(622 373)

Reconciliation of detailed financial information

Reconciliation of the detailed information presented to the carrying amount of its interest in the joint venture.

	South Hills Development Company (Pty) Ltd		Safdev Tanganani (Pty) Ltd	
	2016	2015	2016	2015
Summarised financial information				
Opening net assets at 1 March	**1 850 002**	-	**1 000**	1 000
Issue of stated capital	**120**	120	**-**	-
Profit after tax	**11 772 404**	1 850 002	**-**	-
Closing net assets	**13 622 526**	1 850 122	**1 000**	1 000
Interest in joint venture at 42.5% and 50%	**5 789 591**	786 320	**500**	500
Carrying value	**5 789 591**	786 320	**500**	500
Reconciliation of investment in joint venture				
At 1 March	**786 320**	-	**-**	-
Share of profit	**5 003 272**	786 320	**-**	-
Net carrying value	**5 789 591**	786 320	**-**	-
The impact of the cash flows on the Group consists of the following:				
Cash inflow/(outflow) from construction activities (net movement in trade debtors)	**11 956 506**	(19 047 021)	**-**	-
Cash inflow for loans from joint ventures	**-**	-	**-**	-
Cash outflow for loans to joint ventures	**-**	-	**-**	-
Net cash flows on the Group from joint ventures	**11 956 506**	(19 047 021)	**-**	-

	Calgro Kuumba Planning & Design (Pty) Ltd	
	2016	**2015**
Detailed statement of financial position		
Assets		
Non-current assets		
Deferred income tax asset	**30 690**	-
	30 690	-
Current assets		
Trade and other receivables	**39 492**	7 080 412
Construction contracts	**-**	599 926
Current income tax asset	**4 218**	-
Cash and cash equivalents	**2 782**	1 930 568
	46 492	9 610 906
Total assets	**77 182**	9 610 906
Equity and liabilities		
Equity		
Share capital	**100**	100
Retained income	**(100)**	703 468
	-	703 568
Liabilities		
Deferred income tax liability	**-**	361 180
	-	361 180
Current liabilities		
Loans from shareholders	**-**	1 500 000
Trade and other payables	**77 182**	7 046 156
	77 182	8 546 158
Total liabilities	**77 182**	8 907 338
Total equity and liabilities	**77 182**	9 610 906
Detailed statement of comprehensive income		
Revenue	**52 772 353**	19 691 678
Cost of sales	**(47 280 578)**	(17 728 498)
Gross profit	**5 491 775**	1 963 180
Administrative expenses	**(6 990 376)**	(881 661)
Operating profit	**(1 498 601)**	1 081 519
Finance income	**402 158**	740
Profit before tax	**(1 096 443)**	1 082 259
Taxation	**392 875**	(378 791)
Profit after taxation	**(703 568)**	703 468
Other comprehensive income	**-**	-
Total comprehensive income	**(703 568)**	703 468

Reconciliation of detailed financial information

Reconciliation of the detailed information presented to the carrying amount of its interest in the associate

	Calgro Kuumba Planning & Design (Pty) Ltd	
	2016	**2015**
Summarised financial information		
Opening net assets at 1 March	**703 568**	100
Profit after tax	**(703 568)**	703 468
Closing net assets	**-**	703 568
Interest in associate at 35%	**-**	246 249
Carrying value	**-**	246 249
Reconciliation of investment in associate		
At 1 March	**246 249**	-
Share of profit	**(246 249)**	246 249
Net carrying value	**-**	246 249
The impact of the cash flows on the Group consists of the following:		
Cash inflow/(outflow) from construction activities (net movement in trade debtors)	**657 634**	(768 901)
Cash inflow for loans from associate	**-**	-
Cash outflow for loans to associate	**-**	-
Net cash flows on the Group from associate	**657 634**	(768 901)

10. Deferred Income Tax Assets/(Liabilities)

Accounting policy

Deferred tax assets and liabilities represent amounts of tax that will become recoverable and payable in future accounting periods. They generally arise as a result of temporary differences, where the time at which profits and losses are recognised for tax purposes differs from the time at which the relevant transaction is recorded in the accounts. A deferred tax asset represents a tax reduction that is expected to arise in a future period. A deferred tax liability represents taxes which will become payable in a future period as a result of a current or an earlier transaction.

In respect of deferred tax assets, the Group only recognises a deferred tax asset when the availability of future profits necessary to support the deferred tax asset is probable.

Where a temporary difference arises in relation to the Group's investment in subsidiaries, associates or joint ventures a deferred tax liability can only be recognised by the Group if the Group cannot control the timing of the reversal of the temporary difference and it is probable that the temporary difference will reverse in future. Similarly a deferred tax asset can only be recognised by the Group if the temporary difference will reverse in the future and there will be taxable profit available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled based, on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Reconciliation of deferred tax (liability)/asset	2016	2015
Opening balance	**(24 126 235)**	(18 488 809)
Construction contracts	**(18 548 307)**	(15 526 521)
Construction contracts - acquisition of subsidiary	**(196 679 313)**	-
Accelerated capital allowances for tax purposes	**97 520**	(7 303)
Accruals	**-**	(27 008)
Inventories	**141 497**	(6 913 348)
Unrealised profits - joint ventures and associates	**(979 100)**	(677 037)
Bonus accrual	**1 200 096**	3 572 800
Share appreciation scheme	**(16 448 613)**	16 815 194
Work in progress	**383 461**	(4 559 179)
Tax losses available for set off against future taxable income	**(6 111 150)**	1 488 557
Tax losses available for set off against future taxable income - acquisition of subsidiary	**23 493 773**	-
Capital losses available for future use	**1 541 089**	-
Share Appreciation Right settlement	**3 331 613**	-
Share Appreciation Right settlement prepayment	**(315 739)**	-
Executive share scheme	**4 618 549**	-
Revenue	**111 681**	-
Trade receivables	**1 088 156**	-
Other	**(52 127)**	196 419
Closing balance	**(227 253 149)**	(24 126 235)

Reconciliation of deferred tax (liability)/asset movement in the statement of comprehensive income		
Opening balance	**(24 126 235)**	(18 488 809)
Statement of comprehensive income charge	**(29 941 371)**	(5 578 704)
Aquisition of subsidiary	**(173 185 543)**	(58 722)
Closing balance	**(227 253 149)**	(24 126 235)

The analyses of deferred tax assets and deferred tax liabilities are as follows:

	2016	2015
Deferred tax liabilities		
Construction contracts	**(69 160 437)**	(47 448 866)
Construction contracts - acquisition of subsidiary	**(196 679 313)**	-
Capital allowances	**(92 994)**	(190 514)
Inventories	**(10 364 646)**	(10 026 122)
Bonus accrual	**4 772 896**	3 460 800
Share appreciation scheme	**366 581**	16 815 194
Work in progress	**(3 579 372)**	(3 962 833)
Unrealised profits - joint ventures and associates	**-**	979 100
Tax losses available for set off against future taxable income	**-**	2 008 156
Tax losses available for set off against future taxable income - acquisition of subsidiary	**23 493 773**	-
Capital losses available for future use	**1 404 845**	-
Share Appreciation Right settlement	**3 331 613**	-
Share Appreciation Right settlement prepayment	**(315 739)**	-
Executive Share Scheme	**4 618 549**	-
Trade receivables	**801 951**	-
Other	**361 338**	413 465
Deferred tax liabilities	**(241 040 955)**	(37 951 620)
Deferred tax assets		
Construction contracts	**2 705 471**	(457 793)
Inventories	**8 795 635**	8 315 614
Bonus accrual	**-**	112 000
Trade receivables	**286 205**	-
Revenue	**111 681**	-
Capital losses available for future use	**136 244**	-
Tax losses available for set off against future taxable income	**1 752 570**	5 855 564
Deferred tax assets	**13 787 806**	13 825 385
	(227 253 149)	(24 126 235)
Deferred tax liabilities		
Deferred tax liability to be realised within 12 months	**(230 949 896)**	(44 550 178)
Deferred tax liability to be realised after more than 12 months	**(10 091 059)**	6 598 558
	(241 040 955)	(37 951 620)
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	**4 992 171**	4 530 671
Deferred tax asset to be recovered after more than 12 months	**8 795 635**	9 294 714
	13 787 806	13 825 385

11. Loans to Joint Ventures and Associates

Accounting policy

These loans are classified as loans and receivables, measured at amortised cost and are recognised initially at fair value plus direct transaction costs.

	Interest rate	Expected repayment date	2016	2015
Fleurhof Ext 2 (Pty) Ltd (unsecured) *	Prime plus 2%	-	**-**	16 793 010
South Hills Development Company (Pty) Ltd (unsecured)	Prime plus 2%	28 February 2017	**2 600 406**	-
Safdev Tanganani (Pty) Ltd (unsecured)	Prime plus 2%	28 February 2017	**99 737**	-
Loans to joint ventures and associates			**2 700 143**	16 793 010
Reconciliation of loans to joint ventures and associates				
Principle loan amount			**21 539 443**	37 582 904
Loan reclassified as loans to subsidiaries refer to note 31 for details on business combination			**(18 839 300)**	(20 789 894)
			2 700 143	16 793 010
Loans to be realised within 12 months			**2 700 143**	16 793 010
Loans to be realised after more than 12 months			**-**	-
			2 700 143	16 793 010

* On 29 February 2016 the Group acquired the remaining 30% of the share capital and associated 50% of the voting rights of Fleurhof Ext 2 (Pty) Ltd, an unlisted South African property development company. The Group previously owned 70% share capital and 50% of voting rights. The investment was previously accounted for as a joint venture. (Refer to note 31 for details of the business combination).

12. Loan Receivable

Accounting policy

Loans receivable was a financial asset measured at amortised cost. Refer to the financial instrument accounting policy note 2.10.

During the 2015 financial year, judgement was granted in favour of the Group with respect to the claim against Autumn Star Trading 90 (Pty) Ltd. The defendant subsequently appealed the decision and successfully overturned the original judgement when the appeal was finalised during the current year under review. At year-end the carrying amount of the loan is Rnil (2015: R5 756 677). The loan was unsecured and interest-free.

Please refer to note 24 for loans written down.

13. Inventories

Accounting policy

Land owned by the Group which is being developed to get into a condition to start construction of the various projects is classified as inventory. The land may also be sold without any construction depending on the intention of management. Inventories are stated at the lower of cost or net realisable value. The cost of land under development held for sale comprises design costs, building materials, indirect labour, borrowing costs and other direct costs.

The amount of any write-down of inventories to net realisable value is recognised as an expense in the period which the write-down occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Significant estimates and judgements

In assessing the net realisable value of land under development held for sale, valuators consider title deed information, town planning conditions locality and improvements made to the property. Property vacancy rates in surrounding areas realised yields on comparative sales as well as micro- and macro-economic conditions require judgement.

	2016	2015
Opening balance	**498 089 210**	385 826 228
Net additions	**36 056 975**	133 370 032
Borrowing costs capitalised	**35 277 326**	41 043 150
Disposals	**(116 330 187)**	(62 150 200)
Closing balance	**453 093 324**	498 089 210
Inventories to be sold within 12 months	**156 941 989**	120 725 390
Inventories to be sold after more than 12 months	**296 151 335**	377 363 820
	453 093 324	498 089 210

* The normal operating cycle for inventory construction contracts and work in progress is considered to be longer than 12 months.

Please refer to note 24 for inventories written down/(written up).

Inventories to the value of R35 551 629 (2015 - R31 310 736) are stated at net realisable value.

14. Construction Contracts

Accounting policy

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Estimates are made by management to calculate the forecasted cost and the forecasted revenue of a project. The estimates used are in terms of an approved feasibility study. Management forecasts are approved by the Board of Directors and if third parties are involved their approval is also obtained. Management performs monthly reviews of the work in progress schedule to update the forecasts costs and profits.

Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within 'trade and other receivables' (refer to note 16).

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

	2016	2015
The aggregate costs incurred and recognised profits to date	**5 818 149 996**	2 405 660 498
Less: Progress billings	**(4 908 488 464)**	(2 207 730 308)
Net statement of financial position balance for ongoing contracts	**909 661 532**	197 930 190
Excess billings over work done classified under trade and other payables (note 20)	**1 075 445**	281 246
Statement of financial position balance for ongoing contracts	**910 736 977**	198 211 436
Construction contracts to be realised within 12 months	**874 069 896**	184 359 022
Construction contracts to be realised after 12 months	**36 667 081**	13 852 414
	910 736 977	198 211 436

* The normal operating cycle for inventory construction contracts and work in progress is considered to be longer than 12 months.

Borrowing costs to the value of R5 382 144 (2015 - R704 715) have been capitalised (Note 27).

15. Work in Progress

Accounting policy

Work in progress relates to services rendered e.g. town planning and related professional services which have not yet been billed to the customer.

	2016	2015
The aggregate costs incurred and recognised profits to date	**12 783 457**	14 152 960
Less: Progress billings	**-**	-
Net statement of financial position balance for ongoing work in progress	**12 783 457**	14 152 960
Work in progress to be realised within 12 months	**12 783 457**	14 152 960
Work in progress to be realised after 12 months	**-**	-
	12 783 457	14 152 960

16. Trade and other Receivables

Accounting policy

Trade receivables are a financial asset measured at amortised cost. Refer to the financial instruments accounting policy in note 2.10 for further information.

Credit terms of trade receivables and trade receivables with related parties are generally 30 days from statement date.

	2016	2015
Trade receivables and retention debtors	**256 548 691**	158 268 653
Trade receivables - Third parties	**99 585 840**	19 970 407
Retention debtors - Third parties	**1 554 579**	-
Trade receivables - Related parties	**76 819 018**	131 458 363
Retention debtors - Related parties	**5 078 438**	6 839 883
Trade receivables - Land sales^	**73 510 816**	-
Value-added tax	**7 215 832**	9 702 878
Prepayments	**-**	2 500 872
Other receivables	**7 266 474**	431 969
Share Appreciation Rights settlement prepayment %	**1 127 641**	-
Amounts due from executive share scheme - Related parties #	**13 288 687**	-
Securing deposits	**445 292**	195 292
	285 892 617	171 099 664

* The normal operating cycle for inventory construction contracts and work in progress is considered to be longer than 12 months.

% Refer to note 34 for further details.

This relates to the payable by participants of the Executive Share Scheme with respect to the subscription price for the shares issued under the scheme. Subsequent to year-end the balance has been settled. Refer to note 34 and 36 for further details.

Trade receivables and retention debtors fully performing

At 29 February 2016, trade receivables and retention debtors of R190 411 976 (2015: R154 822 309) were fully performing.

^ Trade receivables - land sales with a total carrying amount of R73 510 816 are secured by covering bonds that have been registered in favour of the Group in the amount of R77 000 000 over Holdings 5, 6 and 57 Harveston Agricultural Holdings, Registration Division IQ, as well as Portion 501 of the Farm Wilgespruit No 190, Registration Division IQ, Gauteng and are repayable in installments over a 30 month period from 1 March 2016 in terms of the sale agreement between the parties and bears interest at prime less 4%.

Trade receivables and retention debtors from related parties

	2016	2015
Fleurhof Ext 2 (Pty) Ltd	**-**	69 596 674
Aquarella Investments 265 (Pty) Ltd	**6 483 475**	3 128 023
South Hills Development Company (Pty) Ltd	**7 090 515**	19 047 021
Calgro KuumBA Planning and Design (Pty) Ltd	**111 267**	768 901
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**68 212 199**	45 757 627
Total	**81 897 456**	138 298 246

Trade receivables and retention debtors owing from related parties are not considered past due as they were granted in the normal course of business within the Group's operating cycle of greater than 12 months. The due dates for amounts are determined specifically for each related party. Management of the Group has insight into the financial position of all joint ventures and associates as at 29 February 2016 and do not believe that there are indicators that these amounts are impaired at year-end. Please refer to Note 9 for summarised financial information as well as detailed analysis of joint venture and associates' relationships.

Trade receivables and retention debtors - third parties past due but not impaired

At 29 February 2016 trade receivables and retention debtors of R66 136 715 (2015: R3 446 344) were past due but not impaired.

Aging of trade receivables and retention debtors - third parties

	Other debtors	
	2016	**2015**
Less than 30 days	**35 003 704**	16 524 063
30 days and older	**66 136 715**	3 446 344
Total	**101 140 419**	19 970 407

Trade receivables impairment

At 29 February 2016 trade receivables of Rnil (2015 - Rnil) were written off as bad debt.

No allowance for doubtful debts was raised at 29 February 2016 and none of the trade receivables that are past due are considered to be impaired. The majority of the balance which is past due not impaired is receivable from a customer of Fleurhof Ext 2 (Pty) Ltd and has been recognised from the acquisition of Fleurhof Ext 2 (Pty) Ltd. Refer to note 31 for details of the business combination. This balance relates to a single customer which has been a customer of Fleurhof Ext 2 (Pty) Ltd since the inception of the Fleurhof project and has no history of default.

Prepayments relating to the Hospital View Development have been written off during the current year as the project will no longer be developed by the Group. Refer to note 24 for write-downs of prepayments.

The maximum exposure to credit risk for these instruments at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security for trade and other receivables other than for trade receivables - land sales as disclosed above. Refer to note 4 for details of financial instruments. All trade and other receivables will be recovered in the next 12 months.

17. Cash and Cash Equivalents

Accounting policy

Cash and cash equivalents includes cash on hand and deposits held at call with banks.

Cash and cash equivalents include the following for the purposes of the statement of cashflows.

	2016	**2015**
Cash on hand	**4 026**	2 053
Bank balances	**80 066 779**	130 563 032
	80 070 805	130 565 085

18. Stated Capital

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

	Number of shares		Rand amount	
	2016	2015	2016	2015
Authorised				
Ordinary no par value shares	**500 000 000**	500 000 000		
Issued				
Balance at beginning of the year	**127 100 000**	127 100 000	**96 021 721**	96 021 721
Shares issued to Calgro M3 Employee Benefit Trust	**5 212 909**	-	**104 239 627**	-
Shares issued to Calgro M3 Empowerment Trust	**5 212 909**	-	**104 239 627**	-
Shares issued in terms of the Calgro M3 Executive Share Scheme	**9 518 700**	-	**183 425 349**	-
Treasury shares in issue	**(19 944 518)**	-	**(391 904 603)**	-
Balance at end of the year	**127 100 000**	127 100 000	**96 021 721**	96 021 721

Shares held by Calgro M3 Employee Benefit Trust and Calgro M3 Empowerment Trust

In terms of IFRS 10 Consolidated Financial Statements, both trusts are consolidated into the Group, and as a result, shares owned by these entities are carried as treasury shares on consolidation.

Shares issued with respect to the Calgro M3 Executive Share Scheme

The shares issued to Directors and selected employees in respect of the Calgro M3 Executive Share Scheme contain restriction of trade clauses in terms of the scheme rules. None of these release dates have occurred during the current year. These shares are therefore considered to be treasury shares. Refer to note 34 for further details.

All issued shares are fully paid.

Unissued ordinary shares are under the control of the Directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

19. Borrowings

Accounting policy

Borrowings are classified as financial liabilities at amortised cost. Refer to the financial instruments accounting policy note 2.10 for further details.

Borrowings are classified as current liabilities based on the operating cycle of the Group (refer to note 2.2).

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan. The fee is amortised over the life of the facility.

	Interest Rate	Expiration date	2016	2015
Bond exchange			**538 463 465**	492 131 943
Floating rate note - CGR 8	JIBAR plus 10%	22 July 2015	**-**	22 500 000
Floating rate note - CGR 10	JIBAR plus 5.3%	8 December 2016	**19 852 197**	50 000 000
Fixed rate note - CGR 11	12.05% per annum	28 March 2016	**-**	56 000 000
Floating rate note - CGR 13	JIBAR plus 4.5%	27 June 2016	**117 062 547**	222 000 000
Floating rate note - CGR 14	JIBAR plus 4.75%	13 February 2018	**30 000 000**	30 000 000
Floating rate note - CGR 15	JIBAR plus 4%	21 July 2017	**24 000 000**	24 000 000
Floating rate note - CGR 16	JIBAR plus 3.4%	22 September 2017	**49 000 000**	49 000 000
Floating rate note - CGR 17	JIBAR plus 3.7%	24 October 2017	**40 000 000**	40 000 000
Floating rate note - CGR 18	JIBAR plus 3.2%	4 May 2018	**30 000 000**	-
Floating rate note - CGR 19	JIBAR plus 3.2%	4 June 2018	**30 000 000**	-
Floating rate note - CGR 20	JIBAR plus 3.2%	4 July 2018	**15 000 000**	-
Floating rate note - CGR 21	JIBAR plus 4.5%	12 October 2020	**70 000 000**	-
Floating rate note - CGR 22	JIBAR plus 1.5%	13 February 2018	**70 000 000**	-
Floating rate note - CGR 23	JIBAR plus 4%	8 February 2019	**25 000 000**	-
Floating rate note - CGR 24	JIBAR plus 5%	1 February 2020	**20 000 000**	-
Transaction cost amortisation*			**(1 451 279)**	(1 368 057)
Total borrowings			**538 463 465**	492 131 943

All borrowings are unsecured.

* The transaction costs are amortised over the life of the facilities. It is expected that these costs will be fully amortised when the facilities are settled.

The table below provides information regarding the present value of the borrowings to be settled within 12 months and after 12 months. For the undiscounted cash flows related to borrowings, refer to note 3.

	2016	2015
Borrowings to be settled within 12 months	**136 914 744**	22 500 000
Borrowings to be settled after more than 12 months	**401 548 721**	469 631 943
	538 463 465	492 131 943

General

The Directors have not breached the requirements of the Company's Memorandum of Incorporation in terms of their borrowing powers.

20. Trade and Other Payables

Accounting policy

Trade payables are financial instruments measured at amortised cost. Refer to the financial instruments accounting policy note 2.10.

	2016	2015
Trade payables	**109 871 861**	104 676 024
Retention creditors	**26 675 915**	15 849 417
Accrued expenses	**36 644 445**	28 347 110
Executive Share Scheme Liability	**38 836 294**	-
Share Appreciation Rights liabilities	**1 309 217**	60 054 266
Value-added tax	**22 205 754**	10 199 338
Income received in advance	**724 616**	1 586 754
Accrual for leave pay	**544 732**	610 403
Deposits received	**-**	33 000
Other payables - balance of purchase price for acqusition of Fleurhof Ext 2 Proprietary Limited	**93 000 000**	-
Share Appreciation Rights settlement liability	**11 898 617**	-
Excess billings over work done	**1 075 445**	281 246
	342 786 896	221 637 558

Refer to note 4 for details of financial instruments.

21. Revenue

Accounting policy

The Group earns revenue from the sale of land, through the rendering of services and construction contracts.

(a) Sale of developed land (Property Development segment)

The sale of developed land relates to the sale of land, classified as inventory, which is either developed or not. Revenue is recognised when the land is sold and all documents of ownership has been transferred.

(b) Rendering of services (Professional Services segment)

The rendering of services relates to revenue generated from professional services provided by the Group e.g. townplanning etc. Revenue is recognised at the date that these services are rendered.

(c) Construction contracts (Property Development segment)

Revenue is recognised over the period of the contract on the 'percentage-of-completion' basis by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. In applying the recognition criteria in IAS 18 'Revenue', judgement is required in determining whether:

- a single transaction includes separately identifiable components; or
- two or more transactions together when they are linked in such a way that the commercial effect cannot be understood without reference to the series of transactions as a whole, should be grouped.

(d) Sale of burial rights (Memorial Park Segment)

The sale of burial rights relates to revenue generated from the reservation of a grave site, which is classified as inventory. Revenue is recognised when the burial rights are sold to the customer.

(e) Burial services (Memorial Park Segment)

The burial services relates to the revenue generated from the internment process provided by the Group. Revenue is recorded at the date that these services are rendered.

(f) Maintenance services (Memorial Park Segment)

The maintenance services relates to the revenue generated from the maintenance provided by the Group for the reserved graves. Revenue is recognised over a period of 50 years, from the date of sale of the associated burial right.

Significant judgement and source of estimation uncertainty

The Group uses the 'percentage-of-completion' method in accounting for its construction contracts. Use of the 'percentage-of-completion' method requires the Group to estimate the construction services and activities performed to date as a proportion of the total services and activities to be performed. In addition, judgements are required when recognising and measuring any variations or claims on each contract.

Estimates are made by management to calculate the forecasted cost of a project. The estimates used are in terms of an approved feasibility study. Management forecasts are approved by the Board of Directors and if third parties are involved their approval is also obtained. Management performs monthly reviews of the work in progress schedule to update the forecasts costs and profits.

Estimates are made by management to calculate the fair value of the revenue relating to burial and maintenance services including, but not limited to the discount rate inflation, rate and the discounting period. Management assesses these assumptions on an annual basis.

The Group applies judgement in determining whether contracts for the sale of land and the construction of residential housing include separately identifiable components or whether they should be grouped together.

The Group considers the customers ability to specify the major structural elements of the design with respect to a construction agreement, before both the commencement of construction and during construction, when determining whether a construction agreement should be accounted for within the scope of IAS 11 Construction Contracts or IAS 18 Revenue.

	2016	2015
Sale of developed land	**111 564 826**	85 265 157
Construction contracts	**1 071 853 451**	830 619 476
Professional services	**19 989 854**	16 320 096
Memorial parks burial rights	**611 522**	-
Memorial parks maintenance	**4 726**	-
Memorial parks burial	**39 000**	-
	1 204 063 379	932 204 729

22. Cost of Sales

Sale of developed land	**116 330 187**	62 150 200
Construction contracts	**825 688 799**	686 430 555
Professional services	**6 884 725**	8 752 782
Memorial parks burial rights	**3 569 720**	-
Memorial parks maintenance	**4 296**	-
Memorial parks burial	**39 000**	-
	952 516 727	757 333 537

23. Other Income

Bond commissions	**969 690**	840 798
Insurance refunds	**293 911**	229 513
Rental income#	**185 812**	514 812
Gain on deemed disposal of interest in joint venture*	**17 631 533**	6 221 641
SETA refunds and other income	**384 736**	714 230
	19 465 682	8 520 994

Rental income received relates to investment properties as stated in note 6.

* Refer to note 31.

24. Expense by Nature

	2016	2015
Advertising	**3 779 871**	2 128 265
Auditor's remuneration	**2 612 122**	1 823 445
Bad debts	**-**	16 285
Net construction costs	**823 187 927**	686 430 555
Construction costs	**1 534 638 023**	704 873 996
Movement in construction contracts	**(711 450 096)**	(18 443 441)
Depreciation on property plant and equipment and amortisation on computer software	**1 371 225**	1 661 612
Directors' fees - Non-Executive	**1 663 791**	1 374 333
Employee costs	**33 033 988**	28 180 645
Executive Share Scheme expense	**26 682 078**	-
Loss/(profit) on disposal/write-off of property plant and equipment and computer software	**79 164**	(83 392)
Net land development costs	**116 330 187**	62 150 200
Land development costs	**71 334 301**	174 413 182
Movement in inventory	**44 995 886**	(112 262 982)
Town planning and architecture	**6 884 725**	8 752 782
Memorial park costs	**3 613 016**	-
Lease rentals on operating leases	**5 272 916**	4 746 590
Legal fees	**1 411 582**	919 815
Professional fees	**2 432 895**	1 895 828
Share Appreciation Rights settlement expense	**24 740 812**	45 231 939
Share Appreciation Rights expense	**(11 585 341)**	
Social corporate responsibilities	**671 084**	-
Sponsorships	**365 000**	796 346
Write-down of loan	**5 756 677**	-
Write-down of prepayments	**2 500 872**	-
Write-down of inventory	**-**	690 843
Other	**12 557 792**	10 208 465
Total cost of sales administration expenses and other expenses	**1 063 362 383**	856 924 556

25. Other Expenses

Write-down of loan	**5 756 677**	-
Write-down of inventory	**-**	690 843
	5 756 677	690 843

26. Finance Income

Accounting policy

Finance income is recognised on a time-proportion basis using the effective interest method. Finance income on impaired loans is recognised using the original effective interest rate.

Bank	**5 634 085**	3 267 608
Trade receivables	**2 600 338**	-
SARS	**34 176**	-
Related parties (interest from joint ventures and associates)	**22 388 310**	6 506 233
	30 656 909	9 773 841

27. Finance Cost

Accounting policy

Borrowing costs that are directly attributable to the acquisition, construction or production of 'land under development' (classified as inventories) are capitalised as part of its cost.

Borrowing costs that are directly attributable to the construction of the developments are treated as part of the construction contract costs.

The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining and developing a qualifying asset.

  The borrowing costs capitalised do not exceed the total borrowing cost incurred.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

	2016	2015
Bank	**1 362 217**	388 961
Trade payables	**-**	522
Other	**2 236 128**	-
Interest-bearing borrowings	**55 843 566**	53 611 021
Finance cost	**59 441 911**	54 000 504
Less: amounts capitalised on qualifying assets (inventory)	**(35 277 326)**	(41 043 150)
Less: amounts capitalised on qualifying assets (construction contracts)	**(5 382 144)**	(704 715)
Total finance cost recognised in statement of comprehensive income	**18 782 441**	12 252 639

Finance costs capitalised to inventory and construction contracts have been incurred on general borrowings.

28. Taxation

Accounting policy

The majority of the companies within the Group are South African tax residents and will therefore pay taxes according to the rates applicable in South Africa which were enacted or substantively enacted at the reporting date. Most taxes are recorded in the statement of comprehensive income and relates to taxes payable for the reporting period or any adjustment to tax payable in respect of previous years (current tax). The charge also includes benefits and charges relating to when income and expenses are recognised in a different period for tax and accounting purposes (deferred tax).

Major components of the income tax expense		
Current		
Local income tax - current period	**16 379 263**	17 051 451
Local income tax - recognised in current tax for prior periods	**(230 517)**	(110 183)
	16 148 746	16 941 268
Deferred		
Current year	**28 257 740**	4 426 339
Under provision for prior year	**1 683 631**	1 152 365
	29 941 371	5 578 704
	46 090 117	22 519 972

Notes to the Consolidated Financial Statements

	2016	2015
Reconciliation of the income tax expense		
Applicable tax rate	**28.00%**	28.00%
Disallowable charges	**0.49%**	0.39%
Gain on deemed disposal of interest in joint venture	**(2.06)%**	(1.04)%
Share of profit of joint ventures and associates - Net of tax	**(7.88)%**	(14.45)%
Tax losses previously unrecognised	**-%**	(0.20)%
Under provision for deferred tax prior year	**0.60%**	0.69%
Capital loss	**0.11%**	-%
Effective tax rate	**19.26%**	13.39%

The estimated tax losses available for set off against future taxable income within the Group is R86 267 604 (2015: R27 978 371).

29. Cash Generated from Operations

Profit before taxation	**239 274 839**	168 149 043
Adjustments for:		
Bad debts	**-**	16 285
Depreciation and amortisation	**1 371 225**	1 661 612
Loss/(profit) on disposal/write-off of property plant and equipment and computer software	**79 164**	(83 392)
Unrealised profits recognised in revenue	**(3 496 783)**	-
Executive Share Scheme expense	**26 682 078**	-
Share Appreciation Rights Settlement Expense	**24 740 812**	-
Write-down of loan	**5 756 677**	-
Write-down of prepayments	**2 500 872**	-
Write-down on inventory	**-**	690 842
Finance income	**(30 656 909)**	(9 773 841)
Finance cost	**18 782 441**	12 252 639
Gain on deemed disposal of interest in joint venture	**(17 631 533)**	(6 221 641)
Share of profit of joint ventures and associates - net of tax	**(67 233 693)**	(86 826 674)
Other	**(63 715)**	-
Changes in working capital:		
Inventories	**80 369 607**	(20 057 249)
Trade and other receivables	**(31 871 152)**	53 697 229
Construction contracts	**(4 717 275)**	(18 019 972)
Work in progress	**1 369 503**	(9 750 995)
Trade and other payables	**(143 457 272)**	62 560 531
	101 798 886	148 294 416

30. Tax Paid

Balance at beginning of the year	**3 874 139**	434 855
Current tax for the year	**(16 148 746)**	(16 941 268)
Current tax receivable aquired	**9 465 023**	-
Balance at end of the year	**(14 069 208)**	(3 874 139)
	(16 878 792)	(20 380 552)

31. Business Combination

Accounting policy

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously, held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

2016 financial year

On 29 February 2016 (acquisition date) the Group acquired the remaining 30% of the share capital and associated 50% of the voting rights of Fleurhof Ext 2 (Pty) Ltd, an unlisted South African property development company. The total deemed consideration for the acquisition was R573 689 300. As a result of the acquisition, the Group increased its stake in the Fleurhof Development located in Soweto, South Africa. None of the goodwill is expected to be deductible for tax purposes. The transaction was entered into to benefit from synergies between the Fleurhof Project and future developments in the surrounding areas.

The goodwill of R118 250 791 comprises of the expected value of having a controlling stake as well as the synergies between the Fleurhof project and future developments in the surrounding areas.

The acquisition resulted in a deemed gain of R17 631 533 as a result of the re-measurement of the Group's previously held equity interest. Refer to note 23 where this has been recognised in the statement of comprehensive income.

Prior to the business combination, the Group had a shareholder loan with Fleurhof Ext 2 (Pty) Ltd. Application of the principles of IFRS 3: Business Combinations effectively resulted in the extinguishment of the loan due to the pre-existing relationship. The loan was not legally extinguished.

The following table summarises the consideration paid for Fleurhof Ext 2 (Pty) Ltd, and the assets acquired and liabilities assumed at the acquisition date.

Consideration at 29 February 2016	
Consideration paid for 30% interest	**243 000 000**
Fair value of previously held 70% interest	**311 850 000**
Carrying value of loan to joint venture at 29 February 2016	**18 839 300**
Total deemed consideration for 100%	**573 689 300**
Identifiable assets acquired and liabilities assumed at fair value	
Construction contracts - top structure	**298 396 304**
Construction contracts - land	**404 029 817**
Trade receivables	**76 113 539**
Current income tax receivable	**9 465 023**
Cash	**7 000 739**
Deferred income tax liability	**(173 185 540)**
Trade and other payables	**(166 381 373)**
Total identifiable net assets	**455 438 509**
Goodwill	**118 250 791**
Total deemed consideration	**573 689 300**

Total purchase consideration for 30% interest	**(243 000 000)**
Balance of consideration for the 30% interest paid on 1 March 2016	**93 000 000**
Cash consideration paid in 2016 financial year	**(150 000 000)**
Less: Cash acquired	**7 000 739**
Net cash outflow on acquisition	**(142 999 261)**

The balance of the consideration for the 30% interest (R93 million) was paid on 1 March 2016.

The fair value of construction contracts - land is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the inventory being valued.

In assessing the fair value of construction contracts - land the valuer considers title deed information, town planning conditions locality and improvements made to the property. Property vacancy rates in surrounding areas, realised yields on comparative sales as well as micro- and macro-economic conditions pertaining to land development are considered.

The carrying value of construction contracts - top structure approximates fair value.

The financial results of Fleurhof Ext 2 (Pty) Ltd was equity accounted up till 29 February 2016, after which it was consolidated. Refer to Note 9 for further details.

2015 financial year

On 31 March 2014 (acquisition date), the Group acquired the remaining 24% of the share capital and 50% of the voting rights of Clidet No 1014 (Pty) Ltd, an unlisted South African property development company. The total deemed consideration for the acquisition was R53 739 299. As a result of the acquisition the Group increased its stake in the Summerset Project, located in Midrand, South Africa. None of the goodwill is expected to be deductible for tax purposes.

The goodwill of R8 035 371 comprises of the expected value of having a controlling stake as well as the synergies between its current Sagewood project and the Summerset project that are located next to each other.

The following table summarises the consideration paid for Clidet No 1014 (Pty) Ltd, and the assets acquired and liabilities assumed at the acquisition date.

Consideration at 31 March 2014	
Cash purchase consideration	24 906 089
Fair value of previous shareholding	6 221 717
Carrying value of loan to joint venture at 31 March 2015	22 611 493
Total deemed consideration	**53 739 299**
Identifiable assets acquired and liabilities assumed at fair value	
Cash and cash equivalents	116
Inventories	53 465 000
Trade and other receivables	236 510
Trade and other payables	(2 148 909)
Borrowings	(5 790 067)
Net deferred tax liability	(58 722)
Total identifiable net assets	**45 703 928**
Goodwill	8 035 371
Total deemed consideration	**53 739 299**
Net cash outflow on acquisition	-
Cash consideration paid	24 906 089
Less: Cash acquired	(116)
	24 905 973

The fair values of all identifiable assets acquired and liabilities assumed approximated their carrying value on acquisition date with the exception of inventory. The fair value of inventory is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the inventory being valued.

In assessing the fair value of inventories, the valuer considers title deed information town planning conditions, locality and improvements made to the property. Property vacancy rates in surrounding areas, realised yields on comparative sales as well as micro- and macro-economic conditions pertaining to land development are considered.

Clidet No 1014 (Pty) Ltd was consolidated from 1 April 2014. The Company did not contribute any profit from 1 April 2014.

32. Non-Controlling Interest

Summary of non-controlling interest where the Group owns less than 100% of shareholding is summarised below:

	2016	2015
Calgro M3 Private Memorial Parks (Pty) Ltd*	**(1 078 196)**	(86 722)
Belhar Calgro M3 Development Company (Pty) Ltd	**51**	51
Holm Jordaan GWA (Pty) Ltd	**-**	-
	(1 078 145)	(86 671)

* There were no significant cash flows or items included in the statement of comprehensive income relating to this company. The non-current assets are R789 869 (2015: Rnil), current assets are R95 949 037 (2015: R52 070 527) and current liabilities are R98 537 958 (2015: R52 307 720).

33. Commitments

Financial guarantees

Accounting policy

Financial guarantee contracts are recognised as financial liabilities at the date the guarantee is issued. Liabilities arising from financial guarantee contracts are initially recognised at fair value and subsequently at the higher of:

- the amount determined in accordance with IAS 37 'Provisions contingent liabilities and contingent assets'; and
- the amount initially recognised (fair value) less when appropriate cumulative amortisation of the initial amount recognised is in accordance with IAS 18 'Revenue'.

The fair value of the financial guarantee is determined as the Group and Companies' exposure with regards to the net realisable value of the inventories pledged as security and the outstanding debt on the mortgage bonds.

Nedbank Limited - Witpoortjie Calgro M3 Development Company (Pty) Ltd

The Group has bound itself in favour of the bank as surety and co-principal debtor jointly and severally with Witpoortjie Calgro M3 Development Company (Pty) Ltd's obligations to Nedbank Limited. The maximum exposure the Group has in terms of the financial guarantee is R54 803 115 (2015: R39 986 254). The credit risk relating to the guarantee is mitigated through the land owned by Witpoortjie Calgro M3 Development Company (Pty) Ltd to the value of R147 242 490 (2015: R125 243 950) over which the bond is secured and therefore no guarantee liability has been recognised.

Operating Lease

The Group has bound itself to a rental agreement for the Head office in Bryanston Gauteng until August 2025. The amount payable in the following 12 months is R3 156 265 with an amount of R19 707 786 payable wthin two to five years and the remaining balance of R18 652 894 payable after five years. The lease agreement has an annual escalation clause of 7.5% effective in the month of September.

34. Share-Based Payments

Accounting policy

Share-based compensation benefits are provided to employees via the Share Appreciation Rights Scheme and the Calgro M3 Executive Share Scheme.

The Share Appreciation Rights Scheme is settled in cash i.e. the employees do not receive shares or options at settlement. The year in which the employee renders services to the Group to obtain the award is the year in which the expense is recognised in the statement of comprehensive income with a corresponding increase recognised in the liability. The expense is determined by measuring the fair value of the liability at each year-end.

The fair value of shares granted to Directors and employees under the Calgro M3 Executive Share Scheme is recognised as an expense over the relevant service period. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve.

If the share-based payments granted do not vest until the counterparty completes a specified period of service the Group accounts for those services as they are rendered by the counterparty during the vesting period, on a straight line basis over the vesting period. If the share-based payments vest immediately the services received are recognised in full.

When a cash settled share scheme is modified to an equity settled share scheme, the liability at the date of modification is reclassified directly in equity. The valuation of the equity settled scheme is performed at grant date, and the difference between the valuation and the liability reclassified in equity is recognised as an expense over the relevant service period of each participant.

If an equity-settled award is cancelled it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted the cancelled and new award are treated as if they were a modification of the original award as described in the previous paragraph.

Significant judgement and source of estimation uncertainty

Management used generally accepted valuation methods to determine the value of the share-based payment schemes.

Share Appreciation Rights

The Share Appreciation Rights (SAR's) which are granted to Directors and selected employees are divided into two main categories with various SAR issues within each category. The rights will vest if the share price at each vesting date exceeds the hurdle price. The hurdle price is the strike (allocation) price grown by CPI plus 2% per year over the vesting period. In the situation that the hurdle price is not achieved at the vesting date 25% of the possible vested SAR's will roll over to the next vesting date.

During the current year all Directors and selected employees who were previously granted Share Appreciation Rights (SAR's) were given the option to either continue on the SAR scheme agree a settlement value for their unvested SAR's with the Group or modify their unvested SAR's to the Calgro M3 Executive Share Scheme.

The cash-settled Share Appreciation Rights scheme was amended following the respective elections of the participants which has been outlined below:

1) One individual cancelled 50% of his unvested SAR's and agreed new settlement terms. The remaining 50% of his unvested SAR's is still on the scheme
2) Eight individuals converted 100% of the unvested SAR's from the SAR scheme to the Executive Share Scheme
3) Four individuals cancelled 100% of their unvested SAR's and agreed new settlement terms

The details of the arrangement is described below:

	Category 1		Category 2			
	Issue 1	Issue 2	Issue 1	Issue 2	Issue 3	Issue 4
Date of grant	1 Mar 2012	1 Mar 2014	1 Mar 2012	1 Sept 2012	1 Sept 2014	30 Sept 2014
Number of instruments granted	4 850 000	1 744 839	4 200 000	600 000	600 000	600 000
Number of options exercised	(3 233 333)	-	(900 000)	(150 000)	-	-
Number of options forfeited	-	-	(600 000)	-	-	-
Number of options settled	(700 000)	(939 529)	(900 000)	-	-	(300 000)
Number of options converted to Executive Share Scheme	(916 667)	(805 310)	(1 800 000)	(450 000)	(600 000)	-
Strike price at grant date	4.08	6.46	4.08	4.08	7.74	7.78
Contractual life (Option life)	48 months	36 months	72 months	72 months	54 months	53 months
Vesting conditions	If the price at each vesting date exceeds the hurdle price					
Settlement	Cash	Cash	Cash	Cash	Cash	Cash

Share Appreciation Rights (SAR) reconciliation						
SAR's not vested at 1/3/2015	1 616 667	1 744 839	2 700 000	450 000	600 000	600 000
Settled	(700 000)	(939 529)	(900 000)	-	-	(300 000)
Converted to Executive Share Scheme	(916 667)	(805 310)	(1 800 000)	(450 000)	(600 000)	-
SAR's not vested at 29/2/2016	-	-	-	-	-	**300 000**

Share Appreciation Rights (SAR) exercised reconciliation						
SAR's vested not exercised at 1/3/2015	1 616 667	-	900 000	150 000	-	-
Forfeited	-	-	-	-	-	-
Exercised	(1 616 667)	-	(900 000)	(150 000)	-	-
SAR's vested not exercised at 29/2/2016	-	-	-	-	-	-

SAR's outstanding at the end of the period have the following vesting dates and amortised values thereof

Category 2	Issue 4	25% of the SAR's will vest annually from 1 March 2016 until 1 March 2019

The spot price on 29 February 2016 was R18.20. The strike price or allocation price is the price at which the SAR scheme is granted to the employee and is used to calculate the benefit payable to the employee. A 30 day average spot price, measured 30 days prior to the vesting date was applied to calculate the strike price.

The volatility used in the valuation was 38.81%. The ZAR zero coupon swap curve as at the valuation date was used as the risk free rate.

The amounts recognised in the financial statements (before taxes) for the share-based payment transaction with employees is as below:

	2016	2015
Expense		
Share Appreciation Rights (credit)/expense	**(11 585 341)**	45 231 939
Liability		
Share Appreciation Rights liabilities	**1 309 217**	60 054 266

Cash-settled share-based payment liability		
Reconciliation of SAR liability		
Opening balance at 1 March 2015		60 054 266
SAR's vested to participants on 1 March 2015		(25 920 003)
Participants settled in cash	(12 636 000)	
Participants elected to offset this amount against the subscription price in respect of the Executive Share Scheme	(13 284 003)	
Participant remaining on SAR scheme		
Share-based payment charge for the year recognised in statement of comprehensive income		965 660
Individuals converted unvested SARs to Executive Share Scheme		
The associated liability for these individuals has been reclassified to equity		(21 239 704)
Individuals cancelled their unvested SAR's		
The associated liability has been derecognised through the statement of comprehensive income		(12 551 002)
Closing balance at 29 February 2016		**1 309 217**

Share Appreciation Rights settlement liability

Five individuals elected to exit the cash-settled Share Appreciation Rights scheme on 1 March 2015. On exit of the scheme, a settlement amount was negotiated with each of these individuals.

The terms of the settlement payment were specific to each individual and included an associated service period for certain individuals.

The settlement agreement is no longer considered to be a share-based payment as the settlement amount is not based on the equity of the Group, and is therefore acccounted for in terms of IAS 19 Employee Benefits.

At 1 March 2015, the associated Share Appreciation Rights liability of R12 551 002 was derecognised (refer to reconciliation above) and an expense based on the settlement agreement was recognised during the 2016 financial year.

	2016	2015
Expense		
Share Appreciation Rights settlement expense	**24 740 812**	-
Asset		
Share Appreciation Rights settlement prepayment	**1 127 641**	-
Liability		
Share Appreciation Rights settlement payable	**(11 898 617)**	-
Reconciliation of SAR settlement asset/(liability)		
Opening balance at 1 March 2015	**-**	-
Expense for the year	**(24 740 812)**	-
Cash payment made to employees and directors	**13 969 836**	-
Prepayment at 29 February 2016 *	**(1 127 641)**	-
Payable at 29 February 2016 *	**(11 898 617)**	**-**

* The prepayment has been disclosed in note 16 and the payable has been disclosed in note 20.

Calgro M3 Executive Share Scheme

The Executive Share Scheme was approved by shareholders in July 2015 whereby 10 215 572 shares were made available to participants of the Scheme at a subscription price of R4.08.

Only individuals who were currently allocated SAR's and elected to convert at least 75% of their unvested SAR's into the new scheme were eligible to participate in the new scheme.

9 518 700 shares were granted to individuals during the year and 696 872 shares were not taken up. The Calgro M3 Executive Share Scheme is considered to be a modification of the SAR scheme. Under the Executive Scheme participants are allocated shares in-line with the scheme rules and are required to subscribe for these shares at R4.08 per share.

There are no performance conditions related to this scheme other than the service periods as outlined below.

Shares issued under the scheme may not be sold by participants until the completion of service periods and release dates stipulated in the scheme rules as outlined below.

The shares were considered to be deeply in the money, resulting in the equity settled shares valued at intrinsic value based on the 30 day volume weighted average market price of R19.27 at the grant date 29 July 2015.

Reconciliation of subscription price for shares issued:	
Total amount to be received for subscription of shares	38 836 294
Cash received	(8 113 137)
Offset against 2015 bonus	(4 150 466)
Offset against exercised SAR's	(13 284 003)
Balance receivable by Group included under trade and other receivables	**13 288 688**

	Number of shares granted	Service commence-ment date	50% trading restriction - release date 1	50% trading restriction - release date 2	Service period	Final release date	Value
Category 1	1 050 069	1-Mar-15	1-Mar-17	1-Mar-18	3 years	1-Mar-18	15 949 968
Category 2	2 787 490	1-Mar-15	1-Mar-19	1-Mar-20	5 years	1-Mar-20	31 755 326
Category 3	5 681 140	1-Mar-15	1-Mar-20	1-Mar-21	6 years	1-Mar-21	96 878 460
Total	**9 518 700**						**144 583 754**

	2016	2015
Reclassification of Share Appreciation Rights liability to equity	**21 239 704**	-
Share-based payment expense recognised in equity	**26 682 078**	-
	47 921 782	

Employee share scheme

An employee share scheme whereby shares may be issued by the Group to employees for no cash consideration was approved by Shareholders at the 2015 annual general meeting.

All employees of the Group who do not already participate in another share scheme are eligible to participate. The employee share scheme is administered through the Calgro M3 Employee Benefit Trust which was founded by the Group in February 2016. The Trust is consolidated in accordance with IFRS 10 Consolidated Financial Statements. 5 212 909 ordinary shares have been subscribed to by the Trust as at 29 February 2016 and are considered to be Treasury shares in the Group until the shares vest to the participant of the scheme. At 29 February 2016 no shares had been allocated to employees in accordance with the scheme rules therefore no expense has been recognised in the 2016 financial year.

The shares vest 25% in 10 years, 25% at 15 years and the remaining 50% vests at 20 years. Shares are transferred to employees upon vesting.

35. Employee Costs

Accounting policy

(a) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

(b) Short-term benefits

The costs of short-term employee benefits include those payable within 12 months after the service is rendered, such as paid vacation, sick leave and bonuses.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement, or in the case of non-accumulating absences, when the absence occurs.

(c) Bonus plans

The Group recognises an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. The Group expects these liabilities to be settled within 12 months.

	2016	2015
Salary and wages	**104 043 224**	95 201 593
Directors' emoluments	**45 655 779**	36 942 273
Executive Directors	**43 991 988**	35 567 940
Non-Executive Directors	**1 663 791**	1 374 333
Salary and wages	**149 699 003**	132 143 865
Less: amounts allocated to qualifying assets (construction contracts)	**(91 924 203)**	(103 963 220)
Total employee costs and Share Appreciation Rights settlement	**57 774 800**	28 180 645

36. Related Parties

All joint ventures and associates are considered related parties to the Group. Refer to note 9 for a detailed list of all joint ventures and associates.

(a) Related party balances

(i) Loans to joint ventures and associates

During the period loans have been issued to joint ventures and associates, refer to note 11 for details.

(ii) Receivables from joint ventures and associates

During the period, the Group obtained receivables from joint ventures and associates, refer to note 16.

(iii) Receivables from prescribed officers relating to the Executive Share Scheme

	2016	2015
MN Nkhulu ^	**4 174 698**	-
MN Nkhulu - vendor finance loan *	**4 174 698**	-
	8 349 396	-

^ - This loan is unsecured, repayable on demand and bears interest at prime plus 2%.

* - This loan is unsecured, repayable in terms of a vendor finance agreements and bears interest at prime.

(iv) Payables to Directors and prescribed officers relating to Share Appreciation Rights settlement liability

FJ Steyn	**(928 423)**	-
CTE Le Roux	**(791 002)**	-
DN Steyn	**(7 440 633)**	-
	(9 160 058)	-

(v) Payables to Directors and prescribed officers with respect to the shares issued in terms of the Calgro M3 Executive Share Scheme (repayable only if these individuals do not complete their service period in terms of the scheme rules)

BP Malherbe	**(4 284 283)**	-
WJ Lategan	**(9 360 393)**	-
W Williams	**(4 426 047)**	-
WA Joubert	**(3 886 454)**	-
MN Nkhulu	**(8 349 396)**	-
	(30 306 573)	-

(b) Related party transactions

(i) Key management personnel compensation

Employee benefits - Directors and prescribed officers	**67 448 476**	48 666 982
	67 448 476	48 666 982

(ii) Transactions with joint ventures and associates

	Finance icome received		Contract revenue received		Service fees received	
	2016	2015	2016	2015	2016	2015
Fleurhof Ext 2 (Pty) Ltd	**16 023 266**	1 765 171	**636 610 494**	417 232 111	**12 724 297**	9 349 255
Aquarella Investments 265 (Pty) Ltd	**469 187**	1 295 473	**797 086**	13 203 808	**1 451 427**	-
Clidet No 1014 (Pty) Ltd	**-**	209 425	**-**	1 568 189	**-**	-
Calgro Kuumba Planning & Design (Pty) Ltd	**-**	-	**10 405 416**	2 500 236	**-**	-
Witpoortjie Calgro M3 Development Company (Pty) Ltd	**5 267 625**	3 096 055	**26 184 169**	48 463 402	**2 062 900**	-
South Hills Development Company (Pty) Ltd	**628 232**	140 108	**125 932 956**	18 138 368	**4 944 763**	-
	22 388 310	6 506 232	**799 930 121**	501 106 114	**21 183 387**	9 349 255

(iii) Shares issued and expense recognised for Directors and prescribed officers with respect to the Calgro M3 Executive Share scheme

Directors	Share based payment expense for 2016 financial year*	Number of shares granted	Service commence-ment date	50% trading restriction - release date 1	50% trading restriction - release date 2
BP Malherbe	5 483 441	1 050 069	1-Mar-15	1-Mar-17	1-Mar-18
WJ Lategan	5 416 787	2 294 214	1-Mar-15	1-Mar-20	1-Mar-21
W Wiliams	2 661 617	1 084 815	1-Mar-15	1-Mar-20	1-Mar-21
WA Joubert	1 632 123	952 562	1-Mar-15	1-Mar-20	1-Mar-21
	15 193 968	**5 381 660**			
MN Nkhulu	5 553 384	2 046 421	1-Mar-15	1-Mar-20	1-Mar-21
	5 553 384	**2 046 421**			

Refer to note 34 for further details on the Calgro M3 Executive Share Scheme.

* This amount relates to the share-based payment expense recognised in the statement of comprehensive income and is not a cash consideration paid to directors. Refer to note 34 for further details of share-based compensation benefits.

37. Directors' Emoluments

Executive Directors

The remuneration noted below is for services rendered in connection with the carrying on of affairs of the business within the same group of companies joint ventures and associates.

	Remuneration and other benefits			Pension	
2016	Salary and expense allowance as a director	Cash settled SAR settlement	Performance related	On behalf of the director to a pension scheme	Total
BP Malherbe	**2 895 215**	**-**	**2 060 307**	**3 000**	**4 958 522**
WJ Lategan	**2 403 218**	**-**	**2 060 307**	**107 497**	**4 571 022**
FJ Steyn	**2 263 314**	**7 440 633**	**1 648 245**	**104 903**	**11 457 095**
DN Steyn	**542 554**	**1 860 158**	**412 061**	**750**	**2 815 523**
WA Joubert	**1 210 079**	**-**	**1 236 184**	**2 250**	**2 448 514**
W Williams	**1 308 911**	**-**	**1 236 184**	**2 250**	**2 547 345**
Total Executive Directors	**10 623 291**	**9 300 791**	**8 653 288**	**220 650**	**28 798 021**
2015					
BP Malherbe	2 541 552	3 392 561	2 944 118	3 000	8 881 231
WJ Lategan	2 037 441	6 909 331	2 355 294	94 672	11 396 738
FJ Steyn	2 088 735	3 163 546	2 355 294	97 237	7 704 812
DN Steyn	2 063 319	3 163 546	2 355 294	3 000	7 585 159
Total Executive Directors	**8 731 047**	**16 628 984**	**10 010 000**	**197 909**	**35 567 940**

Independent Non-Executive Directors

The remuneration noted below is for services rendered as a Director of the Group.

	2016	2015
PF Radebe	**312 000**	306 167
H Ntene	**184 500**	127 000
R Patmore	**325 000**	317 500
JB Gibbon	**240 667**	298 333
ME Gama	**340 167**	325 333
HC Cameron	**220 957**	-
VJ Klein	**40 500**	-
Total Non-Executive Directors	**1 663 791**	1 374 333

	2016	2015
Summary		
Executive Directors	**28 798 021**	35 567 940
Non-Executive Directors	**1 663 791**	1 374 333
Total Directors	**30 461 812**	36 942 273

Prescribed officers

The prescribed officers' appointment, terms of contract and remuneration for the year under review is as follows:

	Date appointed as prescribed officer	Date resigned as prescribed officer	Contract expiry
CTE Le Roux	5/8/2005		1 month notice
W Williams	1/3/2014	1/6/2015	1 month notice
MN Nkhulu	1/9/2014		1 month notice
DN Steyn	1/6/2015		3 month notice

The remuneration noted below is for services rendered in connection with the carrying on of affairs of other companies in the same Group.

	Remuneration and other benefits			Pension	
2016	Salary and expense allowance as a prescribed officer	Cash settled SAR settlement	Performance related	On behalf of the director to a pension scheme	Total
CTE Le Roux	**1 702 912**	**1 638 460**	**594 203**	**75 877**	**4 011 452**
W Williams	**379 519**	**-**	**412 061**	**750**	**792 330**
MN Nkhulu	**1 227 450**	**-**	**1 648 245**	**60 765**	**2 936 460**
DN Steyn	**1 680 162**	**5 580 475**	**1 236 184**	**2 250**	**8 499 071**
	4 990 043	**7 218 935**	**3 890 693**	**139 642**	**16 239 313**

The prescribed officers' have been restated for the prior year in line with the re-assessment and restatement of the segmental reporting.

	Remuneration and other benefits			Pension	
2015 (restated)	Salary and expense allowance as a prescribed officer	Cash settled SAR settlement	Performance related	On behalf of the director to a pension scheme	Total
CTE Le Roux	1 576 674	3 046 366	300 000	71 634	4 994 674
W Williams	1 448 079	3 417 834	375 000	3 000	5 243 913
MN Nkhulu	579 186	792 806	100 000	14 130	1 486 122
	3 603 939	**7 257 006**	**775 000**	**88 764**	**11 724 709**

2015 (before restatement)	Short-term employee benefits Remuneration and other benefits*	On behalf of the prescribed officer to a pension scheme	Total
Prescribed officer 1	2 368 609	91 230	2 459 839
Prescribed officer 2	1 859 792	71 634	1 931 426
Prescribed officer 3	1 672 962	120 000	1 792 962
Prescribed officer 5	1 427 851	83 239	1 511 090
Prescribed officer 6	1 844 978	3 000	1 847 978
Prescribed officer 7	679 186	14 130	693 316
	9 853 378	**383 233**	**10 236 611**

* This amount relates to the share-based payment expense recognised in the statement of comprehensive income and is not a cash consideration paid to directors. Refer to note 34 for further details of share-based compensation benefits.

Share Appreciation Right Scheme (SAR) issued to Directors and prescribed officers:

	Number of SAR's					Value of SAR's granted	
	Feb-16	Movement 2016			Feb-15		
	Total	Exercised	Settled	Converted	Total	Feb-16	Feb-15
Directors							
BP Malherbe	-	**(250 000)**	-	**(697 394)**	947 394	-	5 219 710
WJ Lategan	-	**(666 667)**	-	**(1 024 583)**	1 691 249	-	11 781 728
FJ Steyn	-	**(250 000)**	**(607 916)**	-	857 916	-	4 990 694
DN Steyn	-	**(250 000)**	**(607 916)**	-	857 916	-	4 990 694
	-	**(1 416 667)**	**(1 215 832)**	**(1 721 977)**	4 354 475	-	26 982 826
Prescribed Officers							
CTE Le Roux	-	**(150 000)**	**(450 000)**	-	600 000	-	4 056 908
W WIlliams	-	**(150 000)**	-	**(450 000)**	600 000	-	3 417 834
MN Nkhulu	-	-	-	**(600 000)**	600 000	-	792 806
	-	**(300 000)**	**(450 000)**	**(1 050 000)**	1 800 000	-	8 267 548

Refer to note 34 for further details on the Share Appreciation Rights scheme.

38. Earnings per Share (and other performance indicators)

Accounting policy

Basic earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the net profit attributable to ordinary shareholders.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after-tax dilutive effect.

For the share options and share rights, a calculation is done to determine the number of the Group's shares that would be required at fair value to settle the monetary value of the rights, after deducting the unamortised share-based payment value. For the purposes of this calculation, the average annual market share price of the Group is used.

Headline earnings per share

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 2/2013 issued by the South African Institute of Chartered Accountants (SAICA).

	2016	2015
(a) Basic		
Profit attributable to shareholders	**194 176 196**	145 716 158
Weighted average number of ordinary shares in issue	**127 100 000**	127 100 000
Basic earnings per share (cents per share)	**152.77**	114.65
(b) Diluted		
Profit attributable to shareholders	**194 176 196**	145 716 158
Weighted average number of ordinary shares in issue	**127 100 000**	127 100 000
Calgro M3 Executive Share Scheme dilution	**1 961 876**	-
Fully diluted weighted average number of ordinary shares in issue	**129 061 876**	127 100 000
Fully diluted earning per share (cents per share)	**150.45**	114.65
(c) Headline		
Headline earnings is calculated as follows:		
Profit attributable to shareholders	**194 176 196**	145 716 158
Loss/(profit) on disposal of property plant and equipment and computer software	**79 164**	(83 392)
Gain on deemed disposal of interest in joint venture*	**(17 631 533)**	(6 221 641)
Profit used to determine headline earnings per share	**176 623 827**	139 411 125
Weighted average number of ordinary shares in issue	**127 100 000**	127 100 000
Headline earnings per share (cents per share)	**138.96**	109.69
* this item has no current or deferred tax impact.		
(d) Diluted headline		
Diluted headline earnings is calculated as follows:		
Profit used to determine headline earnings per share	**176 623 827**	139 411 125
Fully diluted weighted average number of ordinary shares in issue	**129 061 876**	127 100 000
Fully diluted headline earning per share (cents per share)	**136.85**	109.69
(e) Net asset value per share		
Net asset value per share is calculated by dividing the net asset value calculated by reducing the total assets by total liabilities by the number of share in issue.		
Total assets	**1 942 499 282**	1 330 465 035
Less: Total liabilities	**(1 122 710 428)**	(751 782 685)
Net assets	**819 788 854**	578 682 350
Number of ordinary shares in issue	**127 100 000**	127 100 000
Net asset value per share (cents per share)	**645.00**	455.30

	2016	2015
(f) Other Key Performance Indicators (KPIs)		
Assets	**1 942 499 282**	1 330 465 035
Non-current assets	**182 733 639**	291 861 290
Intangible assets	**159 039 103**	40 970 966
Property plant and equipment	**3 827 044**	1 753 893
Other non-current assets	**19 867 492**	249 136 431
Current assets	**1 759 765 643**	1 038 603 745
Equity	**819 788 854**	578 682 350
Liabilities	**1 122 710 428**	751 782 685
Non-current liabilities	**241 040 955**	37 951 620
Current liabilities	**881 669 473**	713 831 065
Net assets	**819 788 854**	578 682 350
Net tangible assets	**660 749 751**	537 711 384
Net working capital	**878 096 170**	324 772 680
Revenue	**1 204 063 379**	932 204 729
- % growth since prior year	**29.16%**	18.76%
Gross profit	**251 546 652**	174 871 192
- % growth since prior year	**43.85%**	54.77%
Operating profit	**160 166 678**	83 801 167
- % growth since prior year	**91.13%**	58.56%
Profit before tax	**239 274 839**	168 149 043
- % growth since prior year	**42.30%**	45.94%
Profit after tax	**193 184 722**	145 629 071
- % growth since prior year	**32.66%**	37.78%
Number of ordinary shares in issue	**127 100 000**	127 100 000
Net asset value per share (cents per share)	**645.00**	455.30
**calculated by dividing the net asset value, calculated by reducing the total assets by total liabilities, by the number of shares in issue*		
Tangible net asset value per share (cents per share)	**519.87**	423.06
**calculated by dividing the net tangible asset value, calculated by reducing the total assets by intangible assets and total liabilities, by the number of shares in issue*		
Return on net assets	**23.57%**	25.17%
**calculated by dividing the profit after tax by net assets*		
Return on net tangible assets	**29.24%**	27.08%
**calculated by dividing the profit after tax by net tangible assets*		
Return on capital employed	**18.72%**	17.28%
**calculated by dividing the earnings before finance cost and tax by the sum of average debt and average equity*		
Current ratio	**2.00**	1.45
**calculated by dividing current assets by current liabilities*		
Return on equity	**32.49%**	33.73%
**calculated by dividing the earnings before finance cost and tax by average equity*		
Gross profit %	**20.89%**	18.76%
**calculated by dividing the gross profit by revenue*		

39. Going Concern

The Directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

The Board is not aware of any new material changes that may adversely impact the Group, any material non-compliance with statutory or regulatory requirements or any pending changes in litigation that may affect the Group.

40. Events After the Reporting Period

There were no events after the period ended 29 February 2016 that warrant disclosure in this report.

41. Shareholders' Analysis

Please refer to directors' report page 89 note 20.

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Company Financial Statements

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Company Financial Statements

Statement of Financial Position

as at ended 29 February 2016

(All amounts stated in Rands unless otherwise stated)

	Notes	2016	2015
ASSETS			
Non-current assets			
Investment in subsidiaries	43	**103 272 814**	103 272 814
Deferred income tax asset	44	**79 036**	-
		103 351 850	103 272 814
Current assets			
Loans to Group companies	45	**579 747 829**	521 630 554
Current tax receivable		**155 077**	-
Trade and other receivables	46	**361 680**	192 303
Cash and cash equivalents	47	**100 148**	1 123 965
		580 364 734	522 946 822
Total assets		**683 716 584**	626 219 636
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the parent			
Stated capital	48	**279 441 769**	96 021 721
Retained income		**8 300 735**	10 650 277
Total equity		**287 742 504**	106 671 998
LIABILITIES			
Current liabilities			
Loans from Group companies	45	**393 978 580**	518 606 744
Current income tax liabilities		**-**	60 892
Trade and other payables	49	**1 995 500**	880 002
		395 974 080	519 547 638
Total liabilities		**395 974 080**	519 547 638
Total equity and liabilities		**683 716 584**	626 219 636

The notes on pages 96 to 160 are an integral part of these Consolidated Financial Statements.

Statement of Comprehensive Income

for the year ended 29 February 2016

(All amounts stated in Rands unless otherwise stated)

	Notes	2016	2015
Other income	50	**2 900 000**	3 200 000
Administrative expenses	51	**(5 325 671)**	(2 233 542)
Operating (loss)/profit		**(2 425 671)**	966 458
Finance income	52	**1 236**	60 016 173
Finance costs	53	**(4 143)**	(59 620 006)
(Loss)/profit before tax		**(2 428 578)**	1 362 625
Taxation	54	**79 036**	(431 633)
(Loss)/profit after taxation		**(2 349 542)**	930 992
Other comprehensive income		**-**	-
Total comprehensive income		**(2 349 542)**	930 992

The notes on pages 96 to 160 are an integral part of these Consolidated Financial Statements.

Statement of Changes in Equity

for the year ended 29 February 2016

(All amounts stated in Rands unless otherwise stated)

	Stated capital	Retained income	Total equity
Balance at 1 March 2014	96 021 721	9 719 285	105 741 006
Comprehensive income			
Profit for the period	-	930 992	930 992
Other comprehensive income	-	-	-
Total comprehensive income	**-**	**930 992**	**930 992**
Balance at 28 February 2015	96 021 721	10 650 277	106 671 998
Balance at 1 March 2015	**96 021 721**	**10 650 277**	**106 671 998**
Issue of shares	**183 420 048**	**-**	**183 420 048**
Comprehensive income			
(Loss) for the year	**-**	**(2 349 542)**	**(2 349 542)**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive income	**-**	**(2 349 542)**	**(2 349 542)**
Balance at 29 February 2016	**279 441 769**	**8 300 735**	**287 742 504**
Note	48		

The notes on pages 96 to 160 are an integral part of these Consolidated Financial Statements.

Statement of Cash Flows

for the year ended 29 February 2016

(All amounts stated in Rands unless otherwise stated)

	Notes	2016	2015
Cash utilised in operations			
Cash utilised in operations	55	**(804 942)**	(11 467 379)
Finance income		**1 237**	64 435
Finance cost		**(4 143)**	(85 024)
Tax paid	56	**(215 969)**	(359 916)
Net cash utilised in operations		**(1 023 817)**	(11 847 884)
Net decrease in cash and cash equivalents		**(1 023 817)**	(11 847 884)
Cash and cash equivalents at the beginning of the year		**1 123 965**	12 971 849
Cash and cash equivalents at end of the year	47	**100 148**	1 123 965

The notes on pages 96 to 160 are an integral part of these Consolidated Financial Statements.

Notes to the Company Financial Statements

Included in the notes to the Company Financial Statements are those accounting policies only applicable to the Company. Where the same accounting policy applies to both the Consolidated and Company financial statements refer to the applicable notes in the Consolidated Financial Statements.

42. Significant judgements and sources of estimation uncertainty

In preparing the Company financial statements, management applied estimates and assumptions in determining which investments to classify as subsidiaries.

Refer to the investments in subsidiaries note (note 43).

43. Investment in subsidiaries

Accounting policy

Investments in subsidiaries are carried at cost less any accumulated impairment.

Significant judgement and sources of estimation uncertainty

Although the Group has a minority shareholding in Belhar Calgro M3 Development Company (Pty) Ltd, it does have control as the Board comprises equal number of representatives from both the minority and the Group. The Group appoints the chairman which has the casting vote. The investment is therefore accounted for as a subsidiary as the Group has control over the relevant acitivities of the entity.

Name of Company	% Voting power 2016	% Voting power 2015	% Holding 2016	% Holding 2015	Carrying amount 2016	Carrying amount 2015
Direct subsidiaries						
Calgro M3 Developments Ltd	**100.00**	100.00	**100.00**	100.00	**95 774 364**	95 774 364
Calgro M3 Land (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**2 998 350**	2 998 350
Calgro M3 Project Management (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**4 500 100**	4 500 100
					103 272 814	103 272 814
Indirect subsidiaries						
Subsidiaries of Calgro M3 Developments Ltd						
CM3 Randpark Ridge Ext 120 (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100
MS5 Pennyville (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100
PZR Pennyville Zamamphilo Relocation (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**-**	7 356 877
MS5 Projects (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100
Calgro M3 Rectification Company (Pty) Ltd#	**100.00**	100.00	**100.00**	100.00	**-**	-
Subsidiaries of Calgro M3 Land (Pty) Ltd						
Fleurhof Ext 2 (Pty) Ltd^	**100.00**	0.00	**100.00**	0.00	**243 000 000**	-
Clidet No 1014 (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**1 964 829**	1 964 829
Belhar Calgro M3 Development Company (Pty) Ltd	**51.00**	51.00	**49.00**	49.00	**49**	49
Hightrade-Invest 60 (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100
CM3 Witkoppen Ext 131 (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100
Tres Jolie Ext 24 (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100
Ridgewood Estate (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100
Business Venture Investment No 1244 (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100
Business Venture Investment No 1221 (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**100**	100

Name of Company	% Voting power 2016	% Voting power 2015	% Holding 2016	% Holding 2015	Carrying amount 2016	Carrying amount 2015
Calgro M3 Private Memorial Parks (Pty) Ltd	**50.00**	50.00	**63.50**	63.50	**635**	635
Subsidiary of Calgro M3 Project Management (Pty) Ltd						
CTE Consulting (Pty) Ltd	**100.00**	100.00	**100.00**	100.00	**4 500 100**	4 500 100
Holm Jordaan GWA (Pty) Ltd	**66.67**	0.00	**50.837**	0.00	**-**	-
					249 466 513	13 823 390

On 12 February 2016 the Company founded the Calgro M3 Empowerment Trust and the Calgro M3 Employee Benefit Trust. In accordance with IFRS, both the Trusts are controlled by the Company and are considered to be special agents of the Company. There is no financial impact on transactions between the company and the trusts. Both trusts are registered in South Africa and their year-ends are consistent with the Group.

All subsidiaries are incorporated in South Africa. The year-ends of all the direct and indirect subsidiaries are consistent with those of the Group.

Calgro M3 Rectification Company (Pty) Ltd has been incorporated under the new Companies Act 71 of 2008. The value of the shares are stated at no par value.

^ This Company was previously a joint venture and the Group now holds 100% of the issued share capital as well 100% of the voting rights. The investment is therefore accounted for as a subsidiary.

44. Deferred Income Tax Asset

Accounting policy

Refer to note 10 of the Consolidated Financial Statements for the applicable accounting policy.

Reconciliation of deferred tax asset

	2016	2015
Tax losses available for set off against future taxable income	**79 036**	-
	79 036	-
The analyses of deferred tax assets are as follows:		
Deferred tax assets		
Tax losses available for set off against future taxable income	**79 036**	-
	79 036	-
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	**79 036**	-
Deferred tax asset to be recovered after more than 12 months	**-**	-
	79 036	-

45. Loans to/(from) Group Companies

Accounting policy
These loans are classified as loans and receivables or financial liabilities measured at amortised cost.

Loans to/(from) direct and indirect subsidiaries

	Interest Rate	Repayment Terms	Security	2016	2015
Loans from subsidiaries					
Calgro M3 Developments Ltd	Agreed between parties 2016:0% (2015:Prime plus 2%)	On demand	Unsecured	**(393 978 580)**	(499 502 654)
CTE Consulting (Pty) Ltd	Agreed between parties 2016:0% (2015:Prime plus 2%)	On demand	Unsecured	**-**	(19 104 090)
				(393 978 580)	(518 606 744)
Loans to subsidiaries					
Calgro M3 Land (Pty) Ltd	Agreed between parties 2016:0% (2015:Prime plus 2%)	On demand	Unsecured	**579 747 829**	521 630 554
				579 747 829	521 630 554
Loans to Group Companies				**579 747 829**	521 630 554
Loans from Group Companies				**(393 978 580)**	(518 606 744)
				185 769 249	3 023 810

46. Trade and Other Receivables

Accounting policy
Refer to accounting policy note 16 of the Consolidated Financial Statements for the applicable accounting policy.

	2016	2015
Trade receivables	**-**	192 303
Other receivables	**214 191**	-
Value-added tax receivable	**147 489**	-
	361 680	192 303

47. Cash and Cash Equivalents

Accounting policy
Refer to accounting policy note 17 of the Consolidated Financial Statements for the applicable accounting policy.

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2016	2015
Cash on hand	**330**	330
Bank balances	**99 818**	1 123 635
	100 148	1 123 965

48. Stated Capital

Accounting policy and note
Refer to note 18 of the Consolidated Financial Statements for the applicable accounting policy.

	Number of Shares		Rand amount	
	2016	**2015**	**2016**	**2015**
Authorised				
Ordinary no par value shares	**500 000 000**	500 000 000		
Issued				
Balance at beginning of the year	**127 100 000**	127 100 000	**96 021 721**	96 021 721
Shares issued to Calgro M3 Employee Benefit Trust	**5 212 909**	-	**104 239 627**	-
Shares issued to Calgro M3 Empowerment Trust	**5 212 909**	-	**104 239 627**	-
Shares issued with respect to the Calgro M3 Executive Share Scheme	**9 518 700**	-	**183 420 048**	-
Treasury shares in issue*	**(10 425 818)**	-	**(208 479 254)**	-
Balance at end of the year	**136 618 700**	127 100 000	**279 441 769**	96 021 721

* These shares relate to the shares issued to the Calgro M3 Empowerment Trust and the Calgro M3 Employee Benefit Trust. In accordance with the principles of IFRS, the Trusts are controlled by the Company and are considered special agents of the Company. These shares are therefore considered to be treasury shares.

All issued shares are fully paid.

Unissued ordinary shares are under the control of the Directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next Annual General Meeting.

49. Trade and other payables

Accounting policy
Refer to note 20 of the Consolidated Financial Statements for the applicable accounting policy.

	2016	**2015**
Trade payables	**915 712**	372 331
Accrued expenses	**1 079 788**	441 435
Value-added tax	**-**	66 236
	1 995 500	880 002

50. Other Income

Accounting policy
Other income only consists of management fees. Management fees are charged by the Company to its subsidiary, Calgro M3 Developments Ltd, for providing the infrastructure and employees to operate the subsidiary and are recognised on the date the services are performed. Refer to the related party note 57.

Management fees	**2 900 000**	3 200 000
	2 900 000	3 200 000

51. Expense by Nature

	2016	2015
Auditor's remuneration	**696 693**	184 070
Directors' fees - Non-Executive	**1 663 791**	1 374 333
Fines, penalties and interest	**1 434**	-
Professional fees	**1 931 922**	195 000
Sundry expenses	**621 981**	480 139
Transaction costs - Trusts	**409 851**	-
Total cost of sales, administration expenses and other expenses	**5 325 672**	2 233 542

52. Finance Income

Accounting policy
Refer to note 26 of the Consolidated Financial Statements for the applicable accounting policy.

Bank	**1 236**	3 547
Interest on Group loans	**-**	60 012 626
Finance income	**1 236**	60 016 173

53. Finance Cost

Accounting policy
Refer to note 27 of the Consolidated Financial Statements for the applicable accounting policy.

Bank	**4 143**	24 137
Interest on Group loans	**-**	59 595 869
Finance cost	**4 143**	59 620 006

54. Taxation

Accounting policy
Refer to note 28 of the Consolidated Financial Statements for the applicable accounting policy.

Major components of the income tax expense		
Current		
Local income tax - current period	**-**	431 633
	-	431 633
Deferred		
Current year	**(79 036)**	-
	(79 036)	431 633
Reconciliation of the income tax expense		
Applicable tax rate	**28.00%**	28.00%
Disallowable charges	**(24.75)%**	3.68%
Effective tax rate	**3.25%**	31.68%

The estimated tax losses available for set off against future taxable income for the Company is R282,271 (2015: Rnil).

55. Cash Utilised in Operations

	2016	2015
(Loss)/profit before taxation	**(2 428 578)**	1 362 625
Adjustments for:		
Finance income	**(1 236)**	(60 016 173)
Finance cost	**4 143**	59 620 006
Trade and other receivables	**(169 377)**	(176 053)
Trade and other payables	**1 115 498**	(424 848)
Loans (from)/to Group companies*	**674 609**	(11 832 936)
	(804 942)	(11 467 379)

* Loans (from)/to Group Companies forms part of the working capital of the Company due to all transactions between segments flowing through the Company.

56. Taxation Paid

Balance at beginning of the year	**(60 892)**	10 825
Current tax for the year	**-**	(431 633)
Balance at end of the year	**(155 077)**	60 892
	(215 969)	(359 916)

57. Related Parties

Subsidiaries

Refer to note 43 for a detailed list of all subsidiaries of the Company.

Related party balances

Refer to note 45 for loans (from)/to Group Companies.

Related party transactions

	Administration fees received		Finance income received		Finance costs paid	
	2016	2015	2016	2015	2016	2015
Calgro M3 Developments Ltd	**2 900 000**	3 200 000	**-**	-	**-**	57 964 195
Calgro M3 Land (Pty) Ltd	**-**	-	**-**	60 012 626	**-**	-
CTE Consulting (Pty) Ltd	**-**	-	**-**	-	**-**	1 631 674
	2 900 000	3 200 000	**-**	60 012 626	**-**	59 595 869

Notes to the Company Financial Statements

58. Financial Assets and Liabilities by Category

	Loans and receivables		Financial liabilities at amortised cost		Fair values	
	2016	2015	2016	2015	2016	2015
Loans to Group Companies	**579 747 829**	521 630 554			**579 747 829**	521 630 554
Trade and other receivables	**-**	192 303			**-**	192 303
Cash and cash equivalents	**100 148**	1 123 965			**100 148**	1 123 965
Loans from Group Companies			**(393 978 580)**	(518 606 744)	**(393 978 580)**	(518 606 744)
Trade and other payables			**(1 995 500)**	(813 766)	**(1 995 500)**	(813 766)
	579 847 977	522 946 822	**(395 974 080)**	(519 420 510)	**183 873 897**	3 526 312

59. Risk Management

59.1 Financial risk management

Due to the fact that the Company is a pure holding Company, the most significant risks the Company is exposed to are market risk (via cash flow interest rate) and liquidity risk.

(i) Market risk (Cash flow interest rate risk)

The Company has interest-bearing loans to and from Group companies. The loans issued at variable rates expose the Company to cash flow interest rate risk. The Group Executive Committee monitors the interest of the Company on a cash basis. Refer to the finance income (note 52) and finance cost (note 53) notes for the interest received/paid.

(ii) Liquidity risk

The Company's liquidity risk arises from its financial liabilities, which includes loans from Group companies and trade payables. The Company manages liquidity risk by monitoring forecasted cash flows to ensure there will be funds available to cover future commitments.

Both the loans from Group Companies (refer to note 45) and trade payables (refer to note 49) are repayable within 1 (one) year.

The Company has overdraft facilities with major banks to the value of RNil (2015 - R10 000 000).

60. Directors' Emoluments

Please refer to note 37 of the Consolidated Financial Statements for the emoluments paid to Non-Executive Directors.

Notice of Annual General Meeting

for the year ended 28 February 2015

Calgro M3 Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 2005/027663/06)
Share code: CGR ISIN: ZAE000109203
("Calgro M3" or "the Group" or "the Company")

Notice is hereby given to all members of the Company as at 23 May 2016, being the record date to receive notice of the Annual General Meeting in terms of section 59(1) of the Companies Act, 71 of 2008, as amended ("Companies Act"), that the seventh Annual General Meeting ("AGM") of members or any postponement or adjournment thereof will be held at 10:00 on Friday, 01 July 2016 at the Calgro M3 Boardroom, CalgroM3 Building, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston, Sandton to (i) deal with such other business as may lawfully be dealt with at the meeting and (ii) consider and, if deemed fit to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act, as read with the JSE Limited Listings Requirements ("JSE Listings Requirements"), which meeting is to be participated in and voted at by shareholders as at 24 June 2016, being the record date to attend, participate, speak and vote at the AGM in terms of section 62(3)(a), read with section 59(1)(b), of the Companies Act ("Voting Record Date").

Important dates to note	2016
Last day to trade in order to be eligible to vote at the AGM	Friday, 17 June
Voting Record Date to be able to vote at the AGM	Friday, 24 June
Forms of Proxy to be received by no later than 10:00 on	Wednesday, 29 June
AGM to be held at 10:00 on	Friday, 01 July

NB: Section 63(1) of the Companies Act - Identification of meeting participants

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the shareholders' meeting. Forms of identification include valid identity documents, driver's licenses and passports.

Presentation of annual financial statements

The annual financial statements of the Company for the year ended 29 February 2016 (as approved by the Board of Directors of the Company), including the Directors' Report and the Report of the Auditors thereon, have been distributed as required and will be presented to the shareholders.

The complete annual financial statements are set out on pages 92 to 160 of the integrated annual report.

Advisory Endorsement of the Remuneration Philosophy (Policy)

To endorse, through a non-binding advisory vote, the Company's remuneration policy, as set out set out on pages 71 to 72 of the integrated annual report.

1. **Ordinary resolution number one - Re-election of Non-Executive Director**

   "Resolved that the re-appointment of PF Radebe as a Non-Executive Director of the Company and Chairperson of the Board of Directors, who retires by rotation, but being eligible, offers herself for re-election in accordance with Article 24.9, read with Article 24.3 of the Company's Memorandum of Incorporation, for a further term of office be authorised and confirmed."

   (A brief CV of PF Radebe appears on page 31 of the annual report).

   The percentage of voting rights that will be required for this ordinary resolution number one to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

2. **Ordinary resolution number two - Re-election of Non-Executive Director**

   "Resolved that the re-appointment of ME Gama as a Non-Executive Director of the Company, who retires by rotation, but being eligible, offers himself for re-election in accordance with Article 24.9, read with Article 24.3 of the Company's Memorandum of Incorporation, for a further term of office be authorised and confirmed."

   (A brief CV of ME Gama appears on page 31 of the annual report).

   The percentage of voting rights that will be required for this ordinary resolution number two to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

3. Ordinary resolution number three - Election of Non-Executive Director

"Resolved that the appointment of VJ Klein as a Non-Executive Director of the Company in accordance with Article 24.3 of the Company's Memorandum of Incorporation for a first term in office, be authorised and confirmed."

(A brief CV of VJ Klein appears on page 31 of the annual report).

The percentage of voting rights that will be required for this ordinary resolution number three to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

4. Ordinary resolution number four - Appointment of Company Secretary

"Resolved that the appointment of Itumeleng April as Secretary of the Company with effect from 11 May 2016, be ratified and confirmed."

The percentage of voting rights that will be required for this ordinary resolution number four to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

5. Ordinary resolution number five - Re-appointment of Auditors

"Resolved that the re-appointment of PricewaterhouseCoopers as Auditors, and JP van Staden being a member of PriceWaterhouseCoopers Inc., as the individual designated auditor who will undertake the audit of the Company for the ensuing year, until the conclusion of the next annual general meeting in accordance with the Companies Act, be authorised and confirmed."

The percentage of voting rights that will be required for this ordinary resolution number five to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

6. Ordinary resolution number six - Appointment of Audit Committee member

"Resolved that the appointment of HC Cameron as a member of the Audit Committee in terms of section 94(2) of the Companies Act, is approved with effect from the end of this meeting."

The percentage of voting rights that will be required for this ordinary resolution number six to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

7. Ordinary resolution number seven - Appointment of Audit Committee member

"Resolved that the appointment of ME Gama as a member of the Audit Committee in terms of section 94(2) of the Companies Act, is approved with effect from the end of this meeting."

The percentage of voting rights that will be required for this ordinary resolution number seven to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

8. Ordinary resolution number eight - Appointment of Audit Committee member

"Resolved that the appointment of RB Patmore as a member of the Audit Committee in terms of section 94(2) of the Companies Act, is approved with effect from the end of this meeting."

The percentage of voting rights that will be required for this ordinary resolution number eight to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

9. Ordinary resolution number nine - General payments to shareholders

"Resolved that, in terms of Articles 5.1.1.3 and 21 of the Company's Memorandum of Incorporation and subject to the Companies Act and to the Directors being satisfied that after considering the effect of such maximum payment, the:

(a) Company will in the ordinary course of business be able to pay its debts for a period of 12 months after the date of the notice of the AGM;

(b) assets of the Company will be in excess of the liabilities of the Company for a period of 12 months after the date of the notice of the Annual General Meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited Annual Group Financial Statements;

(c) share capital and reserves to the Company will be adequate for ordinary business purposes for a period of 12 months after the date of notice of the AGM; and

(d) working capital of the Company will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the AGM.

The Directors of the Company shall be entitled, from time to time, to pay by way of reduction of share premium, capital distributions to shareholders of the Company in lieu of a dividend. Such distributions shall be made pro-rata to all shareholders and be amounts equal to the amounts which the Directors would have declared and paid out of profits of the Company as interim and final dividends in respect of the financial year ending 29 February 2016. This authority shall not extend beyond the date of the Annual General Meeting following the date of the AGM at which this resolution is being proposed, or 15 months from date of the resolution, whichever is shorter."

Shareholders are referred to the explanatory notes set out under special resolution number one (termed "Reason and effect of special resolution number one") which apply mutatis mutandis to this resolution.

The percentage of voting rights that will be required for this ordinary resolution number nine to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

10. Ordinary resolution number ten - Control of authorised but unissued shares

"Resolved that all the unissued shares in the authorised share capital of the Company be and are hereby placed under the control of the Directors of the Company, who are authorised to allot and issue the same to such persons and on such terms and conditions as they may determine in their sole and absolute discretion, until the next annual general meeting of the Company, subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and the JSE Listings Requirements."

The percentage of voting rights that will be required for this ordinary resolution number ten to be adopted is at least 50%+1 of the voting rights exercised on the resolution.

11. Ordinary resolution number eleven - General authority to issue shares for cash

"Resolved that the Directors be given the general authority to issue unissued shares of a class already in issue held under their control, for cash, when the Directors consider it appropriate in the circumstances, subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation, the JSE Listings Requirements and subject to the following limitations, that:

- the authority shall be valid until the next annual general meeting of the Company (provided it shall not extend beyond 15 (fifteen) months from the date of this resolution);
- an announcement giving full details, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 business days prior to the date the Company agrees to issue the shares, and an explanation, including supporting information, of the intended use of the funds, will be published at the time of any issue representing, on a cumulative basis within one financial year, 5% or more of the number of shares in issue prior to such issue;
- issues for cash in any one financial year may not exceed 15% of the issued shares in the share capital of the Company, as at the date of the notice of Annual General Meeting, being 22 056 678 ordinary shares;
- any shares issued for cash under the authority must be deducted from the number above;
- in the event of a subdivision or consolidation of issued shares during the period when this authority is valid, the existing authority must be adjusted accordingly to represent the same allocation ratio;
- the issues for cash must be made to public shareholders and not to related parties as defined by the JSE Listings Requirements; and
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% of the volume weighted average traded price of those shares as determined over the 30 business days prior to the date that the price of the issue is determined or agreed by the Directors of the Company."

  The percentage of voting rights that will be required for this ordinary resolution number eleven to be adopted is at least 75%+1 of the voting rights exercised on the resolution.

  Shareholders are referred to the explanatory notes set out under special resolution number one (termed "Reason and effect of special resolution number one") which apply mutatis mutandis to this resolution.

12. Special resolution number one - General authority to repurchase shares

"Resolved that the Board of Directors of the Company be hereby authorised, by way of a general authority, to approve the purchase of the Company's own ordinary shares or to approve the purchase of ordinary shares in the Company by any subsidiary of the Company, from time to time, provided that:

(a) any acquisition of shares shall be implemented through the order book operated by the JSE Limited's trading system and done without any prior understanding or arrangement between the Company and/or its relevant subsidiaries and the counter party;

(b) this authority shall be valid only until the next annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of this resolution;

(c) the general repurchase(s) shall in any one financial year be limited to a maximum of 20% of the Company's issued share capital of that class at the time the authority is granted;

(d) a resolution by the Board of Directors is passed which authorises the repurchase, confirms that the Company passes the solvency and liquidity test in terms of section 4 of the Companies Act;

(e) the acquisition of shares by a subsidiary of the Company may not exceed 10% in aggregate of the number of issued shares of the Company;

(f) repurchases must not be made at a price more than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date of repurchase;

(g) a paid press announcement (complying with paragraph 11.27 of the JSE Listings Requirements) will be published as soon as the Company and/or its subsidiaries have acquired shares constituting, on a cumulative basis, 3% or more of the initial number of ordinary shares in issue at the time of the granting of this authority, giving full details of such acquisitions and for each 3% in aggregate of the initial number of ordinary shares acquired thereafter by the Company and/or its subsidiaries;

(h) the Company will, at any point in time, appoint only one agent to effect any repurchase(s) on the Company's behalf;

(i) the Company will not repurchase its shares during any prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements; and

(j) such repurchase shall be subject to the Companies Act, the Company's Memorandum of Incorporation and the JSE Listings Requirements."

Reason and effect of special resolution number one

The reason for special resolution number one is to grant the Company a general authority in terms of the Companies Act for the acquisition by the Company or any of its subsidiaries of shares issued by the Company or its holding company, which authority shall be valid until the earlier of the next annual general meeting of the Company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this AGM. The passing and registration of this special resolution will have the effect of authorising the Company or any of its subsidiaries to acquire shares issued by the Company or its holding company.

A repurchase of shares is not contemplated at the date of this notice. However, the Board believes it to be in the interest of the Company that shareholders grant a general authority to provide the Board with optimum flexibility to repurchase shares as and when an opportunity that is in the best interest of the Company arises.

Shareholders are referred to the explanatory notes attached to this notice for further disclosures in respect of this general authority to repurchase shares in terms of paragraph 11.26 of the JSE Listing Requirements.

The percentage of voting rights that will be required for this special resolution number one to be adopted is at least 75% of the voting rights exercised on the resolution.

13. Special resolution number two - Remuneration of Non-Executive Directors

"Resolved that the fees paid to the Non-Executive Directors of the Company set out below, be approved up and to the date of the next annual general meeting."

Director	Annual Retainer Fee 2016/2017	Meeting Chaired	Audit Committee Meeting Attendance	Meeting Attendance of other Board Committees Fee 2016/2017
PF Radebe	R 220 000	R 35 000		R 18 500
VJ Klein	R 147 500	R 25 000		R 18 500
H Ntene	R 147 500	R 25 000		R 18 500
RB Patmore	R 176 500	R 25 000	20 500	R 18 500
ME Gama	R 147 500	R 25 000	20 500	R 18 500
HC Cameron	R 147 500	R 30 000		R 18 500

Reason for and effect of special resolution number two

Special resolution number two is proposed in order to comply with the requirements of the Companies Act and the Company's Memorandum of Incorporation. The above rates have been selected to ensure that the remuneration of Non-Executive Directors remains competitive in order to enable the Company to retain and attract persons of the calibre, appropriate capabilities, skills and experience required in order to make meaningful contributions to the Company.

The effect of special resolution number two is that, if approved by the shareholders at the Annual General Meeting, the fees payable to Non-Executive Directors until the next annual general meeting will be as set out above.

The percentage of voting rights that will be required for this special resolution number two to be adopted is at least 75% of the voting rights exercised on the resolution.

14. Special resolution number three - Authorising general financial assistance

"Resolved that, to the extent required by the Companies Act, the Board of Directors of the Company may, subject to compliance with the requirements of the Company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise, to:

- any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the Company or any of its subsidiaries, and/or to a member of such subsidiary or related or inter-related company or entity, all as contemplated in sections 44 and/or 45 of the Companies Act, for such amounts and on such terms and conditions as the Directors of the Company may determine. Such authority to endure until the annual general meeting of the Company for the year ended February 2017."

Reasons for and effect of special resolution three

Notwithstanding the title of section 45 of the Companies Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance provided by a company to related or inter-related companies and other entities, including, inter alia, its subsidiaries, associates, joint ventures, partnerships, collaboration arrangements, etc. for any purpose.

Furthermore, section 44 of the Companies Act may also apply to the financial assistance so provided by a company to related or inter-related companies or other entities, in the event that the financial assistance is provided for the purpose of, or in connection with, the acquisition or subscription for any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company.

Both sections 44 and 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the Board of Directors must be satisfied that:

- considering all reasonably foreseeable financial circumstances of the Company at the time, immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test;
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
- any conditions or restrictions in respect of the granting of financial assistance set out in the Company's Memorandum of Incorporation have been satisfied.

The Company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Companies Act. Furthermore, it may be necessary or desirous for the Company to provide financial assistance to related or inter-related companies and entities to acquire or subscribe for options or securities or purchase securities of the Company or another company related or inter-related to it. Under the Companies Act, the Company will however require the special resolution referred to above to be adopted. In the circumstances and in order to, inter alia, ensure that the Company's subsidiaries and other related and inter-related companies and entities have access to financing and/or financial backing from the Company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number three.

Sections 44 and 45 contain exemptions in respect of employee share schemes that satisfy the requirements of section 97 of the Companies Act. To the extent that any of the Company's shares or other employee incentive schemes do not satisfy such requirements, financial assistance (as contemplated in sections 44 and 45) to be provided under such schemes will, inter alia, also require approval by special resolution.

Accordingly, special resolution number three will have the effect of authorising financial assistance to any of the Company's Directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to them), or to any other person who is a participant in any of the Company's share or other employee incentive schemes, in order to facilitate their participation in any such schemes that do not satisfy the requirements of section 97 of the Companies Act. This resolution will enable the Company to provide financial assistance within the Company's group which may be required from time to time in the normal course of business.

The percentage of voting rights that will be required for this special resolution number three to be adopted is at least 75% of the voting rights exercised on the resolution.

15. To transact such other business as may be transacted at an annual general meeting.

Explanatory notes

Disclosures in terms of paragraph 11.26 of the JSE Listings Requirements:

- Major shareholders: page 89 of the annual financial statements
- Share capital of the Company: page 126 note 18 of the notes to the annual financial statements

Directors' responsibility statement

The Directors, whose names are given on page 31 and 32 of the annual report in which this notice was included collectively and individually accept full responsibility for the accuracy of the information given in this notice and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and notice contain all information required by law and the JSE Listings Requirements.

Material changes

There has been no material change in the financial or trading position of the Company and its subsidiaries that has occurred since 29 February 2016.

Quorum

The shareholders' meeting may not begin until sufficient persons are present (in person or represented by proxy) at the shareholders' meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the shareholders' meeting. A matter to be decided at the shareholders' meeting may not begin to be considered unless sufficient persons are present at the meeting (in person or represented by proxy) to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda. For the purpose of counting a quorum at any time, a shareholder who is personally present or represented at the meeting at that time, or who participates in person or through a representative electronically, shall be counted towards the quorum at that time.

Form of proxy

Any shareholders wishing to attend the AGM who have already dematerialised their shares in Calgro M3, and such dematerialised shares are not recorded in the electronic sub-register of Calgro M3 in their own names, should request letters of representation from their duly appointed CSDP or stockbroker, as the case may be, to authorise them to attend and vote at the AGM in person.

In terms of section 62(3)(e) of the Companies Act, any shareholders who are entitled to attend and vote at the AGM are entitled to appoint proxies to attend, speak and vote at the AGM in the name and stead of the shareholder. The proxies so appointed need not be shareholders of the Company but must be individuals.

If you have not yet dematerialised your shares in Calgro M3 and are unable to attend the AGM, but wish to be represented thereat, you must complete the attached form of proxy in accordance with the instructions therein and lodge it with the Transfer Secretaries of Calgro M3 namely, Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg 2001, (PO Box 61051, Marshalltown 2107) to be received by no later than 10:00 on 29 June 2016. Attached to the Form of Proxy is an extract of section 58 of the Companies Act, to which shareholders are referred.

If you have already dematerialised your shares in Calgro M3:

- and such dematerialised shares are recorded in the electronic sub-register of Calgro M3 in your own name and you are unable to attend the AGM, but wish to be represented thereat, you must complete the attached form of proxy in accordance with the instructions therein and lodge it with the Transfer Secretaries of Calgro M3 namely, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown 2107) to be received by no later than 10:00 on 29 June 2016; or
- and such dematerialised shares are not recorded in the electronic sub-register of Calgro M3 in your own name, you should notify your duly appointed CSDP or stockbroker, as the case may be, in the manner and cut-off time stipulated in the agreement governing your relationship with your CSDP or broker of your instructions as regards voting your shares at the AGM.

If any shareholders of the Company wish to participate (but not vote) in the AGM electronically, they:

- must contact the Company Secretary on 011 300 7500, five business days prior to the annual general meeting in order to obtain a pin number and dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the AGM, provided that shareholders and their proxies will not be able to vote telephonically at the AGM and will still need to appoint a proxy to attend the AGM and to vote on their behalf.

By order of the board

Managing Director
10 May 2016
Sandton

Form of Proxy

CALGRO M3 HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2005/027663/06)
Share code: CGR ISIN: ZAE000109203
("Calgro M3" or "the Company")

For use by the holders of Certificated Shares and/or Dematerialised Shares held through a CSDP or broker who have selected "own-name" registration, registered as such at the close of business on the Voting Record Date, at the eighth annual general meeting to be held at 10:00 on Friday 01 July 2016 at the Calgro M3 boardroom, Calgro M3 Building, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston or any postponement or adjournment thereof.

Dematerialised shareholders who have not selected "own-name" registration must inform their CSDP or broker timeously of their intention to attend and vote at the AGM or be represented by proxy thereat in order for the CSDP or broker to issue them with the necessary letter of representation to do so or provide the CSDP or broker timeously with their voting instruction should they not wish to attend the AGM in order for the CSDP or broker to vote in accordance with their instructions at the AGM.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE) ______________________________

of (ADDRESS) ______________________________

Telephone number ______________ Cellphone number ______________

E-mail address ______________________________ ,

being the holder/s of ______________ ordinary shares in Calgro M3, hereby appoint

______________________________ (see note 1 below) or failing him/her,

______________________________ or failing him/her,

the Chairman of the AGM, as my/our proxy to act for me/our behalf at the AGM in accordance with the following instructions (see note 2 below)

	*Number of votes		
	For	Against	Abstain
Ordinary resolution number one - Re-election of Director (PF Radebe)			
Ordinary resolution number two - Re-election of Director (ME Gama)			
Ordinary resolution number three - Election of Director (VJ Klein)			
Ordinary resolution number four – Appointment of Company Secretary (Itumeleng April)			
Ordinary resolution number five - Re-appointment of auditors (PriceWaterhouseCoopers)			
Ordinary resolution number six - Appointment of Audit Committee member (HC Cameron)			
Ordinary resolution number seven - Appointment of Audit Committee member (ME Gama)			
Ordinary resolution number eight - Appointment of Audit Committee member (RB Patmore)			
Ordinary resolution number nine - General payments to shareholders			
Ordinary resolution number ten - Control of authorised but unissued shares			
Ordinary resolution number eleven - General authority to issue shares for cash			
Special resolution number one - General authority to repurchase shares			
Special resolution number two - Remuneration of Non-Executive Directors			
Special resolution number three - Authorising general financial assistance			

* One vote per share held by shareholders recorded in the Register on the Voting Record Date.

Signed at ______________ on ______________ 2016

Signature______________________________

Assisted by me (where applicable)

Notes to the Form of Proxy

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space(s) provided. The person whose name appears first on this form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A proxy appointed by a Sshareholder in terms hereof may not delegate his authority to act on behalf of the Shareholder to any other person.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the AGM as he deems fit in respect of all the shareholder's votes exercisable thereat.
4. Forms of proxy must be lodged at or posted to Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by not later than 10:00 on 29 June 2016.
5. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so. In addition to the aforegoing, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to Calgro M3. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date stated in the revocation instrument, if any; or the date on which the revocation instrument was delivered in the required manner.
6. The chairman of the AGM may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, he is satisfied as to the manner in which the shareholder(s) concerned wish(es) to vote.
7. Each shareholder is entitled to appoint one or more proxies (none of whom need be a member of Calgro M3) to attend, speak and vote in place of that shareholder at the AGM.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by Calgro M3 or Computershare Investor Services (Pty) Ltd or waived by the chairman of the AGM.
9. Any alteration or correction made to this form of proxy must be initialed by the signatory(ies).
10. Where there are joint holders of shares:
    10.1 any one holder may sign the form of proxy; and
    10.2 the vote of the senior (for that purpose seniority will be determined by the order in which the names of shareholders appear in the Register of Members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of Calgro M3 shares.
11. This form of proxy may be used at any adjournment or postponement of the AGM, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
12. An extract from the Companies Act reflecting the provisions of section 58 of the Companies Act is attached as Annexure A to this Form of Proxy.

ANNEXURE A:

"58. Shareholder's right to be represented by proxy

(1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:
    (a) participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder; or
    (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

(2) A proxy appointment:
    (a) must be in writing, dated and signed by the shareholder; and
    (b) remains valid for:
        (i) one year after the date on which it was signed; or
        (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).

(3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
    (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
    (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and

(c) a copy of the instrument appointing a proxy must be delivered to the Company, or to any other person on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.

(4) Irrespective of the form of instrument used to appoint a proxy:

(a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;

(b) the appointment is revocable unless the proxy appointment expressly states otherwise; and

(c) if the appointment is revocable, a shareholder may revoke the proxy appointment by:

(i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and

(ii) delivering a copy of the revocation instrument to the proxy, and to the Company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:

(a) the date stated in the revocation instrument, if any; or

(b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).

(6) If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder must be delivered by the Company to:

(a) the shareholder; or

(b) the proxy or proxies, if the shareholder has:

(i) directed the Company to do so, in writing; and

(ii) paid any reasonable fee charged by the Company for doing so.

(7) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.

(8) If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:

(a) the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;

(b) the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must: bear a reasonably prominent summary of the rights established by this section;

(i) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and

(ii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;

(c) the Company must not require that the proxy appointment be made irrevocable; and

(d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).

(9) Subsection (8)(b) and (d) do not apply if the Company merely supplies a generally available standard form of proxy appointment on request by a shareholder."

Calgro M3 GRI Index

Key			
IR	Integrated Report 2016	SR	Additional information is available in the Full Sustainability Report on the Calgro M3 websitewww.calgrom3.com

General Standard disclosure	Description of General Standard	Page	Reference in the report
STRATEGY AND ANALYSIS			
G4-1	Provide a statement from the most senior decision-maker of the organisation about:		
	▮ the relevance of sustainability to the organisation; and	IR 39	MD and FD Report
	▮ the organisation's strategy for addressing sustainability.	IR 50-63	Abridged Sustainability Report
G4-2	Provide a description of key impacts, risks and opportunities.	IR 16 – 17	Our Key Risk Review and Assessment
ORGANISATIONAL PROFILE			
G4-3	Report the name of the organisation.	IR 2	About this Report
G4-4	Report the primary brands, products, and services.	IR 8-9	Our Markets and Products
G4-5	Report the location of the organisation's headquarters.	IR 77	General Information
G4-6	Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	IR 28	Our Geographic Footprint
G4-7	Report the nature of ownership and legal form.	IR 80,96	Analysis of Shareholders Notes to the Consolidated Financial Statements, note 1
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	IR 8-9	Our Markets and Products
G4-9	Report the scale of the organisation.	IR 20, 42	Our Share Price Performance MD and FD Report
G4-10	Report the total number of:		
	▮ employees contracted;	IR 63	Staff Complement
	▮ employee gender;	IR 62	Human Capital Management
	▮ permanent employees by employment type and gender;	IR 62 - -	Human Capital Management
	▮ workforce by employees and supervised workers and by gender;	IR17, 26, 52	Operational capacity, payments to subcontractors, stakeholders
	▮ workforce by region and gender;	IR67	Human Capital Management
	▮ if a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors; and	IR67 SR 11	Human Capital Management Stakeholders
	▮ significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).		
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	-	Zero
G4-12	Describe the organisation's supply chain.	IR 8-9	Our Markets and Products

General Standard disclosure	Description of General Standard	Page	Reference in the report
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain.	IR 33 – 48	Chairperson and CEO Report MD and FD Report
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	IR 16	Our Key Risk Review and Assessment
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	IR 13	Our Operating Environment
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation: ▮ Holds a position on the governance body. ▮ Participates in projects or committees. ▮ Provides substantive funding beyond routine membership dues. ▮ Views membership as strategic.	IR 53	UN Global Compact Principles
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	List all entities included in the organisation's Consolidated Financial Statements or equivalent documents. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.	IR 90 - 148 IR 148 - 160 N/A	Consolidated Financial Statements Company Financial Statements
G4-18	Explain the process for defining the report content and the aspect boundaries. Explain how the organisation has implemented the Reporting Principles for Defining Report Content.	IR 2 IR 2	About this Report About this Report
G4-19	List all the material aspects identified in the process for Defining Report Content.	IR 3 IR 51 SR 5 - 12	About this Report – Materiality Material Issues Material Issues discussed in full
G4-20	For each material aspect, report the aspect boundary within the organisation, as follows: ▮ Report whether the aspect is material within the organisation. ▮ If the aspect is not material for all entities within the organisation (as described in G4-17), select one of the following two approaches and report either: o The list of entities or groups of entities included in G4-17 for which the aspect is not material; or o The list of entities or groups of entities included in G4-17 for which the aspects is material. ▮ Report any specific limitation regarding the aspect boundary within the organisation.	IR 51 Yes	Material Issues (to be read in conjunction with the Full Sustainability Report) There are no specific limitations on the aspect boundary of the report

General Standard disclosure	Description of General Standard	Page	Reference in the report
G4-21	For each material aspect, report the aspect boundary outside the organisation, as follows: ▮ Report whether the aspect is material outside of the organisation. ▮ If the aspect is material outside of the organisation, identify the entities, groups of entities or elements for which the aspect is material. In addition, describe the geographical location where the aspect is material for the entities identified. ▮ Report any specific limitation regarding the aspect boundary outside the organisation.	SR 5 - 12	Material Issues There are no specific limitations on the aspect boundary of the report
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	IR 103	Segmental information
G4-23	Report significant changes from previous reporting periods in the Scope and aspect boundaries.	IR 103	Segmental information
STAKEHOLDER ENGAGEMENT			
G4-24	Provide a list of stakeholder groups engaged by the organisation.	IR 52	Understanding our Stakeholders
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	SR 6	Understanding our Stakeholders
G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	SR 6 - 12	Understanding our Stakeholders
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	SR 6 - 12	Understanding our Stakeholders
REPORT PROFILE			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	IR 2	About this Report
G4-29	Date of most recent previous report (if any).	IR 2	About this Report The most recent previous report followed the Company's financial year 1 March 2014 – 28 February 2015
G4-30	Reporting cycle (such as annual, bi-annual).	IR 2	About this Report
G4-31	Provide the contact point for questions regarding the report or its contents.	IR 3	Queries regarding this Integrated Report
G4-32	a) Report the 'in accordance' option the organisation has chosen. b) Report the GRI Content Index for the chosen option. c) Report the reference to the External Assurance Report, if the report has been externally assured.	IR 2 IR 2 IR 3	About this Report About this Report Independent assurance on the Group Consolidated Financial Statements provided by PricewaterhouseCoopers.

General Standard disclosure	Description of General Standard	Page	Reference in the report
G4-33	a) Report the organisation's policy and current practice with regard to seeking external assurance for the report.		External assurance has not been provided
	b) If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.	-	
	c) Report the relationship between the organisation and the assurance providers.	-	
	d) Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report	-	
GOVERNANCE			
G4-34	Report the governance structure of the organisation, including committees of the highest governance body.	IR 64	Corporate Governance Report
	Identify any committees responsible for decision-making on economic, environmental and social impacts.	IR 30	Our Board
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	SR 14 - 21 SR 16 - 21 SR 22 - 25	Economic Sustainability Corporate Social Investment Our Environment
G4-36	Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	IR 5	Non-Financial Highlights
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	SR 14, 16, 19	Understanding Our Stakeholders
	If consultation is delegated, describe to whom and any feedback processes to the highest governance body.		
G4-38	Report the composition of the highest governance body and its committees by:	IR 30	Our Board
	▮ Executive or non-executive o Independence o Tenure on the governance body o Number of each individual's other significant positions; and o Commitments and the nature of the commitments.	IR 30 – 32, 64 - 75	Our Board and Corporate Governance Report
	▮ Gender.	IR 30	Our Board
	▮ Membership of under-represented social groups.	-	
	▮ Competences relating to economic, environmental and social impacts.	-	
	▮ Stakeholder representation.		
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his/her function within the organisation's management and the reasons for this arrangement).	IR 30, 65	Our Board, Chairperson is Independent

General Standard disclosure	Description of General Standard	Page	Reference in the report
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: ▮ Whether and how diversity is considered. ▮ Whether and how independence is considered. ▮ Whether and how expertise and experience relating to economic, environmental and social topics are considered. ▮ Whether and how stakeholders (including shareholders) are involved.	IR 64 – 75 IR 70	Corporate Governance Report Remuneration and Nomination Committee
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: ▮ Cross-board membership. ▮ Cross-shareholding with suppliers and other stakeholders. ▮ Existence of controlling shareholder. ▮ Related party disclosures.	IR 69 IR 140 - IR 140 - 142	Corporate Governance Report, Conflicts of Interest Note 36 Note 36
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	IR 65, 68, 69,70	Corporate Governance Report
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	IR 66	Board expertise
G4-44	a) Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. b) Report whether such evaluation is independent or not, and its frequency. c) Report whether such evaluation is a self-assessment. d) Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organisational practice.	IR 50 – 63	Abridged Sustainability Report
G4-45	a) Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b) Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	IR 16 IR 50 - 63	Our Key Risks Abridged Sustainability Report
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics.	IR 50 - 63	Abridged Sustainability Report

General Standard disclosure	Description of General Standard	Page	Reference in the report
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	IR 3	About this Report, Board Responsibility Statement for the Integrated Annual Report
G4-48	Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material aspects are covered.	IR 3	About this Report, Board Responsibility Statement for the Integrated Annual Report Reviewed yearly
G4-49	Report the process for communicating critical concerns to the highest governance body.	IR 64 - 75	Corporate Governance Report
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.		No concerns were reported in the year under review.
G4-51	a) Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: ▮ Fixed pay and variable pay. ▮ Performance-based pay. ▮ Equity-based pay. ▮ Bonuses. ▮ Deferred or vested shares. ▮ Sign-on bonuses or recruitment incentive payments. ▮ Termination payments. ▮ Clawbacks. ▮ Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.	IR 71 - 72 IR 136, 140, 142	Corporate Governance Report, Remuneration Strategy Note 34, Share-based Payments, Note 35, Employee Costs, Note 37, Directors' Emoluments
	b) Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	IR 71 - 72	Corporate Governance Report, Remuneration Strategy
G4-52	a) Report the process for determining remuneration. b) Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. c) Report any other relationships which the remuneration consultants have with the organisation.	IR 71 - 72	Corporate Governance Report, Remuneration Strategy
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	IR 71 - 72	Corporate Governance Report, Remuneration Strategy
G4-54	Report the ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	IR 140	Note 35 Employee costs

General Standard disclosure	Description of General Standard	Page	Reference in the report
G4-55	Report the ratio of percentage increase in annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	IR 140 IR 142 – 144	Note 35, Employee Costs Note 37, Directors' Emoluments Calgro M3 ensures compensation is within the 25 – 75 percentile. Staff received a 6% increase unless there was a change in their employment level. Calgro M3 has a very small amount of permanent staff (see further details on IR 63)
ETHICS AND INTEGRITY			
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	IR 27	Our Values, Vision and Mission
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines.	IR 61, SR 31	Fraud and Corruption – Zero Tolerance 24-hour Ethics Hotline
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	IR 61, SR 31	Fraud and Corruption – Zero Tolerance 24-hour Ethics Hotline