



RMB Morgan Stanley Property Show Case 2016

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Overview

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De Velde Lifestyle Centre

Our Business



The Cambridge (Bryanston)

Our Business (continued)

- Balwin is the **largest homebuilder in South Africa** focused on the development of **large-scale, secure, sectional-title** residential estates (±500 – 1000 units per residential estate) in **high-density, high-growth** metropolitan areas in the greater **Johannesburg, Pretoria** and **Cape Town** area
- Target price range of **R599,999 – R1,699,000**
- Successfully developed, marketed and sold over 70 residential estates (13,502 residential units) over 19 years (±10 years of large-scale operation)
- **Significant demand continues for quality, affordable, and conveniently located housing within the target price range:**
 - **South Africa's main cities** (Johannesburg, Cape Town and Pretoria) **are expanding**. Urbanisation is speeding up and transport infrastructure lags this growth rate
 - **South Africa's urban population expected to increase by approximately 2.5 million people in the next 5 years according to BMI** (Business Monitor International)
 - **growing middle income population with evolving property needs** – live, work, play (the urban living trend):
 - only 12% of South African registered property comprises sectional-title units, with another 5.3% being estate developments
 - underestimated cost of stand-alone home maintenance
 - the **significant amount of commercial developments** (offices, shopping centres, new CBDs such as Waterfall in JHB) completed **in the last 5 years requires high-density residential offering to follow**
 - residential property remains a **traditional means of wealth preservation for the ordinary South African**

Our Business (continued)

- Financial Target:

- Profit After Tax for the 2016 financial year is expected to be between **R542-R579 million** per trading update on SENS

- Key investment highlights:

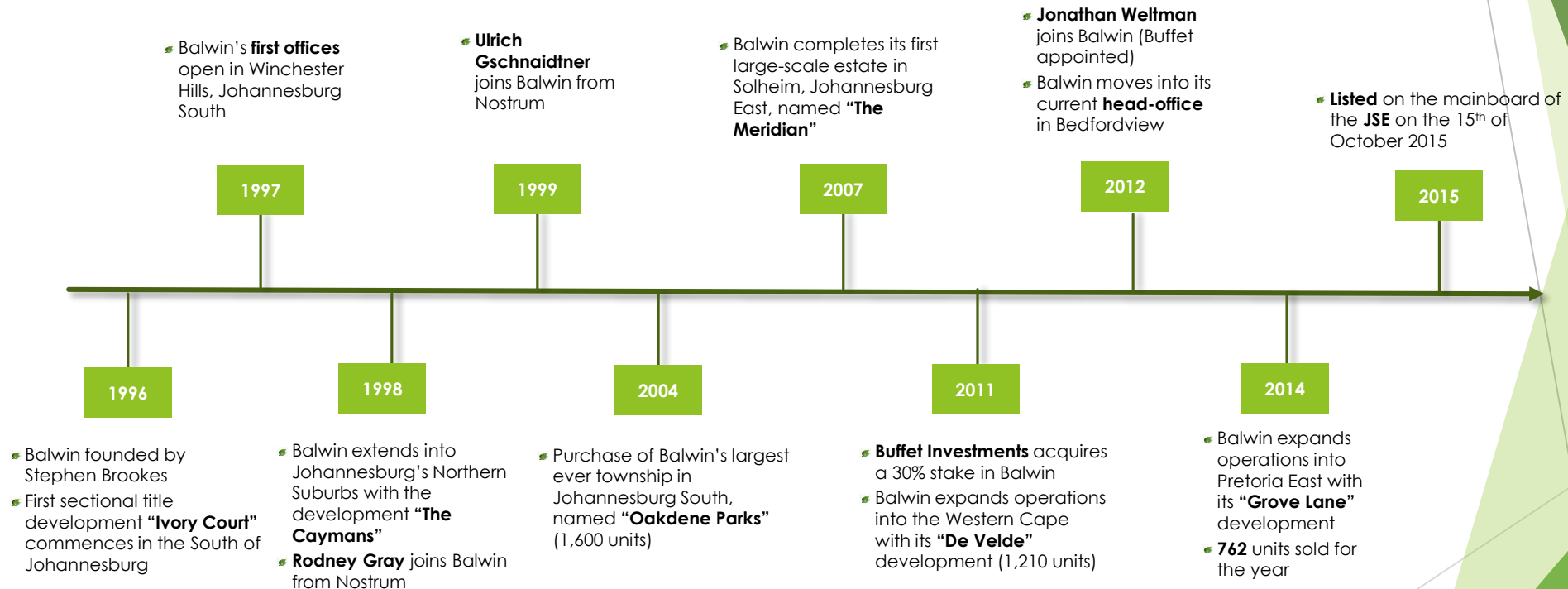
- South Africa's largest sectional title homebuilder within the target price range of R599,999 to R1,699,000
- national footprint** and **broad market appeal** for Balwin homes - diversification of earnings
- specialist turnkey operator **controlling the entire value chain**
- well positioned to capitalise on the significant demand** (within the target price range) in a growing residential sector
- 8 year secured project pipeline in desired nodes**, and negotiation on additional land parcels for 15,000 units in Kyalami ongoing
- plans in place to **develop a rental portfolio based on market dynamics**
- 12% - 15% first year development yield**
- significantly **experienced management team** is **aligned with shareholders** through the retention of a significant shareholding post Listing

Our History



The Cambridge (Bryanston)

Our History (continued)

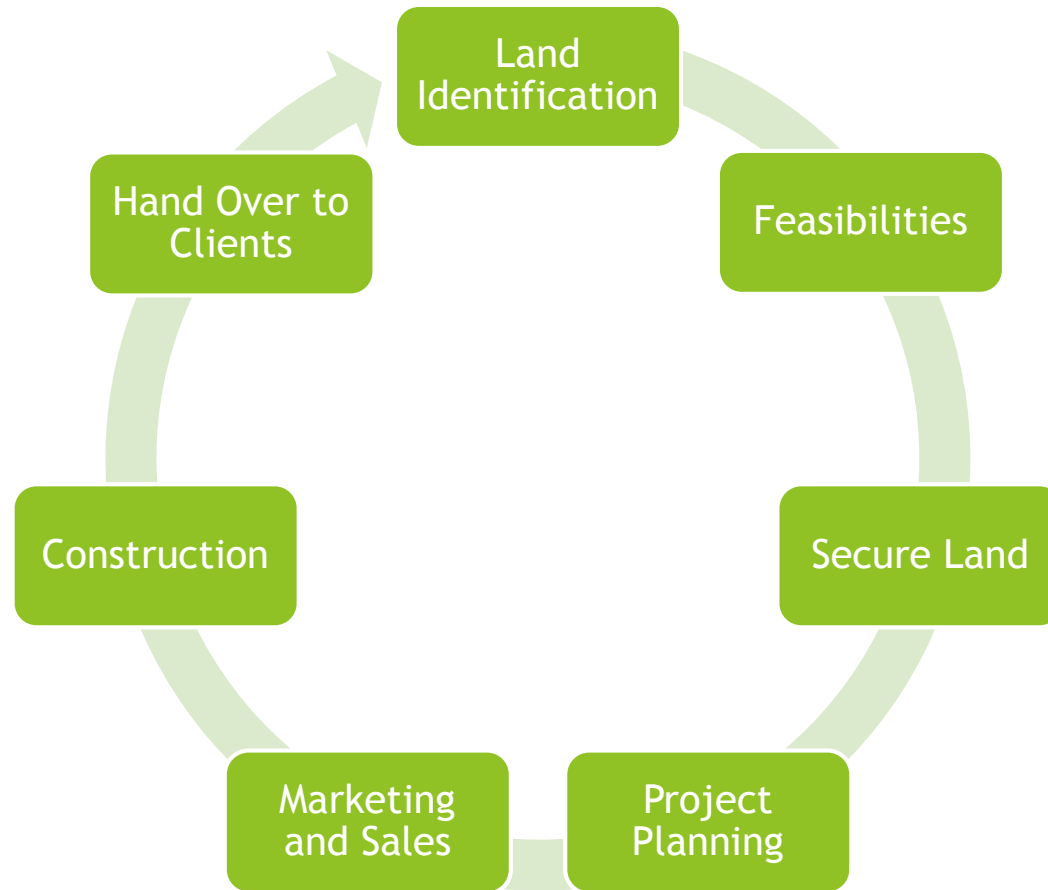


What we do



Balboa Park (Oakdene)

What we do (continued)



Turnkey Approach

Highlights



Balboa Park (Oakdene)

Key Performance Highlights

Record sales for the 2016 financial year

Successfully achieved 2016 financial targets as forecasted in the pre listing statement

Waterfall land acquisition, potential 15000 units addition to pipeline. A non-binding agreement has been signed

8 year development pipeline in excess of R17 billion

Further expansion into the Western Cape and Pretoria

Strategic Focus



IMG-20151127-WA0041

Westlake (Modderfontein)

Development Pipeline

- Approximately **17,028 Balwin homes** - **±8 years** (2,377 homes per annum)

Development name	Node	Total units	Registered to date	Pre-sales	Remaining units	Revenue to date (R 'million)	Revenue remaining (R 'million)
Johannesburg							
Balboa Park	JHB South	410	-	165	245	-	372
Cambridge	JHB North	440	-	159	281	-	513
Greenstone Crest	JHB East	620	177	183	260	138	571
Greenstone Ridge (SOLD OUT)	JHB East	986	596	310	80	530	434
Kyalami Hills (SOLD OUT)	JHB North	542	461	81	-	343	198
Stanley Park (SOLD OUT)	JHB South	480	-	480	-	-	342
The William (SOLD OUT)	JHB North	877	740	68	69	552	185
Westlake	JHB East	790	-	189	601	-	842
	Total	5,145	1,974	2,047	1,124	1,563	3,457
Western Cape							
De Velde	Somerset West	1,210	635	363	212	433	671
Paardevelei Square	Somerset West	87	-	9	78	-	194
The Sandown	Sandown	580	-	104	476	-	629
	Total	1,877	635	476	766	433	1,494
Pretoria							
Grove Lane	PTA East	136	-	82	54	-	120
12 developments	Total	136	-	82	54	-	120
	Grand total	7,158	2,609	2,605	1,944	1,996	5,071

Pipeline is per pre-listing statement (PLS)

Development Pipeline (continued)

Development	Node	Total units	Construction to commence	Rationale
Johannesburg				
Amsterdam	JHB North	1,060	September 2015	Proximity to Bryanston / Sandton; high-growth node; access to highways and major attractions
Majella Park	JHB South	430	June 2019	Access to highways and major attractions (including new school in area); high-growth node
Malakite	JHB East	290	October 2015	Proximity to Sandton; access to highways and major attractions; high-growth node
The Clulee	JHB East	1,600	January 2017	Proximity to Sandton; access to highways and major attractions (including new Gautrain station to be built); high-growth node
The Reid	JHB East	1,400	July 2017	Proximity to Sandton; access to highways and major attractions (including new Gautrain station to be built); high-growth node
The Whiskin	JHB North	1,050	March 2016	Proximity to Sandton; access to highways and major attractions; high-growth node
		Total		5,830
Western Cape				
Paardevelei Retirement	Somerset West	289	January 2016	Access to highways and major attractions (including new adjacent hospital); high-growth node
The Boulevard	Somerset West	360	January 2016	Access to highways and major attractions; high-growth node
		Total		649
Pretoria				
Riverwalk	Pretoria East	6,000	January 2017	Access to highways and major attractions; high-growth node; ability to deliver a packaged offering (including school, convenience store, etc.)
		Total		6,000
		Grand total		12,479

Pipeline is per pre-listing statement (PLS)

Funding

- Land debt:
 - obtained from **third party lenders** secured against various balance sheet covenants
 - **Target Loan to Value (“LTV”) of 50% - 70%**
 - **Balance Sheet largely ungeared with land debt repaid on listing**
- Development funding:
 - obtained from **third party lenders on a phase-by-phase basis**
 - **secured against stipulated pre-sales levels on a specific phase**
 - financing guideline **of 70% debt / 30% equity**
 - phased development approach ensures a **measured outflow of development financing relative to cash inflows from the sale of units on a phase-by-phase basis**

Current Developments

AMSTERDAM OLIVEDALE



AMSTERDAM OLIVEDALE

Salient features

Location	Johannesburg North (Olivedale)
Number of units	1,060
Commencement	September 2015

the AMBRIDGE bryanston



the AMBRIDGE bryanston

Salient features

Location	Johannesburg North (Bryanston)
Number of units	440
Units registered	-
Pre-sales level	159
Commencement	August 2015
Completion	September 2017

Current Developments

the **William** *Fourways*



the **William** *Fourways*

Salient features

Location	Johannesburg North (Fourways)
Number of units	877
Commencement	June 2012
Completion	December 2015

KYALAMI HILLS • PEOPLE • NATURE • LIVING •



KYALAMI HILLS • PEOPLE • NATURE • LIVING •

Salient features

Location	Johannesburg North (Kyalami)
Number of units	542
Commencement	August 2013
Completion	December 2015

Current Developments

GREENSTONE - RIDGE



GREENSTONE - RIDGE



Salient features

Location	Johannesburg East (Greenstone)
Number of units	986
Commencement	September 2013
Completion	March 2016

GREENSTONE CREST



GREENSTONE CREST

Salient features

Location	Johannesburg East (Greenstone)
Number of units	620
Commencement	May 2014
Completion	March 2017

Current Developments

BALBOA PARK OAKDENE PARK DRIVE



BALBOA PARK OAKDENE PARK DRIVE

Salient features

Location	Johannesburg South (Oakdene)
Number of units	410
Commencement	February 2015
Completion	June 2017

STANLEY PARK



STANLEY PARK

Salient features

Location	Johannesburg South (Oakdene)
Number of units	480
Commencement	February 2015
Completion	August 2017

Current Developments

MALAKITE GREENSTONE



MALAKITE GREENSTONE

Salient features

Location	Johannesburg East (Greenstone)
Number of units	290
Commencement	October 2015

Westlake eco-estate modderfontein



Westlake eco-estate modderfontein

Salient features

Location	Johannesburg East (Modderfontein)
Number of units	790
Commencement	July 2015
Completion	March 2018

Current Developments



Salient features

Location	Pretoria East
Number of units	136
Commencement	May 2015
Completion	July 2016



Salient features

Location	Western Cape (Somerset West)
Number of units	1,210
Commencement	October 2011
Completion	December 2016

Current Developments

PAARDEVLEI SQUARE

SOMERSET WEST CAPE TOWN



PAARDEVLEI SQUARE

SOMERSET WEST CAPE TOWN

Salient features

Location	Western Cape (Somerset West)
Number of units	87
Commencement	March 2015
Completion	August 2016

THE SANDOWN CAPE TOWN

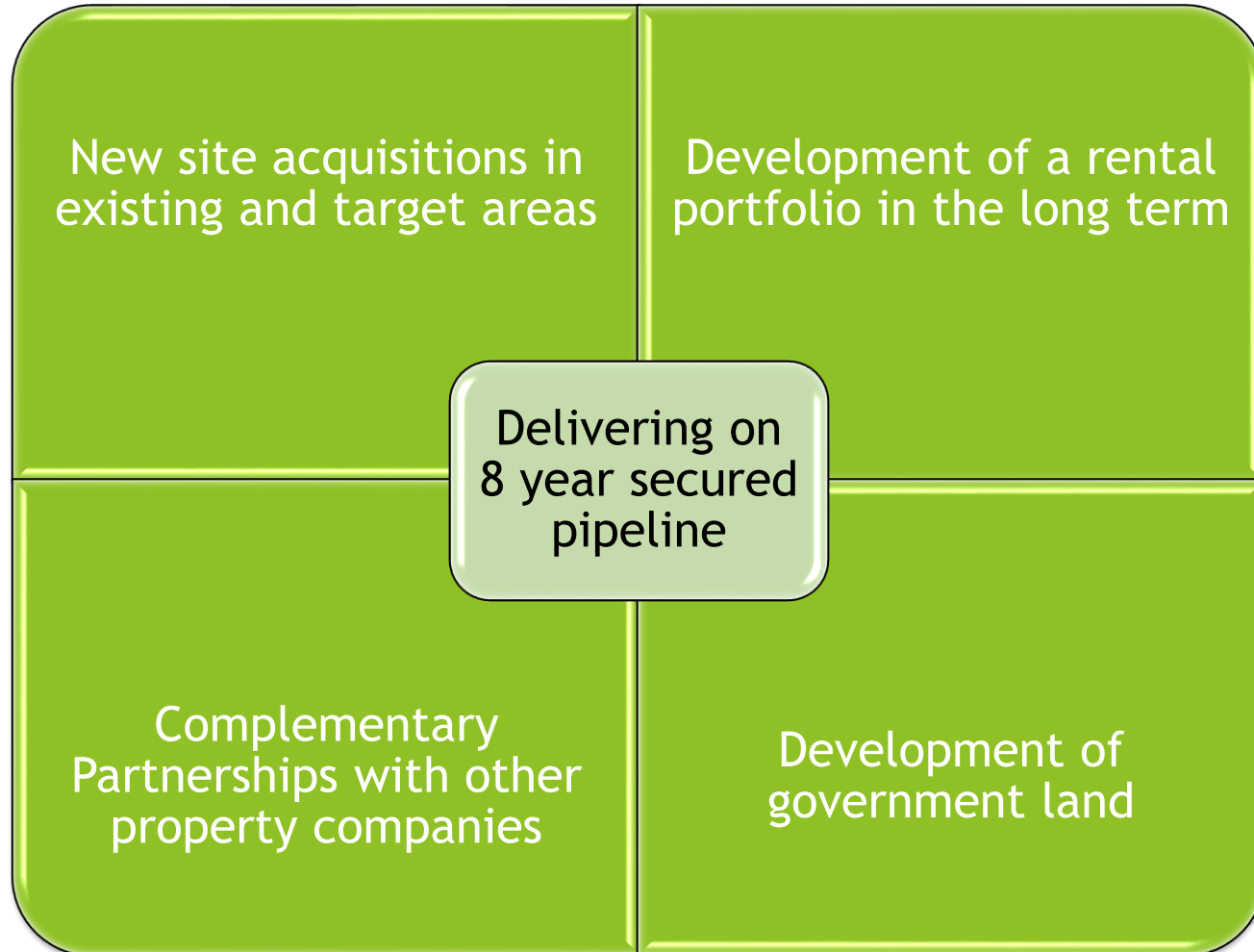


THE SANDOWN CAPE TOWN

Salient features

Location	Western Cape (Milnerton)
Number of units	580
Commencement	September 2015
Completion	June 2018

Strategic Objectives



Risk Mitigation

- Phased approach to development. Finance is ring fenced to the specific phase being financed.
- Imported products comprise a minor component of total construction costs and therefore are not significantly impacted by the weakening of the Rand to global currencies.
- Development of a rental portfolio in the long term.
- Ungearing balance sheet on listing due to the repayment of land debt.
- Construction is scalable and adaptable to market conditions.
- Focused cash flow management in order to achieve strategic objectives.
- Unique product offering, demand is resilient to tough economic conditions.

The Way Forward

Potential acquisition of development rights in the waterfall Node: +/-15 000 opportunities

THE
POLO FIELDS
WATERFALL



WATERFALL
FIELDS

WATERFALL
VILLAGE



The Way Forward (continued)

THE
POLO FIELDS
WATERFALL




WATERFALL
FIELDS

WATERFALL
VILLAGE






Annexure A: Management



Executive Directors

Name	Experience
 <p>Stephen Brookes <i>Chief Executive Officer</i></p> <p>National Higher Diploma, Civil Engineering</p>	<ul style="list-style-type: none"> Stephen is the CEO and founder of Balwin, with over 20 years of experience in the position at the Company Prior to founding Balwin in 1996, Stephen spent 4 years as a Civil Engineer at Eskom and 3 years as a Project Manager at Matrix Projects
 <p>Jonathan Weltman <i>Financial Director</i></p> <p>CA (SA)</p>	<ul style="list-style-type: none"> Employed as Balwin's Financial Director, with over 3 years experience at Balwin Prior to joining Balwin, Jonathan spent 2 years in the United Kingdom in Morgan Stanley's Balance Sheet Reporting and Liquidity Funding Department. He has also served as Financial Director at Emotion Cycling and as Financial Controller at Bear Stearns Investment Bank
 <p>Rodney Gray <i>Managing Director</i></p> <p>National Higher Diploma, Mechanical Engineering</p>	<ul style="list-style-type: none"> Rodney is the managing director of Balwin, with over 18 years of experience in the position at the Company Prior to joining Balwin in 1998, Rodney spent 2 years as a project director for Nostrum Management Services

Non-Executive Directors

Name	Experience
 <p>Hilton Saven <i>Independent non-executive director</i></p> <p>BCom (Hons), CA (SA)</p>	<ul style="list-style-type: none"> Hilton is the Chairman of Mazars South Africa and serves on the Governing Council of Praxity, a global alliance of independent accounting and auditing firms, and was appointed to the Mazars Group Executive Board as co-CEO of the group in December 2009 Hilton was appointed to the Board of Truworths International in 2003 and is currently serving as their non-executive Chairman. He has also served as a member on a number of other boards, including the Lewis Group and Monarch Insurance
 <p>Kholeka Mzondeki <i>Independent non-executive director</i></p> <p>BCom, ACCA (UK)</p>	<ul style="list-style-type: none"> Kholeka has over 20 years experience in governance, risk and financial management, during which time she has also served as financial director and chief financial officer in various organisations including a Fortune 500 company. Kholeka is an internationally qualified chartered accountant and has experience serving on the boards of a variety of public and private companies, including Reunert, Masana Petroleum, Aveng and Telkom SA Soc.
 <p>Rex Tomlinson <i>Independent non-executive director</i></p> <p>BCom, HDPM, SEP (Stanford)</p>	<ul style="list-style-type: none"> Rex is a vastly experienced non-executive director, with experience serving in this capacity on a number of boards of listed companies, including the Kelly Group, Nampak, Stanlib, Telkom SA and Tsogo Sun In an executive capacity, Rex has previously served as the Deputy Chief Executive Officer of Liberty Holdings, Director of Leadership, Strategic Initiatives, Tissue and Paper Merchants at Nampak and as Human Resources Director at Illovo Sugar

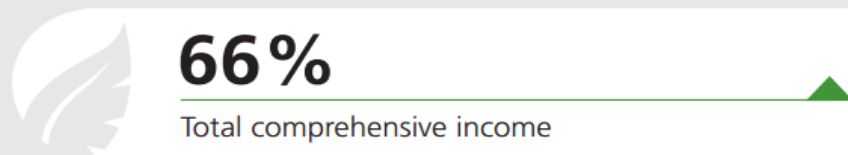
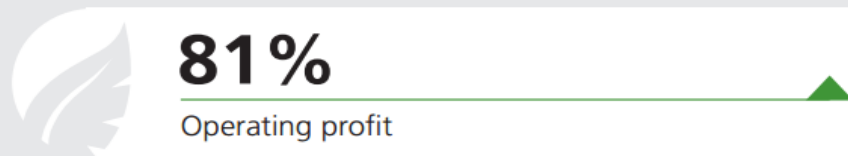
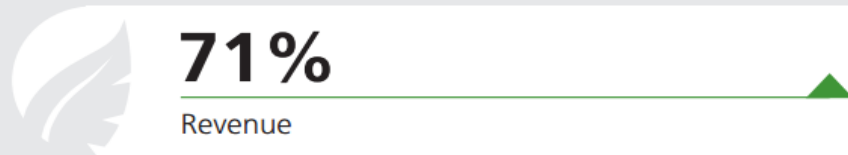
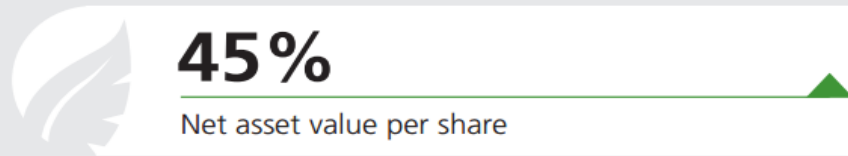
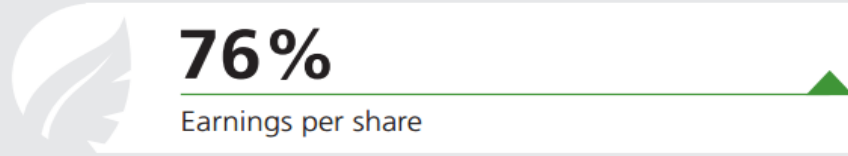
Non-Executive Directors (continued)

Name	Experience
 <p>Basani Maluleke <i>Independent non-executive director</i></p> <p>BCom, LLB, MBA (Kellogg)</p>	<ul style="list-style-type: none"> • Basani is a director of Transcend Capital and a co-founder of African Century Ventures. • Basani has ten years of financial services experience in the areas of corporate finance, private banking and, most recently, private equity. • Basani was admitted as an attorney of the High Court after serving articles at Edward Nathan and Friedland (now Edward Nathan Sonnenbergs).
 <p>Ronen Zekry <i>Non-executive director</i></p> <p>CA (SA), BCom, BAcc</p>	<ul style="list-style-type: none"> • Buffet Investment Services appointed representative, serving as a director on a number of private companies • Ronen has been actively involved in Balwin since 2011 • Ronen is employed as an equity investor at Buffet Investment Services and has over 10 years experience in a variety of property and related private equity transactions

Annexure B: Interim Results

Interim Results August 2015

HIGHLIGHTS



Interim Results August 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

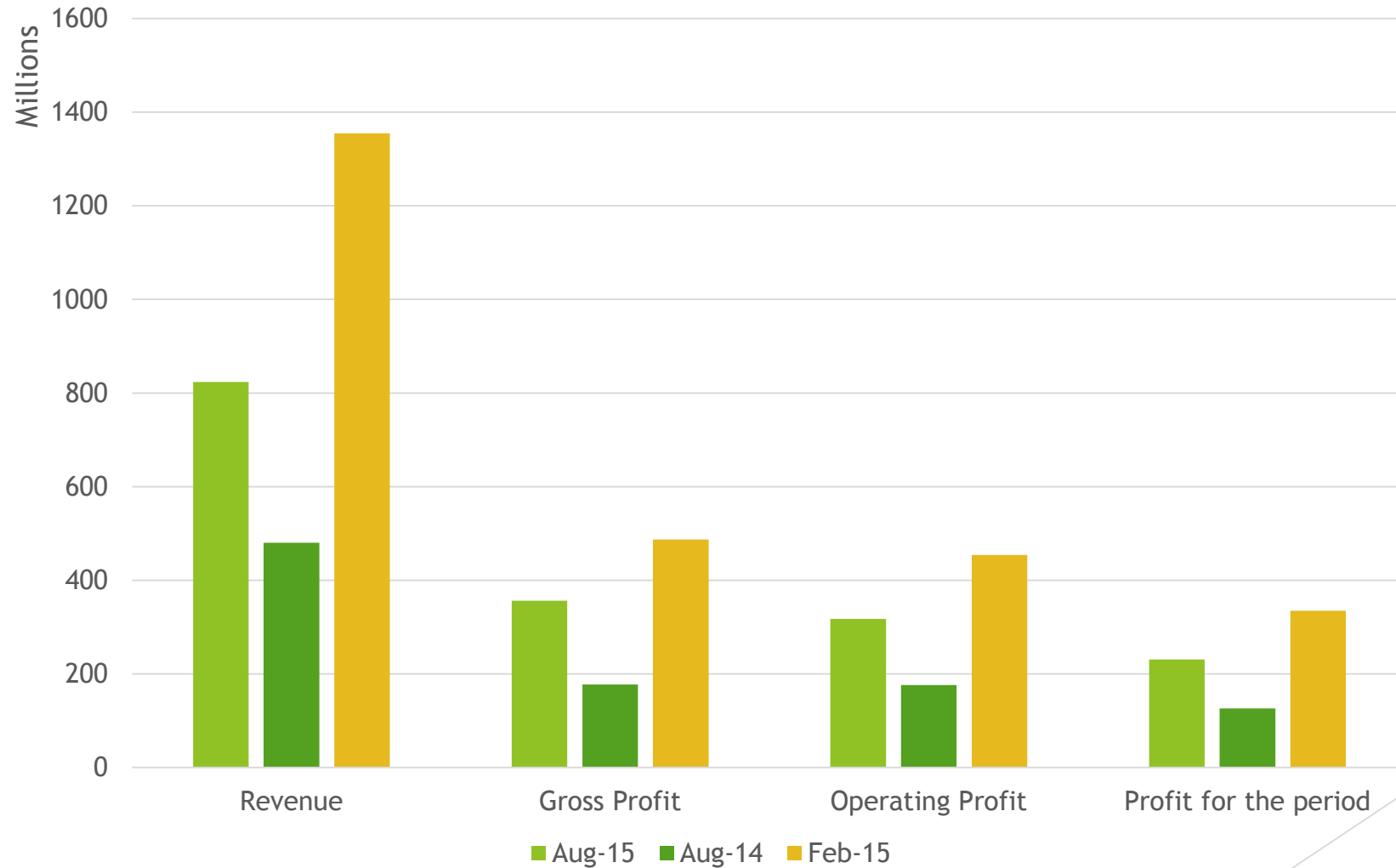
	Unaudited 6 months ended 31 August 2015 R'000	Unaudited 6 months ended 31 August 2014 R'000	Audited 12 months ended 28 February 2015 R'000
Assets			
Non-current assets			
Property, plant and equipment	31 408	30 567	30 697
Investment property	2 739	39 396	2 392
Deferred tax	1 900	478	1 900
Total non-current assets	36 047	70 441	34 989
Current assets			
Developments under construction	1 153 479	675 134	687 450
Loans to shareholders	409	5 082	480
Trade and other receivables	81 369	36 235	143 193
Other financial assets	33 753	58 451	33 672
Cash and cash equivalents	178 674	34 034	129 928
Total current assets	1 447 684	808 936	994 723
Total assets	1 483 731	879 377	1 029 712
Equity and liabilities			
Share capital	6	6	6
Reserves	(917)	(1 588)	(1 437)
Retained income	835 753	577 231	696 257
Total equity	834 842	575 649	694 826
Liabilities			
Non-current liabilities			
Other financial liabilities	-	-	51 529
Total non-current liabilities	-	-	51 529
Current liabilities			
Trade and other payables	52 194	4 173	67 125
Loans from shareholders	185	-	230
Other financial liabilities	513 879	267 468	195 952
Current tax payable	77 981	30 357	13 264
Provisions	4 650	1 730	6 786
Total current liabilities	648 889	303 728	283 357
Total equity and liabilities	1 483 731	879 377	1 029 712

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

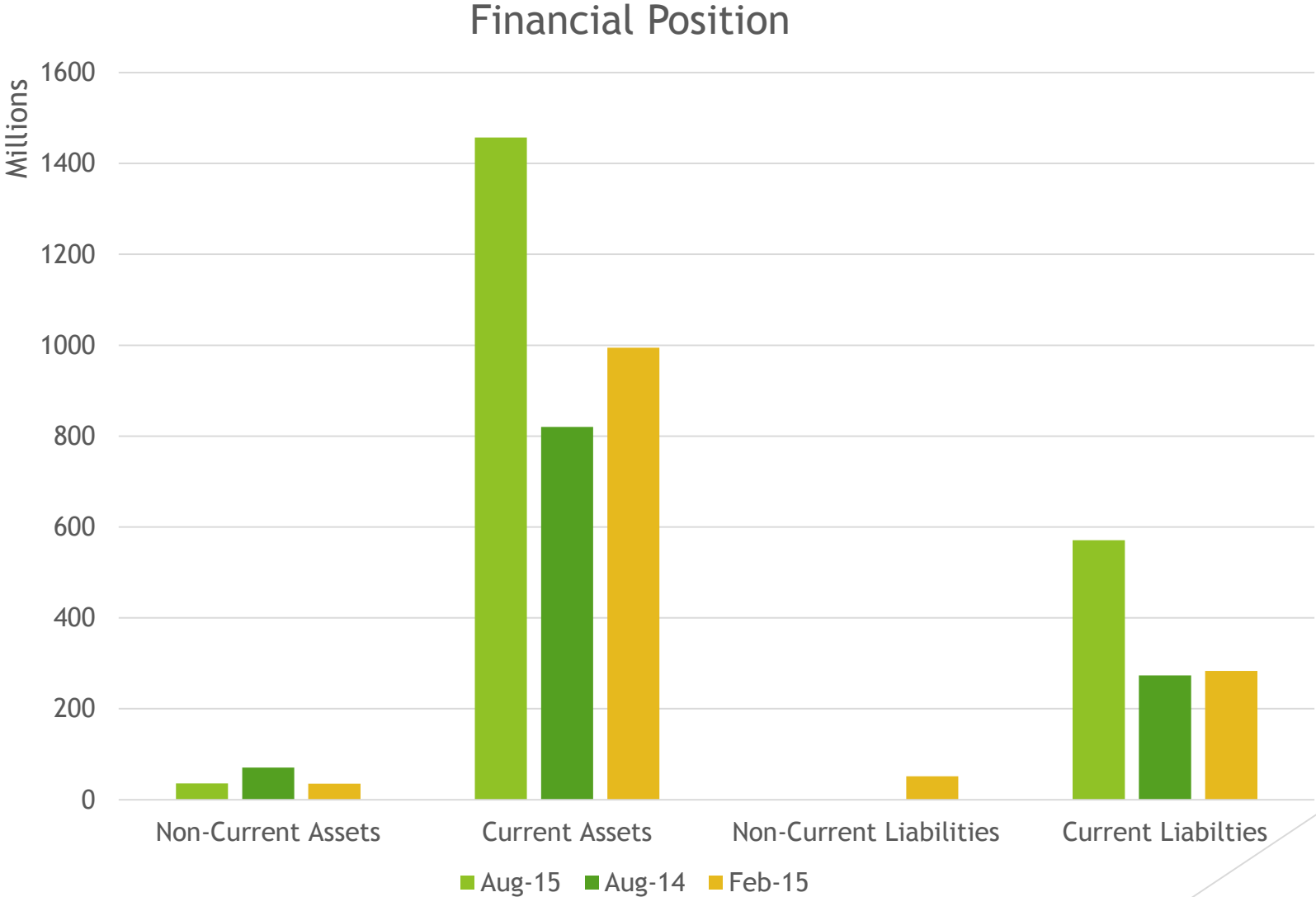
	Unaudited 6 months ended 31 August 2015 R'000	Unaudited 6 months ended 31 August 2014 R'000	Audited 12 months ended 28 February 2015 R'000
Revenue	823 405	480 438	1 354 929
Cost of sales	(467 068)	(302 715)	(868 037)
Gross profit	356 337	177 723	486 892
Other income	6 315	38 730	47 092
Operating expenses	(43 870)	(39 876)	(80 042)
Operating profit	318 782	176 577	453 942
Investment revenue	3 499	1 801	5 490
Finance costs	(191)	(2 800)	(4 283)
Profit before taxation	320 090	175 578	455 149
Taxation	(88 476)	(41 782)	(119 974)
Profit for the period	233 614	133 796	335 175
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations	520	7 008	7 160
Total comprehensive income for the period	234 134	140 804	342 335

Interim Results August 2015

Financial Performance



Interim Results August 2015



Annexure C:Market Fundamentals

Robust Market Fundamentals

Balwin is targeting PAT growth in excess of 15% per annum for the next 5 years driven primarily through organic growth, supported by strong anticipated demand for Balwin homes

A large un-tapped market still exists

- **Evolving property needs for the upwardly mobile middle income population segment:**
 - increasing need for safety and convenience
 - underestimated cost of stand-alone home maintenance
 - government's drive to create integrated (racial and class), high-density societies
 - live, work, play
 - traditional means of wealth preservation
- In the last 20 years, flats and townhouses have made up 27% of newly completed buildings in South Africa
 - **However only 12% of South African registered property comprises sectional-title units, with another 5.3% being estate developments**
- **Balwin's current operations represent a fraction of the rapidly growing sectional-title market**

Growth in urban populations

- In 1960, 47% of South Africa's population lived in urban areas, compared to 64% in 2014
- South Africa's main cities (Johannesburg, Cape Town and Pretoria) are expanding. Urbanisation is speeding up and transport infrastructure lags this growth rate
 - **South Africa's urban population expected to increase by approximately 2.5 million people in the next 5 years**

Robust Market Fundamentals

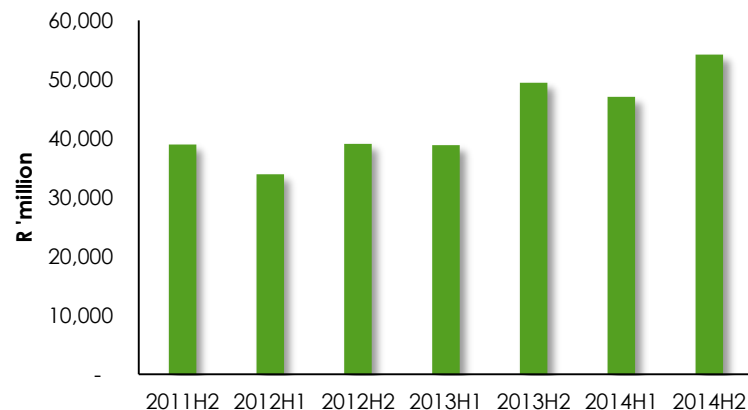
Appetite to extend mortgage bonds in SA

- South Africa's residential property market has recovered from the 2008 global financial crisis and lender appetite to extend credit to clients, especially in respect of residential property, remains strong
- Bi-annual value of mortgages granted (R700,000+) has increased by ±R30 billion since 2011

Interest rate environment

- Interest rates are a key driver for South African property sales
- South Africa represents a low interest rate environment which enhances the appeal of an investment in property
- Interest rates are not projected (in the short to medium term) to return to previous highs of 24% in 1998

Bi-annual value of mortgages granted (value of R700,000+)¹



Source:
1. South African National Credit Regulator

Questions?