Balwin PROPERTIES

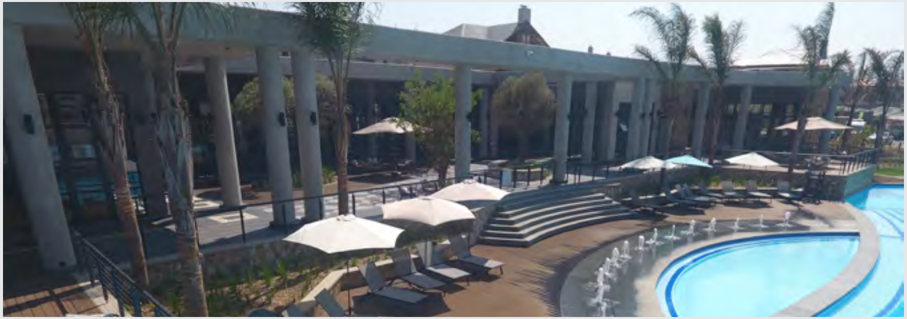
2018

UNAUDITED INTERIM RESULTS

for the six months ended 31 August

BALWIN PROPERTIES LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2003/028851/06)
Share code: BWN
ISIN: ZAE000209352
("Balwin" or "the Group")

INTERIM HIGHLIGHTS



9% ▲
EARNINGS PER SHARE

33% ▲
REVENUE

9% ▲
HEADLINE EARNINGS PER SHARE

14% ▲
OPERATING PROFIT

18% ▲
NET ASSET VALUE PER SHARE

9% ▲
PROFIT FOR THE YEAR

COMMENTARY

CORPORATE OVERVIEW

Balwin is a specialist, niche, national large-scale, residential property developer focused on the turnkey development and sale of sectional-title apartments as well as surrounding infrastructure, in the mid to upper market segment.

Estates typically consist of between 500 and 1 500 sectional title residential apartments and are located in high-density, high-growth nodes across key metropolitan areas in Johannesburg, Tshwane, the Western Cape and KwaZulu-Natal. The Group has a secured pipeline of 40 461 apartments across 23 locations in key target nodes with an approximate 12-year development horizon.

Balwin estates offer secure, affordable, high-quality, environmentally friendly and conveniently located one, two, and three bedroom sectional-title residential apartments, ranging in size from $33m^2$ to $120m^2$. Prices range from R599 900 to R1 999 900 per apartment (including modern fitted kitchen appliances) within the classic operating model. Apartments are designed to appeal to a wide range of home buyers, catering for first-time, move-up, active adult, young professional, young family, older family, retirees as well as buy-to-let. Balwin Elite model estates have been developed in select nodes, where selling prices range from R1 999 900 to R2 999 900.

Apartments include modern fitted kitchens, prepaid water and solar assisted electricity, eco-friendly fittings and appliances, and are all fibre enabled, enhancing the Group's service offering to its customers as well as providing sources of annuity income to shareholders.

Lifestyle centres are an integral part of the larger estate developments with facilities offered as all-inclusive value-added services. These lifestyle centres typically include free Wi-Fi, a wellness spa, restaurant, gym, squash court, running track, action sports field, games room, cinema room, swimming pools, playgrounds, laundromat and a concierge.

Estates offer 24-hour armed response security and are conveniently located close to amenities including shopping centres, entertainment and leisure facilities, medical centres and schools.

Strategy

Balwin's core strategy is to deliver sustainable long-term returns to shareholders through its unique business model.

Balwin's current strategy rests on four key elements:

- **Classic business**

  The core business focuses on providing a quality product to the middle-income market at an affordable price. Balwin benefits from economies of scale, in-house construction and management whilst retaining flexibility throughout individual phases of large developments.

- **Balwin Elite model developments**

  To support the core business model, Balwin continually tailors its developments to match market demands, offering innovations in lifestyle and convenience. Upmarket developments in select nodes, where higher selling prices can be achieved (R1 999 900 to R2 999 900), form part of this approach. The Elite model developments are built to higher specifications but follow the same phase-by-phase development structure as the classic developments.

- **Rent-to-buy developments in partnership with property funds**

  Balwin takes responsibility for the design and construction of developments for rental purposes. Balwin will market and secure lease agreements for the apartments with prospective tenants before selling them on to a strategic alliance partner in line with the existing proven model of a phase-by-phase approach. These apartments will have a distinctive architecture that is different to Balwin's classic model, yet will remain synonymous with Balwin quality.

- **Annuity income**

  The Group continuously explores opportunities to leverage its existing asset base and all-inclusive services offering. Annuity income opportunities such as partnerships on solar energy solutions and fibre infrastructure within the Balwin estates and the rental business is currently being considered. The annuity business will be complementary to Balwin's current business, with limited additional construction costs required in order to generate these annuity returns.

OPERATING MODEL

Balwin operates a build-to-sell model, currently developing and selling between 2 000 and 3 500 sectional-title residential apartments per year. The Group has the ability to increase this capacity to approximately 5 000 sectional-title residential apartments per year, based on its existing infrastructure and development pipeline. Balwin also generates additional annuity income through the management and ownership of infrastructure within its developments.

Key aspects of the operating model

- Keeping a constant rate of construction (continuous development) subject to demand – to retain contractors, maintain quality and support the build-to-sell model.
- Insource all critical aspects of Balwin's build-to-sell model to contain costs and control output; including in-house centralised procurement and quantity surveying departments.
- Focus on the mid-market segment in terms of the pricing and location of developments. Key selling points are lifestyle, quality and brand.
- Continuous focus on managing and exceeding international standards and best practice in the design and marketing of Balwin developments.
- Target key nodes in Johannesburg North, South and East as well as Tshwane, the Western Cape and KwaZulu-Natal; ensuring that revenue streams and demand are diversified across various nodes and economies.

Continuous development approach

Balwin follows a continuous development approach. Its success is based on:

- selling 30 to 35 apartments per location, per month across diverse locations;
- keeping operational costs and land acquisition costs in line;
- targeting a gross profit margin of approximately 35% over the life cycle of a project; and
- executing on its land acquisition strategy in key target nodes.

The continuous development model sustains pricing tension in target nodes and retains key artisanal skills as project teams revolve between estates, depending on the stage of development at a particular site. All Balwin estates are built to a standard specification (unique Balwin design and standard finishes) typically not more than four storey blocks with 10 to 14 apartments per block, allowing the Group to benefit from significant economies of scale.

Mitigating development risk

The construction of new developments is generally undertaken against pre-sales to interested buyers. Residential estates are built and marketed in phases (typically between 50 and 100 apartments), allowing for appropriate risk management at all stages of the development process.

The flexibility of the block configuration design between 10 to 14 apartments allows management to adapt and respond to market conditions and customer demands.

Mitigating margin pressure and cost containment

Balwin's policy is to source all major construction material, fittings and furnishings locally, in order to maintain quality and contain costs. As such, imports are minimal and the Group's exposure to currency fluctuations are mitigated to the extent possible. Significant input costs to developments include cement as well as plumbing, electrical and kitchen installations. Balwin's centralised procurement and quantity surveying departments ensure that the Group leverages its scale optimally across all developments.

Key differentiators

Key differentiators in Balwin's build-to-sell model include the ability to deliver a superior offering through economies of scale, in-house turnkey development including construction and construction management, local sourcing of key materials, focus within a defined middle-income segment, quality, broad market appeal, partnerships with relevant stakeholders and competitive pricing of developed apartments in line with or below market. Balwin's residential estates typically include:

- 24-hour security with well-equipped guard houses;
- high-quality, ergonomically designed apartments that maximise apartment space and functionality;
- eco-friendly fittings, appliances and utilities (such as pre-paid electricity meters and gas and water supply meters);

- proximity to amenities such as shopping centres, entertainment and leisure facilities, medical centres and schools, which are largely within walking distance of the estate; and
- lifestyle centres complete with free Wi-Fi, a wellness spa, restaurant, gym, squash court, running track, action sports field, games room, cinema room, swimming pools, playgrounds, laundromat and a concierge.

Awards

The exceptional quality of the developments and the creative design of the Balwin product was recognised at the recent Africa & Arabia Property Awards where Balwin was awarded with two awards in the categories of "Apartment, For South Africa" for its Paardevlei Square development in Somerset West, Western Cape and the "Leisure Interior" award for The Polo Fields, Waterfall, Johannesburg.

OPERATIONAL PERFORMANCE

Balwin continued to deliver a positive trading performance and execute on its unique and innovative business model notwithstanding continued macro-economic headwinds and increased consumer pressure. Demand for the product remained strong with a total of 1 058 apartments handed over and recognised as revenue in the period resulting in impressive top line growth of 33%.

The strong trading performance is based on the consistent demand for Balwin's high quality, affordable apartments and innovative lifestyle product. The demand for the product is enhanced by management's ability to respond proactively to changing market conditions and customer demands.

Management, together with its team of professionals, continue to invest significant time and resources in facilitating the town planning and local authority approval processes. These processes remain challenging with resulting approval delays generally impacting the initial phases of a development. As previously communicated to shareholders, all of the developments which were negatively impacted by this approval process in the prior period have now been approved and construction has commenced. Four of the five previously delayed developments have been occupied during the period.

The Group is currently active with 11 developments, the majority of which are at the early stages of the project. This requires extensive investment in civils and infrastructure works.

Within this challenging market environment, cost management and improved efficiencies have remained important focus areas. Cash management and preservation remain a priority. Management is actively monitoring the land reform policy and is taking the necessary actions to ensure that its secured pipeline of property developments is not negatively impacted.

Management remains committed to delivering annuity income to its shareholders through the fibre, solar and rental businesses and remains alert to other annuity type business opportunities that are complementary to the existing business. Good progress has been made towards delivering the rental model through strategic alliances and the market will be kept updated in this regard. Developments that form part of the rental model will not compete with Balwin's build-to-sell model, with phases sold to strategic partners who will derive income from leasing the apartments. In addition to complementing the existing business, the rental model will further allow Balwin the opportunity to utilise and unlock its existing land bank at a quicker rate.

The Balwin Foundation

Living our commitment as an invested corporate citizen of South Africa, the Balwin Foundation NPC supports and empowers the younger generation and previously disadvantaged individuals to gain greater knowledge and skills through technical vocational education and training. Students, employees, contractors and unemployed community members are trained in a building industry-related trade which includes setting out, tiling, painting, plastering and bricklaying as well as managing construction resources, all skills which are key to the success of the business. In addition, the Foundation offers courses in computer operations, financial management and time management.

The Balwin Foundation has successfully trained over 300 previously disadvantaged individuals and has funded 11 tertiary students and five scholars through its bursary programme to date.

FINANCIAL PERFORMANCE

Revenue

During the reporting period, revenue increased by 33% compared to the prior corresponding period. This was as a result of the increase in the number of apartments handed over in the period. The average selling price per apartment reduced marginally when compared to the prior period at R1 125 488 (2017: R1 218 089) by virtue of a different product mix.

The average selling price per apartment is expected to reduce in future due to a reconfiguration of the block design in response to market demand, introducing new design one-bedroom, one-bathroom and two-bedroom, two-bathroom apartments at lower prices, without impacting on the gross profit margin.

Gross profit margin

The gross profit margin achieved for the period was 27% compared to 32% in the prior comparative period. The reduction in the margin resulted from a number of factors, including:

- the one percent increase in the VAT rate which took effect in April 2018 was absorbed into the selling prices of Balwin apartments;
- numerous sales promotions run in the period that contributed to the strong demand for the apartments;
- an increase in the mix of apartments from the Western Cape that derive a lower gross margin; and
- the mix of sales included in the revenue recorded for the period includes a large number of early stage developments which traditionally return a lower gross margin.

The business continues to target a gross profit margin of 35% and above through the entire lifecycle of a project, with typically higher margins being achieved on Gauteng-based projects. Cost management and improved efficiencies have remained important focus areas and the integration of the centralised procurement system introduced last year has been completed.

Operating expenses

Operating expenses have increased in line with inflation, notwithstanding the increase in revenue. Cost containment remains a key focus area for management.

Earnings per share and headline earnings per share

Both earnings per share and headline earnings per share both increased by 9% to 38 cents (2017: 35 cents) for the reporting period.

Funding structure and costs

Development finance is obtained on a phase-by-phase basis and is secured against the pre-sales of the specific phase being financed. Development finance is obtained at an approximate loan to value of 70% with the remainder of the construction costs financed through equity.

The Group's long-term debt-to-equity ratio as at the end of the reporting period was 15% compared to 29% in the prior corresponding period.

Dividend

Following careful consideration of current market conditions and the board's focus on cash management and preservation, no dividend has been declared for the period. The board will reconsider the dividend position at year-end.

Prospects

Management remains optimistic on the medium- to long-term economic forecasts and believes the Group is well-positioned to remain resilient in the current economic climate.

Continued urbanisation and the growth of the South African middle-class will continue to support the demand for affordable high-quality sectional title apartments.

Prudent capital allocation and cautious cash flow management remain priorities for management.

Significant focus is being placed on operational performance and execution across all developments, especially during the initial phases.

Management remains committed to delivering on its rental model through strategic alliances and growing shareholder wealth by delivering consistent earnings through its annuity businesses.

PIPELINE

Development	Expected commence-ment date	Expected date of completion	Status(*)	Total apartments in develop-ment	Total apartments sold	Total apartments registered	Total apartments recognised in revenue	Total apartments sold but not recognised in revenue	Total unsold apartments
Waterfall									
Kikuyu	Commenced	March 2022	A	1 270	545	336	342	203	725
The Polofields	Commenced	March 2022	A	1 512	558	478	480	78	954
Waterfall Fields	TBC	TBC	I	6 752	–	–	–	–	6 752
Waterfall Ridge	TBC	TBC	I	10 320	–	–	–	–	10 320
Total				19 854	1 103	814	822	281	18 751
Johannesburg East									
Malakite	Commenced	Complete	C	290	290	279	279	11	–
The Reid	Commenced	June 2022	A	1 294	171	–	8	163	1 123
Westlake 1 and 2	Commenced	TBC	A	1 132	820	814	815	5	312
Total				2 716	1 281	1 093	1 102	179	1 435
Johannesburg North									
Amsterdam	Commenced	October 2019	A	1 040	1 040	688	700	340	–
The Whisken	Commenced	November 2020	A	1 492	302	–	108	194	1 190
Total				2 532	1 342	688	808	534	1 190
Johannesburg South									
Balboa Park	Commenced	Complete	C	410	409	406	406	3	1
Majella Park	October 2019	October 2020	I	280	–	–	–	–	280
Total				690	409	406	406	3	281
KwaZulu-Natal									
Ballito Hills	Commenced	TBC	A	3 500	297	–	–	297	3 203
Marshall Dam	TBC	TBC	I	1 092	–	–	–	–	1 092
Total				4 592	297	–	–	297	4 295

(*) A – Active; I – Inactive; C – Complete

Development	Expected commence-ment date	Expected date of completion	Status(*)	Total apartments in develop-ment	Total apartments sold	Total apartments registered	Total apartments recognised in revenue	Total apartments sold but not recognised in revenue	Total unsold apartments
Tshwane									
The Blyde	Commenced	TBC	A	3 544	276	–	197	79	3 268
Total				3 544	276	–	197	79	3 268
Western Cape									
De Zicht	Commenced	October 2020	A	876	314	179	180	134	562
Paardevlei Lifestyle Estate	Commenced	February 2021	A	342	80	15	41	39	262
Paardevlei Square	Commenced	Complete	C	87	65	64	64	1	22
The Jade	Commenced	August 2019	A	432	288	60	60	228	144
The Sandown	Commenced	Complete	C	636	629	610	615	14	7
The Huntsman	January 2019	June 2023	I	1 044	–	–	–	–	1 044
Gordons Bay	TBC	TBC	I	1 300	–	–	–	–	1 300
Fynbos	February 2019	TBC	I	1 116	–	–	–	–	1 116
Paarl	TBC	TBC	I	336	–	–	–	–	336
Total				6 169	1 376	928	960	416	4 793
Rentals									
Greenlee	November 2018	December 2023	I	1 728	–	–	–	–	1 728
Greenpark	Commenced	June 2021	A	1 200	–	–	–	–	1 200
Greencreek	TBC	TBC	I	1 760	–	–	–	–	1 760
Greenwood	TBC	TBC	I	1 760	–	–	–	–	1 760
Total				6 448	–	–	–	–	6 448
Grand Total				46 545	6 084	3 929	4 295	1 789	40 461

(*) A – Active; I – Inactive; C – Complete

RECONCILIATION OF HEADLINE EARNINGS
FOR THE SIX MONTHS ENDED 31 AUGUST 2018

		Unaudited Six months ended 31 August 2018	Unaudited Six months ended 31 August 2017	Audited 12 months ended 28 February 2018
Basic and headline earnings per share				
Basic	(cents)	**38**	35	105
Headline	(cents)	**38**	35	105
Tangible net asset value per share	(cents)	**509**	432	492
Net asset value per share	(cents)	**509**	432	492
Weighted average number of shares in issue	('000)	**469 915**	469 818	469 915
Net asset value	(R'000)	**2 390 790**	2 030 893	2 311 906
Reconciliation of profit for the year to headline earnings				
Profit for the year	(R'000)	**177 900**	163 078	491 345
Adjusted for:				
– Profit on disposal of property, plant and equipment	(R'000)	**10**	(17)	(15)
Headline earnings	(R'000)	**177 910**	163 061	491 330
Weighted average number of shares				
Weighted average number of shares in issue	('000)	**469 915**	469 915	469 915
Potential dilutive impact of share options	('000)	**2 277**	2 277	2 277
		472 192	472 192	472 192

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 AUGUST 2018

		Unaudited Six months ended 31 August 2018 R'000	Unaudited Six months ended 31 August 2017 R'000	Audited 12 months ended 28 February 2018 R'000
Revenue		**1 193 150**	894 077	2 454 635
Cost of sales		**(867 563)**	(604 226)	(1 649 406)
Gross profit		**325 587**	289 851	805 229
Other income		**1 049**	2 162	6 587
Operating expenses		**(80 195)**	(75 238)	(140 995)
Operating profit		**246 441**	216 775	670 821
Investment revenue		**2 613**	10 416	15 273
Finance costs		**(2 427)**	(419)	(3 559)
Profit before taxation		**246 627**	226 772	682 535
Taxation		**(68 727)**	(63 694)	(191 190)
Profit for the year		**177 900**	163 078	491 345
Other comprehensive income:				
Items that may be reclassified to profit or loss:				
Exchange differences on translating foreign operations		**144**	686	651
Total comprehensive income for the year		**178 044**	163 764	491 996
Basic and diluted earnings per share				
Basic	(cents)	**37.85**	34.70	104.56
Diluted	(cents)	**37.68**	34.54	104.06

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2018

	Unaudited Six months ended 31 August 2018 R'000	Unaudited Six months ended 31 August 2017 R'000	Audited 12 months ended 28 February 2018 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	**80 086**	52 116	73 214
Intangible assets	**29**	–	31
Deferred tax	**2 579**	4 862	1 540
Total non-current assets	**82 694**	56 978	74 785
Current assets			
Developments under construction	**3 027 910**	2 413 677	2 588 472
Trade and other receivables	**571 224**	307 830	859 408
Other financial assets	**–**	8 601	3 858
Current tax receivable	**29 689**	60 241	4 566
Cash and cash equivalents	**62 339**	266 671	100 033
Total current assets	**3 691 162**	3 057 020	3 556 337
Total assets	**3 773 856**	3 113 998	3 631 122
Equity and liabilities			
Share capital	**664 354**	664 354	664 354
Reserves	**(436)**	(545)	(580)
Retained income	**1 726 872**	1 367 084	1 648 132
Total equity	**2 390 790**	2 030 893	2 311 906
LIABILITIES			
Non-current liabilities			
Other financial liabilities	**352 912**	583 992	579 628
Current liabilities			
Trade and other payables	**123 197**	102 522	63 771
Other financial liabilities	**901 696**	389 528	672 050
Current tax payable	**–**	2	2
Provisions	**5 261**	7 061	3 765
Total liabilities	**1 383 066**	1 083 105	1 319 216
Total equity and liabilities	**3 773 856**	3 113 998	3 631 122

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 AUGUST 2018

	Share capital R'000	Foreign currency translation reserve R'000	Retained income R'000	Total equity R'000
Balance at 28 February 2017 (Audited)	664 354	(1 231)	1 350 386	2 013 509
Total comprehensive income	–	686	163 078	163 764
Profit for the period	–	–	163 078	163 078
Other comprehensive income	–	686	–	686
Dividends	–	–	(146 380)	(146 380)
Balance at 31 August 2017 (Unaudited)	664 354	(545)	1 367 084	2 030 893
Total comprehensive income	–	(35)	328 267	328 232
Profit for the period	–	–	328 267	328 267
Other comprehensive loss	–	(35)	–	(35)
Issue of shares	–	–	–	–
Dividends	–	–	(47 219)	(47 219)
Balance at 28 February 2018 (Audited)	**664 354**	**(580)**	**1 648 132**	**2 311 906**
Total comprehensive income	**–**	**144**	**177 900**	**178 044**
Profit for the period	**–**	**–**	**177 900**	**177 900**
Other comprehensive income	**–**	**144**	**–**	**144**
Dividends	**–**	**–**	**(99 160)**	**(99 160)**
Balance at 31 August 2018 (Unaudited)	**664 354**	**(436)**	**1 726 872**	**2 390 790**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 AUGUST 2018

	Unaudited Six months ended 31 August 2018 R'000	Unaudited Six months ended 31 August 2017 R'000	Audited 12 months ended 29 February 2018 R'000
Cash flow from operating activities			
Cash generated from/(used in) operations	**185 370**	103 868	(129 913)
Investment revenue	**2 613**	10 416	15 273
Finance costs	**(26 313)**	(23 334)	(78 962)
Taxation paid	**(93 852)**	(128 136)	(196 636)
Net cash generated from/(used in) operating activities	**67 818**	(37 186)	(390 238)
Cash flow from investing activities			
Purchase of property, plant and equipment	**(12 132)**	(13 849)	(40 182)
Proceeds on disposal of property, plant and equipment	**30**	34	45
Disposal of intangible assets	**–**	–	(31)
Movement of financial assets	**3 858**	21 528	26 271
Net cash (used in)/generated from investing activities	**(8 244)**	7 713	(13 897)
Cash flow from financing activities			
Development loans repaid	**(700 857)**	(508 782)	(939 838)
Development loans raised	**702 749**	404 337	1 090 636
Dividends paid	**(99 160)**	(146 380)	(193 599)
Net cash used in financing activities	**(97 268)**	(250 825)	(42 801)
Total cash and cash equivalents movement for the year	**(37 694)**	(280 298)	(446 936)
Cash and cash equivalents at the beginning of the year	**100 033**	546 969	546 969
Total cash and cash equivalents at the end of the year	**62 339**	266 671	100 033

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS
FOR THE SIX MONTHS ENDED 31 AUGUST 2018

1. Basis of preparation

The interim unaudited condensed consolidated financial statements have been prepared in accordance with and containing the information required by IAS 34: Interim Financial Reporting as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by Financial Reporting Standards Council, the JSE Listing Requirements and the Companies Act, 2008 (No 71 of 2008) as amended. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, and are presented in South African Rand, which is the Group's functional and presentation currency.

The accounting policies and methods of computation are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those of the consolidated annual financial statements at 28 February 2018.

The interim unaudited condensed consolidated financial statements have been externally prepared under the supervision of J Weltman, in his capacity as Chief Financial Officer.

The interim unaudited condensed consolidated financial statements have not been reviewed or audited by Deloitte & Touche, the Group's external auditors.

2. Exchange rates

The following exchange rates were used in foreign transactions during the periods:

Rand/British Pound	**31 August 2018**	31 August 2017	28 February 2018
Closing rate	**19.07**	16.75	16.26
Average rate	**17.34**	16.80	17.18

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS CONTINUED
FOR THE SIX MONTHS ENDED 31 AUGUST 2018

	Number of shares 31 August 2018	Number of shares 31 August 2017	Number of shares 28 February 2018
3. Share capital			
Authorised			
Ordinary shares	**1 000 000**	1 000 000	1 000 000

	Unaudited six months ended 31 August 2018 R'000	Unaudited six months ended 31 August 2017 R'000	Audited 12 months ended 28 February 2018 R'000
Issued and fully paid up			
Ordinary shares	**664 354**	664 354	664 354

The unlisted shares are under the control of the directors until the next annual general meeting.

	Number of shares 31 August 2018	Number of shares 31 August 2017	Number of shares 28 February 2018
Reconciliation of shares in issue			
Opening balance	**469 915**	469 662	
Movement	**–**	253	
Closing balance	**469 915**	469 915	

	Unaudited Six months ended 31 August 2018 R'000	Unaudited Six months ended 31 August 2017 R'000	Audited 12 months ended 28 February 2018 R'000
4. Related party disclosure			
Related party transactions		–	–
Sale of units to related parties			
SV Brookes	**–**	23 769	141 189
RN Gray	**–**	9 122	54 119
Volker Properties Proprietary Limited	**–**	–	44 056
ML Brookes	**–**	–	9 947
S Brookes	**833**	–	2 612
J Weltman	**629**	–	1 333
Rent paid to related parties			
SV Brookes	**885**	187	609
Volker Properties Proprietary Limited	**247**	–	–
ML Brookes	**25**	154	154
Management fee from related parties			
SV Brookes	**–**	176	176
RN Gray	**129**	46	119
U Gschnaidtner	**29**	9	22
J Weltman	**6**	2	4

	Unaudited Six months ended 31 August 2018 R'000	Unaudited Six months ended 31 August 2017 R'000	Audited 12 months ended 28 February 2018 R'000
4. Related party disclosure (continued)			
Purchases from a director and shareholder			
SV Brookes	**–**	–	10 600
Malewell Investment Proprietary Limited (*)	**20 000**	–	5 000
Unlocked Properties 16 Proprietary Limited (*)	**17 500**	–	–
Compensation to directors and other key management			
Directors' emoluments	**17 946**	28 224	33 396

(*) The transactions relate to purchases of land from companies that are related parties to Buff-Shares Proprietary Limited.

5. Fair value information

Fair value hierarchy

The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

No changes have been made to the valuation technique.

The fair values of financial instruments that are not traded in an active market are determined using standard valuation techniques. These valuation techniques maximise the use of observable market data where available and rely as little as possible on company-specific estimates.

The fair values disclosed for the financial assets and liabilities as classified in Level 3 of the financial instruments hierarchy have been assessed to approximate their carrying amounts.

There were no transfers between Levels 1, 2 and 3 during the year.

	Unaudited Six months ended 31 August 2018 R'000	Unaudited Six months ended 31 August 2017 R'000	Audited 12 months ended 28 February 2018 R'000
6. Financial instruments			
Loans and receivables			
Trade and other receivables	**571 224**	307 829	856 024
Cash and cash equivalents	**62 339**	266 671	100 033
Other financial assets	**–**	8 601	3 858
Financial liabilities at amortised cost			
Other financial liabilities	**(1 254 608)**	(973 520)	(1 251 678)
Trade and other payables	**(107 397)**	(71 296)	(63 771)

CORPORATE INFORMATION

BALWIN PROPERTIES LIMITED
Incorporated in the Republic of South Africa
Registration number 2003/028851/06
Share code: BWN
ISIN: ZAE000209532
("Balwin" or "the Group")

Directors

H Saven (Chairperson)*#
SV Brookes (Chief Executive Officer)
J Weltman (Chief Financial Officer)
R Gray (Managing Director)
A Shapiro*#
O Amosun*#
KW Mzondeki*#
T Mokgosi-Mwantembe*#
R Zekry#

** Independent*
 # Non-executive

Company secretary

JUBA Statutory Services Proprietary Limited

Registered office

Block 1, Townsend Office Park
1 Townsend Avenue
Bedfordview
Private Bag X4, Gardenview, 2047
Telephone: 011 450 2818

Sponsor

Investec Bank Limited

Transfer secretary

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue, Johannesburg, 2196
(PO Box 61051, Marshalltown, 2107)

www.balwin.co.za

15 October 2018

ince