

Your  
lifestyle  
our focus



AUDITED ABRIDGED FINANCIAL RESULTS  
FOR THE YEAR ENDED 28 FEBRUARY 2021



# Financial Highlights

**7%**   
REVENUE

**9%**   
NET ASSET  
VALUE

**18%**   
PROFIT FOR  
THE YEAR

**19%**   
EARNINGS  
PER SHARE

**19%**   
HEADLINE  
EARNINGS  
PER SHARE



KIKUYU



THE REID



THE POLOFIELDS



THE HUNTSMAN



GREENLEE

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# Commentary

## CORPORATE OVERVIEW

Balwin is a specialist, national residential property developer of large-scale, sectional title estates targeting South Africa's low-to-middle income population, with a focus on high quality, affordable apartments with an innovative lifestyle offering for clients.

Estates typically consist of between 1 000 and 2 000 sectional title residential apartments and are located in the targeted nodes of Johannesburg, Tshwane, the Western Cape and KwaZulu-Natal. Larger estates are developed where market demand and infrastructure requirements allow. An increasing number of larger scale developments are being introduced into Balwin's portfolio, particularly in the Green Collection brand where the economies of scale allow for the desired affordability of the apartments.

Balwin estates offer secure, affordable, high-quality, environmentally friendly and conveniently located one-, two-, and three-bedroom apartments which 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. Apartments include modern fitted kitchens, prepaid water and solar-assisted electricity, eco-friendly fittings and appliances, and are all fibre enabled.

Lifestyle centres are an integral part of Balwin's developments with facilities offered as all-inclusive value-added services. These lifestyle centres are developed to Six-Star Green rating standards and 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 service.

## DEVELOPMENT BRANDS

Balwin's business model comprises three distinctive development brands, all located in high-density, high-growth nodes across key metropolitan areas. Balwin benefits from economies of scale, in-house construction and management while retaining flexibility throughout individual phases of large developments. All estates are developed on a phase-by-phase basis and the dynamic nature of the product enables Balwin to control the pace of its developments or change the block design configuration in response to changing market conditions and customer demands.

### CLASSIC COLLECTION

The Classic Collection is Balwin's core development model comprising mostly four-storey, walk-up apartments. The apartments are targeted at the country's growing middle-income market with prices ranging from R699 900 to R1 999 900 and offer secure, affordable, high quality and environmentally friendly developments with an emphasis on lifestyle offerings to residents.

### GREEN COLLECTION

Green-branded developments offer apartments priced from R499 900 to R999 900. Although developed to a lower specification, these developments enjoy a distinctive architecture and high-quality standards which are synonymous with Balwin, also offering residents access to lifestyle facilities.

### SIGNATURE COLLECTION

The Polofields (Waterfall), Paardevlei Lifestyle Estate (Somerset West) and Izinga Eco Estate (Umhlanga) are the three elite developments housed in the Signature Collection, with apartments being built to higher specifications than the Classic Collection. These apartments are priced from R1 999 900 to R2 999 900 and target a higher LSM market than the Classic Collection.

## WITHDRAWAL FROM THE WEDGEWOOD DEVELOPMENT

Balwin recently announced its withdrawal from the planned Wedgewood development in Sandton and the discontinuation of the new Lifestyle Collection brand. The group launched Wedgewood in November 2020, with a view to offering affordable, upmarket accommodation in prime locations close to transport nodes and work premises. The transaction contained certain conditions precedent, most notably the requirement to meet specific secured pre-sales levels that would mitigate the cash flow risk through the achievement of appropriate funding for the construction of the development.

Although the group recorded unprecedented demand, the conversion of the sale offers to secured sales was lower than expected and significantly lower than the conversion rate of the other brands within the group's portfolio. In addition, the risk associated with single phase construction as opposed to Balwin's proven multiple phase construction model resulted in management, together with the transaction committee, recommending to the board that the project was not in the best interests of the shareholders or the home-buyers. This recommendation was endorsed by the board.

The company will continue to focus on its Classic, Green and Signature Collection brands.

## ANNUITY BUSINESS

Balwin generates annuity income by leveraging off its asset base and expanding its service offering to home owners. The main source of annuity income is through the provision of high-speed fibre connectivity to home owners within Balwin's estates through Balwin Fibre Proprietary Limited, a subsidiary of Balwin. Balwin's annuity businesses are complementary to its business model with limited additional costs required to generate these returns.

Annuity income initiatives currently constitute a small portion of the group's revenue. Balwin Fibre has experienced pleasing growth during the current year, largely as a result of the increase in the apartments connected during lockdown as the consumers become more reliant on access to high-speed and reliable fibre services.

## OPERATIONAL REVIEW

The 2021 financial year was characterised by unprecedented socio-economic and market conditions with unusual working and living environments. The 'status quo' of doing business was challenged and necessitated a well-considered and pragmatic approach. Although the macro-economic conditions and the devastating impact of Covid-19 are reflected in the results of the group for the year ended 28 February 2021, the board is satisfied with the processes implemented to best mitigate the impact of the pandemic on the group's operational and financial performance. These measures included the launching of an online sales platform and the implementation of several measures to increase the rate of construction to match the continued strong sales demand for the Balwin product.

Shareholders are reminded that as a result of the Covid-19 outbreak and the response implemented by the South African government to best contain the pandemic, no construction activity took place from the enforcement of the national lockdown on 26 March 2020 until the easing of the restrictions to alert level 3 on 1 June 2020 ("lockdown" or "lockdown period"). The start-up of construction was conducted on a phased basis in line with national regulations and accordingly it is estimated that construction activity was adversely impacted by approximately three months, representing 25% of the year.

Despite a welcome reduction in the prime lending rate of 275-basis points since the commencement of the financial year, market conditions remain challenging for the consumer. In response, Balwin continued its marketing campaigns through price incentives and other sales related promotions to continue to drive sales. Although margin dilutive, these marketing campaigns have yielded the desired results in promoting sales and ensuring the generation of cash flow to the business.

The strong sales enabled Balwin to deliver 2 546 apartments to clients which were recognised in revenue for the year under review (2020: 2 715 apartments), despite the protracted construction delay. Demand for one- and two-bedroom apartments remained



strong and comprised approximately 77% (2020: 74%) of the total apartments recognised in revenue which continues to be complemented by the existing block configuration.

The group has pre-sold 2 499 apartments beyond the reporting period. These apartments have not been recorded in revenue in the current financial year and represent an increase of 1 855 apartments forward-sold when compared to the prior corresponding reporting period. This is evidence of the sustained demand for the product as well as the market's trust in the Balwin brand.

In line with the strategic objectives of the group, there was an increased roll-out of the Green Collection developments in the current year, specifically in the Johannesburg and Tshwane regions. The planned growth in the Green Collection brand is set to continue in the upcoming year as the brand is being introduced into the Western Cape node to broaden the product offering to customers.

Although prevailing market conditions remained challenging, pipeline investment opportunities allowed Balwin to grow

its footprint and to replace completed projects. The group expanded its secure development pipeline to 62 288 apartments across 28 developments in key target nodes. This represents an approximate 15-year development horizon.

The group continues to monitor the land reform policy and is taking the necessary actions to ensure that its secured pipeline of property developments is not negatively impacted.

As previously advised by the board, Mooikloof Mega City was designated as a Strategic Integrated Project (SIP) during the year whereby the Department of Public Works and Infrastructure has committed to fund the external bulk services installations in an effort by government to boost the economy post Covid-19 and to create employment through infrastructure development. Balwin continues to actively engage with government in this regard. In addition to Mooikloof Mega City, Greencreek, Tshwane East which comprises approximately 3 800 apartments, was also announced as a SIP, with the potential for the introduction of additional SIPs in other nodes in the future.

## ACHIEVEMENTS

### INTERNATIONAL PROPERTY AWARDS

The quality of Balwin's developments and the creative design of its product was again recognised at the recent Africa and Arabia Property Awards where Balwin received awards in the following categories:

- Leisure Architecture South Africa – Munyaka, Waterfall
- Development marketing South Africa – Munyaka, Waterfall
- Leisure development South Africa – Munyaka, Waterfall
- Best apartment/condominium South Africa – Munyaka, Waterfall
- Sustainable residential development South Africa – Greenlee, Linbro Park
- Best Social Housing South Africa – Greenlee, Linbro Park
- Best international social housing – Greenlee, Linbro Park

Balwin has now received 23 international awards recognising the innovation and excellence of the business.

### ISO CERTIFICATION

Balwin obtained certification to three International Organisation for Standardisation (ISO) standards, being ISO 45001 – Health and Safety, ISO 14001 – Environmental and ISO 9001 – Quality. This certification allows for a consistent approach across the business and enhanced management, monitoring and recording of processes and procedures which will ultimately assist to ensure consistency in the construction process to internationally recognised levels of excellence.

### SUSTAINABLE BUILDING PRACTICES

Balwin continued its focus on reducing the environmental impact of the group through innovation in design and building techniques. All apartments developed in the period were registered for Excellence in Design for Greater Efficiency (EDGE) certification as well as previously developed apartments. A total of 20 269 apartments receiving EDGE certification in the year. Additionally, three lifestyle centres were awarded Six-Star Green rating from the Green Building Council of South Africa (GBCSA).

In the current year, the De Zicht Lifestyle Centre received a net zero rating from the GBCSA, a ground-breaking achievement for the group with respect to sustainable development processes. Net zero ratings indicate that the total amount of energy consumed by the lifestyle centre equals the amount of energy created by the building. The group aims to achieve net zero ratings for a further six lifestyle centres in the coming year.

Following the partnership developed with Absa Bank to offer green home loans to Balwin customers through the introduction of the innovative Absa Eco Home Loan, three other major institutions, First National Bank, Nedbank and Standard Bank have approved this concept. Through this initiative, Balwin's customers will benefit financially by receiving a reduction in the offered interest rate to assist in unlocking investment potential of green infrastructure technologies and services while offering value to the customer through improved affordability.

### LAUNCH OF NEW DEVELOPMENTS

Balwin successfully launched eight new developments during the year:

#### CLASSIC COLLECTION

- Munyaka – Waterfall
- Thaba Eco Village – Johannesburg South
- Mooikloof Eco Estate – Tshwane East
- De Aan-Zicht – Milnerton, Western Cape

#### GREEN COLLECTION

- Greencreek – Tshwane East
- Greenbay – Somerset West, Western Cape
- Greenkloof – Tshwane East

#### SIGNATURE COLLECTION

- Izinga Eco Estate – Umhlanga

All new developments launched were supported by strong sales demand and are located in the targeted nodes of the group. As part of the vision of the group to ensure the complementary presence of each of its development brands within the four strategic regions, the launch of Greencreek and Greenbay represented the origin of the Green Collection model in Tshwane and the Western Cape while Izinga Eco Estate represents the first Signature Collection development in KwaZulu-Natal.

Sales from the initial phases of Munyaka and Greencreek were included in revenue in the year under review and the remaining developments are expected to contribute to the results of the group in the upcoming financial year.

## 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. The Foundation supports government's vision to solve societal challenges by addressing the identified global Sustainable Development Goals. Students, employees, contractors and unemployed community members are trained in building industry-related trades which include 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 outbreak of the Covid-19 pandemic and the subsequent lockdown compelled The Balwin Foundation to adjust its planned expenditure to allocate funds and resources specifically to Covid-19 relief efforts in local communities. Over the past year an estimated 18 700 people have benefited from donations from The Foundation, including funding, protective equipment, food vouchers and food parcels being distributed to local communities.

Balwin Properties donates funds from the sale of each apartment to the Foundation which successfully trained 236 previously disadvantaged individuals in the current year and currently provides funding for 15 scholars and 20 bursaries for tertiary students which includes tuition, mentorship, development, life skills and practical work experience. To date, 10 of The Foundation's bursary students have moved onto our Graduate Work back programme.

## FINANCIAL PERFORMANCE REVENUE

The group recorded revenue of R2.7 billion (2020: R2.9 billion), a 7% decrease from the prior year which was largely influenced by the protracted construction delay necessitated by the lockdown period. The average selling price per apartment of R1 044 103 (2020: R1 047 092) was consistent with the prior year. Marginal increases in selling prices of apartments were offset by the change in the mix of apartments sold, together with a continued increased contribution from the Green Collection apartments.

The Green Collection apartments return a lower selling price than the Classic Collection apartments, however, derive a similar gross profit margin.

The Classic Collection continued to provide the majority of the group's revenue at 74% (2020: 79%), while the Green Collection contributed 15% (2020: 6%) of the total revenue from the sale of apartments. As previously communicated, the group expects the contribution of the Green Collection developments to continue to increase in the forthcoming financial year in line with the increased roll-out of these developments.

## GROSS PROFIT

The gross profit margin for the year of 27% was consistent with that of the prior financial period and an increase from the 25% margin reported for the interim period.

The business is currently recording a margin below the targeted gross margin of the group, reflective of the ongoing depressed market conditions. As previously communicated, the strategic marketing initiatives offered in response to the economic environment continue to be margin dilutive, however, they have proven highly successful in driving sales with the price discounts offered being able to be absorbed by the healthy margins generated by the business.

The gross profit margin of the respective developments improves as they mature due to the phase-by-phase increase in the selling price exceeding the incremental development costs for each new phase. The group is confident that the gross margin will improve in the short-to-medium term through focused and creative cost engineering measures and through the gradual general recovery of the economy.

The group continues to note margin pressure in its Signature Collection developments, most notably at Paardevlei Lifestyle Estate. Excluding the Signature Collection developments, the business recorded a 29% margin for the year.

## OPERATING EXPENSES AND OTHER INCOME

In line with previous communication, the operating expenses of the group increased in the year to R265.2 million (2020: R235.6 million). The increase in operating costs followed the trend of the interim results and is largely as a result of the improved activity in Balwin Fibre which grew its customer base significantly in the current year.

A significant decrease was recorded in "other income" when compared to the prior corresponding year as a result of the loss of rental income that the company earned in the prior period on the Greenpark apartments. Rental income was derived during the lease-up period prior to the sale of the apartments to Balwin Rentals Proprietary Limited in the previous year prior to the modification of the sales strategy of the Green Collection apartments.

The management and containment of overhead costs remains a focus area for the upcoming financial year.

## EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

Earnings per share and headline earnings per share decreased by 19% to 71.67 cents and 71.47 cents respectively (2020: 88.02 cents and 87.83 cents), in line with the range communicated in the group's voluntary business and trading statement issued on 30 March 2021.

## DEVELOPMENTS UNDER CONSTRUCTION

Developments under construction, including the value of land, land contribution costs and development costs, increased by R751.3 million to R4.12 billion. Land and land contribution costs account for 48.9% of the value of work in progress.

The investment in the development pipeline of the group has been a catalyst for the increase in the value of developments under construction at year end.

## CASH RESOURCES, FUNDING STRUCTURE AND COSTS

In addition to cash management, the company continued its focus on capital allocation and is pleased with the cash position of R336.5 million (2020: R476.5 million) at period end, despite the reduction in cash on hand. The reduction of the cash reserves available at year end is largely due to delays in timeous registrations of apartments (a short-term cash timing deficit) as well as increased investment in the group's pipeline during the year. Balwin took registration of Izinga Eco Estate (Umhlanga) and Mooikloof Eco Estate (Tshwane East) during the year and invested equity contributions for the pending registrations of Thaba Eco Village (Johannesburg South), Greenbay (Somerset West) as well as the extension of the land for The Huntsman (Somerset West). In total, approximately R220 million was invested in the pipeline of the business during the year, approximately double the cash invested on land in the prior year. The group paid dividends during the year in accordance with the dividend policy of distribution of 30% of profits. This included the final dividend for the 2020 financial year which was previously deferred.

Cash management and cash utilisation continue to remain a priority focus area for the group and Balwin continues to engage with its funding partners to ensure that appropriate facilities and financial support remain in place.

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 cost of 70% - 80% with the remainder of the construction costs financed through equity. Land funding is obtained from major financial institutions at a range of 50% to 70% of the cost of the land. Where land is contracted, the group endeavours to do so in a manner that is not onerous on the cash resources of the group through a balance of appropriate upfront gearing and the ability to settle the obligation through the cash realised from the registration of apartments.

The group continued to engage with funding institutions to explore new relationships. In the current year, Balwin has successfully engaged the National Housing Finance Corporation Limited (NHFC) and First National Bank to broaden its base of funding providers. The group is currently undertaking a review of its funding structures with its funding partners to ensure that its projects are optimally funded.

The group's long-term debt-to-equity ratio at the end of the reporting period was 29% compared to 27% in the prior corresponding period, well within the board threshold of 50%. The group measures long-term debt as all land and infrastructure debt. The board believes that this is an appropriate metric as development finance is specific to a development, short-term in nature and secured by existing pre-sales.

## DIVIDEND

Notice is hereby given that the board has declared a final gross dividend of 16.20 cents per ordinary share. No dividend was declared in the corresponding period. The dividend is payable out of income reserves for the period ended 28 February 2021 to ordinary shareholders in accordance with the timetable below:

Declared	Monday 17 May 2021
Last day to trade (cum dividend)	Monday, 14 June 2021
Ex dividend	Tuesday, 15 June 2021
Record date	Friday, 18 June 2021
Payment date	Monday, 21 June 2021

Dividend tax amounting to 3.24 cents per ordinary share will be withheld in terms of the Income Tax Act. Ordinary shareholders who are not exempt from dividends tax will therefore receive a dividend of 12.96 cents net of dividends tax. The company has 472 192 592 ordinary shares in issue. Balwin's income tax reference number is 9058216848. Share certificates may not be dematerialised or rematerialised between Tuesday, 15 June 2021 and Friday, 18 June 2021, both days inclusive.

## PROSPECTS

While remaining cautious in the prevailing macro-economic climate, the board is positive on the resilience of the Balwin product as demonstrated by the sustained demand by its customers. This is evidenced through continued strong sales, enhanced by the highly successful launch of the online sales platform during the Covid-19 lockdown, as well as the extremely healthy pre-sales recorded for future years.

The board remains optimistic with respect to the opportunities presented through the recently gazetted SIPs. The company is cautiously and actively engaging with government to best position the business to roll out these projects to the benefit of Balwin's shareholders, prospective customers and the South African economy. In this regard, the required capital outlay and funding of the project is being given priority consideration.

As consistently advised in recent communication to shareholders, the board will continue to place an emphasis on appropriate cash management and cost containment while remaining alert to prospects that could enhance its development pipeline in strategic nodes. The investment in the pipeline of the business during the year has been achieved in a manner that is both responsible and complementary to the group's strategy. The board remains alert to opportunities to grow the pipeline that allows for optimal management of cash resources and meets the strategic objectives of the group.

The board continues to monitor the continued implications of the Covid-19 pandemic on the business and management continues to prioritise the well-being of its people.





# Development Pipeline

Development	Balwin Brand	Expected commencement date of construction	Expected date of completion of construction	Status * development	Total apartments in development	Total apartments sold	Total apartments registered	Total apartments recognised in revenue	Total apartments sold but not recognised in revenue	Total unsold apartments	Balwin pipeline
<b>Johannesburg, Waterfall</b>											
Kikuyu	Classic Collection	Commenced	Sep 2021	A	1 270	1 125	1 060	1 070	55	145	200
The Polofields	Signature Collection	Commenced	June 2025	A	1 512	812	736	753	59	700	759
Munyaka	Classic Collection	Commenced	Aug 2029	A	4 966	755	215	284	471	4 211	4 682
<b>Total</b>					<b>7 748</b>	<b>2 692</b>	<b>2 011</b>	<b>2 107</b>	<b>585</b>	<b>5 056</b>	<b>5 641</b>
<b>Johannesburg East</b>											
The Reid	Classic Collection	Commenced	March 2024	A	1 294	678	603	628	50	616	666
The Klulee	Classic Collection	TBC	TBC	I	546	–	–	–	–	546	546
Greenlee	Green Collection	Commenced	Feb 2026	A	1 910	410	362	378	32	1 500	1 532
Greenpark	Green Collection	Commenced	Aug 2024	A	1 324	559	484	519	40	765	805
Greenvalley	Green Collection	TBC	TBC	I	2 698	–	–	–	–	2 698	2 698
Westlake 2	Classic Collection	TBC	TBC	I	196	–	–	–	–	196	196
<b>Total</b>					<b>7 968</b>	<b>1 647</b>	<b>1 449</b>	<b>1 525</b>	<b>122</b>	<b>6 321</b>	<b>6 443</b>
<b>Johannesburg North</b>											
Amsterdam	Classic Collection	Commenced	Complete	C	1 040	1 040	1 036	1 038	2	–	2
The Whisken	Classic Collection	Commenced	Jun 2025	A	1 528	422	422	422	–	1 106	1 106
<b>Total</b>					<b>2 568</b>	<b>1 462</b>	<b>1 458</b>	<b>1 460</b>	<b>2</b>	<b>1 106</b>	<b>1 108</b>
<b>Johannesburg South</b>											
Glenvista View	Classic Collection	TBC	TBC	I	984	–	–	–	–	984	984
Majella Park	Classic Collection	TBC	TBC	I	280	–	–	–	–	280	280
Thaba Eco Village	Classic Collection	Commenced	Jun 2026	A	1 692	206	–	–	206	1 486	1 692
<b>Total</b>					<b>2 956</b>	<b>206</b>	<b>–</b>	<b>–</b>	<b>206</b>	<b>2 750</b>	<b>2 956</b>
<b>KwaZulu-Natal, Ballito</b>											
Ballito Hills	Classic Collection	Commenced	Feb 2024	A	1 320	575	368	481	94	745	839
Ballito Creek	Classic Collection	TBC	TBC	I	1 804	–	–	–	–	1 804	1 804
<b>Total</b>					<b>3 124</b>	<b>575</b>	<b>368</b>	<b>481</b>	<b>94</b>	<b>2 549</b>	<b>2 643</b>

Development Pipeline continued

Development	Balwin Brand	Expected commencement date of construction	Expected date of completion of construction	Status *	Total apartments in development	Total apartments sold	Total apartments registered	Total apartments recognised in revenue	Total apartments sold but not recognised in revenue	Total unsold apartments	Balwin pipeline
<b>KwaZulu-Natal, Umhlanga</b>											
Izinga	Signature Collection	Commenced	Dec 2034	A	3 543	188	–	–	188	3 355	3 543
Greenlake #	Green Collection	TBC	TBC	I	5 076	–	–	–	–	5 076	5 076
<b>Total</b>					<b>8 619</b>	<b>188</b>	<b>–</b>	<b>–</b>	<b>188</b>	<b>8 431</b>	<b>8 619</b>
<b>Tshwane East</b>											
The Blyde Riverwalk	Classic Collection	Commenced	May 2029	A	3 489	1 019	876	948	71	2 470	2 541
Greencreek	Green Collection	Commenced	Oct 2032	A	3 770	195	–	132	63	3 575	3 638
Mooikloof Eco Estate	Classic Collection	Nov 2020	Jul 2039	I	4 700	58	–	–	58	4 642	4 700
Greenkloof	Green Collection	TBC	TBC	I	2 590	433	–	–	433	2 157	2 590
Mooikloof Mega City	Green Collection	TBC	TBC	I	14 220	–	–	–	–	14 220	14 220
<b>Total</b>					<b>28 769</b>	<b>1 705</b>	<b>876</b>	<b>1 080</b>	<b>625</b>	<b>27 064</b>	<b>27 689</b>
<b>Western Cape, Somerset West</b>											
Paardevelei Lifestyle Estate	Signature Collection	Commenced	Feb 2022	A	388	281	244	257	24	107	131
The Jade	Classic Collection	Commenced	Complete	C	432	432	432	432	–	–	–
The Huntsman	Classic Collection	Commenced	Aug 2029	A	2 454	291	217	228	63	2 163	2 226
Greenbay	Green Collection	Commenced	Aug 2026	A	1 824	266	–	–	266	1 558	1 824
<b>Total</b>					<b>5 098</b>	<b>1 270</b>	<b>893</b>	<b>917</b>	<b>353</b>	<b>3 828</b>	<b>4 181</b>
<b>Western Cape, Milnerton</b>											
De Aan-Zicht	Classic Collection	Jul 2021	May 2025	A	1 372	244	–	–	244	1 128	1 372
De Zicht	Classic Collection	Commenced	Complete	C	876	876	876	876	–	–	–
Fynbos	Classic Collection	Commenced	Aug 2023	A	1 116	435	332	355	80	681	761
<b>Total</b>					<b>3 364</b>	<b>1 555</b>	<b>1 208</b>	<b>1 231</b>	<b>324</b>	<b>1 809</b>	<b>2 133</b>
<b>Western Cape, N1 Corridor</b>											
De Kuile <sup>5</sup>	Classic Collection	TBC	TBC	I	875	–	–	–	–	875	875
<b>Total</b>					<b>875</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>875</b>	<b>875</b>
<b>Grand Total</b>					<b>71 089</b>	<b>11 300</b>	<b>8 263</b>	<b>8 801</b>	<b>2 499</b>	<b>59 789</b>	<b>62 288</b>

\* A – Active, I – Inactive, C – Complete.

# Development previously named Marshall Dam.

<sup>5</sup> Development previously named Zewenwacht.

# Reconciliation of Headline Earnings

For the year ended 28 February 2021

		Audited 12 months ended 28 February 2021	Audited 12 months ended 29 February 2020
<b>Basic and headline earnings per share</b>			
Basic	(cents)	71.67	88.02
Headline	(cents)	71.47	87.83
Diluted earnings	(cents)	71.19	87.17
Diluted headlines earnings	(cents)	70.99	86.98
Tangible net asset value per share	(cents)	679.57	631.13
Net asset value per share	(cents)	682.83	631.13
Weighted average number of shares in issue	('000)	469 024	467 632
Net asset value	(R'000)	3 202 620	2 951 390
<b>Reconciliation of profit for the year to headline earnings</b>			
Profit for the year attributable to owners of the parent	(R'000)	336 156	411 610
Adjusted for:			
– Loss/(profit) on disposal of property, plant and equipment	(R'000)	(347)	(907)
– Fair value adjustment on investment property held by associate	(R'000)	(617)	–
<b>Headline earnings</b>	(R'000)	<b>335 192</b>	410 703
<b>Weighted average number of shares</b>			
Weighted average number of shares in issue	('000)	469 024	467 632
Potential dilutive impact of share options	('000)	3 169	4 560
	('000)	<b>472 193</b>	472 193

# Summarised Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 28 February 2021

	Audited 12 months ended 28 February 2021 R'000	Audited 12 months ended 29 February 2020 R'000
Revenue	2 700 574	2 914 453
Cost of sales	(1 979 598)	(2 124 703)
<b>Gross profit</b>	<b>720 976</b>	789 750
Other income	6 652	19 847
Operating expenses	(265 178)	(235 613)
<b>Operating profit</b>	<b>462 450</b>	573 984
Investment income	16 936	13 673
Finance costs	(14 079)	(12 643)
Share of profit of associate	1 744	322
<b>Profit before tax</b>	<b>467 051</b>	575 336
Taxation	(130 686)	(163 976)
<b>Profit for the year</b>	<b>336 365</b>	411 360
<b>Other comprehensive income net of income tax:</b>		
<b>Items that may be reclassified to profit or loss:</b>		
Exchange differences on translating foreign operations	–	36
<b>Total comprehensive income for the year</b>	<b>336 365</b>	411 396
<b>Profit attributable to:</b>		
Owners of the parent	336 156	411 610
Non-controlling interest	209	(250)
	<b>336 365</b>	411 360
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	336 156	411 646
Non-controlling interest	209	(250)
	<b>336 365</b>	411 396
<b>Basic and diluted earnings per share</b>		
Basic	(cents) 71.67	88.02
Diluted	(cents) 71.19	87.17

# Summarised Consolidated Statement of Financial Position

as at 28 February 2021

	Audited as at 28 February 2021 R'000	Audited as at 29 February 2020 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	99 810	90 654
Intangible assets	15 256	9 049
Investment in associate	2 067	323
Loans to external parties	11 658	–
	<b>128 791</b>	100 026
<b>Current assets</b>		
Developments under construction	4 121 257	3 369 972
Loans to related parties	14 112	14 112
Current tax receivable	5 865	15 812
Trade and other receivables	695 034	597 208
Development loans receivable	68 181	34 078
Restricted cash	31 390	–
Cash and cash equivalents	336 533	476 532
	<b>5 272 372</b>	4 507 714
<b>Total assets</b>	<b>5 401 163</b>	4 607 740
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	663 079	652 978
Share-based payment reserve	6 778	9 900
Retained income	2 532 804	2 288 762
Non-controlling interest	(41)	(250)
	<b>3 202 620</b>	2 951 390
<b>Non-current liabilities</b>		
Development loans and facilities	225 605	252 639
Lease liabilities	2 170	2 923
Deferred taxation	159 659	99 882
	<b>387 434</b>	355 444
<b>Current liabilities</b>		
Development loans and facilities	1 675 884	1 167 057
Trade and other payables	104 896	111 253
Lease liabilities	753	621
Employee benefits	29 576	21 975
	<b>1 811 109</b>	1 300 906
<b>Total liabilities</b>	<b>2 198 543</b>	1 656 350
<b>Total equity and liabilities</b>	<b>5 401 163</b>	4 607 740

\* Denotes a value of less than R1 000.

# Summarised Consolidated Statement of Cash Flows

For the year ended 28 February 2021

	Audited 12 months ended 28 February 2021 R'000	Audited 12 months ended 29 February 2020 R'000
<b>Cash flows from operating activities</b>		
Cash (used in)/generated from operations	(400 703)	581 402
Interest received	16 936	12 680
Finance costs paid	(40 111)	(95 258)
Taxation paid	(60 962)	(104 514)
<b>Net cash (used in)/generated from operating activities</b>	<b>(484 840)</b>	394 310
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(25 597)	(24 816)
Proceeds on disposal of property, plant and equipment	592	13 002
Purchase of intangible assets	(7 235)	(3 468)
Loans advanced to related parties	–	(4 131)
Loans advanced to external parties	(11 658)	–
<b>Net cash used in investing activities</b>	<b>(43 898)</b>	(19 413)
<b>Cash flows from financing activities</b>		
Development loans repaid	(1 092 247)	(1 216 242)
Development loans raised and utilised	1 429 710	1 080 077
Investment loan and general banking facilities repaid	(158 280)	(126 100)
Investment loan and general banking facilities raised and utilised	302 610	158 280
Payment on lease liabilities	(940)	–
Dividends paid	(92 550)	(123 762)
Dividends received from treasury shares	436	–
<b>Net cash generated from/(used in) financing activities</b>	<b>388 739</b>	(227 747)
<b>Total cash and cash equivalents movement for the year</b>	<b>(139 999)</b>	147 150
Cash and cash equivalents at the beginning of the year	476 532	329 382
<b>Total cash and cash equivalents at the end of the year</b>	<b>336 533</b>	476 532

# Summarised Consolidated Statement of Changes in Equity

For the year ended 28 February 2021

	Share capital R'000	Foreign currency translation reserve R'000	Share-based payment reserve R'000	Retained income R'000	Total attributable to equity holders of the group R'000	Non-controlling interest R'000	Total equity R'000
<b>Balance at 1 March 2019</b>	652 978	(477)	*	2 001 355	2 653 856	–	2 653 856
Total comprehensive income	–	36	–	411 610	411 646	(250)	411 396
Profit for the period	–	–	–	411 610	411 610	(250)	411 360
Other comprehensive income	–	36	–	–	36	–	36
Transfer between reserves	–	441	–	(441)	–	–	–
Share-based payment	–	–	9 900	–	9 900	–	9 900
Dividends paid	–	–	–	(123 762)	(123 762)	–	(123 762)
<b>Balance at 29 February 2020</b>	<b>652 978</b>	<b>–</b>	<b>9 900</b>	<b>2 288 762</b>	<b>2 951 640</b>	<b>(250)</b>	<b>2 951 390</b>
Total comprehensive income	–	–	–	336 156	336 156	209	336 365
Profit for the period	–	–	–	336 156	336 156	209	336 365
Other comprehensive income	–	–	–	–	–	–	–
Issue of shares from treasury	10 101	–	(10 101)	–	–	–	–
Share-based payment	–	–	6 979	–	6 979	–	6 979
Dividends paid	–	–	–	(92 550)	(92 550)	–	(92 550)
Dividends received from treasury shares	–	–	–	436	436	–	436
<b>Balance at 28 February 2021</b>	<b>663 079</b>	<b>–</b>	<b>6 778</b>	<b>2 532 804</b>	<b>3 202 661</b>	<b>(41)</b>	<b>3 202 620</b>

\* Denotes a value of less than R1 000.

# Notes to the Summarised Consolidated Financial Statements

For the year ended 28 February 2021

## 1. BASIS OF PREPARATION

The abridged summarised consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (“IFRS”) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and also as a minimum contains the information required by IAS 34: Interim Financial Reporting, and complies with the requirements of the Companies Act 2008 of South Africa and the JSE Listing Requirements. 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 Rands rounded to the nearest R’000, which is the company’s functional and presentation currency.

The audited consolidated financial statements and the unmodified opinion from which these abridged summarised consolidated financial statements were derived from are available at our registered office, Block 1, Townsend Office Park, 1 Townsend Avenue, Bedfordview, Johannesburg at no charge.

The accounting policies are in terms of IFRS. The accounting policies and methods of computation are consistent to those of the prior year annual consolidated financial statements.

The audited abridged summarised consolidated financial statements and annual consolidated financial statements have been externally prepared under the supervision of J Weltman, in his capacity as Chief Financial Officer and were approved by the Board on 17 May 2021.

The abridged summarised consolidated financial statements have been audited by BDO South Africa, the external auditor, who issued an unmodified ISA 810 opinion. The ISA 810 opinion and the audit report on the annual consolidated financial statements are available for inspection at Balwin’s registered office. The auditor’s report does not necessarily report on all the information contained in the announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor’s engagement they should obtain a copy of the auditor’s report together with the accompanying financial information from Balwin’s registered office. Forward-looking statements are not reported on by the external auditors.



## 2. REVENUE

### Revenue from contracts with customers

	Audited 12 months ended 28 February 2021 R'000	Audited 12 months ended 29 February 2020 R'000
Revenue from the sale of apartments	2 659 330	2 842 856
Revenue from the sale of land	–	45 000
Bond commission	15 892	10 993
Rental of electronic communication	21 819	12 430
	<b>2 697 041</b>	2 911 279

### Revenue other than revenue from contracts with customers

Donation income	3 533	3 174
	<b>2 700 574</b>	2 914 453

Revenue is derived principally from the sale of apartments, recognised once the control has transferred to the buyer. Revenue is measured based on consideration specified in the agreement with the customer and excludes amounts collected on behalf of third parties. There is no significant judgement applied in determining revenue from contracts with customers.

Revenue from the sale apartments is disaggregated on a regional basis as well as per each development brand. The disaggregation is shown below:

Disclosure of disaggregated revenue from the sale of apartments by region:

Johannesburg	1 326 323	1 399 024
Tshwane	281 926	309 708
Western Cape	749 735	871 730
KwaZulu-Natal	301 346	262 394
	<b>2 659 330</b>	2 842 856

Disclosure of disaggregated revenue from the sale of apartments by brands:

Classic Collection	1 959 826	2 247 768
Green Collection	386 030	166 902
Signature Collection	313 474	428 186
	<b>2 659 330</b>	2 842 856

# Notes to the Summarised Consolidated Financial Statements continued

For the year ended 28 February 2021

	Audited 12 months ended 28 February 2021 R'000	Audited 12 months ended 29 February 2020 R'000
<b>3. DEVELOPMENTS UNDER CONSTRUCTION</b>		
Developments under construction	4 121 257	3 369 972
<b>Developments under construction include the following:</b>		
Cost of construction	1 635 145	1 307 511
Land and land contribution costs	2 014 029	1 560 221
Development rights	472 083	502 240
	<b>4 121 257</b>	<b>3 369 972</b>

Development rights pertains to the rights assigned to Balwin, including all the rights to use the Polo Fields and the Waterfall Fields properties for the purpose of undertaking the developments located on those land parcels. Balwin does not hold title of the land located at Waterfall but rather the development rights.

The cost of developments under construction recognised as an expense during the current year was R1 979.6 million (2020: R2 124.3 million). No costs previously capitalised to developments under construction were written off in the current year (2020: R0.4 million).

A mortgage bond is in place over certain portions of land which acts as security for the development loans advanced.

### 3. DEVELOPMENTS UNDER CONSTRUCTION (continued)

A mortgage bond is in place over certain portions of land which acts as security for the development loans advanced. At year end, the following mortgage bonds were registered:

<b>Land</b>	<b>Audited as at 28 February 2021 R'000</b>	<b>Audited as at 29 February 2020 R'000</b>
Remaining Extent of Portion 14 Farm 197 Olivedale	200 000	200 000
First covering mortgage bond Erf 20030 Somerset West	200 000	200 000
Erf 20252 Somerset West	300 000	300 000
Remainder of Erf 4484, Ballitoville, Registration Division FU, Kwa-Zulu Nata	600 000	600 000
Portion 1 of Erf 4656 Ballitoville, Kwadukuza	228 695	–
Portion 21 of Erf 27, Cornubia, Registration Division FU, Kwa-Zulu Natal	360 000	360 000
Portion 1 of Holding 20, Holdings 21, 22, 23, 24, 25, 26, 27; Holding 34, Linbro Park Agricultural Holdings	269 262	269 262
Portion 537 (a portion of 378) of the Farm Driefontein Number 85 (now known as Lilianton Extension 9 Township, Erven 585 and 586 Lilianton Extension 9)	300 000	300 000
Erf 10087 Macassar	220 000	220 000
Retention of a first covering notarial deed of lease over Portion 822 (a portion of portion 62) of the Farm Waterval	400 000	400 000
Erf 1714, 1749, 1750 and 2113 Sitari, City of Cape Town	150 000	–
Remaining Extent of Erf 1 Sandown	300 000	300 000
Erf 2 and Erf 2 of Jukse View Extension 128	250 000	250 000
Erf 1737 Zwartkoppies Extension 45 in extent 531653 hectares	300 000	300 000
Portion 6 Farm Zwartkoppies 364 JR and Erven 1741-1743 Zwartkoppies Extension 47	100 000	100 000
Portions 3, 4 and 6 of Erf 3465, Proposed RE of Erf 3457, Proposed RE of Erf 3434 and Erf 3456	500 000	–
Holding 92, 102, 103, 104, 105 and 106 Crowthorne Agricultural Holdings	187 256	187 256
Erf 140, 141, 149 and Linbro Park , Extension 169, City of Johannesburg	220 243	220 243
Remaining Extent of Portion 1077 of the Farm Rietfontein 375	409 000	–
Erf 36555 Milnerton and Erf 38435 Milnerton and Erf 2 Richmond Park	250 000	250 000
The lease area over portion 865 (a portion of portion 1) of Farm Waterval 5, Registration Division I.R., Gauteng	600 000	600 000
	<b>6 344 456</b>	<b>5 056 761</b>

# Notes to the Summarised Consolidated Financial Statements continued

For the year ended 28 February 2021

		Audited as at 28 February 2021	Audited as at 29 February 2020
<b>4. SHARE CAPITAL</b>			
<b>Authorised</b>			
Ordinary shares	('000)	<b>1 000 000</b>	1 000 000
<b>Issued and fully paid up</b>			
Ordinary shares	(R'000)	<b>663 079</b>	652 978
The unlisted shares are under the control of the directors until the next annual general meeting.			
<b>Reconciliation of shares in issue</b>			
Opening Balance	('000)	<b>467 632</b>	467 632
Treasury shares issued to settle long-term incentive	('000)	<b>3 900</b>	–
Shares bought back and held in treasury	('000)	<b>(2 277)</b>	–
<b>Closing balance</b>	('000)	<b>469 255</b>	467 632

	Audited as at 28 February 2021 R'000	Audited as at 29 February 2020 R'000
<b>5. DEVELOPMENT LOANS AND FACILITIES</b>		
<b>Held at amortised cost</b>		
Development loans	1 548 879	1 261 416
General banking facility	132 358	68 280
Investment loan facility	220 252	90 000
	<b>1 901 489</b>	1 419 696

Development loans	Average nominal interest rate %	Maturity date	Audited as at 28 February 2021 R'000
<b>Non-current loans</b>			
Portimix Proprietary Limited	8.00%	Between June 2022 and June 2025	108 536
Century Property Developments Proprietary Limited	Prime	November 2027	117 069
			<b>225 605</b>
<b>Current loans</b>			
ABSA Bank Limited	Prime less 0.25%	Between March 2021 and February 2022	462 880
Nedbank Limited	Prime	Between March 2021 and February 2022	332 456
Investec Bank Limited	Prime less 0.25%	Between March 2021 and February 2022	390 055
Portimix Proprietary Limited	8.00%	June 2021	87 447
Century Property Developments Proprietary Limited	Prime	February 2022	29 669
National Housing Finance Corporation Limited	Prime	Between March 2021 and February 2022	20 767
			<b>1 323 274</b>
			<b>1 548 879</b>
<b>Investment loan and general banking facilities</b>			
<b>Current loans</b>			
Nedbank Limited	Prime	March 2021	132 358
ABSA Bank Limited	Prime	March 2021	170 252
ABSA Bank Limited	Prime less 1.7%	No fixed terms of payment	50 000
			<b>352 610</b>
<b>Total</b>			<b>1 901 489</b>

# Notes to the Summarised Consolidated Financial Statements continued

For the year ended 28 February 2021

## 5. DEVELOPMENTS LOANS (continued)

Development loans	Average nominal interest rate %	Maturity date	Audited as at 29 February 2020 R'000
<b>Non-current loans</b>			
Portimix Proprietary Limited	8%	Between June 2021 and June 2025	252 639
<b>Current loans</b>			
ABSA Bank Limited	Prime	Between March 2020 and February 2021	336 682
Nedbank Limited	Prime	Between March 2020 and February 2021	168 145
Investec Bank Limited	Prime less 0.25%	Between March 2020 and February 2021	427 364
Portimix Proprietary Limited	8%	June 2020	76 586
			1 008 777
			<b>1 261 416</b>
<b>Investment loan and general banking facilities</b>			
Current loans			
Nedbank Limited	Prime	March 2020	68 280
ABSA Bank Limited	Prime	April 2020	90 000
			<b>158 280</b>
<b>Total</b>			<b>1 419 696</b>

Development loans include funding provided for top-structure funding as well as land loans. Top-structure funding payable to the financial institutions is secured by a pre-defined level of pre-sold apartments for which financial guarantees are in place. Land loans are secured by bonds registered over the land. Development loans are settled through the registration of apartments that act as security.

The development loans payable to Portimix Proprietary Limited pertain to the development rights agreement for the property. The loans reflect the discounted contractual cash flows and have been discounted at the average lending rate of the group at inception of the transaction.

Investment loan and general banking facilities pertain to short-term bridging loan facilities.

	Audited 12 months ended 28 February 2021 R'000	Audited 12 months ended 29 February 2020 R'000
<b>6. RELATED PARTY DISCLOSURE</b>		
<b>Loan accounts owing by related parties</b>		
Balwin Rentals Proprietary Limited****	14 112	14 112
<b>Accounts receivable from related parties</b>		
<b>Company</b>		
Legaro Property Development Proprietary Limited ***	22 366	46 575
<b>Related party transactions</b>		
<b>Sale of apartments and land to related parties</b>		
<b>Directors and companies</b>		
Lucille Properties Proprietary Limited *	18 928	–
Shelby Prop Investments Property Limited **	6 516	–
Legaro Property Development Proprietary Limited ***	–	45 000
<b>Associate</b>		
Balwin Rentals Proprietary Limited	–	49 686
<b>Property rental management fee received</b>		
<b>Directors and prescribed officers</b>		
RN Gray	225	245
J Weltman	8	9
U Gschnaidtner	25	33
SV Brookes	412	447
<b>Rental paid to related parties</b>		
<b>Directors, prescribed officers and companies</b>		
Volker Properties Proprietary Limited *	485	–
Lucille Properties Proprietary Limited *	12	–
SV Brookes	1 290	867
RN Gray	234	106
Shelby Prop Investments Proprietary Limited **	338	–
U Gschnaidtner	–	20
J Weltman	49	–
<b>Compensation to directors and other key management</b>		
Short-term employee benefits	34 574	33 799
Post-employment benefits	1 113	888
Share-based payment	4 791	7 113
	<b>40 478</b>	<b>41 800</b>

\* The entity is controlled by SV Brookes.

\*\* The entity is controlled by RN Gray.

\*\*\* Spouse of SV Brookes has significant influence over the entity and is a member of the key management. The balance receivable earns interest at prime and is repayable by 31 December 2022.

\*\*\*\* The loan has no fixed repayment terms.

# Notes to the Summarised Consolidated Financial Statements continued

For the year ended 28 February 2021

	Audited as at 28 February 2021 R'000	Audited as at 29 February 2020 R'000
<b>7. FINANCIAL INSTRUMENTS</b>		
<b>Financial assets at amortised cost</b>		
Development loans receivable	68 181	34 078
Loans to related parties	14 112	14 112
Loans to external parties	11 658	–
Trade and other receivables	682 035	597 052
Restricted cash	31 390	–
Cash and cash equivalents	336 533	476 532
<b>Financial liabilities at amortised cost</b>		
Development loans receivable	(1 901 489)	(1 419 696)
Trade and other payables	(97 056)	(67 563)

## 8. FAIR VALUE INFORMATION

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 techniques.

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 group does not hold any financial instruments that are classified as Level 3. There were no transfers between Levels 1, 2 and 3 during the period.

## 9. SUBSEQUENT EVENTS

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.



# Corporate Information

## **Balwin Properties Limited**

Incorporated in the Republic of South Africa  
Registration number 2003/028851/06  
Income tax number 9058216848  
JSE share code: BWN  
ISIN: ZAE000209532

## **Registered address**

Block 1, Townsend Office Park  
1 Townsend Avenue  
Bedfordview 2007

## **Postal address**

Private Bag X4  
Gardenview 2047  
Johannesburg

17 May 2021

## **Contact details**

Telephone: +27 (0)11 450 2818  
E-mail: investorrelations@balwin.co.za  
Website: www.balwin.co.za

## **Company secretary**

FluidRock Co Sec Proprietary Limited  
Telephone: +27 (0)86 111 1010  
E-mail: caroline@fluidrockgovernance.com

## **External auditor**

BDO South Africa Inc.

## **Sponsor**

Investec Bank Limited

## **Transfer secretaries**

Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196  
P O Box 61051, Marshalltown 2107  
Telephone: +27 (0)11 370 5000

## **Directors**

### *Executive*

Stephen Brookes (Chief executive officer)  
Jonathan Weltman (Chief financial officer)

### *Non-executive*

Hilton Saven\* (Chairman)  
Tomi Amosun\*  
Thoko Mokgosi-Mwantembe\*  
Kholeka Mzondeki\*  
Julian Scher\*  
Arnold Shapiro\*  
Duncan Westcott\*  
Ronen Zekry

\* *Independent*

