

Your
lifestyle
our focus



RESULTS PRESENTATION
for the year ended 28 February **2021**



Agenda



Operational overview



Operating model, governance & financial overview



Looking forward



Annexures



OPERATIONAL overview

Steve Brookes
Chief Executive Officer



Operational highlights



5 552
APARTMENTS SOLD
IN 12 MONTH PERIOD

20 269 APARTMENTS
EDGE CERTIFIED

SIX-STAR GREEN
RATING
AWARDED TO THREE
LIFESTLYE CENTRES



PRE-SALES OF
2 499
APARTMENTS FOR
FUTURE YEARS

DEVELOPMENT
PIPELINE
OF **62 288** APARTMENTS
ACROSS **28** DEVELOPMENTS

7
INTERNATIONAL AWARDS
ACHIEVED AT THE
AFRICA AND ARABIA
PROPERTY AWARDS

Operational review

- ✔ Unprecedented socio-economic and market conditions
- ✔ Construction activity adversely impacted for approximately 3 months (25% of year)
- ✔ Several processes implemented to mitigate impact of Covid-19 to record 7% decline in revenue
- ✔ Healthy sales recorded (5 522 apartments sold) with sales complemented by the launch of an online sales platform
- ✔ Continued strong demand for one- and two-bedroom apartments (77% of total sales)



Operational review (continued)

- 2 499 apartments pre-sold for future financial years and thus not recorded in revenue
- Increased roll-out of Green Collection developments in line with strategic objectives
- Growth in development pipeline – 62 288 apartments across 28 developments representing an approximate 15 year development horizon
- Designation of Mooikloof Mega City and Greencreek as Strategic Integrated Projects (SIPs)
- Withdrawal from Lifestyle Apartment Collection (Wedgewood) to mitigate risk and focus on core business



Covid-19 consideration

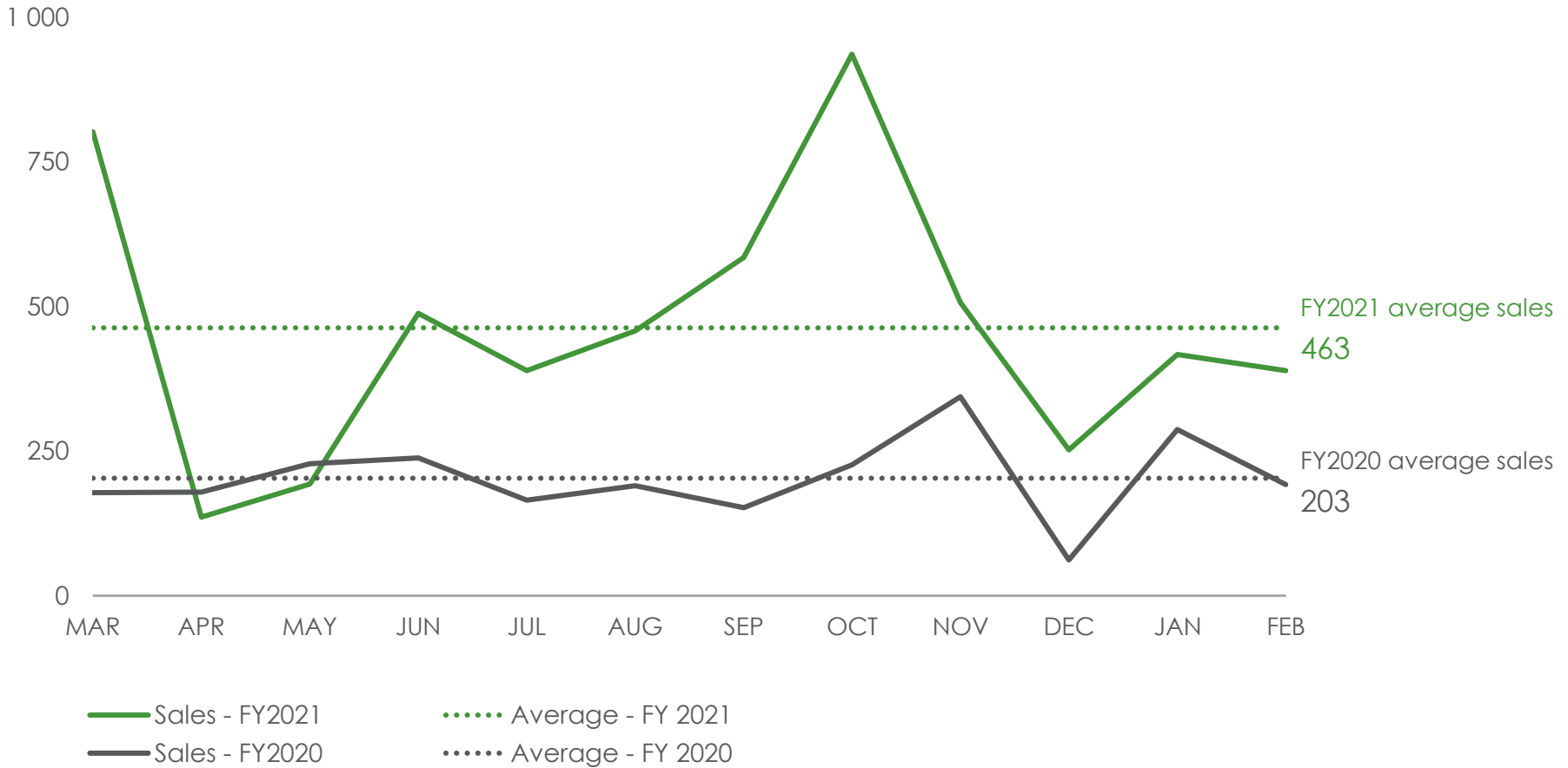
- ✔ **Successful management** of the impact of COVID-19 to date
- ✔ Navigation of challenging macro-economic conditions – **record sales achieved**
- ✔ Implemented measures to **manage risk to all staff and personnel**
- ✔ **No disruptions** on site beyond the lockdown period
- ✔ Careful management of **supply chain**
- ✔ Successful management of **rate of sale vs. construction** programme
 - › Responsive to planned development programme
 - › Leveraged off developments with strong pre-sales
- ✔ Active **cash flow forecasting** to ensure optimum cash management



Monthly sales



Monthly Sales – March to February



Note - sales include all apartments contracted and do not necessarily relate to the financial period or next financial period

Operating model, governance and financial overview

Jonathan Weltman

Chief Financial Officer



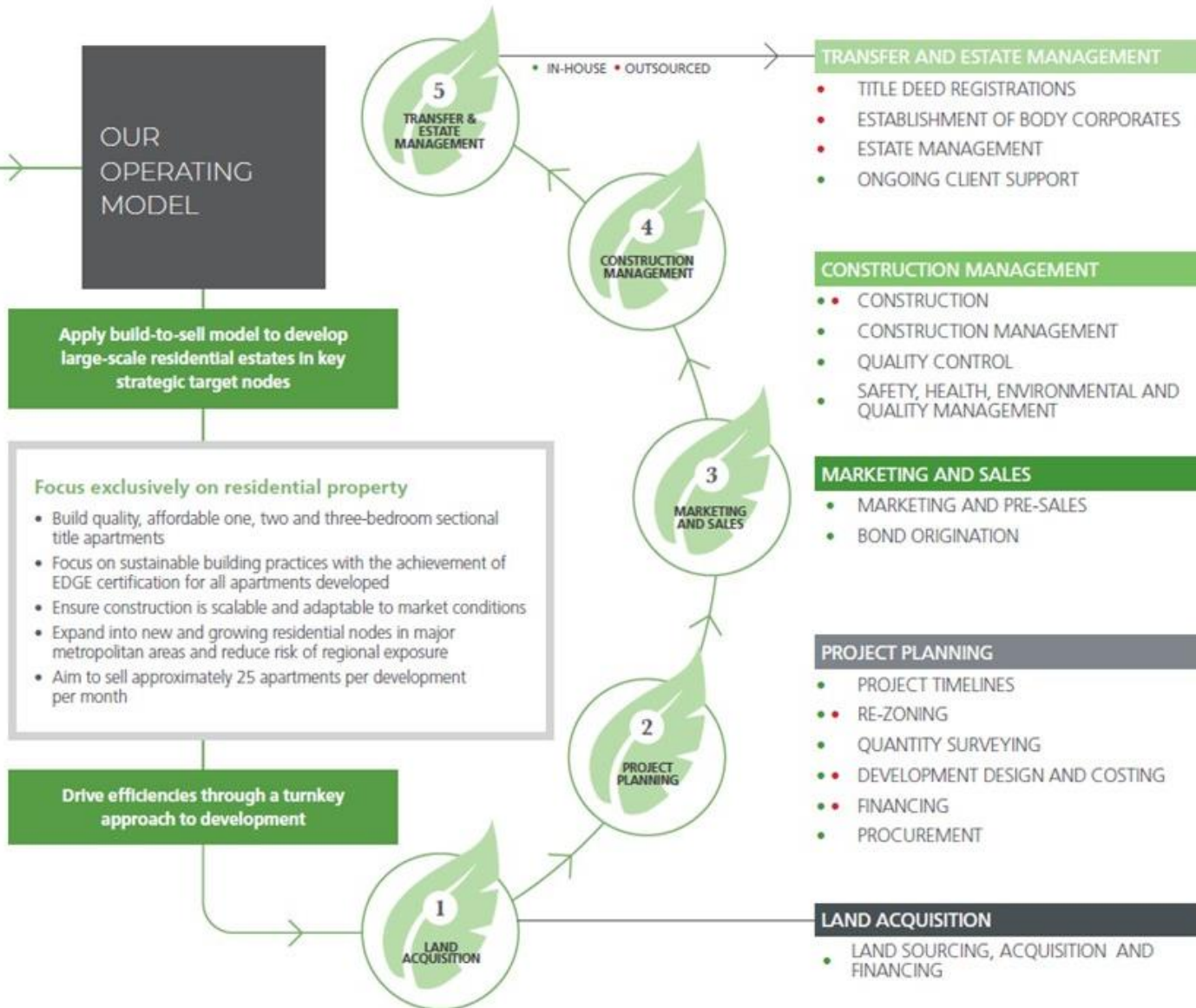
Operating model



Financial and operational success depends on continuous development

- Development of large-scale residential estates in key target nodes
- Selling approximately **25 apartments** per location per month
- Targeting an average profit margin of approximately **35% over the lifecycle** of each project
- Drive efficiencies through **turnkey approach** to development
- Maintaining costs and cash management**
- Secured approximate 15 year development **pipeline of 62 288 apartments**
- Increased roll-out of **Green Collection** developments
- Focus on **environmental management**

Turnkey development model



Governance process

Development opportunities

- Development opportunities identified
- Internal due diligence process followed:
 - › Costs
 - › Infrastructure
 - › Zoning
 - › Independent review of nodal residential demand
- Presented for approval to:
 - › Executive Committee
 - › Transactions Committee
 - › Board for final approval and implementation



Financial overview



7% ∨
R2.70 billion
REVENUE

6% ∨
2 546
APARTMENTS
HANDLED OVER

19% ∨
R477.4 million
EBITDA



18% ∨
R336.4 million
PROFIT FOR THE PERIOD

19% ∨
71.47 cents
HEADLINE EARNINGS
PER SHARE

8% ^
682.83 cents
NET ASSET VALUE
PER SHARE

Condensed consolidated statement of comprehensive income

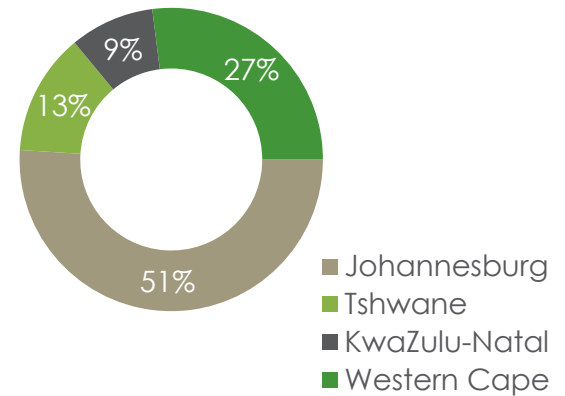


	Audited 12 months ended 28 February 2021 R'000	Audited 12 months ended 29 February 2020 R'000
Revenue	2 700 574	2 914 453
Cost of sales	(1 979 598)	(2 124 703)
Gross profit	720 976	789 750
Other income	6 652	19 847
Operating expenses	(265 178)	(235 613)
Operating profit	462 450	573 984
Investment income	16 936	13 673
Finance costs	(14 079)	(12 643)
Share of profit of associate	1 744	322
Profit before tax	467 051	575 336
Taxation	(130 686)	(163 976)
Profit for the year	336 365	411 360
Basic and diluted earnings per share		
Basic (cents)	71.67	88.02
Diluted (cents)	71.19	87.17
Gross profit margin	27 %	27 %

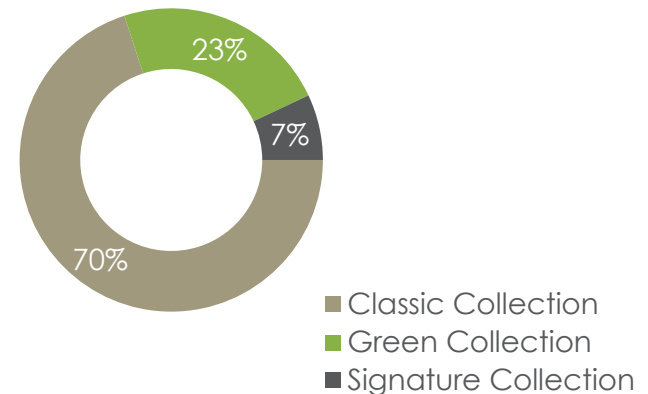
Apartments recognised in revenue

DEVELOPMENT	BALWIN BRAND	APARTMENTS RECOGNISED IN REVENUE
JOHANNESBURG, WATERFALL		
Kikuyu	Classic Collection	188
The Polofields	Signature Collection	98
Munyaka	Classic Collection	283
Total		569
JOHANNESBURG EAST		
The Reid	Classic Collection	175
Greenlee	Green Collection	297
Greenpark	Green Collection	165
Total		637
JOHANNESBURG NORTH		
Amsterdam	Classic Collection	105
Total		105
TOTAL JOHANNESBURG		1 311
TSHWANE EAST		
The Blyde Riverwalk	Classic Collection	187
Greencreek	Green Collection	132
TOTAL TSHWANE		319
KWAZULU-NATAL, BALLITO		
Ballito Hills	Classic Collection	222
TOTAL KWAZULU-NATAL		222
WESTERN CAPE, SOMERSET WEST		
Paardevlei Lifestyle Estate	Signature Collection	78
The Jade	Classic Collection	1
The Huntsman	Classic Collection	114
Total		193
WESTERN CAPE, MILNERTON		
De Zicht	Classic Collection	201
Fynbos	Classic Collection	300
Total		501
TOTAL WESTERN CAPE		694
GRAND TOTAL		2 546

Apartments recognised in revenue by region



Apartments recognised in revenue by brand



Revenue

- Decreased by 7% - influenced by national lockdown of approximately 3 months, and delay in construction activities
- Average selling price remained consistent – price increases offset by change in mix of apartments and increased contribution of Green Collection developments
- Growth in Green Collection to continue in forthcoming year

Gross profit

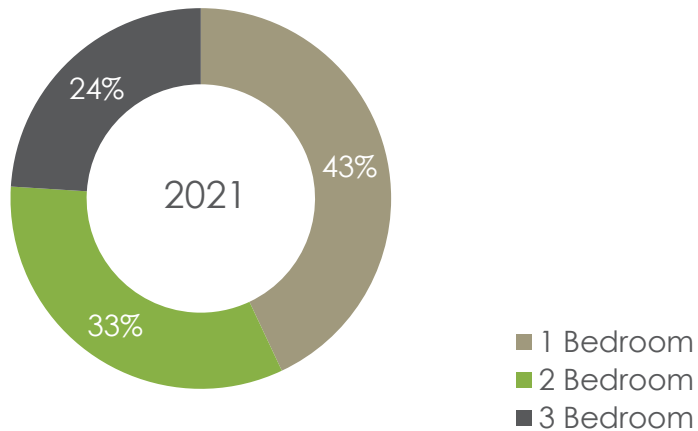
- Gross profit margin of 27% (FY20: 27%)
- Current margin below target margin, reflective of depressed conditions
- Gross profit margin expected to improve in short to medium-term – cost engineering and market recovery
- Margin pressure in Signature Collection development, specifically Paardevlei Lifestyle Estate
- GP margin excl. Signature Collection developments is 29%

Average selling price analysis

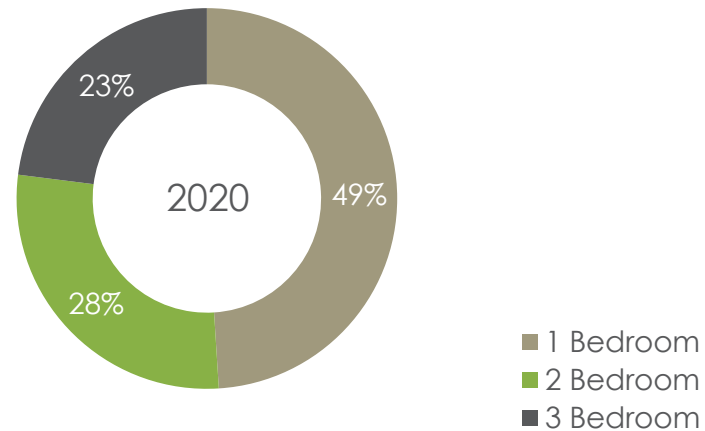
THE CLASSIC COLLECTION

Apartment type	28 February 2021			29 February 2020	
	Average price (R)	Ave price % change	Number apartments	Average price (R)	Number apartments
1 Bedroom	874 161	1.5%	761	860 973	1 071
2 Bedroom	1 422 783	3.4%	582	1 376 112	607
3 Bedroom	1 693 695	4.8%	433	1 615 868	513
TOTAL			1 776		2 191

Sales contribution per apartment type
28 February 2021



Sales contribution per apartment type
29 February 2020

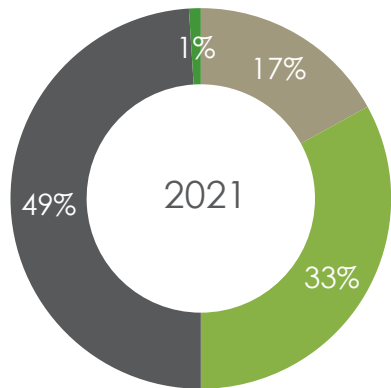


Average selling price analysis

THE *Signature* COLLECTION

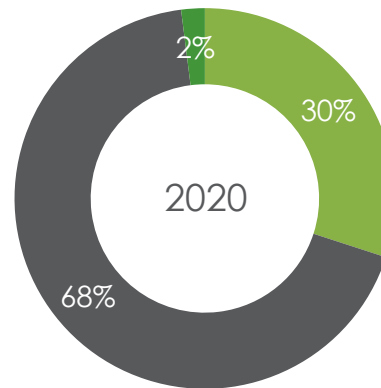
Apartment type	28 February 2021			29 February 2020	
	Average price (R)	Ave price % change	Number apartments	Average price (R)	Number apartments
1 Bedroom	1 448 686	-	30	-	-
2 Bedroom	1 988 862	7.3%	58	1 853 296	71
3 Bedroom	2 477 320	14.5%	87	2 163 929	159
4 Bedroom	2 469 905	(38.8%)	1	4 034 928	4
TOTAL			176		234

Sales contribution per apartment type
28 February 2021



- 1 Bedroom
- 2 Bedroom
- 3 Bedroom
- 4 Bedroom

Sales contribution per apartment type
29 February 2020



- 1 Bedroom
- 2 Bedroom
- 3 Bedroom
- 4 Bedroom

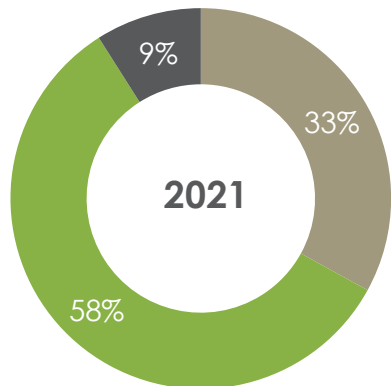
Average selling price analysis

THE GREEN COLLECTION



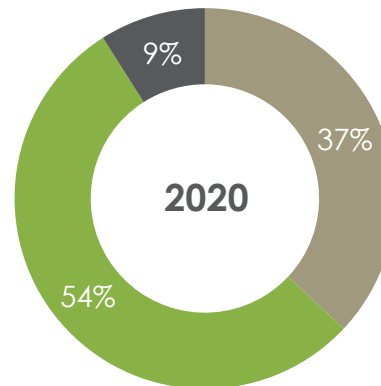
Apartment type	28 February 2021			29 February 2020	
	Average price (R)	Ave price % change	Number apartments	Average price (R)	Number apartments
1 Bedroom	602 169	11.9%	196	538 170	107
2 Bedroom	775 830	7.6%	342	720 744	158
3 Bedroom	918 602	12.2%	56	819 001	25
TOTAL			594		290

Sales contribution per apartment type
28 February 2021



- 1 Bedroom
- 2 Bedroom
- 3 Bedroom

Sales contribution per apartment type
29 February 2020



- 1 Bedroom
- 2 Bedroom
- 3 Bedroom

Operating expenses and other income

- Operating costs increased to R265.2 million, following the trend from interims
- Increased operational costs as a result of improved activity in Balwin Fibre
- Cost management remains a key focus area for management
- Decrease in other income – prior year rental income earned during the lease up period for the apartments sold to Balwin Rentals. Modified sales strategy resulted in loss of rental income but improved returns

Earnings and headline earning per share

- 19% decrease from prior year
- EPS – 71.67 cents (FY20: 88.02 cents)
- HEPS – 71.47 cents (FY20: 87.83 cents)

Funding structure and costs

- Development finance is obtained on a phase-by-phase basis
- Secured against the pre-sales of the specific phase being financed
- Top structure funding obtained at an approximate loan to cost of 70%
- Land funding obtained at a value of 50% to 70% of cost
- Continued focus on funding of infrastructure costs
- Long-term debt to equity ratio at 29% (FY21: 27%)

Summarised statement of financial position



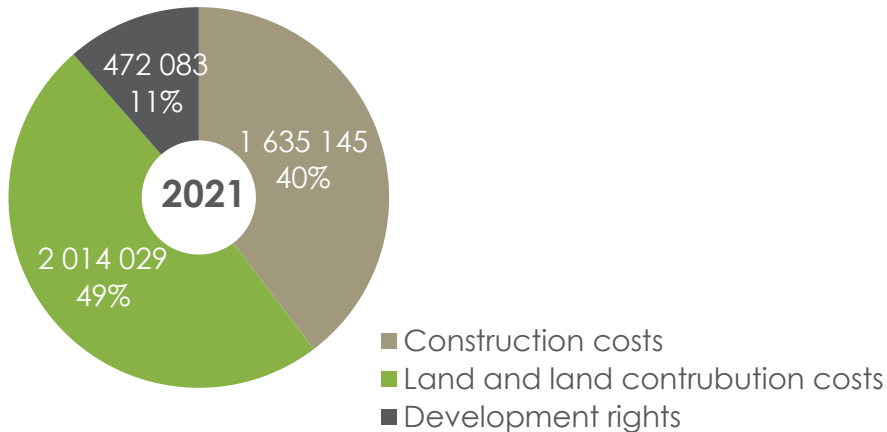
	Audited as at 28 February 2021 R'000	Audited as at 29 February 2020 R'000
Non-current assets	128 791	100 026
Current assets	5 272 372	4 507 714
Developments under construction	4 121 257	3 369 972
Cash and cash equivalents	336 533	476 532
Other current assets	814 582	661 210
Total assets	5 401 163	4 607 740
Shareholders' equity	3 202 661	2 951 640
Non-controlling interest	(41)	(250)
Non-current development loans	225 605	252 639
Other non-current liabilities^(#)	161 829	102 805
Current liabilities	1 811 109	1 300 906
Development loans and facilities	1 675 884	1 167 057
Other current liabilities	135 225	133 849
Total equity and liabilities	5 401 163	4 607 740

Other non-current liabilities relates to deferred tax and the long-term portion of the lease liability

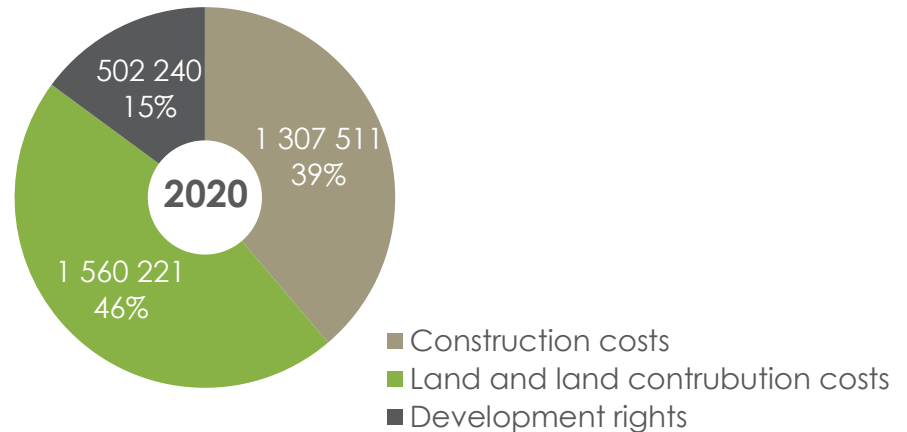
Developments under construction

	Audited as at 28 February 2021 R'000	Audited as at 29 February 2020 R'000
Construction costs	1 635 145	1 307 511
Land and land contribution costs	2 014 029	1 560 221
Development rights	472 083	502 240
TOTAL	4 121 257	3 369 972

Developments under construction
28 February 2021



Developments under construction
29 February 2020



Funding structure



	Audited as at 28 February 2021 R'000	Audited as at 29 February 2020 R'000
Total liabilities	2 198 543	1 656 350
Development loans and facilities *	1 901 489	1 419 696
Other non-current liabilities **	135 225	102 805
Other current liabilities **	161 829	133 849
Equity	3 202 620	2 951 390
Land and infrastructure debt ***	942 462	809 201
Land and infrastructure debt-to-equity ratio	29%	27%
Land and infrastructure debt-to-equity threshold	50%	50%

* Development loans and facilities represents the total obligation of both the non-current and current portions and consists of land, infrastructure and top structure obligations as well as bridging facilities

** Other non-current and other current liabilities exclude the development loans and facilities

*** Debt-to-equity is calculated on a measure of all land and infrastructure debt only. Top structure and bridging facilities are excluded as these are secured against existing secured pre-sales and short-term in nature

LOOKING FORWARD

Steve Brookes

Chief Executive Officer



The future

- ✔ Focus on core development model within Classic, Signature and Green Collection brands
- ✔ Constant improvement of construction quality, customer experience and affordability
- ✔ Increased roll out of the Green development brand, including the Strategic Integrated Projects
- ✔ Focus on cash management and capital allocation
- ✔ Continued emphasis on responsible environmental management and sustainable building
- ✔ Careful management and response to continued Covid-19 uncertainty
- ✔ Information technology and automation



Q&A



Contact details



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ANNEXURES



Development pipeline as at 28 February 2021

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
Johannesburg, Waterfall											
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
Total					7 748	2 692	2 011	2 107	585	5 056	5 641
Johannesburg East											
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
Total					7 968	1 647	1 449	1 525	122	6 321	6 443
Johannesburg North											
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
Total					2 568	1 462	1 458	1 460	2	1 106	1 108
Johannesburg South											
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
Total					2 956	206	–	–	206	2 750	2 956
KwaZulu-Natal, Ballito											
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
Total					3 124	575	368	481	94	2 549	2 643

Development pipeline as at 28 February 2021

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
KwaZulu-Natal, Umhlanga											
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
Total					8 619	188	–	–	188	8 431	8 619
Tshwane East											
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
Total					28 769	1 705	876	1 080	625	27 064	27 689
Western Cape, Somerset West											
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
Total					5 098	1 270	893	917	353	3 828	4 181
Western Cape, Milnerton											
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
Total					3 364	1 555	1 208	1 231	324	1 809	2 133
Western Cape, N1 Corridor											
De Kuile [‡]	Classic Collection	TBC	TBC	I	875	–	–	–	–	875	875
Total					875	–	–	–	–	875	875
Grand Total					71 089	11 300	8 263	8 801	2 499	59 789	62 288

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

[†] Development previously named Marshall Dam.

[‡] Development previously named Zewenwacht.

Corporate overview

- Specialist, national **residential property developer** of large-scale sectional title estates
- Focus on high **quality, affordable** apartments with an innovative and all inclusive lifestyle offering for clients
- Currently developing approximately **2 500** apartments per year – capacity is approximately **5 000** apartments per year
- Estates typically consist of between **1 000** and **2 000** apartments – larger estates developed where market demand and infrastructure allow
- Increasing number of **large scale developments** included in the pipeline, particularly within Green Collection brand
- Focus on high-density, high-growth nodes across key metropolitan areas in **Johannesburg, Tshwane, Western Cape** and **KwaZulu-Natal**
- Approximate 15 year development pipeline of **62 288** apartments
- 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

Development brands

Classic collection brand

- ✔ Quality, affordable build-to-sell product
- ✔ One-, two-, and three-bedroom four storey walk up apartments
- ✔ Prices range from R699 900 to R1 999 900 focusing on the middle income population
- ✔ Developments located in high density, high growth nodes across key metropolitan areas
- ✔ Benefits from economies of scale, in-house construction and management
- ✔ Developed on phase-by-phase basis
- ✔ Dynamic product allows for block configuration change to respond to market
- ✔ Exclusive lifestyle offering to clients as an all inclusive value-added service



Development brands

Green collection brand

- ✔ Model targets a lower LSM market than the Classic Collection
- ✔ Pricing from R499 900 to R999 900
- ✔ Developed on a phase-by-phase approach
- ✔ Distinctive architecture that is different to the Classic Collection but synonymous with Balwin quality
- ✔ Residents have access to lifestyle features associated with Balwin brand



Development brands

Signature collection brand

- Three elite model developments, The Polofields (Johannesburg, Waterfall), Paardevlei Lifestyle Estate (Western Cape, Somerset West) and Izinga Eco Estate (KwaZulu-Natal, Umhlanga)
- Apartments built to higher specifications
- Prices range from R1 999 900 to R2 999 900



Business Model

Annuity income

- ✔ Leverage off asset base and expanding service offering to clients
- ✔ Partnerships established to provide high-speed fibre connectivity and solar installation which generates renewable energy
- ✔ Complimentary to Balwin's business model and enhance the lifestyle offering to clients
- ✔ Limited additional construction costs necessitated to generate annuity returns
- ✔ Currently comprises a small portion of group revenue
- ✔ Pleasing growth within Balwin Fibre with increase in apartments connected



Investment case

- ✔ High gross margin for a listed residential property developer due to in-house construction management, in-house sales and strong budget controls
- ✔ Long-term development pipeline in key strategic locations
- ✔ High barriers to entry – low levies and efficiencies obtained through economies of scale
- ✔ Phased development where the rate of construction is matched to the rate of sales
- ✔ Proven and flexible business model for large-scale developments
- ✔ Strong management with more than 25 years experience, management are the founding directors and the majority shareholders, therefore management is aligned to the interests of other shareholders
- ✔ Long-term relationship with suppliers and sub-contractors nationally which results in cost savings and high quality homes
- ✔ Well positioned to address the undersupply of quality, affordable housing in the middle market income market
- ✔ Differentiation to market through Balwin's innovative approach to environmental management