

RESULTS PRESENTATION  
FOR THE YEAR ENDED 28 FEBRUARY 2022



Your  
lifestyle  
our focus



# AGENDA



1  
OPERATIONAL OVERVIEW

2  
FINANCIAL OVERVIEW

3  
SUSTAINABILITY

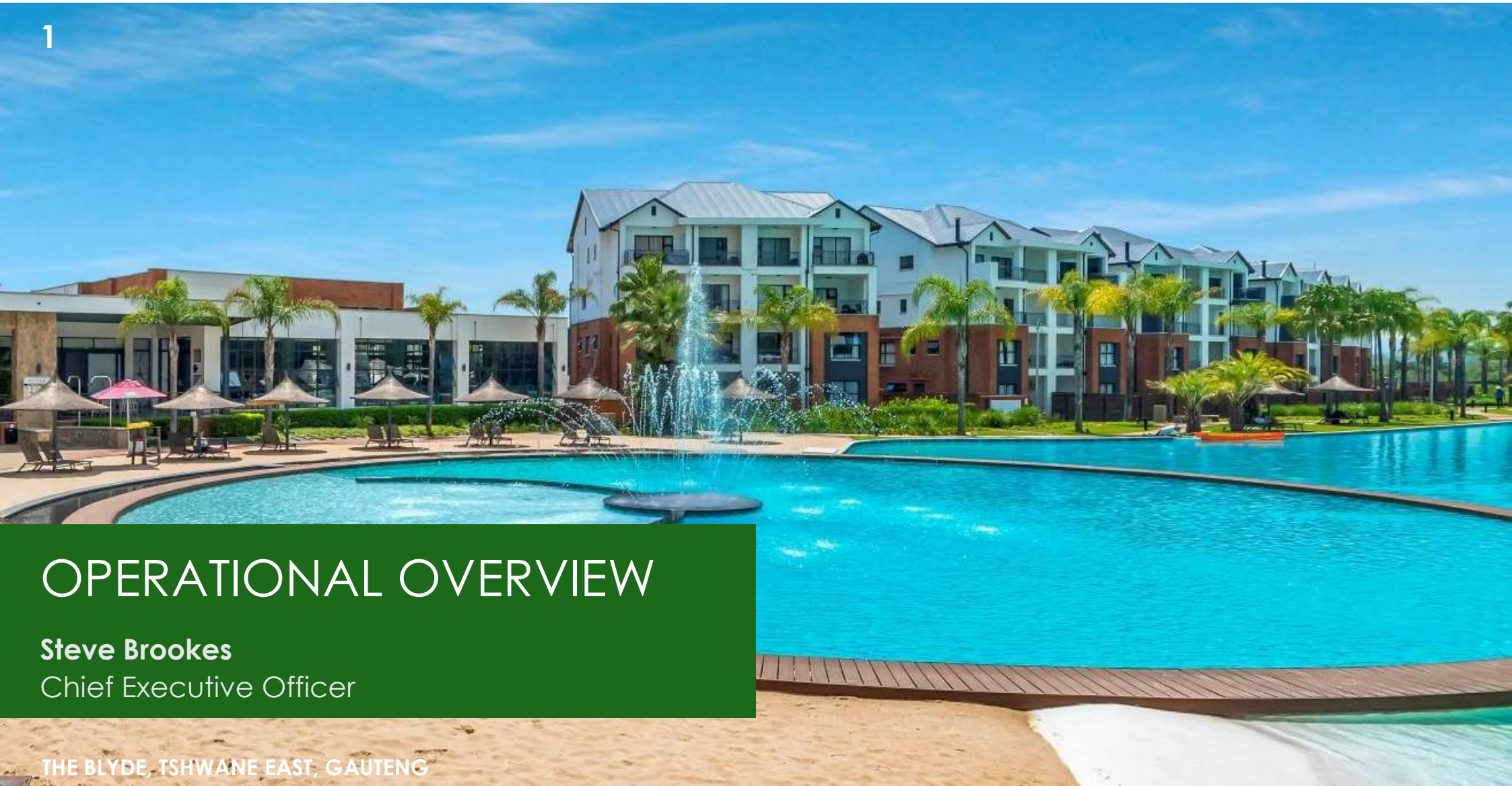


4  
LOOKING FORWARD

5  
ANNUITIES

6  
ANNEXURES





# OPERATIONAL OVERVIEW

**Steve Brookes**  
Chief Executive Officer

THE BLYDE, TSHWANE EAST, GAUTENG

# OPERATIONAL HIGHLIGHTS



**2 962**

Apartments sold and recognised in revenue for the year

**BEE transaction**

Concluded BEE transaction to achieve level 4 B-BBEEE rating

**Sustainable building**

Edge advanced Six-Star Green rating  
Net zero rating



THE HUNTSMAN



BALITO HILLS

**2 386**

Apartment pre-sales for future years

**51 803**

Apartments in development pipeline, across 28 developments

**7**

International awards achieved at the Africa and Arabia Property Awards

## OPERATIONAL REVIEW

- 🌿 Continued steady recovery from the prior year, sustained strong demand with 16% increase in apartments handed over
- 🌿 Maintain focus on core operations by executing on existing pipeline of developments
- 🌿 Increased roll out of the Green Collection apartments in line with strategic focus and first Green Collection development in Western Cape handed over
- 🌿 Continued strong demand for one- and two-bedroom apartments (80% of total sales)(FY21 77%)
- 🌿 2 386 apartments pre-sold for future financial years and thus not recorded in revenue for the current year



## OPERATIONAL REVIEW

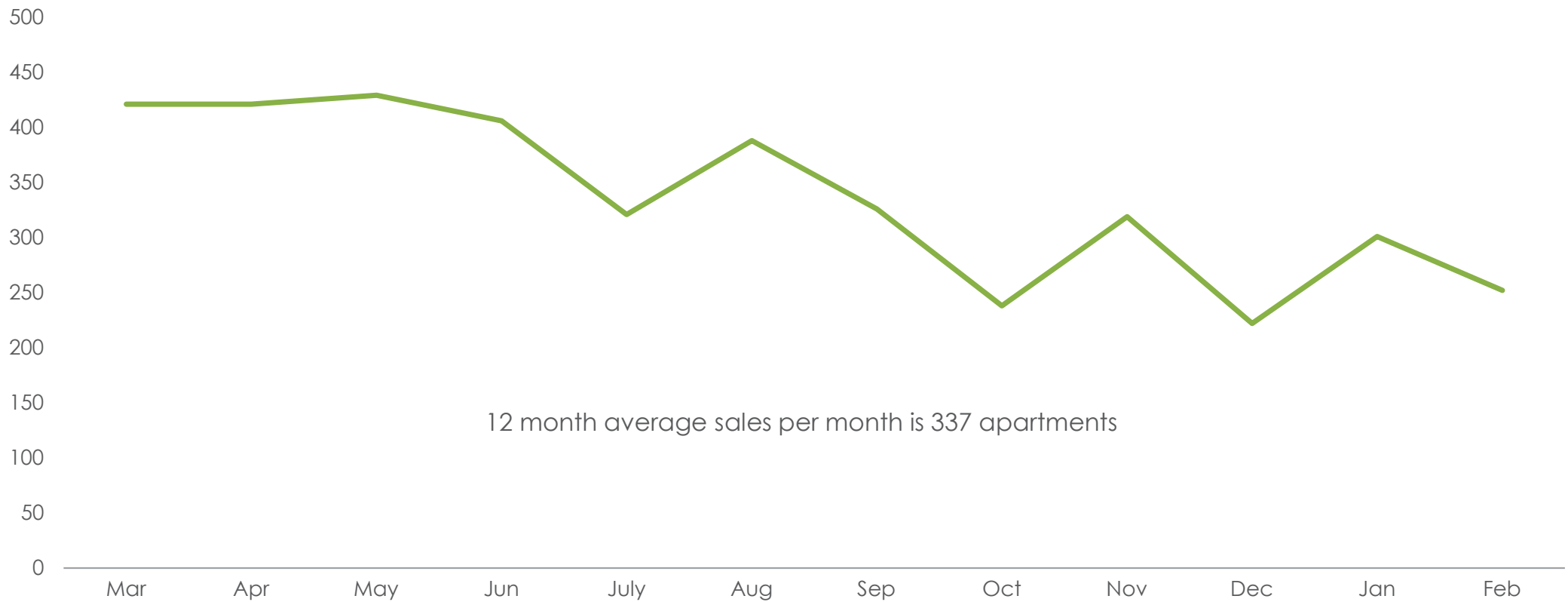
- 🌿 Online sales process has resulted in a more efficient sales process and reduced cancellations
- 🌿 Initiation of share buy-back programme
- 🌿 Acquisition of new head office building on Corlett Drive, Johannesburg, will yield 10.3% p.a. including rentals received from high exposure advertising boards
- 🌿 Obtained R560 million of new unsecured term debt funding to replace existing traditional development funding on a more cost-efficient basis
- 🌿 No significant disruption on operations at developments in KwaZulu-Natal as a result of the recent floods



# MONTHLY SALES



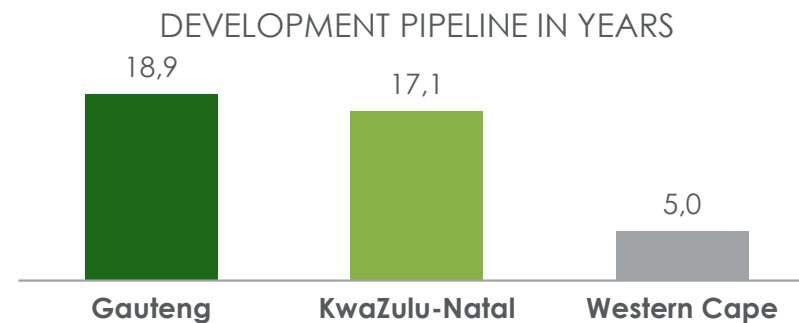
APARTMENT SALES PER MONTH (MARCH 2021 – FEBRUARY 2022)



# DEVELOPMENT PIPELINE



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
Gauteng	45 683	9 186	7 653	7 981	1 205	36 497	37 702
KwaZulu-Natal	9 268	1 080	625	696	384	8 188	8 572
Western Cape	7 289	2 557	1 667	1 760	797	4 732	5 529
<b>Total</b>	<b>62 240</b>	<b>12 823</b>	<b>9 945</b>	<b>10 437</b>	<b>2 386</b>	<b>49 417</b>	<b>51 803</b>





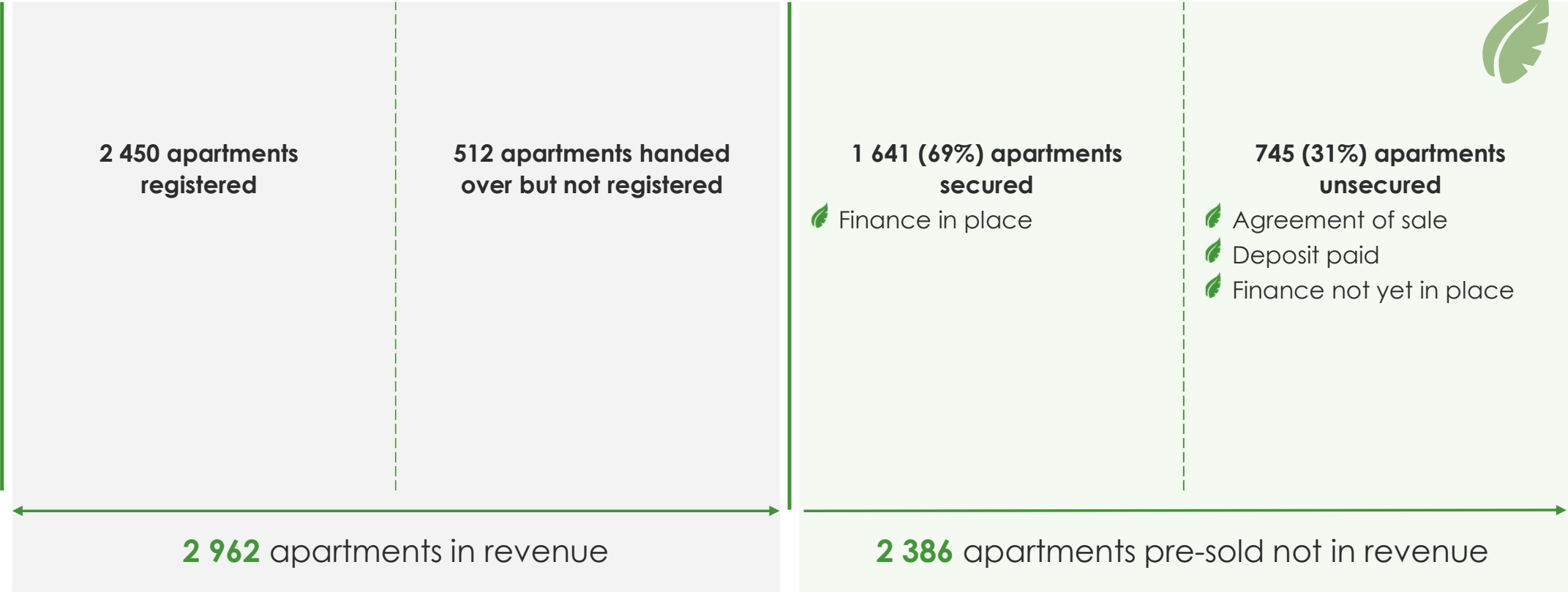
# REVENUE RECOGNITION



28 Feb  
2021

28 Feb  
2022

2023 onwards





# FINANCIAL OVERVIEW

**Jonathan Bigham**  
Chief Financial Officer

THE REID, JOHANNESBURG EAST, GAUTENG

# FINANCIAL OVERVIEW



<b>R3.1 billion</b>	▲ 16%	<b>2 962</b>	▲ 16%	<b>R519 million</b>	▲ 11%	<b>R363 million</b>	▲ 8%
Revenue		Apartments handed over		Profit before tax		Profit for the period	



<b>R665.6 million</b>	▲ 98%	<b>R560 million</b>	▲ 100%	<b>83.15 cents</b>	▲ 16%	<b>749 cents</b>	▲ 10%
Cash position		New unsecured term debt funding		Core headline earnings per share		Net asset value per share	

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2022



	Audited 12 months ended 28 February 2022 R'000	Audited 12 months ended 28 February 2021 R'000
Revenue	3 125 269	2 700 574
Cost of sales	(2 292 713)	(1 979 598)
<b>Gross profit</b>	<b>832 556</b>	720 976
Other income	16 236	6 652
IFRS 2 BEE charge	(34 115)	–
Operating expenses	(301 631)	(265 178)
<b>Operating profit</b>	<b>513 046</b>	462 450
Investment income	33 371	16 936
Finance costs	(31 077)	(14 079)
Share of profit of associate	3 505	1 744
<b>Profit before taxation</b>	<b>518 845</b>	467 051
Taxation	(155 721)	(130 686)
<b>Profit for the year</b>	<b>363 124</b>	336 365
<b>Total comprehensive income for the year</b>	<b>363 124</b>	336 365
<b>Profit attributable to:</b>		
Owners of the parent	362 579	336 156
Non-controlling interest	545	209
	<b>363 124</b>	336 365
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	362 579	336 156
Non-controlling interest	545	209
	<b>363 124</b>	336 365
<b>Basic and diluted earnings per share</b>		
Basic	(cents) 77.24	71.67
Diluted	(cents) 77.01	71.19

# FINANCIAL REVIEW



## Revenue

- Revenue surpassed R3 billion for the first time in the company's history
- Increase by 16% with 2 962 apartments handed over (FY21: 2 546 apartments)
- Increase in revenue contribution from Green Collection developments from 15% to 19% of total revenue and continued strong demand for one- and two-bedroom apartments
- Gauteng remains the most significant contributor to regional revenue at 60% (FY21: 60%)

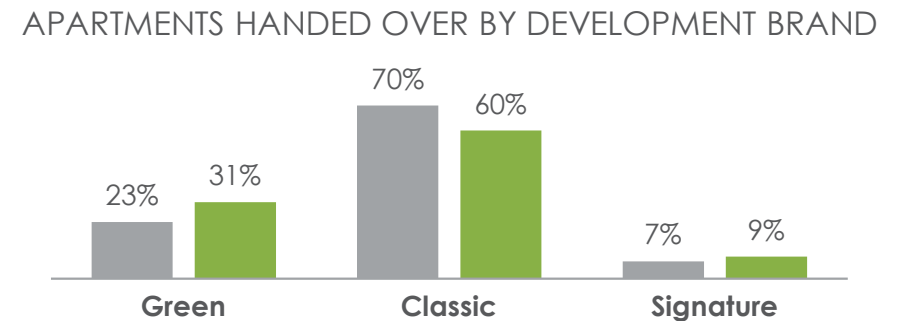
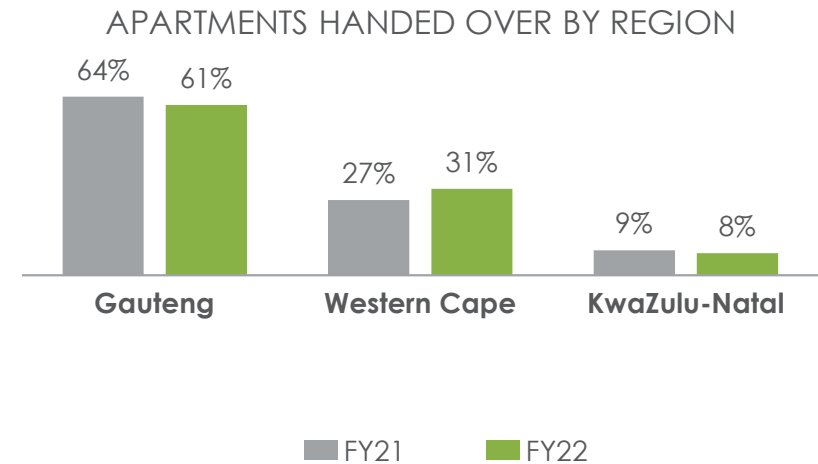
REVENUE CONTRIBUTION BY DEVELOPMENT BRAND (%)



# APARTMENTS RECOGNISED IN REVENUE



Development	Region	Development brand	Apartments recognised in revenue in period
Munyaka	Johannesburg	Classic Collection	392
Greenbay	Western Cape	Green Collection	342
Greencreek	Tshwane	Green Collection	266
Fynbos	Western Cape	Classic Collection	232
Kikuyu	Johannesburg	Classic Collection	196
Thaba Eco Village	Johannesburg	Classic Collection	192
The Huntsman	Western Cape	Classic Collection	192
Ballito Hills	KwaZulu-Natal	Classic Collection	191
The Polofields	Johannesburg	Signature Collection	169
Greenlee	Johannesburg	Green Collection	166
The Reid	Johannesburg	Classic Collection	163
Greenpark	Johannesburg	Green Collection	136
The Blyde Riverwalk	Tshwane	Classic Collection	134
Paardevelei Lifestyle Estate	Western Cape	Signature Collection	95
De Aan-Zicht	Western Cape	Classic Collection	70
Izinga	KwaZulu-Natal	Signature Collection	24
Amsterdam	Johannesburg	Classic Collection	2
			<b>2 962</b>



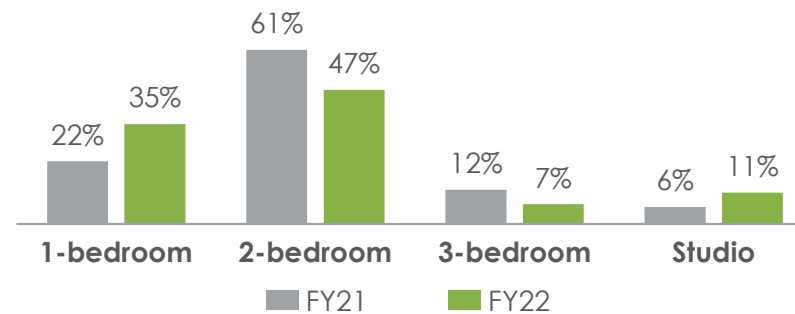
# AVERAGE SELLING PRICE ANALYSIS



## THE GREEN COLLECTION

Description	Average selling price (Rands incl. VAT)	Selling price growth
1-bedroom	694 205	4.0%
2-bedroom	847 012	6.5%
3-bedroom	1 024 642	9.2%
Studio	571 944	5.1%
<b>Total</b>		<b>5.5%</b>

GREEN COLLECTION REVENUE CONTRIBUTION BY APARTMENT TYPE



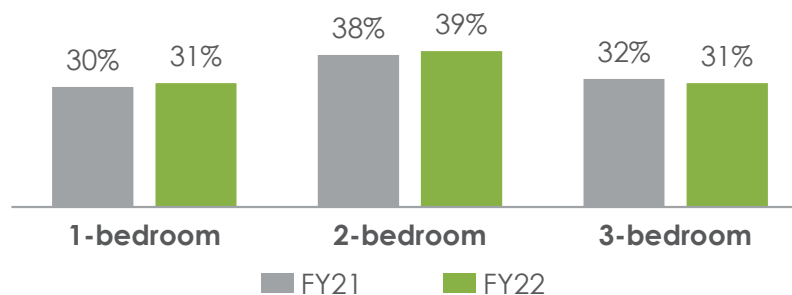
# AVERAGE SELLING PRICE ANALYSIS



## THE CLASSIC COLLECTION

Description	Average selling price (Rands incl. VAT)	Selling price growth
1-bedroom	943 974	6.3%
2-bedroom	1 584 895	7.3%
3-bedroom	1 940 787	8.7%
<b>Total</b>		<b>7.2%</b>

CLASSIC COLLECTION REVENUE CONTRIBUTION BY APARTMENT TYPE





## FINANCIAL REVIEW

### Gross profit

- 🌱 Gross profit margin remained steady at 27% (FY21: 27%) despite cost increases seen in the construction industry
- 🌱 Gross profit margin growth is a key focus
- 🌱 Construction industry cost increases managed through effective cost engineering, modifications and cost containment

### Operating expenses

- 🌱 Operating costs increased 6% year on year excluding the impact of revenue-linked expenditure (sales commissions), non-cash items and BEE costs
- 🌱 Once-off non-cash BEE cost incurred in accordance with IFRS 2 accounting standard
- 🌱 Operating cost management remains a key focus area for management

### Earnings per share

- 🌱 8% increase in earnings per share to 77.24 cents (FY21 71.67 cents)
- 🌱 6% increase in headline earnings per share to 75.88 cents (FY21 71.47 cents)
- 🌱 16% increase in core headline earnings per share to 83.15 cents (FY21 71.47 cents)



# SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 28 FEBRUARY 2022



	Audited as at 28 February 2022 R'000	Audited as at 28 February 2021 R'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	259 397	99 810
Other non-current assets	32 538	28 981
	<b>291 935</b>	<b>128 791</b>
<b>Current assets</b>		
Developments under construction	4 819 472	4 121 257
Trade and other receivables	757 277	695 034
Other current assets	61 661	119 548
Cash and cash equivalents	665 636	336 533
	<b>6 304 046</b>	<b>5 272 372</b>
<b>Total assets</b>	<b>6 595 981</b>	<b>5 401 163</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital, share-based payment reserve and minority interest	732 177	669 816
Retained income	2 783 746	2 532 804
<b>Total equity</b>	<b>3 515 923</b>	<b>3 202 620</b>
<b>Non-current liabilities</b>		
Development loans and facilities	721 512	225 605
Other non-current liabilities	361 958	161 829
	<b>1 083 470</b>	<b>387 434</b>
<b>Current liabilities</b>		
Development loans and facilities	1 819 098	1 675 884
Trade and other payables	177 490	135 225
	<b>1 996 588</b>	<b>1 811 109</b>
<b>Total liabilities</b>	<b>3 080 058</b>	<b>2 198 543</b>
<b>Total equity and liabilities</b>	<b>6 595 981</b>	<b>5 401 163</b>

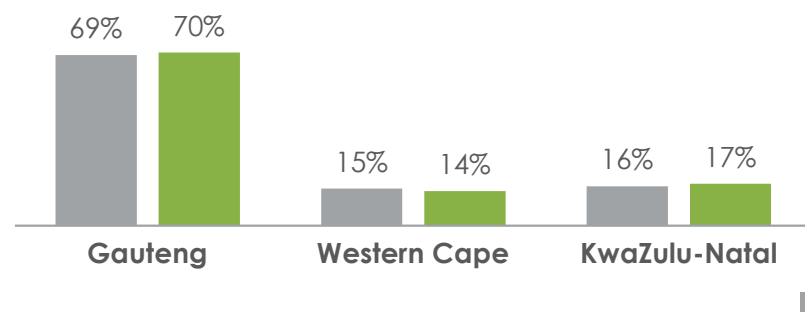
# DEVELOPMENTS UNDER CONSTRUCTION



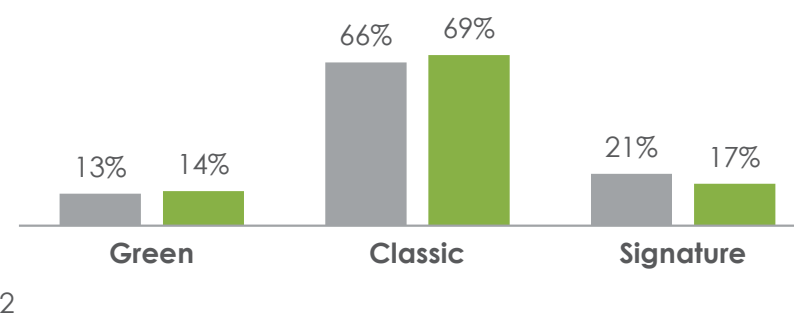
Region	Land and infrastructure costs R'000	Development Rights R'000	Costs of construction R'000	Total R'000	February 2022 %	February 2021 %
Gauteng	1 196 292	522 537	1 449 061	3 167 890	70%	69%
Western Cape	403 257	-	214 370	617 627	14%	15%
KwaZulu-Natal	423 704	-	346 570	770 275	17%	16%
<b>Subtotal (Active Developments)</b>	<b>2 023 254</b>	<b>522 537</b>	<b>2 010 001</b>	<b>4 555 792</b>	<b>100%</b>	<b>100%</b>
<b>Total</b>	<b>2 203 439</b>	<b>522 537</b>	<b>2 093 496</b>	<b>4 819 472</b>		

Collection	Land and infrastructure costs R'000	Development Rights R'000	Costs of construction R'000	Total R'000	February 2022 %	February 2021 %
Green	272 653	-	368 084	640 737	14%	13%
Classic	1 537 239	341 618	1 259 871	3 138 727	69%	66%
Signature	213 362	180 919	382 046	776 327	17%	21%
<b>Subtotal (Active Developments)</b>	<b>2 023 254</b>	<b>522 537</b>	<b>2 010 001</b>	<b>4 555 792</b>	<b>100%</b>	<b>100%</b>
<b>Total</b>	<b>2 203 439</b>	<b>522 537</b>	<b>2 093 496</b>	<b>4 819 472</b>		

DEVELOPMENTS UNDER CONSTRUCTION BY REGION



DEVELOPMENTS UNDER CONSTRUCTION BY DEVELOPMENT BRAND



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## FINANCIAL REVIEW

### Developments under construction

- 🌿 Increase by R698.2 million to R4.8 billion as a result of increase in the development pipeline relating mainly to Izinga Eco Estate (KZN), Thaba Eco Village (Gauteng), Mooikloof Mega City (Tshwane), Greenbay (Western Cape) and The Huntsman (Western Cape)

### Trade Receivables

- 🌿 Trade receivables consists mostly of apartments handed over at year end which had not registered
- 🌿 The majority of these apartments registered after year end

### Cash

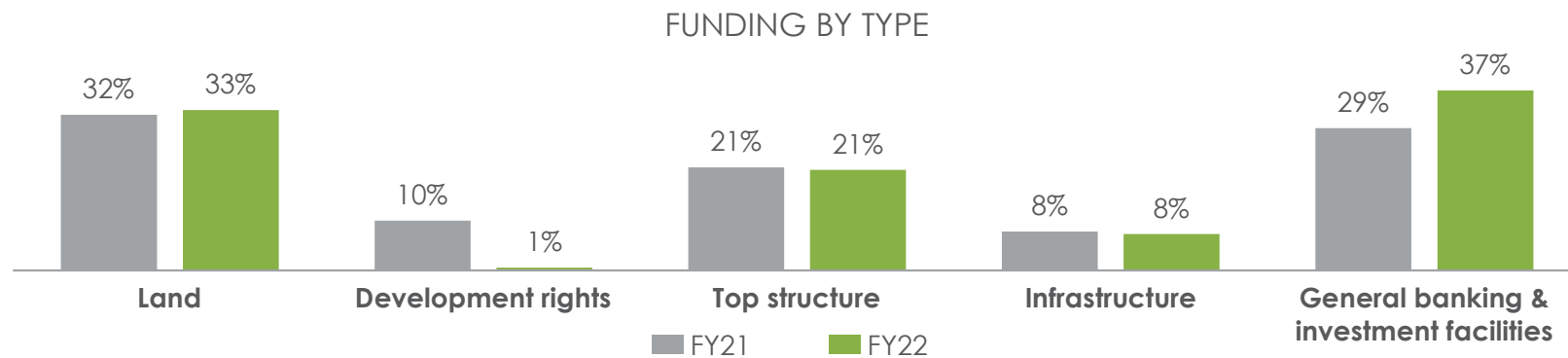
- 🌿 Strong cash position at period end of R665.6 million (FY21 336.5 million)



# FUNDING OVERVIEW



	February 2022 R'000	February 2021 R'000
Land	856 133	594 438
Development rights	15 934	195 983
Top structure	525 622	402 420
Infrastructure	190 715	152 041
General banking & investment facilities	952 206	556 606
<b>Total</b>	<b>2 540 610</b>	<b>1 901 489</b>
<b>Long-term debt equity ratio (land and infrastructure)</b>	<b>30%</b>	<b>29%</b>



## SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS AT 28 FEBRUARY 2022



	Audited as at 28 February 2022 R'000	Audited as at 28 February 2021 R'000
Cash used in operations	(10 243)	(400 703)
Cash flows from other operating activities	(130 866)	(84 137)
<b>Net cash used in operating activities</b>	<b>(141 109)</b>	<b>(484 840)</b>
<b>Net cash used in investing activities</b>	<b>(75 381)</b>	<b>(43 898)</b>
<b>Net cash generated from financial activities</b>	<b>545 593</b>	<b>388 739</b>
<b>Total cash and cash equivalents movement for the year</b>	<b>329 103</b>	<b>(139 999)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>336 533</b>	<b>476 532</b>
<b>Total cash and cash equivalents at the end of the year</b>	<b>665 636</b>	<b>336 533</b>
<b>Cash used in operations</b>		
Profit before taxation	518 845	467 051
<b>Adjustments for:</b>		
Depreciation and amortisation	21 561	17 224
Profit on sale of intangible assets	(8 065)	-
Investment income	(33 371)	(16 936)
Finance costs	31 077	14 079
Other adjustments	12 002	12 151
IFRS 2 BEE charge	34 115	-
<b>Changes in working capital:</b>		
Increase in developments under construction	(620 641)	(724 596)
Increase in trade and other receivables	(62 243)	(97 826)
Decrease (increase) in restricted cash	30 304	(31 390)
Decrease (increase) in development loans receivable	47 779	(34 103)
Increase (decrease) in trade and other payables	18 394	(6 357)
<b>Cash used in operations</b>	<b>(10 243)</b>	<b>(400 703)</b>



# SUSTAINABILITY

**Steve Brookes**  
Chief Executive Officer

FYNBOS, MILNERTON, WESTERN CAPE



## SUSTAINABLE BUSINESS PRACTICES

- 🌱 Commitment to reducing our environmental impact through innovation in design and building techniques
- 🌱 All apartments developed in the period registered with the International Finance Corporation's Excellence in Design for Greater Efficiency (EDGE)
- 🌱 A total of 37 769 apartments from 19 developments registered as EDGE
- 🌱 A total of 6 990 apartments registered as EDGE Advanced (40% + energy savings and 20% + water savings)
- 🌱 7 lifestyle centres awarded six-star green rating from Green Building Council of SA (GBSA), including our new head office
- 🌱 6 lifestyle centres with Net Zero Carbon rating from GBSA
- 🌱 4 367 green bonds secured for clients, provided a total savings of R325 million





# LOOKING FORWARD

**Steve Brookes**  
Chief Executive Officer

**GREENCREEK, TSHWANE EAST, GAUTENG**

## THE FUTURE

- 🌱 Maintain focus on core operations by leveraging existing land bank and existing pipeline of developments
- 🌱 Well positioned with 2 386 apartments forward sold
- 🌱 Strong brand equity as demonstrated by sustained demand and online sales
- 🌱 Initiation of the first ever Balwin share buy-back programme
- 🌱 Management is focused to return to the group's target gross profit margin of low-to-mid 30%
- 🌱 Continued focus on cash management and capital allocation
- 🌱 Identification and development of annuity business opportunities that complement the business model and leverage the Balwin brand
- 🌱 Ongoing emphasis on responsible environmental management





# ANNUITIES

**Raaziq Ismail**  
Head of Legal & Annuity

**THE REID, JOHANNESBURG EAST, GAUTENG**

# ANNUITIES OVERVIEW



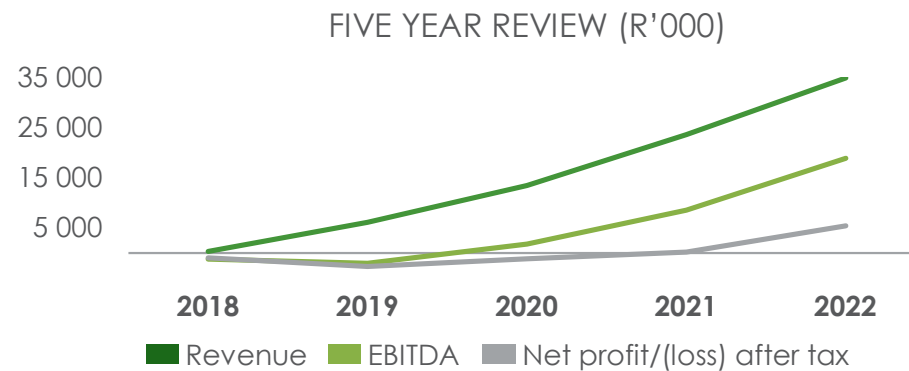
- 🌿 Vision
- 🌿 Leverage Balwin's strong brand and customer base
- 🌿 Low Capex
- 🌿 Five Year Track Record on Balwin Fibre and Balwin Mortgages



# BALWIN FIBRE – 5 YEAR REVIEW



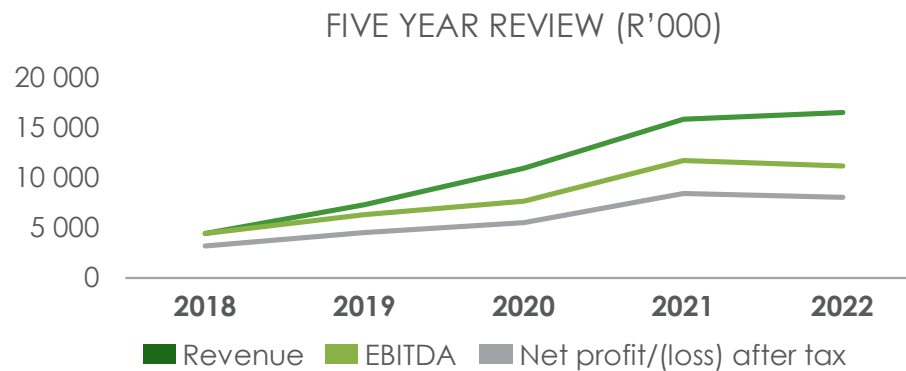
	2018 R'000	2019 R'000	2020 R'000	2021 R'000	2022 R'000
Revenue	338	6 192	13 552	23 676	<b>34 990</b>
EBITDA	(1 190)	(2 051)	1 816	8 571	<b>18 980</b>
Net Profit/(loss) after tax	(908)	(2 691)	(1 158)	214	<b>5 451</b>



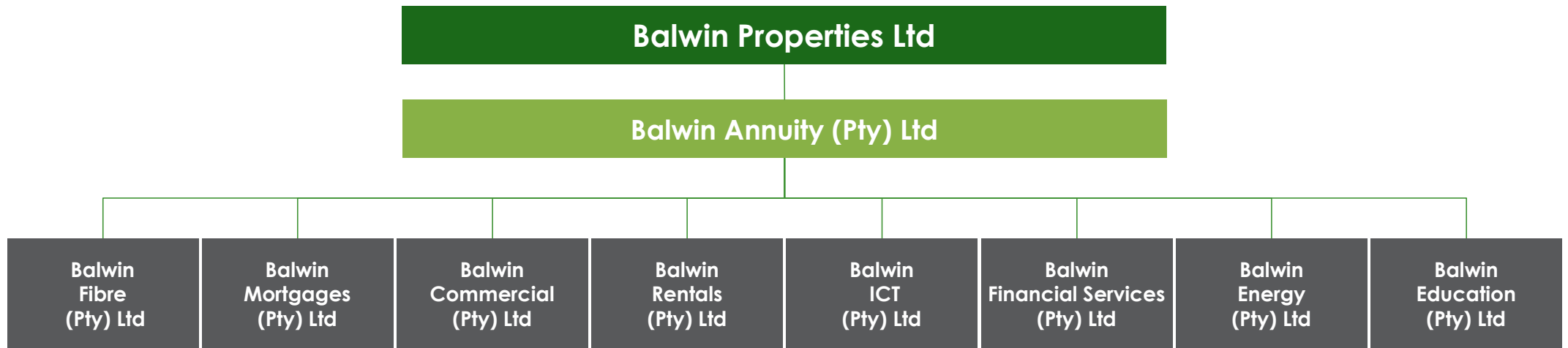
# BALWIN MORTGAGES – 5 YEAR REVIEW



	2018 R'000	2019 R'000	2020 R'000	2021 R'000	2022 R'000
Revenue	4 463	7 334	10 993	15 892	<b>16 552</b>
EBITDA	4 463	6 337	7 687	11 762	<b>11 204</b>
Net Profit/(loss) after tax	3 214	4 563	5 535	8 468	<b>8 067</b>



# ANNUITIES OVERVIEW





# QUESTIONS AND ANSWERS

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Head of legal  
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# ANNEXURES

BALLITO HILLS, BALLITO, KWAZULU-NATAL

# OPERATING MODEL



- Development of large-scale residential estates in key target nodes
- Targeting an average profit margin of low to mid **30% range over the lifecycle** of each project
- Drive efficiencies through **turnkey approach** to development
- Maintaining costs and cash preservation**
- Development pipeline** of 51 803 apartments across 28 developments representing a development horizon of approximately 15 - 20 years
- Focus on **sustainable building practices**
- 29 international property awards** recognising innovation and excellence in business

# TURNKEY DEVELOPMENT MODEL

## OUR OPERATING MODEL >

APPLY BUILD-TO-SELL MODEL TO DEVELOP LARGE-SCALE RESIDENTIAL ESTATES IN KEY STRATEGIC TARGET NODES

### Focus exclusively on residential property

- Build quality, affordable one, two and three-bedroom sectional title apartments
- Focus on sustainable building practices with the achievement of EDGE Advanced certification for all apartments developed
- Ensure construction is scalable and adaptable to market conditions
- Expand into new and growing residential nodes in major metropolitan areas and reduce risk of regional exposure
- Aim to sell approximately 25 apartments per development per month

Drive efficiencies through a turnkey approach to development

## OUTPUTS >

### LAND ACQUISITION

- Land sourcing, acquisition and financing

### PROJECT PLANNING

- Project timelines
- Re-zoning
- Town planning
- Quantity surveying
- Development design and costing
- Treasury and financing
- Procurement

### MARKETING AND SALES

- Marketing and pre-sales
- Bond origination

### CONSTRUCTION MANAGEMENT

- Construction
- Construction management
- Quality control
- Safety, health, environmental and quality management

### TRANSFER AND ESTATE MANAGEMENT

- Title deed registrations
- Establishment of body corporates
- Estate management
- Ongoing client support



# CORPORATE OVERVIEW

- Specialist, national **residential property developer** of large-scale sectional title estates
- Focus on high **quality, environmentally efficient, affordable** apartments with an innovative and all inclusive **lifestyle** offering for clients
- Currently developing approximately **3 000 apartments** per year
- Estates typically consist of between **1 000 and 2 000 apartments** – larger estates developed where market demand and infrastructure allow
- Focus on high-density, high-growth nodes across key metropolitan areas in **Johannesburg, Tshwane, Western Cape and KwaZulu-Natal**
- Approximate 15-to-20 year development pipeline of 51 803 apartments
- Lifestyle centres** typically include free Wi-Fi, a wellness spa, restaurant, gym, squash court, padel court, running track, action sports field, games room, cinema room, swimming pools, playgrounds, laundromat and a concierge



# 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



## INVESTMENT CASE

- Well positioned to address the undersupply of quality, affordable housing in the low to middle market income market
- Long-term development pipeline in key strategic locations
- 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 shareholders
- Sustainable margins supported by high level of pre-sales
- High barriers to entry into the market
- Quality and design of international standards



# DEVELOPMENT BRANDS GREEN COLLECTION BRAND

THE  GREEN COLLECTION



- ✔ Model targets a slightly lower income consumer than the Classic Collection
- ✔ Prices range from R499 900 to R1 199 900
- ✔ Developed on a phase-by-phase approach
- ✔ Distinctive architecture and high-quality standards
- ✔ Residents have access to traditional lifestyle offerings associated with Balwin brand





# DEVELOPMENT BRANDS

## CLASSIC COLLECTION BRAND



### THE CLASSIC COLLECTION

- Core development model
- One-, two-, and three-bedroom four storey walk up apartments
- Prices range from R699 900 to R2 249 900
- 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 SIGNATURE COLLECTION BRAND

THE *Signature* COLLECTION



- 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 with luxurious finishes
- Prices range from R1 299 900 to R3 049 900
- Developments built on existing land in selected nodes and follow the same phase-by-phase approach

