It's a lifestyle

Balwin PROPERTIES

INTEGRATED ANNUAL REPORT 2019

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Introducing our
INTEGRATED REPORT

“Balwin Properties is committed to balanced reporting and transparent disclosure which we believe are fundamental principles of good corporate governance and essential in creating open and honest dialogue with our shareholders.”

Against this backdrop, we have pleasure in presenting our 2019 integrated annual report to shareholders to provide greater insight into how the business aims to create and sustain value over the short, medium and long term.

Reporting scope and boundary

This integrated annual report covers material information on the group's business model, strategy, material issues and related risks and opportunities, governance, sustainability, financial and non-financial performance for the period 1 March 2018 to 28 February 2019. There have been no changes in the reporting scope and boundary over the past year.

The principle of materiality has been applied in preparing the report. Materiality is determined by the board and focuses on internal and external issues that could both positively and negatively affect the group's ability to create value and that are likely to have a material impact on strategy, revenue and profitability.

Forward-looking statements

Shareholders will note that the integrated annual report includes forward-looking statements which relate to the possible future financial position and results of the group's operations. These statements by their nature involve risk and uncertainty as they relate to events and depend on circumstances that may or may not occur in the future. The group does not undertake to update or revise any of these forward-looking statements publicly. Any forward-looking statements have not been reviewed or reported on by the group's external auditor.

Reporting compliance

Our reporting complies with International Financial Reporting Standards, the Companies Act, No. 71 of 2008 and the JSE Listings Requirements and is in accordance with the 'core' option of the Global Reporting Initiative (GRI) Standards. The King IV Report on Corporate Governance (King IV) has been applied throughout the 2019 financial year and the directors confirm that the group has in all material respects applied the principles of the code.
A schedule outlining the group's application of King IV is available on our website www.balwin.co.za.

Assurance

The content of the integrated annual report has been reviewed by the directors and management, and has not been externally assured. The group's independent external auditor, Deloitte & Touche, has provided assurance on the annual financial statements.

Accredited service providers have measured and provided assurance on selected non-financial metrics included in the integrated annual report, while management has verified the processes for measuring all non-financial information.

Directors' approval

The board acknowledges its responsibility to ensure the integrity of the integrated annual report. The directors confirm that the report accurately reflects the group's material issues, strategy, performance and prospects. The audit and risk committee, which has oversight for integrated reporting, recommended the report for approval by the board of directors who accordingly approved the 2019 integrated annual report for release to shareholders on 28 June 2019.

Hilton Saven
Independent non-executive Chairman

Stephen Brookes
Chief Executive Officer

Group PROFILE

KEY MILESTONES

1996

Balwin Properties founded by **Stephen Brookes,** the current CEO and largest shareholder

First sectional title development **Ivory Court** in Johannesburg south

1998

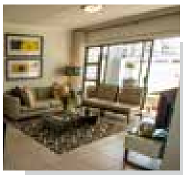
Business expands into the northern suburbs of Johannesburg with **The Caymans** development in Randburg

2004

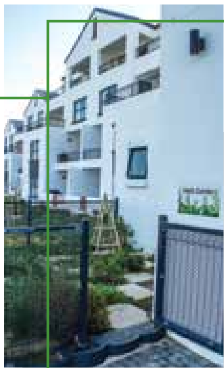
Purchase of **Oakdene Parks** in Johannesburg South, Balwin's largest ever township

2007

First large-scale estate development **The Meridian** completed in Johannesburg east



2011



Expansion into the Western Cape with the **De Velde** development

Buffet Investments acquires a stake in Balwin

2014

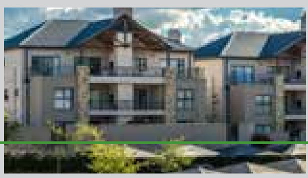
Expanded to Pretoria East with **Grove Lane** development

2015

Balwin **listed** on the JSE

2016

Acquisition of development rights in **Waterfall,** Gauteng



2017

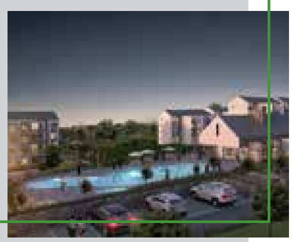
Expansion into KwaZulu-Natal with the **Ballito Hills** development

2018

Development of the **first Crystal Lagoon** in sub-Saharan Africa at The Blyde development in Tshwane

2019

Development of **Greenpark**, the first purpose-built development for sale to a residential property fund



> " Balwin Properties is a specialist, national residential property developer of large-scale, sectional title estates for South Africa's growing low-to-middle income population. "

Listed in the Real Estate Investment and Services sector on the JSE since October 2015, the group is headquartered in Bedfordview, Johannesburg, with regional offices in Stellenbosch (Western Cape) and Umhlanga Ridge (KwaZulu-Natal).

Founded in 1996 by Steve Brookes, the current CEO and largest shareholder, Balwin completed its first sectional title development later that year in Johannesburg south. The first large-scale estate development was undertaken in 2007 in Johannesburg east , with the business expanding into the Western Cape in 2011, Tshwane in 2014 and KwaZulu-Natal in 2017.

In 2018, the group developed the first Crystal Lagoon in sub-Saharan Africa at The Blyde development in Tshwane.

Iconic residential estates

Balwin's residential estates are located in high-density, high-growth areas in Johannesburg, Tshwane, the Western Cape and KwaZulu-Natal. Estates typically range between 500 and 1 500 apartments in each development.

Balwin primarily operates a build-to-sell model, currently developing and selling approximately 2 500 sectional-title residential apartments per year. The group has the ability to increase this capacity to approximately 5 000 apartments per year, based on its existing infrastructure and development pipeline.

The group recently introduced a purpose-built development model targeting large-scale residential property landlords on a non-speculative development basis. This offering is distinct from Balwin's build-to-sell offering. A new entity, Balwin Rentals Proprietary Limited, in which Balwin Properties holds a 25% shareholding, has secured the right to acquire 4 544 purpose-built apartments in three developments. Balwin Rentals has acquired the first 144 purpose-built apartments in the Greenpark development in Boksburg.

The group also generates annuity income through the management and ownership of infrastructure within its developments.

Balwin has a secured pipeline of 28 419 apartments across 23 developments over an approximate eight-year development horizon.

The exceptional quality of the developments and the creative design of the Balwin product was recognised at the recent Africa and Arabia Property Awards where Balwin was presented with four awards in the categories of 'Apartment, For South Africa' for its Ballito Hills development (Ballito) 'Leisure Architecture' and 'Leisure development for South Africa' for The Blyde development (Tshwane East) and 'Developer website for South Africa' for the Balwin website.

Quality, affordable and eco-friendly

Balwin is synonymous with quality, affordable and environmentally friendly building. All new developments are built according to global environmental standards aimed at obtaining certification from the Green Building Council of South Africa.

Build-to-sell apartments are designed to appeal to a wide range of home buyers, catering for first-time, young professional, young family, older family, retirees as well as buy-to-let.

Ranging from 33m² to 120m² with one, two and three-bedrooms, the classic Balwin apartments are priced from R599 900 to R1 999 900. Upmarket estates have been developed in select nodes.

Apartments include modern fitted kitchens, prepaid water and solar-assisted electricity, eco-friendly fittings and appliances, and are all fibre enabled.

The purpose-built apartments for sale to an investor are distinguished by a unique design and architecture that is highly cost efficient, allowing for monthly rentals ranging from R5 100 to R9 500.

Lifestyle and convenience

Lifestyle centres are an integral part of the larger estate developments and are a distinct competitive advantage. These lifestyle centres include a wellness spa, restaurant, gym, squash court, action sports field, games room, cinema room, heated swimming pools, playgrounds, laundromat and concierge services.

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

Balwin Foundation

The Balwin Foundation was established in 2016 to manage the group's socio-economic development programme and oversee the disbursement of funds.

The foundation supports the empowerment of the youth and previously disadvantaged to gain greater knowledge and skills through technical education and training. Students, employees, contractors and job seekers are trained in building-related trades.

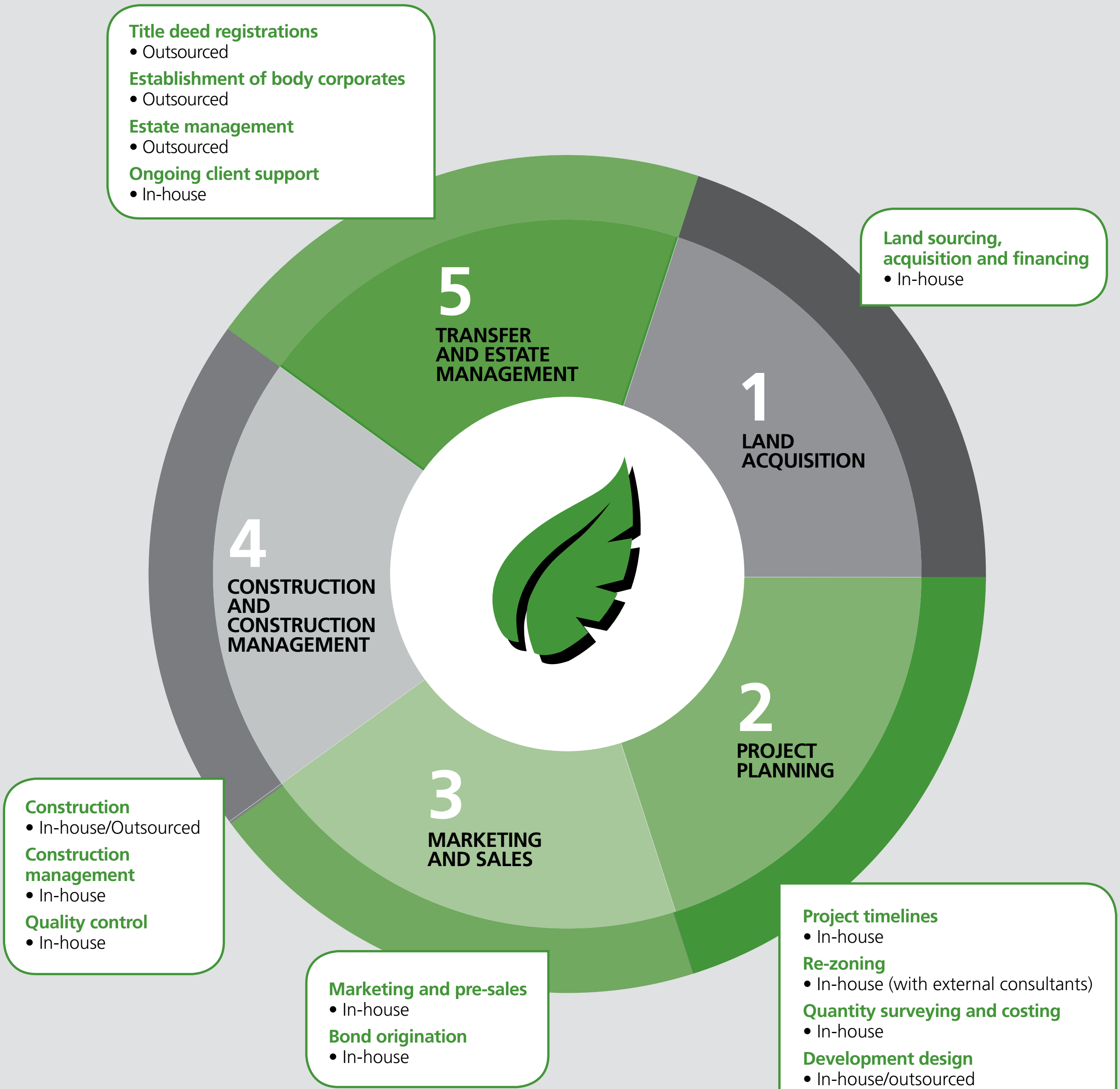
Balwin Properties donates funds from the sale of each apartment to the foundation which has to date trained over 300 previously disadvantaged individuals and funded 16 tertiary students and two scholars through its bursary programme. Refer to pages 47 and 48 for further information on the foundation and its activities.

Business MODEL

> "Through the consistent application of its business model, Balwin Properties aims to create sustainable long-term shareholder value by developing large-scale, sectional title residential estates in major growth nodes for South Africa's expanding low-to-middle income population."

Develop large-scale residential estates in key strategic target nodes	• Focus exclusively on residential property • 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
Apply proven formula for acquiring land for residential development	• Acquire land based on a formula which includes proximity to shopping centres, medical facilities, schools, entertainment and leisure facilities • Increase focus on acquiring zoned land which reduces risk and minimises delays in construction
Apply build-to-sell model	• Construction is scalable and adaptable to market conditions • Build quality, affordable one, two and three-bedroom sectional title apartments
Limit gearing through phased approach to development and financing through pre-sale of apartments	• Fund development finance on a phase-by-phase basis secured against pre-sales of apartments • Obtain development finance for approximately 70% of the construction costs, with the balance being funded internally • Repay land debt (if any) within the early phases of a development where possible through profits on the sale of apartments
Drive efficiencies through a turnkey approach to development	• Perform land sourcing, planning, construction management and sales processes in-house • Negotiate competitive pricing through long-standing supplier relationships and centralised procurement model • Ensure quality product through turnkey approach and so enable group to target gross profit margin of approximately 35% over the lifespan of a development
Utilise local suppliers and mainly locally produced construction material	• Limits the impact of exchange rate fluctuations on construction costs • Increases ability to control quality and costs
Develop Lifestyle Centres in large estate developments	• Offer lifestyle centres with value-added services in all large developments • Create a competitive advantage for Balwin developments
Develop portfolio for sale to large-scale residential property funds	• Develop residential estates on a non-speculative development basis that complement the build-to-sell developments and have their own unique design and features • Sell these developments in phases to Balwin Rentals Proprietary Limited or another institutional/large-scale residential property landlord, which then generates a regular revenue stream from the sale of apartments • Sales to Balwin Rentals Proprietary Limited in accordance with the first right of refusal agreement further provide an annuity income stream from the group's share of profits of the investment in the rental company • Cost engineer developments to target the low-to-middle income rental market • Rental model provides a hedge against rising interest rate cycles where potential buyers rent instead of buy
Grow sources of annuity income	• Complement revenue from sales of apartments with annuity-based income for services offered to residents together with our share of profits of investments • These services contribute to improved customer service while generating annuity income from offering fibre connectivity to residents and solar infrastructure to reduce electricity costs for residents

TURNKEY DEVELOPMENT MODEL



Strategic OBJECTIVES

Complete the secured development pipeline

Drive organic growth by delivering and executing on the group's existing development pipeline.

Progress in 2019

Balwin made good progress in executing on its pipeline in the current year, with 2 437 apartments constructed and sold.

The development pipeline is constantly reviewed to ensure that it is both complementary to the business strategy and that the zoning requirements are able to be achieved in the prescribed timeframe. Should major or protracted impediments arise, management will look to exit its position on the development.

Plans for 2020

Management will continue to actively manage the execution of the pipeline to ensure the appropriate rate of construction of its developments.

Management remains committed to reviewing its development pipeline to ensure that the existing pipeline is complementary to its core business model. The current development pipeline of 28 419 apartments is presented on pages 42 to 43.

Build and sell tenanted apartments to property investors

Building and selling fully tenanted apartments to institutional property investors will enable the group to achieve its growth target as well as address the under-supply of affordable rental apartments in South Africa.

Progress in 2019

Balwin introduced a purpose-built rental product to be sold to institutional/large-scale residential property landlords on a non-speculative development basis. The product is complementary to the group's core build-to-sell model.

Balwin concluded the sale and registration of 156 residential rental apartments to Balwin Rentals Proprietary Limited for a total consideration of R85.6 million. Balwin has a 25% shareholding in Balwin Rentals from which it expects to derive annuity income over time.

Balwin further entered into a right-of-first-refusal agreement in which Balwin Rentals holds the right to acquire 4 544 purpose-built residential rental apartments on existing land parcels belonging to Balwin. Giving consideration to the existing right-of-first refusal agreement, the board will consider each transaction to insure that it is the most favourable to the group and its shareholders. Balwin expects to deliver the rental portfolio over a period of six to eight years.

Plans for 2020

Management plans to introduce further developments for sale to either Balwin Rentals in terms of the existing right-of-first-refusal agreement or alternative institutional/large-scale residential property landlords in the new financial year, while continuing to sell apartments on a phase-by-phase basis.

Black economic empowerment

Evaluate sustainable B-BEEE participation in Balwin and enter strategic relationships with BEE partners while demonstrating a commitment to transformation and upliftment.

Progress in 2019

A transformation committee supports the directors in implementing the group's transformation plan and dealing with critical issues such as employment equity, B-BBEE and social investment. The role of the transformation committee is now governed by the renamed social, ethics and transformation committee, whose scope includes the increasing focus on transformation.

Additionally, Balwin implemented its employment equity policy during the year which is aimed at accelerating transformation in the workplace.

Plans for 2020

Balwin is committed to transformation and will continue to investigate its empowerment options while striving to create a business that is diverse, representative and transformed.

The group is currently implementing structures and processes to enable the business to achieve compliance and be rated according to the B-BBEE codes.

Ongoing enhancement of the product and customer experience

Continuously improve the Balwin product and customer experience through ongoing innovation and delivering operating efficiencies.

Progress in 2019

Balwin responded to changing market demands through the reconfiguration of its block design to introduce new one-bedroom one-bathroom and two-bedroom two-bathroom apartment designs.

The quality of the developments and the creative design of the Balwin product was recognised at the 2019 Africa and Arabia Property Awards. Balwin received awards in the categories of 'Apartment, For South Africa' for its Ballito Hills development and the 'Leisure Architecture' and 'Leisure development for South Africa' for The Blyde development.

Enhancing the customer experience and lifestyle offering is central to the ethos of Balwin. Five lifestyle centres were opened in the 2019 financial year, including the launch of the Crystal Lagoon at The Blyde, Tshwane, the first of its kind in sub-Saharan Africa.

Plans for 2020

Management is committed to achieving green building ratings, including the '6 Stars' Green Star rating from the Green Building Council of South Africa for the lifestyle centres, and achieving the international EDGE certification on several developments.

Balwin aims to be the first residential developer to offer Green Bonds, by engaging in partnerships with banking and financial institutions. Green Bonds assist in unlocking investment potential of green infrastructure, technologies and services while offering value to the customer through improved affordability.

Talent management and retention

Attract and retain skilled professionals to meet the growth needs of the business and ensure continuity and sustainability.

Progress in 2019

The group increased its total headcount by 5% in the 2019 financial year. Of these appointments, more than half constituted management positions. The group seeks to promote internally where possible.

An executive committee was established during the year which comprises the three executive directors, the chief projects director and the regional general managers. The committee serves to assist the executive directors in key decision-making processes and to ensure execution of the strategic objectives of the group. All members of the committee hold an equal voting right for decision-making purposes.

The group implemented a long-term incentive programme by awarding bonus shares to selected management. This serves as a means to align the interests of management with shareholders as well as to award and retain these selected employees.

Plans for 2020

Balwin will continue to seek a competitive advantage by attracting talented individuals and retaining experienced staff who demonstrate behavioural traits aligned with the group's entrepreneurial and dynamic culture.

Management's key performance indicators are in the process of being reviewed to ensure alignment with the group's strategy.

The group plans to establish a management committee in the forthcoming financial year. The committee will report to the executive committee and assist in executing the strategic objectives of the group while also serving as a vehicle to reward and retain selected management personnel.

Strategic OBJECTIVES *(continued)*

Expanding into further growing nodes

Expand operations into other large growth nodes in major cities, including further expansion in KwaZulu-Natal.

Progress in 2019

Construction of Ballito Hills in KwaZulu-Natal commenced in the reporting period, with the first phase of the development being handed over during the year. The first phase of The Blyde, being the first development in Tshwane, was handed over in the current year, with a further five phases handed over before year-end.

Plans for 2020

Management remains committed to concentrate its development focus in the major metropolitan areas of South Africa, namely Gauteng, Western Cape and KwaZulu-Natal.

The group will continue to expand its footprint in the KwaZulu-Natal node, with a further four phases planned to be handed over at Ballito Hills during the 2020 financial year. The development has experienced exceptional demand and as a result management will investigate further opportunities to grow its presence in the KwaZulu-Natal region.

Management also plans to develop existing land parcels in the Western Cape that form part of the current pipeline as other developments reach completion.

Cash management and capital allocation

Cash management and the preservation of cash remains a priority for the group. Capital allocation strategies are continually reviewed to ensure the appropriate and optimal allocation of cash resources.

Progress in 2019

Process improvements in operational cash management have contributed to a healthy increase in cash resources on hand at year-end. Significant management focus was placed on cash preservation and despite continued delays experienced in the registration of apartments as a result of council delays, pleasing positive cash flows were recorded.

Management worked closely with funding partners to drive transparent communication to ensure short-term lending facilities were available to bridge the delay of cash flows from apartment registrations.

Plans for 2020

Cash management and utilisation remain priorities for management for the forthcoming financial year. The group will continue to engage proactively with its current funding partners while investigating alternative avenues and funding models with respect to infrastructure costs. The funding of infrastructure costs is key to enable the business to realise its existing development pipeline.

Significant focus will continue to be placed on operational cash flows through timely realisation of cash from registrations.

Investment CASE

"Balwin Properties offers an attractive proposition for investors seeking exposure to residential property development and to South Africa's growing low-to-middle income population."

Investors should consider the following factors when evaluating a potential investment in Balwin which could enable achieving sustainable and competitive returns to shareholders.

1 Robust market fundamentals driving demand

- Growing demand for quality, affordable and conveniently located housing in secure environments with access to amenities
- Sustained growth in the low-to-middle income population
- Continuing trend to urbanisation
- Government's drive to create integrated, high density societies is aligned with Balwin's offering

2 Trusted national brand

- Established, recognised and trusted brand among homeowners, investors and financial institutions
- Balwin is the largest national residential developer for the low-to-middle income market segment

3 Extensive development pipeline

- Pipeline of 28 419 residential apartments to be constructed over the next approximately eight years in well located developments in major metropolitan areas
- Land secured in key nodes for future development

4 Experienced management team with in-depth market knowledge

- Executive management team has an average of in excess of 20 years' experience in the large-scale residential market
- The group's founder serves as CEO and continues to lead the business
- Extensive knowledge of and ability to read the residential property market critical to success
- Executive directors are significant shareholders which aligns their interests with those of shareholders

5

Proven business model for large scale developments

- Benefit from economies of scale and geographic diversification across major growth nodes
- Vast experience of residential property development ensures project phasing models are applied to effectively manage cash flows
- Scalability of developments allow for investment in extensive lifestyle offerings for residents and tight management of levies, factors which differentiate Balwin in the market
- Development, procurement, sales and management processes are conducted in-house, with specific services outsourced to specialists with oversight by Balwin
- Dynamic product with an ability to change the block design configuration in response to changes in market conditions and customer demands
- Build-to-sell model complemented by recently developed build-to-rent model

6

Sustainable margins supported by high level of pre-sales

- Targeting sustainable gross profit margin of approximately 35% over the lifespan of a development
- Pre-sales enable development finance to be secured. This is undertaken on a phase-by-phase basis which provide protection against negative economic factors
- Sales of 1 224 apartments pre-sold for the 2020 financial year

7

Growing sources of annuity income

- Annuity-based income streams for services including fibre connectivity and solar infrastructure complement revenue from apartment sales

8

Major barriers to entry

- The extensive initial capital outlays required for developments prevent competitors from easily entering the market
- Balwin has a proven track-record and support of major banks and financial institutions; funding is not easily obtainable by new entrants

Material issues AND RISKS

1. Challenging macroeconomic environment

Why material?

The group's profitability is linked to prevailing economic conditions as sales are sensitive to interest rates and inflation.

Risks

- A downturn in macroeconomic conditions could impact negatively on the consumer's ability to raise funding and buying decisions.
- Negatively impacts management's ability to accurately forecast sales and pricing.
- Decline in residential property prices.

Mitigation plan

- An external sales demand analysis is prepared for all new developments to understand and determine the demand for the product and the configuration of the build.
- Adaptive response to construction schedules with an ability to delay or slow down construction.
- The dynamic block configuration is able to adapt and respond to market conditions and customer demands and provides a lower entry price point for customers.
- Balwin's developments are attractive to property owners due to quality product and lifestyle offerings.
- Responsive and continuous feasibility and budgeting processes to manage sales and profitability.

2. Cash management and capital allocation

Why material?

Property development is capital intensive. Extensive upfront capital is required for new developments with respect to bulk services and external upgrades.

Risks

- Insufficient cash to meet working capital requirements.
- Inability to pursue future developments due to lack of capital available.

Mitigation plan

- Partnering with strategic funding partners to assist in financing infrastructure requirements.
- Development funding is obtained on a phase-by-phase basis and is secured against pre-sold apartments. The funding is repayable upon the registration of the secured apartments.
- Adaptive response to construction schedules with an ability to delay or slow-down construction to align development to the rate of sales and funding resources.
- Careful cash management and building of sufficient cash reserves within pre-defined limits set by the board.
- Transaction committee of the board oversees the development opportunities' function.

3. Delays in town planning and local authority approvals

Why material?

Delays in obtaining town planning and regulatory approvals for the commencement of construction of developments can have a significant impact on the cash flows, sales and profitability of the business.

Risks

- Delays in construction result in the registration of apartments being delayed which impacts on financial performance.
- Negative impact on cash flows due to inability to register the apartments.

Mitigation plan

- Management aims to acquire zoned land as part of its land acquisition strategy.
- Professionals employed to ensure compliance with all local government processes.
- Significant and increased focus on the planning processes for the existing development pipeline to reduce delays in zoning projects.

4. Ability to source and fund future land acquisitions

Why material?

The group's ability to develop residential estates is dependent on its ability to source and fund suitable land that is complementary to its core business model.

Risks

- Land fails to meet Balwin's requirements, including size, location and zoning potential.

Mitigation plan

- Balwin has secured land for approximately eight years of development.
- The group has an established transaction committee comprising experienced and independently minded directors overseeing development opportunities.
- Balwin's established market position and network assists in providing access to proprietary land opportunities from both public and private sector landowners.

5. Regulatory compliance and changes in government policies

Why material?

Compliance with complex and multi-layered legislation and codes is imperative in the South African business environment to ensure the sustainability of the group.

Risks

- Non-compliance with complex legislative frameworks could restrict the group's ability to trade and possibly result in monetary sanctions in the longer term.
- Uncertainty on government's position on issues including land expropriation or inclusionary housing and possible changes to other existing government policies.
- Unforeseen and unexpected changes in government legislation, political activity or radicalism with a detrimental effect on the group's business model or minimising development opportunities.
- Non-compliance with B-BBEE legislation and codes could impact on development approvals being granted by government departments or local authorities.

Mitigation plan

- In-house legal department monitors legislative changes together with external professional advisors.
- Closely monitoring government communication on legislation and land related matters and proactively engaging with relevant stakeholders.
- Accelerate transformation across all areas of B-BBEE and seek a formal rating.

Material issues AND RISKS *(continued)*

6. Scarcity of skilled people

Why material?

The sustained performance of the group is dependent on its ability to attract and retain scarce and experienced construction industry talent.

Risks

- Inability to recruit people with the required level of skills in the residential construction industry.
- Performance may be negatively affected by the loss of knowledge and skills of key management and staff.
- Reduced ability to react to market opportunities.

Mitigation plan

- Ongoing investment in knowledge and skills of employees through on the job training.
- Identify and train skilled and experienced managers as succession candidates for senior positions.
- Offer short and long-term executive incentive schemes to remain competitive in the job market and to motivate and retain top talent.

7. Management's ability to control growth

Why material?

Balwin is currently in a development growth phase. There is a risk that this may result in inadequate supply of required goods and services causing operational delays and inefficiencies and resulting in financial loss to the business.

Risks

- Insufficient management and staff capacity to support the growth trajectory.
- Organisational structure and culture not aligned with or appropriately not responding to rapid growth.
- Inability of current suppliers and contractors to deliver on the group's growth and supply requirements.
- Failure to manage working capital effectively which could result in inefficiencies.
- Gearing may not be optimised due to the significant growth resulting in higher liquidity constraints.

Mitigation plan

- Experienced executive team that has managed the group through different business cycles bolstered by recent executive and management appointments.
- Recently expanded executive committee has enhanced the structure and improved the governance and control processes.
- Development finance is obtained on a phase-by-phase basis, and is secured against pre-sold units, reducing the risk of excessive gearing.
- The rate of construction is monitored against the level of sales.
- Working capital and cash allocation is actively managed and monitored.
- National procurement department established to ensure appropriate suppliers and contractors and, to continuously identify alternative suppliers and contractors.

8. Injuries and fatalities on construction sites

Why material?

Owing to the nature of building construction the business is vulnerable to potential injuries or even fatalities at developments.

Risks

- Serious injury or death could result in criminal prosecution, financial penalties and reputational damage.
- Emotional distress to staff and contractors

Mitigation plan

- Balwin uses outsourced sub-contractors. All construction contractors are required to have a formal health and safety policy before commencing projects for Balwin. In addition, Balwin has a health and safety policy which all staff and sub-contractors are required to adhere to.
- On-site employees undergo periodic health and safety training.
- External audits are conducted on all sites on a monthly basis and sub-contractor audits are carried out weekly to ensure compliance with Balwin's strict SHEQ policies.
- A dedicated, accredited Balwin safety officer is allocated to each development.
- Safety is a board agenda item.

9. Information security

Why material?

Increasingly complex information technology (IT) landscapes set new demands on security for protecting personal and business-critical information.

Risks

- Ineffective IT governance and security controls may lead to breaches in the information security system which will result in losses and liability due to the integrity of the internal data being compromised.
- Reputational damage and loss of stakeholder trust arising from breaches in information security.

Mitigation plan

- Established IT policies and robust firewalls.
- Security arrangements that aims at predicting, preventing, responding to and detecting different external attempts of penetration.
- Close and continuous monitoring of internal processes and IT related solutions.

Board of DIRECTORS

From left to right: Tomi Amosun, Rodney Gray, Thoko Mokgosi-Mwantembe, Kholeka Mzondeki, Stephen Brookes

TOMI AMOSUN (37)

BBus Sci (Finance Hons), CA(SA)
Independent Non-Executive Director
Appointed in 2017

Tomi is the managing partner and a founding member of Summit Africa, focusing on unlisted real estate, education, healthcare, financial services and ICT investments in South Africa. He has extensive experience and a proven track record in real estate, listed equity and private equity as an adviser to many large listed and unlisted companies in South Africa and Africa.

RODNEY GRAY (51)

National Higher Diploma Mechanical Engineering
Managing Director
Appointed in 2015

Rodney is the managing director of Balwin with 22 years' experience in the position. Prior to joining Balwin, Rodney was the director of a project management company Nostrum, which managed one of Balwin's developments at the time and was appointed in 1998 as a partner to Steve Brookes.

THOKO MOKGOSI-MWANTEMBE (57)

BSc and diploma in teaching (Swaziland), MSc (Medical Chemistry UK), executive courses at Harvard (USA) and IMD (Switzerland)
Independent Non-Executive Director
Appointed in 2017

Thoko is the chief executive officer and a founding member of the Kutana Group. She has held executive positions in global pharmaceutical and ICT companies including CEO of Alcatel SA and Hewlett Packard SA. She is a non-executive director of Absa Bank, Vodacom Group, Aveng, Royal Bafokeng Platinum, Smollen Group and Chris Hani Baragwanath Hospital. She was the South African Business Woman of the Year in 2007, IT business woman of the year and voted second most influential woman in Africa for IT, media and telecoms.

KHOLEKA MZONDEKI (51)

BCom, FCCA (UK), Diploma in Investment Management
Independent Non-Executive Director
Appointed in 2015

Kholeka has over 20 years' experience in governance and senior financial management, during which time she has also served as financial director and chief financial officer in various organisations including Fortune 500 company 3M. She has served on the boards of Reunert, Aveng and Telkom SA. She is the chairperson of Trudon, a subsidiary of Telkom. She was a finalist in the Nedbank/BWA Business Woman of the Year Awards and has served as an audit member at the UN World Food Programme on a pro-bono basis.

STEPHEN ("STEVE") BROOKES (54)

National Higher Diploma Civil Engineering
Chief Executive Officer
Appointed in 2003

Steve is the founder of Balwin, with approximately 23 years experience in the position at the company. Steve has been instrumental in growing the company from a start up to a successful listed company today. Prior to founding Balwin in 1996, Steve completed an apprenticeship at Group Five, which gave him the insight into being able to go forth on his own. Steve also spent four years as a civil engineer at Eskom and three years as a project manager at Matrix projects.

From left to right: Hilton Saven, Arnold Shapiro, Jonathan Weltman, Ronen Zekry

HILTON SAVEN (66)

BCom, CA(SA)
Independent Non-Executive Chairman
Appointed in 2015

Hilton is the former chairman of Mazars South Africa, an international firm of accountants and Praxity an International Alliance of accounting Firms. He has extensive experience in listed and unlisted entities in the areas of governance, strategy and general management. Hilton is the non-executive chairman of Truworths International Limited and Lewis Group Limited.

ARNOLD SHAPIRO (56)

BBus Sci (Finance Hons)
Independent Non-Executive Director
Appointed in 2016

Arnold has been the chief executive officer of Trematon for the past 14 years. Prior to this he held senior management positions in the asset management industry, including investment analysis, portfolio management and general management. He is a director of various companies in the Trematon Group.

JONATHAN WELTMAN (39)

BCom (Hons), CA(SA)
Chief Financial Officer
Appointed in 2012

Jonathan joined Balwin in 2012, and oversaw the listing of the group on the JSE in 2015.

Jonathan is a CA(SA) who completed his articles with Grant Thornton and subsequently spent four years in investment banking in the UK.

RONEN ZEKRY (39)

BCom, BAcc CA(SA)
Non-Executive Director
Appointed in 2015

Ronen is an equity investor at Buffet Investments with over 10 years' experience in property and related private equity transactions and serves as a director on a number of private company boards. Ronen has been involved in Balwin since 2011.

Chairman's
LETTER TO SHAREHOLDERS

HILTON SAVEN – Chairman

> "At Balwin we are committed to achieving regulatory and legislative compliance while also ensuring that governance practices are relevant for the profile and size of the business. We also strive for an effective balance between meeting the board's governance oversight responsibilities and maintaining the entrepreneurial spirit on which the company was founded."

Dear shareholders

South Africa's economic challenges have had a marked impact on the performance of the country's corporate sector over the past year, compounded by policy uncertainty and social instability.

The construction and real estate sectors have been particularly hard hit. Balwin's trading conditions have been hampered by the country's low economic growth, deteriorating confidence levels and mounting pressure on consumer spending from the increase in the value-added tax rate, escalating fuel prices, rising utility costs and higher education and medical costs.

In this environment the group reported resilient revenue growth of 6% although margin pressure and higher costs resulted in profit for the year declining by 8%.

The board is pleased to declare a final gross dividend of 14.51 cents per ordinary share, representing a distribution of 15% of the group's profits.

At Balwin we are committed to achieving regulatory and legislative compliance while also ensuring that governance practices are relevant for the profile and size of the business. We also strive for an effective balance between meeting the board's governance oversight responsibilities and maintaining the entrepreneurial spirit on which the company was founded.

It will be reassuring to shareholders that our board is strong, stable and independent, with an effective balance between non-executive and executive directors. The directors' commitment is confirmed by the 100% attendance at all our board and committee meetings during the reporting period. We plan to strengthen the board with the appointment of an additional independent non-executive director in the year ahead.

The board is diverse in terms of gender, race and professional experience which encourages constructive debate and ensures that the needs and concerns of all stakeholder groups are addressed. Three of our six non-executive directors are black and two are female. Our policy on the promotion of race and gender diversity at board level includes a voluntary target for 20% female and 30% black representation on the board, and both targets have been exceeded.

One of the key issues addressed by the board in the past year has been the evaluation and approval of the purpose-built product for sale to property funds which is now operating in tandem with the group's build-to-sell product. While this model will not detract from the group's commitment to its core business development model, this again highlights the group's innovation in meeting the needs of low to middle-income South Africans for affordable, quality and secure homes.

The sale of the first of these apartments was concluded during the year with Balwin Rentals Proprietary Limited, a strategic alliance partner in which the group has a 25% shareholding. Balwin will generate annuity income over time from its share of profit in Balwin Rentals Proprietary Limited as well as management fees for operating the rental apartments. The rental model is covered in more detail in the Chief Executive Officer's Report on page 20.

An area of specific focus for the board in the new financial year will be transformation and empowerment. We are committed to 'building a better Balwin' by continuing to create a business that is diverse, representative and transformed.

Owing to the group-wide focus on all aspects of transformation, the board social and ethics committee has been renamed the social, ethics and transformation committee to more accurately describe the committee's mandate and responsibilities.

This committee supports the directors in implementing the group's transformation plan and dealing with critical issues such as employment equity, black economic empowerment and social investment. An employment equity policy was implemented during the year which is aimed at accelerating transformation in the workplace.

A broad-based black economic empowerment (B-BBEE) transformation charter has been developed which outlines Balwin's B-BBEE strategy for the next three years. Structures and processes are being implemented to enable the group to comply with and be rated according to the B-BBEE codes by the end of the 2020 financial year.

Remuneration continues to be a key area of engagement with shareholders. Our remuneration policy and framework continued to be enhanced in line with the King IV principles of fair, responsible and transparent remuneration. The remuneration committee oversaw the implementation of the group's long-term incentive scheme which aims to align management's interests with those of our external shareholders as well as retain skilled and experienced talent. The committee has also approved non-financial performance metrics for the short-term incentive scheme. The non-binding advisory vote on the group's remuneration policy was approved by 87.76% of shareholders voting and the implementation report by 87.84% of votes.

In closing, I thank the Balwin executive team for their astute leadership of the group in these demanding market conditions. My fellow non-executive directors continue to provide oversight, guidance and counsel, and I thank them for their active participation in board affairs.

Thank you to our shareholders both in South Africa and offshore for your continued investment and belief in Balwin Properties.

Sincerely

Hilton Saven
Independent non-executive chairman

28 June 2019

Chief Executive Officer's REPORT

STEPHEN BROOKES – Chief Executive Officer

> "Balwin continued to experience strong demand for its lifestyle apartments over the past year despite continued economic headwinds and growing pressure on South African consumers in a low growth environment."

Introduction

Balwin continued to experience strong demand for its lifestyle apartments over the past year despite continued economic headwinds and growing pressure on South African consumers in a low growth environment.

Balwin's executive and management team are committed and driven to be market leaders in the low-to-mid range residential property sector. We are continuously striving to achieve better value for our clients. Innovation and keeping up with international trends and designs is a constant work ethic of the Balwin management.

In the past year, the group handed over 2 437 apartments to customers, 353 more than the previous year, and grew revenue by 6% to R2.6 billion. Four new developments were launched, we successfully introduced a strategic model purpose-built for sale to property funds and ended the year with 11 active developments under construction.

Our long-term pipeline has decreased by 13 582 apartments to a total of 28 419 at year-end. This reduction is as a result of management's active and dynamic review of its pipeline to ensure that it is complementary to the business strategy and able to be timeously realised. Balwin management is committed to careful capital allocation and to executing on our existing development pipeline.

Operating model our key differentiator

The stature of the Balwin brand in the residential property market can largely be ascribed to our proven operating model which is not only fundamental to the business but also to the group's investment case.

Our model is based on a number of residential developments being built and sold across diverse locations at any time to ensure that our sales target of approximately 2 500 apartments is achieved each year.

To achieve this we follow a continuous development approach which is based on selling approximately 25 apartments in each development per month. The continuous development model sustains pricing tension in target nodes and allows us to retain contractors as project teams rotate between developments, depending on the stage of construction at each particular site.

Developments are located in key growth areas across the country which ensures that revenue streams and demand are diversified across nodes and regional economies.

Estates are built to high standard specifications and according to a unique Balwin design, enabling the group to benefit from significant economies of scale.

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

The flexibility of the block configuration design between 10 to 14 apartments allows management to proactively adapt and respond to changing market conditions and customer demands. This was evident in the past year when the group adapted its apartment mix and block configuration to introduce more affordable one-bedroom one-bathroom and two-bedroom two-bathroom apartments to meet the changing market demand.

Most major construction material, fittings and furnishings are locally sourced to maintain quality and contain costs, with minimal imports ensuring limited exposure to currency fluctuations. Balwin's centralised procurement and quantity surveying departments ensure that the group leverages its scale optimally across all developments.

This model ensures that Balwin continues to meet the need for secure, affordable and high quality residential apartments for South Africa's low-to-middle market segment.

Strategic rental model for sale to residential property landlords

Shareholders who have followed Balwin since the listing will know that one of our strategic objectives has been to introduce a product for sale to residential property landlords, which is complementary to the group's core build-to-sell model.

This objective was achieved during the year through the introduction of a purpose-built product and the development of designated estates for sale to property funds. The apartments will be sold on a phase-by-phase basis to funds.

In the current year, Balwin concluded the sale and registration of 156 residential apartments to Balwin Rentals Proprietary Limited, a strategic alliance partner, for a total consideration R85.6 million.

A further 96 rental apartments were sold to Balwin Rentals but not yet registered and will be recognised in revenue in the 2020 financial year.

Balwin also entered into a right-of-first refusal agreement granting Balwin Rentals the right to acquire 4 544 residential rental apartments on existing land parcels of Balwin. Balwin holds a 25% share in this rental company and expects to derive annuity income over time through its share of profit from this investment. Giving consideration to the existing right-of-first refusal agreement, the board will consider each transaction to ensure that it is the most favourable to the group and its shareholders.

The first rental development is Greenpark in Boksburg. Three further rental developments, all under the 'Green' brand, are planned for Gauteng, totalling over 6 000 apartments. The rental portfolio is expected to be delivered over the next six to eight years. This purpose-built product will retain Balwin's quality and innovative design but have distinctive architecture and specifications.

Balwin is targeting monthly rentals ranging from R5 100 to R9 500 and tenants will have access to the lifestyle features synonymous with the Balwin brand, including the lifestyle centre, gym, restaurants and concierge. Balwin will manage the rental units on behalf of the rental company for a management fee. We believe that this model will also create a hedge against rising interest rates as potential property buyers may decide to rent instead of buying a property in an upward interest rate cycle. During a downward interest rate cycle, Balwin will benefit from offering both product model types.

Chief Executive Officer's REPORT *(continued)*

Development portfolio

Apartments recognised in revenue in 2019 financial year

Johannesburg	**1 171**
Kikuyu	300
The Whisken	296
The Polo Fields	193
The Reid	190
Amsterdam	79
Westlake	77
Balboa Park	24
Malakite	12
Tshwane	**380**
The Blyde	380
Western Cape	**681**
De Zicht	258
The Jade	247
Paardevlei Estate	87
The Sandown	68
Paardevlei Square	21
KwaZulu-Natal	**61**
Ballito Hills	61
Development for sale to property fund	**144**
Greenpark	144
Total	**2 437**

Sustained demand for Balwin's lifestyle product saw pleasing sales generated across existing and new developments. The initial phases of four new developments were handed over to customers during the reporting period, namely The Blyde (Tshwane), The Reid (Sandton), The Jade (Somerset West) and Ballito Hills (Ballito).

The developments in Johannesburg north continue to be a strong driver of performance for Balwin, accounting for approximately half of the apartments handed over in the year. Demand was high for Kikuyu (300 apartments handed over), The Whisken (296 apartments) and The Polo Fields (193 apartments).

Demand at The Blyde in Tshwane east exceeded expectations, with the development recording the highest level of apartment sales across the group. The launch of sub-Saharan Africa's first ever Crystal Lagoon at this development in September 2018, is proving a major attraction to prospective buyers. The 1.5 hectare clear-water lagoon, which provides a beach setting for residents, uses borehole water while water-saving technology minimises wastage.

The first phase of Ballito Hills, Balwin's maiden development in KwaZulu-Natal, was handed over to customers during the year and continues to achieve exceptional demand with the phases for the upcoming financial year already sold out.

Construction on five developments, namely Munyaka (Waterfall), The Huntsman (Somerset West), Fynbos (Sandown), Greenlee (Sandton) and Greencreek (Tshwane) will commence in the new financial year.

The quality of the group's developments and the creative design of the Balwin product was recognised at the Africa and Arabia Property Awards in 2018, where Balwin received four awards in the categories of 'Apartment, For South Africa' for the Ballilo Hills development (Ballilo), the 'Leisure Architecture' and 'Leisure development for South Africa' for The Blyde development (Tshwane east) as well as the 'Developer webiste for South Africa' for the Balwin website.

In the report on Balwin's Development Portfolio on pages 30 to 43, we showcase our current major developments, profile the lifestyle centres which are an integral component of our developments and provide detail on the group's development pipeline.

Growing annuity income

We remain committed to generating annuity income streams to complement the revenue from the sale of apartments and to improve returns to shareholders.

Balwin Fibre provides high speed fibre networks and generates revenue through line rentals to internet service providers to offer a value-added service to residents in our developments. Fibre networks have been installed in 10 developments, with fibre connected in 2 663 apartments.

A partnership agreement with Solar Africa for the installation of solar infrastructure ensures that developments are more energy efficient and reduces electricity costs for residents. Balwin earns 33% of the net revenue generated from this partnership.

While the revenue from these sources is currently immaterial, it is expected to make a meaningful revenue contribution over the medium to long term as the businesses build scale.

We continue to seek further annuity income partnership opportunities that are complementary to our business and enhance the lifestyle offering to customers, and which require limited additional construction costs.

Outlook

The directors are confident that ongoing urbanisation and the growth of the South African middle-class population will continue to support the robust demand for Balwin's lifestyle apartments. Pre-sales of 1 224 apartments have been recorded for the new financial year.

However, we remain concerned about the potential impact of deteriorating macroeconomic conditions, declining consumer disposable income levels, socio-political uncertainty and civil unrest on the residential property market.

In the current environment, our focus will continue to be on cash preservation, prudent capital management and cost containment, particularly as a number of our developments are at an early stage in their lifecycle and require infrastructure investment.

Our longer-term outlook is supported by a secure pipeline of 28 419 apartments across 23 locations nationally, with an approximate eight-year development horizon.

Appreciation

Balwin's success is based on the exceptional people we employ, the partnerships we create with our advisers, professional teams, contractors, sub-contractors and suppliers, and the high quality product we deliver to our customers.

Thank you to my executive colleagues, our teams at head office and in the regional offices for ensuring that we again delivered the highest standards of design, development, quality and service over the past year.

Stephen Brookes
Chief Executive Officer

28 June 2019

Chief Financial Officer's REPORT

JONATHAN WELTMAN – Chief Financial Officer

Introduction

Balwin recorded strong revenue growth from apartment sales in the current constrained macroeconomic environment as consumer spending came under increasing pressure.

However, compression in the gross margin and an increase in operating expenses contributed to the group's profitability declining by 8% year-on-year to present profit after taxation of R452.4 million for the year. Considering the prevailing economic headwinds and consumer pressures, management is pleased with the performance for the year.

The progress in the management and utilisation of cash has been particularly encouraging, with cash resources at year-end improving to R329.4 million from R100.0 million in the previous year.

Financial review

The following review of the financial performance for the year ended 28 February 2019, should be read together with the group's annual financial statements on pages 68 to 117. This review covers the key line items of the statements of comprehensive income and financial position which management consider material to the group's performance.

Revenue

Revenue for the year increased by 6% to R2.6 billion (2018: R2.5 billion).

Sustained demand for the Balwin product resulted in the number of apartments recognised increasing by 353 to 2 437. This includes the 156 residential rental apartments sold to strategic alliance partner, Balwin Rentals Proprietary Limited for R85.6 million.

A further 1 224 apartments have been pre-sold and will only be recognised in revenue in the 2020 financial year.

The average selling price for the core apartments was R1 253 334 (2018: R1 177 848). The total average selling price for all apartments reduced to R1 069 462 as a result of the inclusion of revenue from the purpose-built apartments sold to Balwin Rentals Proprietary Limited, which returned a lower selling price than the core business model apartments.

Management is confident of delivering growth in the sale of this purpose-built product in the forthcoming year in a manner that maximises wealth to shareholders.

Gross profit

Gross profit reduced from R805.2 million to R787.9 million in the current year, translating to a gross profit margin of 30.1%. Although this represents an increase from the 27.3% reported for the interim period, the margin has decreased when compared to 32.8% in the previous financial year.

The reduction in the margin resulted from a number of factors, including:

- the increase in the VAT rate from 14% to 15%, effective from April 2018, was absorbed into the selling prices of Balwin apartments;
- the sales mix for the year included a higher proportion of apartments in early stage developments which traditionally generate a lower gross margin;
- an increase in the mix of apartments sold in the Western Cape which return a lower gross margin; and
- the inclusion of the revenue recognised from the sale of the rental apartments to Balwin Rentals Proprietary Limited which returns a lower margin that the group's targeted gross profit margin.

Management maintains its expectation that the gross profit margin of the build-to-sell model will improve as the current early stage developments near completion. This trend is expected to continue in the upcoming financial year. This is due to the proven formulae whereby the phase-by-phase growth in the selling price exceeds development costs. This is evidenced by the improvement in the

gross margin in the second half of the year. The business continues to target a gross profit margin of approximately 35% through the lifecycle of a project, with typically higher margins being achieved on Gauteng-based projects.

Shareholders should note that the revenue from the inclusion of the apartment sales to residential property funds will be margin dilutive as this product returns a lower margin than the group targeted gross profit margin.

Cost management and improved efficiencies have remained important focus areas and the integration of the centralised procurement system introduced last year has been completed.

Operating expenses

Operating expenses grew by R32.8 million to R173.8 million. The increase in operating costs reflects the consolidation of R9.9 million operating costs of Balwin Fibre Proprietary Limited for a full period compared to the inclusion of R1.5 million in the prior year while the subsidiary was at its start-up phase. The majority of these costs pertain to core network operating costs. In addition, employee related costs increased by R23.1 million owing to growth in the total headcount, the provision of executive bonuses in accordance with the remuneration policy as well as the growth of the management team. Apart from these increases, operating expenses have remained largely flat from the prior year.

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

Group profit and earnings

Operating profit was 6% lower at R630.1 million (2018: R670.8 million) as the operating margin contracted to 24.1% (2018: 27.3%).

Taxation was R15.1 million lower at R176.1 million with the effective tax rate remaining at 28%.

Headline earnings declined by 8% to R452.5 million (2018: R491.3 million), with headline earnings per share at 95.84 cents (2018: 104.56 cents).

Dividend

As a result of the review of the group's capital allocation in the current economic climate, the directors have declared a dividend distribution of 15% of the group's profits. Accordingly, a dividend of 14.51 cents per ordinary share has been declared for the current year.

Statement of financial position

Developments under construction, including the value of land, land contribution costs and development costs, increased by R455.8 million to R3.04 billion. Land costs account for 35.7% of the value of work in progress. Management is focused on delivering on the existing development pipeline and was able to reduce this pipeline by exiting its position on certain pieces of land during the current year, as part of the active management of the developments under construction, an ongoing focus area for management. Apart from limited key strategic opportunities, management does not intend on expanding on its pipeline in the new financial year.

Trade and other receivables of R913.2 million largely reflects the value of apartments recognised at year-end but that have not yet been registered. It remains a key financial focus of management and its team of professionals to limit the delay between the handing over and registration of apartments, however, these adverse council delays are common occurrence in the industry. It is noted, however, that of the 864 apartments that were not registered at year-end. Only 66 apartments remain unregistered at the end of April 2019 and all of these apartments are expected to lodge and register imminently.

The group's net asset value per share increased by 15% to 567.51 cents.

Chief Financial Officer's REPORT *(continued)*

Funding structure and costs

Development finance is obtained on a phase-by-phase basis for each development. Finance is secured against the pre-sales of the specific phase being financed. Development finance is obtained at an approximate loan to cost of 70% 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.

The group's long-term debt to equity ratio at the end of the reporting period has improved to 14% from 25% in the prior year.

A focus area for management in the current year pertains to the sourcing of funding of infrastructure costs that will assist to unlock the development value. Management is at an advanced stage of sourcing funding for these costs.

Appreciation

Thank you to our shareholders for their continued investment in Balwin and to the broader investment community for their engagement over the past year. My thanks are also due to our funding institutions for their ongoing support. I also thank my colleagues in the finance team for their dedication and commitment.

Jonathan Weltman

Chief Financial Officer

28 June 2019

Operations REPORT

> "Balwin focuses on building high-quality, affordable and innovative lifestyle apartments for South Africa's low-to-middle income market."

Estates typically range between 500 and 1 500 apartments in each development and are located in high-growth areas of Johannesburg, Tshwane, the Western Cape and KwaZulu-Natal.

Balwin currently has 11 developments under construction across the country. Balwin's development pipeline is presented on pages 42 to 43 and is split between its build-to-sell model (including both its core business model and elite developments), as well as its purpose-built product identified for sale to Balwin Rentals Proprietary Limited or alternative property funds, subject to Balwin Rentals' first right of refusal, should the transaction terms be more favourable to the group and its shareholders.

Core business model

The group's core product is the "build-to-sell" model where apartments range in size from 33m² to 120m², and are priced from R599 900 to R1 999 900. Estates are developed on a phase-by-phase basis and the dynamic nature of the product enables Balwin to change the block design configuration in response to changing market conditions and customer demands. During the past year the group adapted its apartment mix and block configuration, introducing more affordable one-bedroom one-bathroom and two-bedroom two-bathroom apartments to meet the shifting market demand.

Elite developments

Balwin's portfolio incorporates two elite developments, being The Polo Fields (Waterfall) and Paardevlei Lifestyle Estate (Somerset West). These apartments are built to higher specifications and achieve selling prices from R1 999 900 to R2 999 900. Built on existing land parcels in selected nodes, the elite developments follow the standard phase-by-phase approach used in all Balwin developments. The group does not plan to build any further elite developments once the existing developments have been completed.

Purpose-built rental product

Balwin successfully implemented one of its strategic objectives of introducing a purpose-built rental product which is complementary to the group's core build-to-sell model. Rental apartments will retain Balwin's quality and innovative design but are distinct from the company's core product in terms of architecture and specifications.

Lease rentals will range from R5 100 to R9 500 per month and provide tenants access to the lifestyle features associated with the Balwin brand, including the lifestyle centre, gym, restaurants and concierge.

Balwin will develop apartments to sell to a property fund on a non-speculative basis.

The first 240 residential rental apartments in the Greenpark development in Boksburg were sold to Balwin Rentals Proprietary Limited (Balwin Rentals) late in the reporting period of which 144 were successfully registered. The group holds a 25% share in Balwin Rentals and expects to derive annuity income over time from its share of profit in this investment.

Balwin Rentals also holds the right to acquire a further 4 544 apartments on existing land parcels from Balwin. The rental portfolio is planned to be delivered over the next six to eight years.

Generating annuity income

While Balwin expects to generate annuity income from the developments for sale to a property fund over time, the business also produces annuity income by leveraging its asset base and expanding its service offering to home owners. Partnerships have been established to provide high-speed fibre connectivity in Balwin estates as well as solar installations which generate renewable energy. The annuity business is complementary to Balwin's business model and enhances the lifestyle offering to customers, with limited additional construction costs required to generate annuity returns.

Operations REPORT *(continued)*

PRIME LOCATIONS IN HIGH GROWTH NODES

Gauteng

Johannesburg North
Number of apartments
1 486

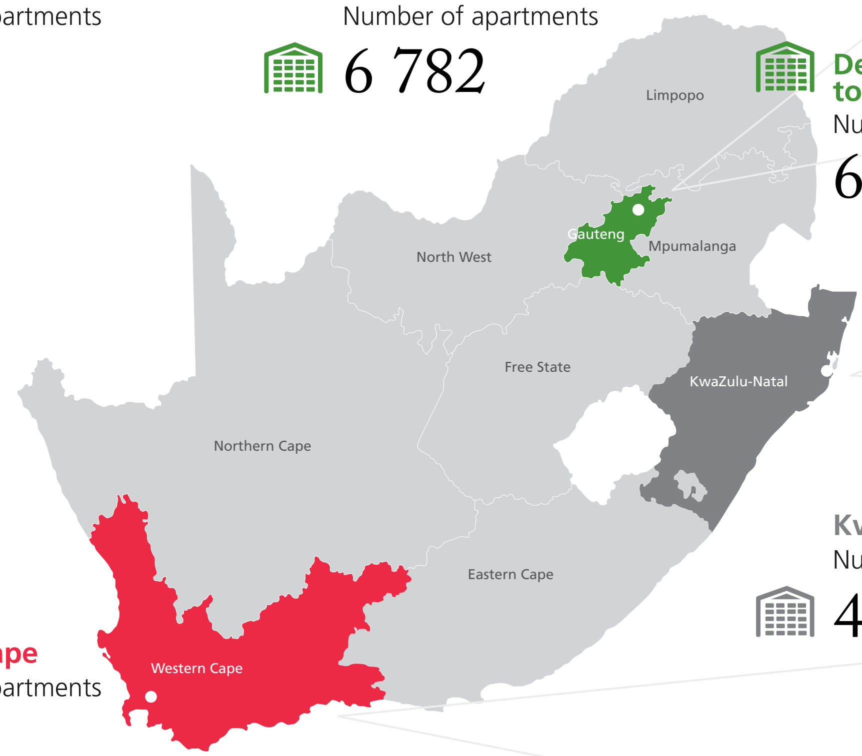
Johannesburg East
Number of apartments
1 416

Johannesburg South
Number of apartments
280

Tshwane
Number of apartments
3 179

Waterfall
Number of apartments
6 782

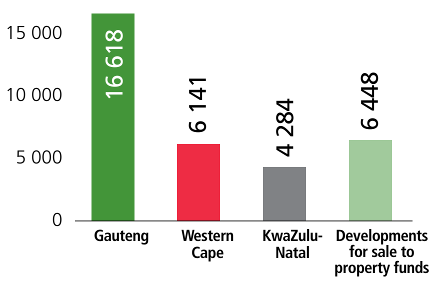
Developments for sale to property funds
Number of apartments
6 304



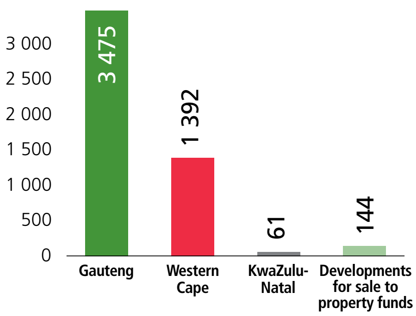
KwaZulu–Natal
Number of apartments
4 223

Western Cape
Number of apartments
4 749

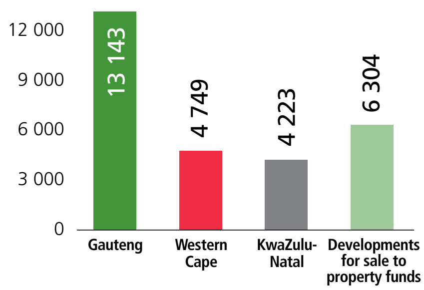
Total number of apartments in development (units)



Total apartments recognised in revenue (units)



Total apartments included in future pipeline (units)



Johannesburg

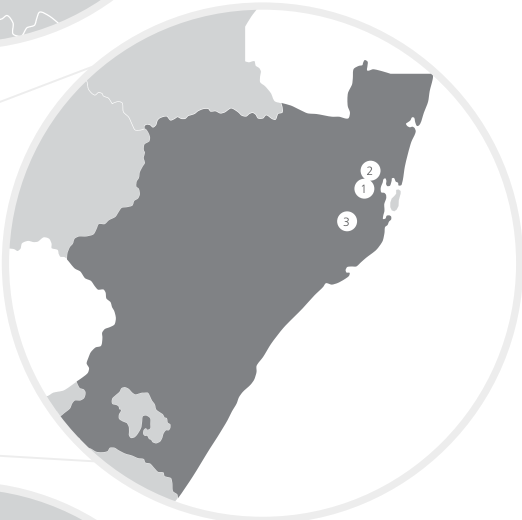
1. The Whisken
2. The Reid
3. Amsterdam
4. Westlake 2
5. Majella Park
6. Greenpark
7. Greenlee

Tshwane

8. The Blyde
9. Greencreek
10. Greenwood

Waterfall

11. The Polo Fields
12. Munyaka
13. Kikuyu



KwaZulu–Natal

1. Ballito Hills
2. Ballito Creek
3. Marshall Dam

Western Cape

1. Paardevlei Lifestyle Estate
2. Paardevlei Square
3. The Jade
4. The Sandown
5. Paarl
6. De Zicht
7. The Huntsman
8. Gordons Bay
9. Fynbos
10. Paarl

LIFESTYLE CENTRES

Lifestyle centres offer residents top-class leisure and entertainment facilities, and are an integral part of Balwin's larger estate developments. These lifestyle centres generally include the following amenities which are offered as all-inclusive, value-added services:

Restaurant	Playgrounds	Kids pool	Conference rooms
Gym	Games room	Wellness spa	Convenience store
Squash court	Cinema room	Laundromat	Car wash facilities
Outdoor action sports field	Swimming pool	Concierge services	Free wi-fi

The restaurants, wellness centres and gyms at the lifestyle centres are outsourced to specialist providers to ensure consistent quality and standards across all Balwin developments.

Lifestyle SHOWCASE

luxury

Development SHOWCASE

elegance

THE POLO FIELDS WATERFALL

Location

Johannesburg North (Waterfall)

Number of units

1 512

PAARDEVLEI
LIFESTYLE ESTATE

Location

Western Cape (Somerset west)

Number of units

342

Development SHOWCASE *(continued)*

KIKUYU
WATERFALL

modern

Location

Johannesburg North (Waterfall)

Number of units

1 270

THE REID

Location

Johannesburg East (Linbro Park)

Number of units

1 294

Development SHOWCASE *(continued)*

style

THE BLYDE RIVERWALK ESTATE

Location

Tshwane East

Number of units

3 580

THE WHISKEN
CROWTHORNE

Location

Johannesburg North (Kyalami)

Number of units

1 490

Development SHOWCASE *(continued)*

inspired

AMSTERDAM
OLIVEDALE

Location

Western Cape (Somerset West)

Number of units

1 040

DE ZICHT

Location

Western Cape (Somerset West)

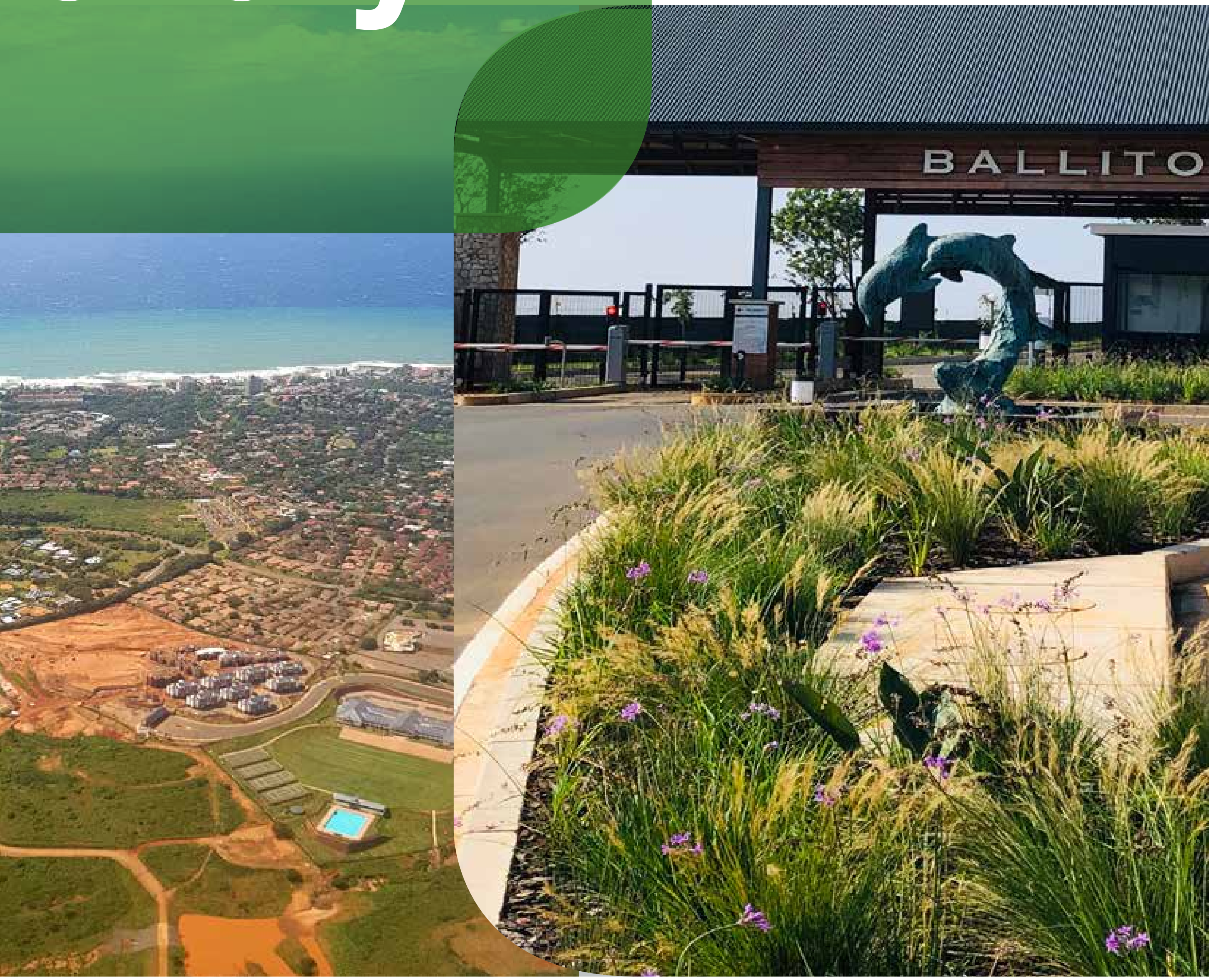
Number of units

876

Development SHOWCASE *(continued)*

luxury

BALLITO HILLS



Location

Ballito (KwaZulu-Natal)

Number of units

1 320

the jade
paardevlei

Location

Western Cape (Paardevlei)

Number of units

432

Development PIPELINE

	Expected commencement date of construction	Expected date of completion of construction	Status (*)	Total apartments in development
JOHANNESBURG				
Waterfall				
Kikuyu	Commenced	Mar 2022	A	1 270
The Polo Fields	Commenced	Jun 2023	A	1 512
Munyaka	TBC	TBC	I	5 020
Total				7 802
Johannesburg East				
The Reid	Commenced	May 2022	A	1 294
Westlake	Commenced	Complete	C	820
Westlake 2	TBC	TBC	I	312
Total				2 426
Johannesburg North				
Amsterdam	Commenced	Aug 2019	A	1 040
The Whisken	Commenced	Jun 2022	A	1 490
Total				2 530
Johannesburg South				
Majella Park	TBC	TBC	I	280
Total				280
KwaZulu-Natal				
Ballito Hills	Commenced	Jan 2024	A	1 320
Ballito Creek	TBC	TBC	I	1 872
Marshall Dam	TBC	TBC	I	1 092
Total				4 284
Tshwane				
The Blyde	Commenced	Nov 2027	A	3 580
Total				3 580
Western Gape				
De Zicht	Commenced	Jul 2020	A	876
Paardevlei Lifestyle Estate	Commenced	Feb 2022	A	342
Paardevlei Square	Commenced	Complete	C	87
The Jade	Commenced	Sep 2019	A	432
The Sandown	Commenced	Complete	C	636
The Huntsman	Jun 2019	Oct 2023	I	1 044
Gordons Bay	TBC	TBC	I	1 272
Fynbos	TBC	TBC	I	1 116
Paarl	TBC	TBC	I	336
Total				6 141
Developments for sale to property funds				
Greenlee	May 2019	Aug 2023	I	1 728
Greenpark	Commenced	May 2022	A	1 200
Greencreek	Jun 2019	Jun 2025	I	1 760
Greenwood	Jul 2019	Jul 2031	I	1 760
Total				6 448
Grand Total				**33 491**

* A – active; I – inactive; C – complete

Total apartments sold	Total apartments registered	Total apartments recognised in revenue	Total apartments sold but not recognised in revenue	Total unsold apartments	Balwin pipeline
696	483	515	181	574	**755**
583	548	505	78	929	**1 007**
–	–	–	–	5 020	**5 020**
1 279	1 031	1 020	259	6 523	**6 782**
237	–	190	47	1 057	**1 104**
820	820	820	–	–	**–**
–	–	–	–	312	**312**
1 057	820	1 010	47	1 369	**1 416**
720	705	706	14	320	**334**
422	–	338	84	1 068	**1 152**
1 142	705	1 044	98	1 388	**1 486**
–	–	–	–	280	**280**
–	–	–	–	280	**280**
398	–	61	337	922	**1 259**
–	–	–	–	1 872	**1 872**
–	–	–	–	1 092	**1 092**
398	–	61	337	3 886	**4 223**
552	280	401	151	3 028	**3 179**
552	280	401	151	3 028	**3 179**
451	263	339	112	425	**537**
124	91	97	27	218	**245**
81	68	74	7	6	**13**
336	245	247	89	96	**185**
636	634	635	1	–	**1**
–	–	–	–	1 044	**1 044**
–	–	–	–	1 272	**1 272**
–	–	–	–	1 116	**1 116**
–	–	–	–	336	**336**
1 628	1 301	1 392	236	4 513	**4 749**
–	–	–	–	1 728	**1 728**
240	144	144	96	960	**1 056**
–	–	–	–	1 760	**1 760**
–	–	–	–	1 760	**1 760**
240	144	144	96	6 208	**6 304**
6 296	**4 281**	**5 072**	**1 224**	**27 195**	**28 419**

Building a SUSTAINABLE FUTURE

> "Balwin is committed to promoting a culture of good corporate citizenship across the business and to assist in creating a better future for stakeholders through social, economic and environmental sustainability practices."

Environmental sustainability

Environmental sustainability is integral to the group's business strategy and operational practices, underpinned by the philosophy that Balwin Properties has a responsibility to continually improve environmental performance to reduce its impact on the environment.

The introduction of an integrated management system, which aligns to the principles of the ISO 14001 international standard, ensures that sustainable practices are included in the planning, design and operational execution of all Balwin developments.

Environmental management

Environmental approvals are obtained for all developments and these require specific specialist studies to be undertaken. These cover environmental management programmes, storm water management plans and if necessary, wetland rehabilitation plans, to ensure that the recommendations of the specialist studies are appropriately incorporated, managed and monitored at developments. Independent environmental control officers are appointed at all construction sites to ensure that construction activities comply with the provisions of the environmental authorisations.

Several developments are located close to wetlands or watercourses. Balwin rehabilitates these areas after construction has been completed and protects these areas in accordance with environmental authorisations. Residents have access to these areas for low impact recreational activities such as walking and jogging.

Borehole water is used at many developments during the construction phase and later for irrigation in the landscaped areas. Borehole yields are constantly monitored to ensure sustainable consumption and should the yield become unsustainable, construction activities are revised.

Green building

Green building principles and water saving measures are applied at all developments to reduce energy and water consumption, which increases affordability and enhances sustainability. Features incorporated in developments and apartments include solar electricity, energy efficient appliances and energy saving lighting, and natural ventilation which increases airflow. Lifestyle centres are designed according to green building guidelines to ensure residents live, work and play in a healthy and efficient built environment.

Green open spaces are maximised at developments, with the landscape design including non-invasive plants and trees that suit the natural environment.

Many developments also include active open spaces, designed by landscape architects, such as children's play areas, football pitches and dedicated dog walking areas.

Waste reduction

Balwin aims to reduce the amount of waste produced by its business activities to minimise the volume of waste being sent to landfill. Hydraulic compactors have been introduced on new developments over the past year to compact the waste for recycling. This will become standard practice at all new developments in future.

The majority of waste at construction sites originates from building rubble and packaging materials. Crushers are being used to break down

ACHIEVING GLOBAL GREEN STANDARDS

Balwin Properties aims to achieve global green standards for its lifestyle centres in the 2020 financial year. The Green Star (6 stars) is an environmental building rating tool of the Green Building Council of South Africa (GBCSA) which sets standards and benchmarks for environmentally friendly or green buildings. Net Zero is a methodology that measures carbon (energy), water, waste and ecology.

The group also aims to achieve EDGE certification for several developments. EDGE is an international green building rating standard for residential homes which is operated in conjunction with the International Finance Corporation, a member of the World Bank Group and facilitated by the GBCSA. Achieving the EDGE standard requires a minimum 20% savings in energy, water and materials consumption.

Sixteen developments across Johannesburg, Tshwane, the Western Cape and Durban, as well as rental developments in Johannesburg and Tshwane, have been identified for consideration for EDGE certification in the 2020 financial year.

the building rubble for re-use on the sites which reduces costs and minimises waste, again decreasing the demand for landfill sites.

Sustainable procurement

The formation of a centralised procurement department within Balwin has enabled the business to implement sustainable procurement practices and further reduce environmental impacts. These measures include procuring locally manufactured materials, using eco-friendly materials and products where possible, using pre-manufactured materials to reduce waste and re-using materials such as building rubble, where practical.

Plans for 2020

The environmental sustainability focus areas for the new financial year include reducing water and electricity consumption across the group, and investigating water harvesting initiatives. In addition, the group aims to reduce the amount of waste generated by operations and also enhance sustainable procurement practices. Management is committed to achieving green building ratings including the '6 Stars' Green Star rating for the lifestyle centres and achieving EDGE certification on several developments (refer to Achieving Global Green Standards above).

Safety, health, environment and quality

The group strives to continuously improve the safety, health, environment and quality (SHEQ) culture among employees and sub-contractors across all operations. Through a risk-based approach, the SHEQ performance is constantly monitored and evaluated, enabling continuous improvement and ensuring a healthy and safe working environment.

ISO certification

In preparation for ISO (9001, 45000, 14000) certification, the introduction of an integrated management system has enabled Balwin to adapt a consistent approach across the business. This has included establishing a uniform method for the compilation of documentation, promoted a consistent systems approach, determined methods of control and maintenance of documentation, and ensured that all documents, records and communications are traceable, current and retained for legal purposes and knowledge preservation.

Management of sub-contractors

The management of sub-contractors in relation to SHEQ legal compliance continues to be a major focus. The number of physical and administrative audits performed on sub-contractors has been increased, while the pre-qualifying process has become more onerous. There has been an encouraging improvement with sub-contractors on SHEQ matters, with the average audit score across all construction sites achieving pleasing results.

Regrettably, even with the continued enforcement of compliance with rules and regulations, the company suffered a fatality during the year at the Ballito Hills development. On 13 September 2018, Mr Sibonelo Kikeni, a sub-contractor employee, lost his life when the side walls of a two-metre excavation collapsed while he was inside. We provided support and counselling to family and colleagues affected by the tragic accident. This incident unfortunately confirmed that procedures are not always adhered to on construction sites.

Compliance

Over the past year, 35 on-site inspections were undertaken by the Department of Labour and environmental management inspectors. Issues identified by the inspectors were addressed immediately and no legal processes were instituted against Balwin.

No significant environmental incidents were recorded at any construction sites. Minor environmental incidents are reported at an operational level and reported monthly across the company. In the past year there was an 11% reduction in the number of minor environmental incidents.

Building a
SUSTAINABLE FUTURE *(continued)*

Training and monitoring

SHEQ awareness training on construction sites has been enhanced with regular mass toolbox talks being held and emergency evacuation drills being undertaken quarterly.

SHEQ officers on construction sites are now required to submit comprehensive weekly reports in addition to monthly reports. This has enabled management to analyse lead and lag indicators which assists in the continual improvements being made in relation to SHEQ matters, including improvements to the Balwin safety specifications.

All SHEQ officers have been registered with the South African Council for the Project and Construction Management Professions (SACPCMP), as required by legislation.

As a means of improving SHEQ performance and preventing future incidents or accidents, all incidents are investigated to establish the root cause and an investigation guideline has been implemented to assist sub-contractors in this process. Personal protective equipment (PPE) stores have been introduced at all construction sites to ensure that workers have constant access to PPE.

Key safety measures	2019	2018	2017
Disabling injury frequency rate	0.18	0.21	0.81
Medical time frequency rate	0.36	0.27	0.54
First aid frequency rate	0.76	0.71	1.42

Transformation

The directors and management are committed to 'building a better Balwin' by creating a business that is diverse, representative and transformed. The board social, ethics and transformation committee supports the directors in implementing the group's transformation plan and dealing with critical issues such as employment equity, black economic empowerment and social investment.

The committee aims to ensure that appropriate strategies, policies and processes have been implemented to drive transformation and to build an ethical culture within the business. The committee is equally represented by management and employees of all races and gender groups across the business.

The group implemented its employment equity policy during the year which is aimed at accelerating transformation in the workplace.

Black economic empowerment

The group supports the principles and objectives of the Broad-based Black Economic Empowerment (BBBEE) Act and is committed to ensuring compliance with B-BBEE codes. A B-BBEE transformation charter has been developed which outlines Balwin's B-BBEE strategy for the next three years. Structures and processes are being implemented to enable the group to comply with and be rated according to the B-BBEE codes by the end of the 2020 financial year. The group has appointed a consultant to partner with Balwin in achieving its B-BBEE objectives.

Socio-economic development

Balwin's social investment programme continues to focus on creating empowered, self-reliant communities in areas surrounding developments. This includes funding infrastructure development, upgrading facilities such as schools, sports grounds, community areas and roads as well as developing local small businesses through contracting opportunities, support and mentorship. Support is provided to non-profit organisations in these areas through financial assistance, employee volunteer projects and funding structural renovations to facilities.

The Balwin Charity Walk is a large-scale fundraiser which has been running for 11 years in Johannesburg, 6 in Cape Town and was launched in Durban in 2018. Through this event Balwin collaborates with suppliers, sub-contractors, professionals and the local community to contribute funds for the walk. The 2018 event raised R2.2 million which was donated to 19 charities and 10 community organisations across the three provinces.

The Balwin Foundation

The Balwin Foundation undertakes corporate social investment projects on behalf of Balwin Properties and focuses specifically on education and skills development. The foundation aims to uplift communities by partnering with local organisations, community representatives and other service providers to deliver accredited training programmes and upgrading local community infrastructure.

Balwin donates funds to the foundation for each apartment which is sold and registered.

In 2018 the foundation expanded its footprint by providing trade training courses in KwaZulu-Natal for the first time. A total of 221 previously disadvantaged individuals have been trained in trades including painting, plastering, bricklaying as well as construction management courses. Training programmes will be extended to Cape Town in the new financial year.

The foundation extended its scope by managing the first Balwin Properties learnership programme in construction and business administration. Sixteen previously disadvantaged learners completed the course, including eight unemployed and four disabled individuals. A horticulture and landscaping learnership was run on behalf of a corporate sponsor, with 70 learners completing the programme.

The bursary programme continues to grow and the foundation currently provides funding for two scholarships and 16 bursaries for tertiary students which includes tuition, mentorship, development and practical work experience.

The foundation implemented the 'Off the Streets' pilot programme in 2018 which aims to develop homeless, disadvantaged people and provide them with skills to become employable or potentially self-employed.

NURTURING OUR ASSETS

The story of Mavis Nkopo, 30, epitomises the empowering philosophy of the Balwin Foundation. Mavis completed a civil engineering qualification and attended Balwin Foundation training in 2017. She demonstrated strong leadership qualities and was employed by Balwin Properties as a site clerk.
The following year Mavis was selected for the first Balwin supervision of construction learnership programme. She was later entrusted with the supervision of a block at Balwin's The Polo Fields development and delivered exceptional results. Mavis completed her learnership and is proving to be a real asset to Balwin.

Mavis Nkopo

Building a
SUSTAINABLE FUTURE *(continued)*

FROM TRADE TRAINING COURSES TO BUSINESS OWNER

The Balwin Foundation was the inspiration for 25 year old Millicent Malepa starting her own company. After completing her building studies, Millicent attended several Balwin Foundation trade training courses in 2017. A sub-contractor of Balwin Properties identified her potential and offered Millicent employment. She gained practical business experience and in January 2019 started her own company, Harbour Trading and Projects. The business supplies safety gear, equipment rental and building services, and recently completed a small bricklaying project in Midrand. Millicent credits the Balwin Foundation for giving her the confidence to explore business opportunities, and for providing advice and mentorship.

MANAGING STAKEHOLDER RELATIONSHIPS

The social, ethics and transformation committee has oversight of the group's stakeholder engagement programme. The programme is aimed at establishing and maintaining mutually beneficial relationships to not only limit risks to the business but also to create opportunities to grow revenue and ultimately contribute to long-term sustainability. While the group engages with an extensive range of stakeholders that have a direct or indirect impact on the business, the engagement programme is focused on those stakeholders that are most likely to have a material influence on the business.

Stakeholder	Expectations, concerns and engagement issues	Addressing expectations, concerns and engagement issues
Shareholders Institutional and private investors in Balwin, as well as fund managers and analysts	• Current trading environment • Capital management and funding • Progress with developing model for sale to property funds • Annuity income streams • Earnings growth prospects • Dividend policy • Key man dependency	• Regular updates on developments and trading provided to shareholders via SENS • Address investor expectations and concerns in results presentations and announcements, and in the integrated report • Engage with investors on management roadshows • Participate in broker-hosted conferences • Ongoing engagement with investors
Customers Owners and potential owners of Balwin apartments	• Affordable and quality apartments • Lifestyle offering • Excellent service during and after sales	• Customer demand reflected in 2 437 apartments being handed over in 2019 financial year • 1 224 apartments pre-sold for 2020 • Developments and apartments on show to promote the Balwin product and to assess customer needs • Apartment block configuration
Employees Full-time staff at head office and in regional offices	• Fair and equitable remuneration • Fair working practices • Career growth and development • Employment equity	• Provide feedback to employees at staff meetings • Compliance with labour laws and regulations • Communication to employees via newsletters and intranet • Ensure that employee attitude surveys are conducted on a regular basis • Holistic wellness support • Employee participation in short and long-term incentive schemes
Suppliers Providers of building materials and equipment, sub-contractors and professional services	• Fair and transparent tender process • Regular monitoring of productivity • Highest quality materials sourced • Operate in a safe environment	• Engage with suppliers and sub-contractors through regular meetings • Enhanced centralised procurement process • Compliance with legislation, regulations and best practice regarding procurement. • SHEQ department focuses on health and safety across the business
Regulators Government departments, regulatory bodies, JSE Limited	• Legislative and regulatory compliance • Timely submission of statutory returns	• Active monitoring and compliance with legislation, regulation and governance codes • No sanctions or penalties imposed on the group for non-compliance
Local government Local authorities for building and town planning approvals	• Reasonable and timeous approval of applications for zoning and construction	• Increased focus on acquiring zoned land • Increased use of professional teams in the town planning process

Social, Ethics and Transformation COMMITTEE REPORT

> "Balwin's social, ethics and transformation committee (the committee) assists the board in monitoring the group's activities in terms of legislation, regulation and codes of best practice relating to the social, ethics, transformation, employment, health and safety and environmental activities of the group."

The committee has an independent role and is governed by formal terms of reference which details its duties in terms of the Companies Act, the JSE Listings Requirements and King lV, as well as responsibilities allocated by the board. These terms of reference were amended to align with the requirements of King lV.

Owing to the group's increasing focus of transformation, the social and ethics committee was renamed as the social, ethics and transformation committee with effect from 25 February 2019 to more fully describe the committee's responsibilities.

Responsibilities of the committee

The responsibilities of the committee are as follows:

- Social and economic development, including the group's standing relative to the UN Global Compact Principles, the Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption and the Employment Equity Act and Broad-based Black Economic Empowerment Act.
- Promoting and overseeing broad-based black economic empowerment through transformation.
- Good corporate citizenship, including the group's positioning and efforts in promoting equality, preventing unfair discrimination and combating corruption.
- The contribution to community development and the sponsorship, donation and charitable giving programme.
- The environment, health and public safety, including the impacts of the group's activities and products on the environment and society.
- Consumer relationships, including advertising, public relations and compliance with consumer protection laws.
- Labour and unemployment, including the group's standing relative to the International Labour Organisation protocol and the Basic Conditions of Employment Act on decent work and working conditions, employment relationships and the group's contribution to the educational development of employees.
- Compliance with the Labour Relations Act aimed at promoting economic development, social justice, labour peace and democracy in the workplace.

Functioning of the committee

The committee comprised the following members during the financial year and to the date of this report:

Thoko Mokgosi-Mwantembe (chairman)	Independent non-executive director
Kholeka Mzondeki	Independent non-executive director
Ronen Zekry	Non-executive director

The chief executive officer, chief financial officer, managing director and members of senior management attend meetings by invitation. The committee is required to meet at least twice yearly. Biographical details of the committee members appear on pages 16 and 17.

The effectiveness of the committee is assessed as part of the annual board and committee self-evaluation process. The committee was assessed to have adequately discharged its mandate. Attendance at committee meetings is detailed on page 53 of the integrated report and fees paid to committee members for 2019 and proposed for 2020 are included on pages 63 and 65.

Focus areas of the committee

The key areas of focus in the year under review were as follows:

- Implementation of employment equity strategy
- Improving the group's B-BBEE rating
- Social and economic development
- Stakeholder engagement
- Certification of integrated safety, health, environment and quality (SHEQ) management system

Planned areas of focus for the 2020 financial year are as follows:

- Continued improvement of the group's B-BBEE rating
- Achievement of ISO (9001, 45000, 14000) certification
- Improvement in environment sustainability practices
- Achievement of green building ratings for lifestyle centres and EDGE certification at selected developments
- Reduction in SHEQ incident rates

Conclusion

The committee believes the group is substantively addressing the issues required to be monitored in terms of the Companies Act. Appropriate policies and programmes have been adopted to maintain high standards of corporate citizenship among internal and external stakeholders.

This report is prepared in accordance with the Companies Act and will be presented to shareholders at the forthcoming annual general meeting.

Thoko

Thoko Mokgosi-Mwantembe
Chairman
Social, ethics and transformation committee
28 June 2019

Corporate Governance REPORT

"Balwin Properties continues to apply high standards of corporate governance and ethical practice to ensure the sustainability of the business and to contribute to long-term value creation for shareholders."

Commitment to corporate governance

The board is the custodian of corporate governance and is accountable to shareholders. Management aims to promote ethical business practices across its operations while the board's social, ethics and transformation committee has oversight for monitoring ethical practices.

The group's application of the 16 principles of the King IV Code on Corporate Governance (King IV) is available on the website www.balwin.co.za.

Role of the board

The board charter outlines the scope of authority, responsibility and functioning of the board and confirms the directors' accountability to shareholders for the governance of the group. The role of the board is as follows:

- Approve strategic plans and monitor operational performance
- Ensure effective risk management and internal controls
- Monitor legislative, regulatory and governance compliance
- Approve significant accounting policies and the annual financial statements
- Manage director selection and appointment
- Ensure effective remuneration policies and practices
- Oversee transformation, diversity, empowerment and a culture of inclusivity
- Ensure timeous and transparent communication with stakeholders
- Promote values and ethical standards

The roles of the board chairman, Hilton Saven, and the chief executive officer (CEO), Stephen Brookes, are separate and clearly defined. This division of responsibilities ensures a balance of authority and power, with no individual having unrestricted decision-making powers.

Authority has been delegated by the board to the CEO and executive directors for the implementation of the strategy and the ongoing management of the business.

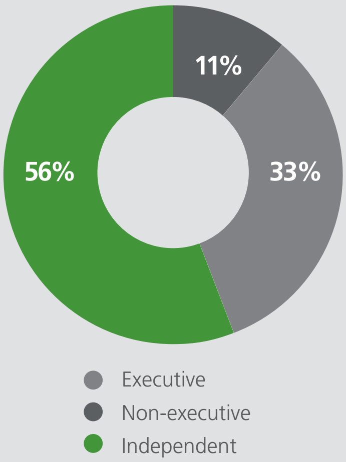
Directors are entitled to seek independent professional advice at the company's expense after consultation with the chairman of the board. No directors exercised this right during the year. Directors also have unrestricted access to all company information.

Board focus areas

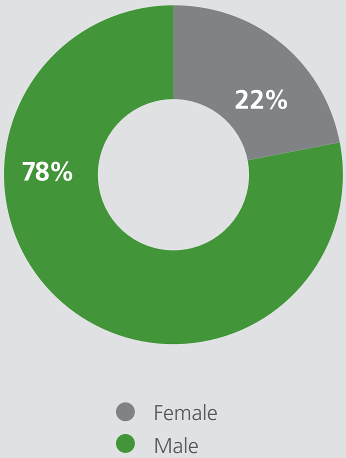
The board continued to operate within its mandate and conducted its oversight responsibilities in terms of the board charter. Specific issues addressed by the board in the reporting period included:

- Enhancing corporate governance processes and practices, and ensuring alignment with recommended practices of King IV
- Approving the adoption of a model for sale to property funds to complement the build-to-sell model
- Assessing and reviewing strategic implementation of annuity income businesses
- Overseeing the further expansion into KwaZulu-Natal and Western Cape
- Overseeing cash flow and capital allocation

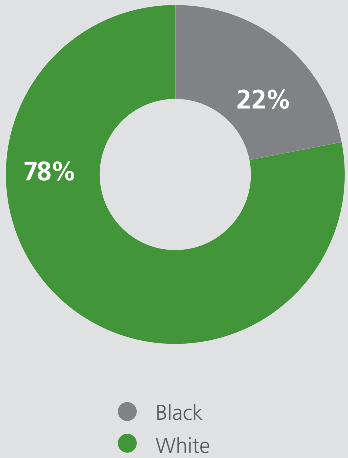
Director classification



Gender



Race



- Ensuring requisite benefits are being derived from the centralised procurement system
- Commitment to the core business development model with respect to the build-to-sell model

Focus areas for 2020 financial year

- Continuous oversight of cash flow and capital allocation
- Improved transformation throughout the group and attainment of employment equity strategy
- Appointment of an additional independent non-executive director
- Evaluation of the performance of the model for sale to a property fund and the expansion thereof to another development
- Overview on IT systems and controls

Board composition

The board comprises nine directors, with six non-executive directors and three salaried executive directors who are all independently minded individuals. There were no changes to the board during the reporting period.

Five of the non-executive directors, including the chairman, are classified as independent in terms of King IV. The remaining non-executive director, Ronen Zekry, is not categorised as independent as he is associated with Buffet Investments which has a significant shareholding in the group. The independence of all non-executive directors is reviewed on an ongoing basis.

The board is satisfied that its composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence. Board and committee meeting attendance

Board and committee attendance

Number of meetings	Board	Audit and risk	Remuneration and nominations	Social, ethics and transformation	Transaction
Hilton Saven	5/5*	4/4	3/3		2/2*
Tomi Amosun	5/5	4/4			2/2
Stephen Brookes	5/5				2/2
Rodney Gray	5/5				
Thoko Mokgosi-Mwantembe	5/5			3/3*	
Kholeka Mzondeki	5/5	4/4*		3/3	
Arnold Shapiro	5/5	4/4	3/3*		2/2
Jonathan Weltman	5/5				
Ronen Zekry	5/5		3/3	3/3	2/2

* *Chairperson*

Background details on the directors appear on pages 16 and 17.

Corporate Governance REPORT

(continued)

Board appointment

The appointment of directors is undertaken in a formal and transparent manner by the board, assisted by the remuneration and nominations committee and the formal approval process. Newly appointed directors are subject to ratification by shareholders at the annual general meeting. The group has a formal induction programme for new directors.

All directors are subject to retirement by rotation and re-election by shareholders at least once every three years. In terms of the Memorandum of Incorporation, one-third of the non-executive directors are required to retire, and if available and eligible, stand for re-election at the company's annual general meeting. Those directors who have been in office for the longest, as calculated from the last re-election or appointment date, are required to stand for re-election. At the annual general meeting in September 2019, Arnold Shapiro and Tomi Amosun will retire and are eligible for re-election. Brief professional profiles of these directors appear on pages 16 and 17.

The executive directors are subject to a notice period of six months.

Board diversity

The diversity of the directors in terms of gender, race and experience encourages robust debate and ensures that the board considers the interests of its diverse stakeholders.

In line with the JSE Listings Requirements, the group has a policy on the promotion of race and gender diversity at board level, and has set a voluntary target of 20% of directors to be female and 30% black.

Board evaluation

The board conducted an evaluation of its performance and that of its committees during the reporting period. Areas for improvement were identified and focus areas agreed on for the current financial year.

Board oversight

The directors have delegated governance responsibilities to four committees to assist the board in meeting its oversight requirements. The composition of all board committees conforms to the recommendations of King IV, with the exception being that the code recommends that the chairman of the board should not serve as a member of the audit committee. However, owing to Hilton Saven's extensive financial experience the committee took the decision that he remain a member of the audit and risk committee. No changes were made to the composition of the committees during the financial year, however, Hilton Saven will not be nominated for re-election to the audit and risk committee at the upcoming AGM in order to align with the King code. Additionally, due to the focus of transformation on all levels, the social and ethics committee was renamed to the social, ethics and transformation committee effective 25 February 2019 to more fully describe the committee's responsibilities.

Owing to the size of the company, it was agreed that the audit committee and risk committee should continue to function as one committee. However, the meeting agenda is divided into separate sections to ensure that both audit and risk management issues are adequately addressed. Similarly, it was agreed that the remuneration and nomination committee also continue to function as one committee.

All the committees confirm that they have functioned in accordance with the terms of reference for the reporting period.

Audit and risk committee

Role and responsibilities

Members	Audit	Risk management	Composition
Chairman: Kholeka Mzondeki **Members:** Tomi Amosun Hilton Saven Arnold Shapiro The external auditors, executive directors and finance management attend meetings by invitation.	• Provide the board with additional assurance regarding the efficiency and reliability of the financial information used by the directors in the discharge of their duties • Ensure adequate systems of accounting records, effective financial reporting and internal control systems are in place • Review interim and annual financial statements, and the integrated annual report • Recommend appointment of external auditors to the board and shareholders • Review the findings and recommendations of the internal and external auditors • Evaluate the expertise and experience of the CFO and the finance function • Monitor the non-audit services that may be rendered by the external auditor	• Ensure that significant business, financial and other risks are identified and managed • Ensure the group assets are safeguarded • Maintain satisfactory standards of governance, reporting and conformance with King IV	The audit and risk committee is appointed by the board annually and approved by shareholders at the annual general meeting. All members satisfied the requirements of section 94(4) of the Companies Act and have the appropriate financial and related qualification, skills, financial expertise and experience required to discharge their responsibilities. The committee considered the experience and expertise of the CFO, Jonathan Weltman, and the finance function, and concluded that these were satisfactory. Refer to the audit and risk committee report on pages 72 to 75 for more information.

Remuneration and nominations committee

Role and responsibilities

Members	Remunerations	Nominations	Composition
Chairman: Arnold Shapiro **Members:** Hilton Saven Ronen Zekry The executive directors attend meetings by invitation.	• Ensure the group has a fair and competitive remuneration policy which attracts and retains high calibre employees • Determine the remuneration packages of executive directors • Review and approve incentive schemes and related payments • Propose fees for non-executive directors for shareholder approval • Talent management and retention	• Review the structure, size and composition of the board • Identify and nominate candidates for appointment as directors • Oversee induction and training of directors, and conduct annual performance review of the board and committees • Consider independence of directors	Refer to the remuneration report on pages 58 to 65 for more information.

Corporate Governance REPORT

(continued)

Social, ethics and transformation committee		
Role and responsibilities		
Members	**Nominations**	**Composition**
Chairman: Thoko Mokgosi-Mwantembe **Members:** Kholeka Mzondeki Ronen Zekry The executive director and relevant managers attend meetings by invitation.	• Monitor the group's activities relating to social and economic development, stakeholder and consumer relationships, labour and employment issues, and health and safety • Monitor adherence to corporate citizenship principles and ethical behaviour • Ensure the group's interactions with stakeholders are guided by legislation and regulation. • Monitors transformation and B-BBEE	Refer to the social, ethics and transformation report on pages 50 and 51 for more information.

Transaction committee	
Role and responsibilities	
Members	**Nominations**
Chairman: Hilton Saven **Members:** Tomi Amosun Stephen Brookes Arnold Shapiro Ronen Zekry The MD and CFO attend meetings by invitation.	• Consider and approve proposed major transactions • Evaluate land acquisitions relative to the group's financial and working capital position, and strategic objectives

Company secretary

The group's company secretary is Juba Statutory Services Proprietary Limited, represented by Sirkien van Schalkwyk. Based on the board's annual evaluation of the company secretary, the directors are satisfied that the company secretary is suitably qualified, competent and experienced to perform the role. Ms van Schalkwyk is not a director of the company and there is an arms-length relationship between the company secretary and the board, and the individual directors.

Accountability and compliance

Detail on the internal audit function, systems of internal control, the external audit function and risk management are covered in the audit and risk committee report in the annual financial statements.

Legislative compliance

Legislative and regulatory compliance is monitored by the company secretary as well as the in-house legal team. There were no cases of material legislative or regulatory non-compliance and no material penalties or sanctions were imposed on the group or any of its directors or officers during the year.

Remuneration REPORT

> "Our remuneration philosophy and framework is predominantly guided by our business strategy. We continue to enhance our remuneration policy and framework in line with the King IV Report on Corporate Governance in South Africa to give effect to the principles of fair, responsible and transparent remuneration."

PART I: STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Balwin Properties operates in a highly competitive market environment and recognises the critical role that remuneration plays in attracting, retaining and motivating talented people through rewarding individual and business contribution, and encouraging superior performance.

The remuneration report for the 2019 financial year sets out our remuneration policy as well as detailed disclosure on the implementation of our remuneration policy.

Our remuneration philosophy and framework is predominantly guided by our business strategy. We continue to enhance our remuneration policy and framework in line with the King IV Report on Corporate Governance in South Africa to give effect to the principles of fair, responsible and transparent remuneration. This report focuses mainly on the remuneration of executive directors and non-executive directors, and where appropriate, we have included information for employees below executive level.

Committee activities

The remuneration and nominations committee (the committee) discharged its duties in terms of its mandate and addressed specific issues to align remuneration practices with enhanced corporate governance standards. The following key remuneration issues were addressed during the year:

- Implementation of the long-term incentive scheme.
- Review of the number and skill set of non-executive directors.
- Approval of non-financial measures to be included in the short-term incentive scheme.
- Approval of the allocation of the short-term incentives for the 2018 financial year.
- Approval of the long-term incentive scheme allocations for the 2017 and 2018 financial year-ends.
- Recommendation of the non-executive director fees.
- Review of the remuneration outcomes to analyse that the set objectives of the remuneration policy and strategy had been achieved.

Refer to the corporate governance report on pages 52 to 56 for detail on the committee's roles and responsibilities, composition and meeting attendance.

Future areas of focus

- Identify and nominate a new independent non-executive director for approval by the board
- Review and approval of the metrics that form part of the balanced scorecards for the company and executive directors, including the financial and non-financial measures to be included
- Recommendation of the non-executive director fees for approval by shareholders
- Approval of the short-term incentives for the 2019 financial year
- Approval of the long-term incentives to be awarded for the 2019 financial year

External remuneration advisors

The committee seeks independent advice from external remuneration advisors to ensure that our remuneration policy and our implementation thereof are informed by market-related data, current industry and general best practice remuneration trends. The committee is satisfied that the services rendered by these external advisors were at all times independent and objective.

Voting and shareholder engagement

In order to actively promote fair, responsible and transparent remuneration policies, implementation and remuneration reporting, Balwin Properties encourages engagement with shareholders on remuneration-related matters.

The remuneration policy as well as the remuneration implementation report is proposed for separate non-binding advisory votes by shareholders at the AGM each year.

At the AGM in September 2018, 87.76% of shareholders who voted supported the remuneration policy and 87.84% supported the implementation report in non-binding advisory votes.

In line with the requirements of King IV, the group will engage directly with dissenting shareholders should 25% or more of the shareholders vote against either or both the remuneration policy and the implementation report. This process is aimed at determining shareholder concerns and the group will take reasonable measures to address these concerns.

The committee noted the questions posed by certain institutional shareholders and continues to review and refine both the remuneration policy and disclosure of remuneration practices. Management proactively meets with investors on an ongoing basis and creates a positive engagement environment where shareholders can address issues in an open and transparent manner.

Arnold Shapiro
Chairman
Remuneration and nomination committee

28 June 2019

PART II: REMUNERATION POLICY

The group's remuneration philosophy is based on the following principles:

- Remuneration supports the group's strategies and is consistent with the organisation's culture of fairness and equity
- Remuneration directly correlates with the growth objectives and financial performance targets, and actual achievements of the business
- Remuneration is regularly reviewed and independently benchmarked to ensure the group remains competitive in the diverse markets in which it operates
- Remuneration allows for differentiation to reward higher performers and attain excellence in their output and conduct

In applying this philosophy to remuneration practices, the group aims to:

- be market competitive within specific property development markets;
- ensure that performance management plays an integral part of remuneration to influence the level of base pay and incentives
- ensure that good governance is observed in relation to all remuneration practices
- promote positive outcomes across the economic, social and environmental context in which Balwin operates
- promote an ethical culture and responsible corporate citizenship

Fair and responsible remuneration

As a responsible corporate citizen the group is aware of the societal issues relating to minimum wages and the wage gap, and is committed to adopting fair and responsible remuneration practices.

It is the committee's responsibility to ensure that executive remuneration is justifiable in the context of overall employee remuneration. Accordingly, the committee must recommend appropriate actions to the board. The group continuously considers initiatives to nurture the principle of fair and equitable remuneration to improve the employment conditions of all employees.

Remuneration mix

The appropriate remuneration mix varies in the group as a result of factors including employee position and seniority. As a guideline, more senior employees should have a higher proportion of variable remuneration as part of their remuneration mix, as they usually have the ability to influence the financial performance and strategic outcomes of the group. At lower salary levels, the pay mix is weighted in favour of guaranteed remuneration, in line with market practice.

Balwin's executive remuneration structure comprises both guaranteed (including benefits) and variable remuneration. Variable remuneration has been revised by the committee to include short-term incentives (STIs) and long-term incentives (LTIs).

Remuneration component	Strategic intent and drivers	Detail
Cash salary	Primarily to remunerate, attract and retain required skills.	Guaranteed remuneration is set in relation to the scope and nature of an individual's role, experience and performance, to ensure market competitiveness and sustainable performance.
Benefits and/or allowances	Benefits for all employees form part of guaranteed remuneration. Incorporates employee wellness into Balwin's remuneration strategy.	Benefits include membership of a provident fund and a medical aid. All employees, with the exception of executive directors, receive a discretionary 13th cheque based on performance. Benefits are reviewed regularly to ensure they remain relevant, appropriate and market competitive.
STIs	An annual performance bonus scheme which drives overall performance and rewards the achievement of predetermined financial, strategic and individual performance objectives.	**Executives:** The cash bonus payment is based on the group level of achievement of a net profit before tax target as well as certain non-financial performance conditions that are aligned with the group's strategy. **Senior management:** A cash payment of either a 14th or 15th cheque may be made, based on the achievement of a financial target as well as specific non-financial performance metrics which relate directly to the individual's areas of responsibility. **Employees:** A cash payment of either a 14th or 15th cheque may be made based on the achievement of pre-defined financial targets and individual performance.
LTIs	Drives long-term performance and is essential for retention, ownership and wealth creation.	Balwin operates a conditional share plan (CSP) consisting of a combination of performance, retention and/or bonus shares. Awards under the CSP may be made to employees of senior management level and above. Participants are required to remain in the employ of the company throughout the performance and employment period. The committee retains absolute discretion regarding awards and the applicable conditions to be attached to an LTI award.

Guaranteed remuneration

Executive directors, along with all employees, receive guaranteed remuneration which includes a cash salary and compulsory benefits (reviewed annually in June). Salaries are set in relation to the scope and nature of an individual's role, experience and performance, to ensure market competitiveness and sustainable performance.

Increases in guaranteed remuneration are determined taking into account the company's performance, an employee's remuneration relative to the market and individual performance as well as the overall increases applied across the organisation.

Variable remuneration: STIs

All employees participate in an annual performance bonus scheme to reward the achievement of agreed financial, strategic and personal performance objectives. Balwin Properties' STI is linked to the achievement of strategically important performance conditions. The bonus methodology varies for executives versus other employees, as set out below:

STI participant	Annual bonus opportunity
Executives	A bonus payment is based upon the level of achievement of a net profit before tax target. At least 75% of the target for the financial year must be achieved for an executive to receive a bonus payment. A cap is applied to the bonus at 125% of the profit target.
Other employees	A 14th and 15th cheque may be earned as an STI, based on company results and personal performance or as approved on a case by case basis by the committee applying its discretion. The bonus scheme is capped at a maximum of a 15th cheque or 25% of the annual basic salary (including the value of the 13th cheque).

The committee has approved the following company scorecard in determining company performance (weighted accordingly).

Performance conditions	Weighting of performance conditions
Financial performance condition • Net profit before tax	80%
Non-financial performance conditions • Cash management • Health and safety targets • Employee equity targets • Strategic objectives	20%

The earnings potential for executives in terms of the STI is set out below (as a % of guaranteed remuneration):

Position	Threshold earning potential at 75% of target achieved	On-target earning potential at 100% of target achieved	Stretch earning potential at 125% of target achieved
CEO	19% of package	75% of package	150% of package
MD	16% of package	65% of package	130% of package
CPO*	14% of package	57% of package	114% of package
CFO	13% of package	50% of package	100% of package

** The CPO is a prescribed officer and a member of the executive committee.*

Discretionary bonuses may be awarded to employees who perform above and beyond their responsibilities, regardless of company performance, as nominated by management and approved by the committee and board.

Remuneration REPORT *(continued)*

Variable remuneration: LTIs

Selected employees participate in the LTI scheme. The LTI scheme rules are approved and adapted from time to time at the discretion of the board. The table below summarises the detail of the CSP.

Instruments	Allocation frequency and quantum	Performance conditions	Performance and employment period	Vesting profile
Under the CSP, rights are offered in the form of performance shares, bonus shares and/or retention shares.	**Performance shares** are awarded in specific circumstances subject to the discretion of the committee.	Any performance condition attached to performance shares shall be objective and representative of a fair measure of performance.	Three years and no resetting or retesting of performance targets are allowed.	Cliff vesting over a period of three years.
	Bonus shares are awarded annually, to the extent that an STI was payable, at a ratio of a 1:1 match to the actual STI paid in terms of the immediately preceding financial year.	These awards are linked to STI performance and, as such, no prospective performance conditions are applicable. These awards are subject to continued employment only.		
	Retention shares are only awarded in special circumstances with the aim to attract and retain specific and sought after talent, subject to the discretion of the committee.	These shares are subject to continued employment only.		

Early termination of employment

Upon termination of employment during the vesting period, participants may be classified as either bad or good leavers:

- Bad leavers forfeit all unvested awards. Vested awards will remain unaffected.
- Good leavers may receive a pro rated portion of unvested awards based on the completed number of months served, adjusted for the achievement of the performance conditions (in the case of performance shares).

Executive service conditions

Executive directors are subject to a notice period of six months and a restraint of trade of two years. There are no fixed-term service contracts. The retirement age for executive directors is 65. There is no provision for settlement payments on termination.

An annual guaranteed bonus (in addition to the STI) is contractually payable to the chief projects officer in terms of his employment contract, calculated at 1.75% of the company's profit after tax.

Prescribed officers

The prescribed officers of Balwin Properties in terms of the Companies Act are the three executive directors (CEO, MD and CFO) and the CPO. The remuneration of the four prescribed officers is disclosed on page 64 as well as the annual financial statements.

Non-executive director fees

Non-executive directors receive annual retainer fees for serving on the board and board committees. None of the non-executive directors have service contracts with the group and no consultancy fees were paid to directors during the year. In line with best governance practice, non-executive directors do not participate in incentive schemes.

Non-executive director fees are reviewed annually, taking into account the responsibilities of the directors as well as relevant external benchmarking data. Increases to non-executive director fees are considered each year against the average increase levels/percentages approved across the organisation.

The proposed fees for the 2020 financial year, which reflect an increase of 4.5% on the prior year, are subject to approval by shareholders at the AGM in September 2019.

	Proposed fees for the year ending 29 February 2020	Fees paid for the year ended 28 February 2019
Chairman of the board	**R451 576**	R432 130
Member of the board	**R190 231**	R182 039
Chairman of the audit and risk committee	**R190 231**	R182 039
Member of the audit and risk committee	**R152 185**	R145 631
Chairman of the social, ethics and transformation committee	**R152 185**	R145 631
Member of the social, ethics and transformation committee	**R126 820**	R121 359
Chairman of the remuneration and nominations committee	**R152 185**	R145 631
Member of the remuneration and nominations committee	**R126 820**	R121 359
Chairman of the transaction committee	**R165 934**	R158 788
Member of the transaction committee	**R118 524**	R113 420

PART III: REMUNERATION IMPLEMENTATION REPORT 2019

The committee confirms that the remuneration policy has been consistently applied in the 2019 financial year, achieved its objectives and that there have been no deviations from the policy.

GUARANTEED REMUNERATION: ANNUAL SALARY INCREASE

The committee approved an average performance-linked salary increase of 6.0% (2018: 6.5%) for all employees, including executive directors, effective 1 July 2018.

VARIABLE REMUNERATION: STI

An annual performance bonus totalling R5.1 million will be paid to executives (2018: Rnil) based on the achievement of 80% of the approved company scorecard used to determine company performance.

VARIABLE REMUNERATION: LTI

CSP – Bonus shares

Executive management will be awarded bonus shares to the value of R5.1 million (2018: Rnil). This was based on the STI achievement and the STI company performance targets as set out on page 61.

The long-term incentive shares relating to the financial performance in 2017 were issued in the current reporting period. The issue of these shares was delayed for administrative and regulatory reasons. The total bonus share issue relating to 2017 amounted to 3.2 million shares priced at the 30-day VWAP prior to the award being issued. Details of these shares can be found in the table of unvested awards.

Unvested LTIs

The table below discloses the value of each executive director and prescribed officers' LTIs, whether granted, settled, or lapsed, as well as the indicative value of awards not yet settled.

Position	LTI instrument	Date awarded	Vesting date	Opening number	Granted during the year	Settled during the year	Lapsed during the year	Closing number
CEO	**Bonus shares**	**26 February 2018**	**30 June 2020**	–	1 220 156	–	–	1 220 156
MD	**Bonus shares**	**26 February 2018**	**30 June 2020**	–	845 204	–	–	845 204
CFO	**Bonus shares**	**26 February 2018**	**30 June 2020**	–	431 745	–	–	431 745
CPO	**Bonus shares**	**26 February 2018**	**30 June 2020**	–	742 996	–	–	742 996
Total				**–**	**3 240 101**	**–**	**–**	**3 240 101**

DIRECTORS' REMUNERATION

Executive directors

The tables below set out the single figure remuneration received by executive directors and prescribed officers for the financial years ended 28 February 2018 and 2019 respectively.

Executive director/prescribed officer	Cash salary R'000	Benefits R'000	STI R'000	Other* R'000	LTI R'000	Total R'000
2019						
SV Brookes (CEO)	**5 024**	**416**	**1 783**	**–**	**–**	**7 223**
RN Gray (MD)	**4 386**	**392**	**1 362**	**–**	**–**	**6 140**
J Weltman (CFO)	**3 323**	**325**	**802**	**–**	**–**	**4 450**
U Gschnaidtner (CPO)	**4 019**	**287**	**1 107**	**7 947**	**–**	**13 360**
Total	**16 752**	**1 420**	**5 054**	**7 947**	**–**	**31 173**

Executive director/prescribed officer	Cash salary R'000	Benefits R'000	STI R'000	Other* R'000	LTI R'000	Total R'000
2018						
SV Brookes (CEO)	4 613	397	–	–	–	5 010
RN Gray (MD)	4 012	367	–	–	–	4 379
J Weltman (CFO)	3 010	304	–	–	–	3 314
U Gschnaidtner (CPO)	3 666	269	–	8 605	–	12 540
Total	**15 301**	**1 337**	**–**	**8 605**	**–**	**25 243**

** The other remuneration pertains to an annual guaranteed bonus which is contractually payable in terms of the employment contract of the chief projects officer.*

DIRECTORS' SHAREHOLDING

The following shares are held by directors:

Directors/prescribed officer	Number of shares	Nature of interest	Shareholding
SV Brookes	167 635 659	Direct	35.5%
RN Gray	47 221 798	Direct	10.0%
U Gschnaidtner	10 150 788	Direct	2.2%
R Zekry	3 633 269	Direct	0.8%
J Weltman	1 012 145	Direct	0.2%
O Amosun	9 390	Direct	–

Dilution limits

Share options in the form of bonus shares amounting to 3.2 million shares have been awarded to the directors and the prescribed officer. The total number of ordinary shares in issue is 467 632 380 and accordingly the potential dilutive impact of the share options amounts to 0.69% on the total issued share capital.

Non-executive directors

The committee approved a fee increase of 4.5% for non-executive directors' annual retainers. The table below sets out the fees paid to non-executive directors for the financial years ended 28 February 2018 and 2019:

Directors	2019 R'000	2018 R'000
H Saven	834	783
T Mokgosi-Mwantembe	472	299
K Mzondeki	523	443
A Shapiro	570	535
T Amosun	429	403
R Zekry	318	491
Total	**3 146**	**2 954**

Total value of directors' remuneration

	2019 R'000	2018 R'000
Executive directors	**31 173**	25 243
Non-executive directors	**3 146**	2 954
Total	**34 319**	**28 197**

Shareholder ANALYSIS

	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	1 406	53.42	354 057	0.07
1 001 – 10 000 shares	811	30.81	3 080 955	0.65
10 001 – 100 000 shares	290	11.02	9 330 391	1.98
100 001 – 1 000 000 shares	79	3.00	24 882 203	5.27
1 000 001 shares and over	46	1.75	434 544 986	92.03
Total	2 632	100.00	472 192 592	100.00
Distribution of shareholders				
Banks/brokers	27	1.03	72 485 083	15.35
Close corporations	21	0.80	912 317	0.19
Endowment funds	6	0.23	275 315	0.06
Individuals	2 308	87.69	257 438 547	54.52
Insurance companies	11	0.42	3 235 216	0.69
Investment companies	1	0.04	71 132	0.02
Medical scheme	1	0.04	80 015	0.02
Mutual funds	49	1.86	44 879 556	9.50
Other corporations	20	0.76	83 055	0.02
Private companies	79	3.00	61 519 778	13.03
Retirement funds	30	1.14	23 926 082	5.07
Treasury stock	1	0.04	4 560 212	0.97
Trusts	78	2.96	2 726 284	0.58
Total	2 632	100.00	472 192 592	100.00
Public/non-public shareholders				
Non-public shareholders	6	0.23	235 437 829	49.86
Directors of the company	4	0.15	218 500 116	46.27
Prescribed officers	1	0.04	10 150 788	2.15
Treasury stock	1	0.04	6 786 925	1.44
Public shareholders	2 626	99.77	236 754 763	50.14
Total	2 632	100.00	472 192 592	100.00
Beneficial shareholders holding 5% or more				
Brookes, SV			167 635 659	35.50
Gray, RN			47 221 798	10.00
Buff-Shares Proprietary Limited			43 597 577	9.23
Total			258 455 034	54.74

Breakdown of non-public holdings

Directors	Number of shares	%
Brookes, SV	**167 635 659**	**35.50**
Gray, RN	**47 221 798**	**10.00**
Zekry, R	**3 633 269**	**0.77**
Weitman, J	**1 012 145**	**0.21**
Amosun, O	**9 390**	**0.00**
Total	**219 512 261**	**46.48**

Prescribed officer	Number of shares	%
Gschnaidtner, U	10 150 788	2.15
Total	**10 150 788**	**2.15**

Treasury stock	Number of shares	%
Balwin Properties Ltd	6 786 925	1.44
Total	**6 786 925**	**1.44**

Breakdown of beneficial shareholders holding 5% or more

Beneficial Shareholders Holding 5% or more	Number of shares	%
Brookes, SV	**167 235 659**	**35.42**
Gray, RN	**47 221 798**	**10.00**
Buff-Shares Proprietary Limited	**43 597 577**	**9.23**
Total	**258 055 034**	**54.65**

Annual FINANCIAL STATEMENTS

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The reports and statements set out below comprise the consolidated and separate annual financial statements presented to the shareholders.

Level of assurance

These consolidated and separate annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, 2008 ("the Companies Act").

Directors' Responsibility Statement and Approval of Consolidated and Separate ANNUAL FINANCIAL STATEMENTS

The directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the group and company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the consolidated and separate financial statements.

The consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards, the requirements of the Companies Act and the JSE Listing Requirements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring that business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across the group and company. While operating risk cannot be fully eliminated, the group and company endeavour to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group and company's cash flow forecast for the 12 months to May 2020 and, in light of this review and the current financial position, they are satisfied that the group and the company has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the group's consolidated and separate financial statements. The consolidated and separate financial statements have been examined by the group's external auditor and the report is presented on pages 78 to 80.

The consolidated and separate annual financial statements set out on pages 72 to 117, which have been prepared on the going concern basis, were approved by the board on 14 May 2019 and were signed on their behalf by:

SV Brookes
Chief Executive Officer

J Weltman
Chief Financial Officer

Company Secretary's CERTIFICATION

In terms of section 88(2)(e) of the Companies Act, I Sirkien van Schalkwyk, duly authorised on behalf of the company secretary, Juba Statutory Services Proprietary Limited, certify that to the best of my knowledge and belief the company has lodged with the Companies and Intellectual Property Commission for the financial year ended 28 February 2019, all such returns and notices as are required in terms of the aforesaid Act and that all such returns and notices appear to be true, correct and up to date.

Sirkien van Schalkwyk
Juba Statutory Services Proprietary Limited

14 May 2019

Audit and Risk COMMITTEE REPORT

The audit and risk committee ("the committee") has pleasure in submitting this report, which has been approved by the board and has been prepared in accordance with section 94(7)f of the Companies Act, No 71 of 2008 ("the Act") and incorporating the recommendations of the Report on Corporate Governance for South Africa, 2016 ("King IV").

The committee assists the board in its responsibilities covering the:

- internal and external audit process for the group taking into account the significant risks;
- adequacy and functioning of the group's internal controls;
- integrity of financial reporting; and
- risk management and information technology.

The members confirm that the committee has performed all the duties required in terms of section 94(7) of the Act.

Owing to the size of the company, the functions of an audit committee and risk committee have been combined to be directed by a single audit and risk committee and the internal audit function is outsourced to KPMG.

Committee composition

At year-end, the committee comprised of four non-executive directors and all members act independently as described in the Act.

The chief executive officer, managing director, chief financial officer, key finance management, the external auditor and the internal auditor attend meetings by invitation. The board is satisfied that the independence, experience and qualifications of each member enables them to fulfil the committee's mandate. In addition to the quarterly meetings, the committee meets at least once a year with the company's internal and external auditors, without management being present.

The committee comprised the following members for the financial year:

Director	Appointed	Experience	Meeting attendance
Tomi Amosun CA(SA)	May 2017	Over 12 years of real estate, listed equity and private equity experience	4/4 meetings
Kholeka Mzondeki BCom, FCCA (UK), Diploma Investment Management	September 2015	Over 21 years experience in governance and financial management	4/4 meetings
Hilton Saven BCom, CA(SA)	September 2015	Over 41 years experience in accounting and auditing	4/4 meetings
Arnold Shapiro BBus Sci (Finance Hons)	October 2016	Over 32 years of asset management, portfolio management and general management experience	4/4 meetings

Hilton Saven will not offer his services for re-election as a member of the audit and risk committee at the AGM in September 2019.

The committee collectively has the necessary financial knowledge, skills and experience to execute their duties effectively. The committee is pleased to report to shareholders on the progress against its key focus areas for the 2019 financial year.

Focus areas during 2018/2019	Delivery 2018/2019
Phase 2 on the procurement audit to identify the major control gaps in the procurement system	Carried over to the current financial year due to the implementation of a new procurement system in the year.
Revenue review as an end-to-end review including marketing and sales processes	An end-to-end review was performed with specific focus on marketing initiatives, sales transactions and the apartment handover processes. The review further encompassed the processes surrounding the registration of vacant land and the subsequent approval to commence with development of a project. No significant items were noted based on the review.
Development of the enterprise wide risk management process	The committee invested significant time and effort in the management of risk, including enhancement to the group risk register and updating the risk management policy. The combined assurance model was updated to ensure sufficient and appropriate levels of review.
Conflict of interest review	The committee reviewed possible conflicts of interests between the staff and suppliers of Balwin Properties Limited and conducted a full directorship search for all employees to determine any business relationships that were not appropriately disclosed in terms of the group's policies. No instances that represented a material conflict of interest were identified.
Information technology security review	Carried over to the current financial year as a new IT server was installed in the current financial year.
Implementation of the results of the enterprise risk assessment and monitoring progress, through periodic reports	Improved reporting on the identification and management of enterprise risk to the committee allowed for robust evaluation.
Continued focus on legal compliance, especially considering new legislation	A detailed compliance register was developed including mitigating controls to ensure ongoing compliance.

Audit and risk COMMITTEE REPORT *(continued)*

2019/2020 focus areas

- Introducing an additional independent non-executive director
- Overview on IT systems and control
- Debt management control (including contingent debt)
- Overview of capital allocation and cash utlisation

Roles of the committee

The terms of reference of the committee have been updated and approved by the board, setting out its duties and responsibilities as prescribed in the Act and King IV and incorporating additional duties delegated by the board.

The committee:

- fulfils the duties that are assigned to it by the Act and other legislation, including the statutory audit committee functions required for subsidiary companies;
- assists the board in overseeing the quality and integrity of the group's integrated reporting process, including the financial statements and sustainability reporting, and announcements in respect of the financial results;
- ensures that an effective control environment is maintained in the group;
- reviewed and adopted a combined assurance model;
- provides the chief financial officer, external auditor and the internal auditor with unrestricted access to the committee and its chairman as is required in relation to any matter falling within the ambit of the committee;
- meets with the external auditor, senior managers and executive directors as the committee may elect;
- meets separately with the internal and external auditors without other executive board members and the company's chief financial officer being present;
- reviews and recommends to the board the interim financial results and annual financial statements;
- oversees the activities of, and ensures coordination between, the activities of the internal and external auditors;
- receives and deals with any complaints concerning accounting practices, internal audit or the content and audit of its financial statements or related matters;
- conducts annual reviews of the audit and risk committee's work plan and terms of reference;
- assesses the performance and effectiveness of the audit and risk committee and its members on a regular basis; and
- reviewed the proactive monitoring process in terms of the letters from the JSE dated 8 June 2018 and 20 February 2019.

Execution of functions during the year

The committee is satisfied that, for the 2019 financial year, it has performed all the functions required to be performed by an audit and risk committee as set out in the Act and the committee's terms of reference.

External audit

The committee among other matters:

- nominated Deloitte & Touche ("Deloitte") and Patrick Kleb as the external auditor and designated auditor respectively to shareholders for appointment as auditor for the financial year ended 28 February 2019, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor;
- nominated the external auditor and the independent auditor of each material subsidiary company for re-appointment;
- reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures;
- obtained an annual confirmation from the auditor that their independence was not impaired;
- requested from Deloitte the information detailed in paragraph 22.15(h) in their assessment of the suitability for appointment of Deloitte and Patrick Kleb prior to their reappointment, which was presented on 13 May 2019;
- satisfied themselves with the quality of the external auditor;
- maintained a policy setting out the categories of non-audit services that the external auditor may and may not provide;
- no non-audit services were performed by Deloitte in the current year;
- approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, No. 26 of 2005; and
- considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment.

Audit and risk
COMMITTEE REPORT *(continued)*

Deloitte has been the group's auditor for four years. The committee is satisfied that Deloitte is independent of the group after taking the following factors into account:

- representations made by Deloitte to the committee;
- the auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefit from the company;
- the auditors' independence was not impaired by any consultancy, advisory or other work undertaken by the auditor; and
- the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.

Internal audit

The committee:

- reviewed and approved the internal audit charter and annual audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter;
- satisfied themselves that the quality, experience and expertise of the internal audit function and the chief audit executive is appropriate;
- considered the reports of the internal auditor on the group's system of internal control, including financial controls, business risk management and maintenance of effective internal control systems; and
- reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to significant internal audit findings.

Adequacy and functioning of the group's internal controls

The committee reviewed the effectiveness of the design and implementation of controls with respect to the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business.

As noted above, it also reviewed the reporting around the adequacy of the internal controls together with the effectiveness of the combined assurance provided and based, on this, concluded that there had been no material breakdowns in internal control, including financial controls, business risk management and the maintenance of effective material control systems.

Execution of functions during the year

Financial reporting

The committee ensures that the financial reporting to stakeholders fairly presents the state of affairs of the group. This covers the consolidated and separate annual financial statements, integrated report, interim and preliminary reporting.

The committee among other matters:

- confirmed the going concern as the basis of preparation of the interim and consolidated and separate annual financial statements;
- reviewed compliance with the financial conditions of loan covenants and determined that the capital of the company was adequate;
- examined and reviewed the interim and consolidated and separate annual financial statements, as well as all financial information disclosed prior to the submission to the board for their approval and then for disclosure to stakeholders;
- ensured that the consolidated and separate annual financial statements fairly present the financial position of the group and of the company as at the end of the financial year and the results of operations and cash flows for the financial year and considered the basis on which the company and the group was determined to be a going concern;
- considered the appropriateness of the accounting policies adopted and changes thereto;
- reviewed the external auditor's audit report and key audit matters included;
- reviewed the representation letter relating to the consolidated and separate annual financial statements which was signed by management;
- considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements; and
- considered accounting treatments, significant unusual transactions and accounting judgments.

Significant areas of judgement

In arriving at the figures disclosed in the consolidated and separate annual financial statements there are many areas where judgement is needed. These are outlined in note 1.2 to the consolidated and separate annual financial statements. The committee has looked at the quantum of the assets and liabilities on the statements of financial position and other items that require significant judgement and decided to note the following:

Audit and risk
COMMITTEE REPORT *(continued)*

Recognition of cost of constructed residential apartments sold

The group and company use certain assumptions and key factors in the management of, and reporting for, the recognition of the cost of constructed residential apartments sold, that is realised upon the sale of the respective apartments. The assumptions are material and relate to the estimation of costs to completion of the respective developments as well as the determination of the percentage of completion as based on the square meterage of the respective apartment. The group and company relies on management's experience and expertise, and monitors its estimation frequently.

Risk management and information technology (IT) governance

The committee:

- ensured that intellectual property contained in information systems are protected;
- ensured that adequate business arrangements are in place for disaster recovery;
- ensured that all personal information is treated by the company as an important business asset and is safeguarded; and
- reviewed the group's policies on risk assessment and risk management, including fraud risks and IT risks pertaining to financial reporting and the going concern assessment, and found them to be sound.

Legal and regulatory requirements

To the extent that these may have an impact on the consolidated and separate annual financial statements, the committee:

- reviewed legal matters that could have a material impact on the group;
- reviewed the adequacy and effectiveness of the group's procedures, including its risk management framework, to ensure compliance with legal and regulatory responsibilities;
- monitored complaints received via the group's whistleblowing service. No complaints were reported; and
- considered reports provided by management, internal audit and the external auditor regarding compliance with legal and regulatory requirements.

Expertise and experience of chief financial officer and the financial function

As required by 3.84(g) of the JSE Limited Listings Requirements, the committee has satisfied itself that the chief financial officer, Jonathan Weltman, has the appropriate expertise and experience. In addition, the committee satisfied itself that the composition, experience and skills set of the finance function met the group's requirements.

Election of committee members

Pursuant to the provisions of section 94(2) of the Companies Act, which requires a public company to elect an audit committee at each annual general meeting, it is proposed in the notice of annual general meeting that the committee members are available for re-appointment until the next annual general meeting in 2020.

Evaluation of the committee

In line with King IV, the committee conducted a self-evaluation. Weak areas were identified and included in the focus areas for the committee.

Consolidated and separate annual financial statements

Following the review by the committee of the consolidated annual financial statements of Balwin Properties Limited for the year ended 28 February 2019, the committee is of the view that in all material aspects they comply with the relevant provisions of the Act and International Financial Reporting Standards and fairly present the consolidated and separate financial positions at that date and the results of operations and cash flows for the year then ended.

Kholeka Mzondeki
Chairman

Audit and risk committee

14 May 2019

Directors' REPORT

The directors have pleasure in submitting their report on the activities of Balwin Properties Limited (referred to as "the company") and its subsidiaries (altogether referred to as "the group" or "consolidated") for the year ended 28 February 2019.

1. Review of financial results and activities

Balwin is a specialist, national large-scale residential property developer focused on turnkey development and sale of sectional title apartments in the low-to-middle market segments.

The group recorded total comprehensive income for the year ended 28 February 2019 of R452.5 million (2018: R492.0 million). Further details of the group's and company's results and activities are commented on in detail in the accompanying financial statements.

2. State of affairs

All matters material to the appreciation of the group's and company's affairs and the results are disclosed in the accompanying financial statements and do not require further comment or explanation.

All profits and losses are attributable to the main activities of the group.

3. Share capital

	2019 Number of shares	2018 Number of shares
Authorised		
Ordinary shares	**1 000 000 000**	1 000 000 000

	2019 R'000	2018 R'000	**2019** Number of shares	2018 Number of shares
Issued				
Ordinary shares	**652 978**	664 354	**467 632 381**	469 915 273

4.5 million shares were acquired by the company during the year. Refer to Note 13.

4. Dividends

Dividends of R99 160 444 were declared and paid during the 2019 financial year (2018: R193 598 963).

5. Directors and prescribed officer

The directors and prescribed officer in office at the date of this report are as follows:

Directors	
SV Brookes	Chief executive officer
RN Gray	Managing director
J Weltman	Chief financial officer
H Saven	Independent non-executive director (chairman)
KW Mzondeki	Independent non-executive director
R Zekry	Non-executive director
A Shapiro	Independent non-executive director
T Mokgosi-Mwantembe	Independent non-executive director
O Amosun	Independent non-executive director

Prescribed officer	
U Gschnaidtner	Chief project officer

6. Going concern

The directors have reviewed the group and company's cash flow forecasts up to the period ending May 2020 and, in light of this review and the current financial positions, the directors believe that the group and company have adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group and company are in a sound financial position and that they have access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any matters that may adversely impact the group and company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group and company.

7. Events after the reporting period

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

8. Independent auditor

Deloitte & Touche were appointed as the auditor for the group for the 2019 financial year.

At the annual general meeting, the shareholders will be requested to re-appoint Deloitte & Touche as the independent external auditor of the group and to confirm Mr PM Kleb as the designated lead audit partner for the 2020 financial year.

Deloitte & Touche and Mr PM Kleb have served as the designated auditor of the group for four years.

9. Company secretary

The company secretary is Juba Statutory Services Proprietary Limited.

Postal address	PO Box 4896 Rietvalleirand 0174
Business address	Block C, Office 101b Elarduspark Shopping Centre 837 Barnard Street Elarduspark 0181

10. Date of authorisation for issue of financial statements

The consolidated and separate annual financial statements have been authorised for issue by the directors on 14 May 2019.

Independent Auditor's REPORT

To the shareholders of Balwin Properties Limited

Report on the audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Balwin Properties Limited (the Group) set out on pages 81 to 117 which comprise the statements of financial position as at 28 February 2019, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 28 February 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Recognition of cost (Consolidated and separate financial statements)	
The cost of goods recognised upon sale of residential units are calculated by apportioning the total forecasted cost of the development with which the unit is sold, to the square meterage of the unit disposed as a percentage of the total square meterage of the development. Significant judgement is required by the directors in determining the total forecasted costs of completion, which is determined based on the significant assumptions in determining the estimated future costs and the development plan for the respective developments. Due to the significance of the balance on the financial statements, combined with the judgements and assumptions associated with determining the forecasted costs, this is considered a key audit matter. The accounting policy for the recognition of costs of goods is disclosed on page 85, and the cost of goods sold is disclosed in the statements of profit or loss and other comprehensive income.	Our audit procedures incorporated a combination of tests of the group's controls relating to the forecasting of the costs to complete the developments and substantive procedures. Our procedures included the following: • Attendance at a property budget meeting at which the forecasted costs are discussed and approved; • Inspected the underlying development forecasts as reviewed and approved by the Directors; • Assessed the assumptions used in the forecasts to determine the total cost of completion of the development; • Recalculation of the cost of sales based on the approved forecasted total costs to completion of each development under construction; • Reviewed and compared the actual costs of developments completed during the year to the initial forecasted costs to complete the development, with a view to evaluating the historical accuracy of the group and company's forecasting ability; • Reviewed the development forecasts for each development, as approved by the directors, on a monthly basis in order to identify significant fluctuations in the monthly forecasted costs of completion of the respective development; • Detailed tested, on a sample basis, the costs of sales for residential sales recognised in the current year; and • Enquired from the directors as to whether the construction and macroeconomics risks identified have been factored into the forecasted build costs. Our procedures did not identify any material misstatements of cost of goods sold. The audit evidence obtained concluded that the directors' factored risks and the impact of the macroeconomic factors into the forecasted costs of completion were appropriate.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's certification as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Risk Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Balwin Properties Limited for 4 years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Deloitte Place, The Woodlands
Woodlands Drive
Woodmead, Sandton
South Africa
Per : Patrick Kleb
Partner
14 May 2019

Statements of
FINANCIAL POSITION
as at 28 February 2019

	Notes	Group		Company	
		2019 R'000	2018 R'000	**2019 R'000**	2019 R'000
Non-current assets					
Property, plant and equipment	3	**89 486**	73 214	**65 297**	67 654
Intangible assets	4	**6 125**	31	**6 125**	31
Investments in subsidiaries	5	**–**	–	*****	*
Investments in associates	6	**1**	–	**1**	–
Deferred taxation	7	**5 573**	1 540	**4 193**	1 197
		101 185	74 785	**75 616**	68 882
Current assets					
Developments under construction	8	**3 042 919**	2 587 088	**3 042 919**	2 587 088
Inventories	8	**-**	1 384	**-**	-
Loans to related parties	9	**9 981**	-	**42 146**	10 482
Trade and other receivables	10	**913 194**	859 408	**909 312**	858 463
Development loans receivable	11	**3 450**	3 858	**3 450**	3 858
Current tax receivable		**-**	4 566	**-**	4 566
Cash and cash equivalents	12	**329 382**	100 033	**324 426**	96 023
		4 298 926	3 556 337	**4 322 253**	3 560 480
Total assets		**4 400 111**	3 631 122	**4 397 869**	3 629 362
Equity and liabilities					
Equity					
Share capital	13	**652 978**	664 354	**652 978**	664 354
Foreign currency translation reserve		**(477)**	(580)	**–**	–
Share based payment reserve		*****	–	*****	–
Retained income		**2 001 355**	1 648 132	**2 001 412**	1 646 484
Total equity		**2 653 856**	2 311 906	**2 654 390**	2 310 838
Liabilities					
Non-current liabilities					
Development loans and facilities	14	**375 473**	579 628	**375 473**	579 628
Current liabilities					
Development loans and facilities	14	**1 148 208**	672 050	**1 148 208**	672 050
Trade and other payables	15	**91 062**	63 771	**88 386**	63 101
Contract liability	16	**91 344**	–	**91 344**	–
Current tax payable		**30 181**	2	**30 181**	–
Provisions	17	**9 987**	3 765	**9 887**	3 745
		1 370 782	739 588	**1 368 006**	738 896
Total liabilities		**1 746 255**	1 319 216	**1 743 479**	1 318 524
Total equity and liabilities		**4 400 111**	3 631 122	**4 397 869**	3 629 362

** Denotes a value of less than R1 000.*

Statements of profit or loss and other COMPREHENSIVE INCOME

for the year ended 28 February 2019

		Group		Company	
	Notes	**2019 R'000**	2018 R'000	**2019 R'000**	2018 R'000
Revenue	18	**2 613 905**	2 454 635	**2 606 278**	2 454 405
Cost of sales		**(1 826 024)**	(1 649 406)	**(1 819 158)**	(1 649 406)
Gross profit		**787 881**	805 229	**787 120**	804 999
Other income	19	**16 002**	6 587	**13 836**	3 770
Operating expenses		**(173 808)**	(140 995)	**(168 008)**	(137 196)
Operating profit	21	**630 075**	670 821	**632 948**	671 573
Interest income	22	**4 590**	15 273	**4 469**	15 218
Finance costs	23	**(6 176)**	(3 559)	**(6 176)**	(3 559)
Profit before taxation		**628 489**	682 535	**631 241**	683 232
Taxation	24	**(176 106)**	(191 190)	**(177 153)**	(191 533)
Profit for the year		**452 383**	491 345	**454 088**	491 699
Other comprehensive income net of income tax:					
Items that may be reclassified to profit or loss:					
Exchange profit on translating foreign operation		**103**	651	**–**	–
Total comprehensive income for the year		**452 486**	491 996	**454 088**	491 699
Basic and diluted earnings per share					
Basic (cents)	32	**95.82**	104.56		
Diluted (cents)	32	**95.80**	104.06		

Statements of CHANGES IN EQUITY

for the year ended 28 February 2019

	Share capital R'000	Foreign currency translation reserve R'000	Share based payment reserve R'000	Retained income R'000	Total equity R'000
Group					
Balance at 1 March 2017	664 354	(1 231)	–	1 350 386	2 013 509
Profit for the year	–	–	–	491 345	491 345
Other comprehensive loss	–	651	–	–	651
Total comprehensive income for the year	–	651	–	491 345	491 996
Dividends paid	–	–	–	(193 599)	(193 599)
Balance at 1 March 2018	**664 354**	**(580)**	**–**	**1 648 132**	**2 311 906**
Profit for the year	**–**	**–**	**–**	**452 383**	**452 383**
Other comprehensive income	**–**	**103**	**–**	**–**	**103**
Total comprehensive income for the year	**–**	**103**	**–**	**452 383**	**452 486**
Recognition of share based payment reserve	**–**	**–**	*****	**–**	*****
Treasury shares acquired	**(11 376)**	**–**	**–**	**–**	**(11 376)**
Dividends paid	**–**	**–**	**–**	**(99 160)**	**(99 160)**
Balance at 28 February 2019	**652 978**	**(477)**	*****	**2 001 355**	**2 653 856**
Notes	13				
Company					
Balance at 1 March 2017	664 354	–	–	1 348 384	2 012 738
Profit for the year	–	–	–	491 699	491 699
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	–	–	–	491 699	491 699
Dividends paid	–	–	–	(193 599)	(193 599)
Balance at 1 March 2018	**664 354**	**–**	**–**	**1 646 484**	**2 310 838**
Profit for the year	**–**	**–**	**–**	**454 088**	**454 088**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**454 088**	**454 088**
Recognition of share based payment reserve	**–**	**–**	*****	**–**	*****
Treasury shares acquired	**(11 376)**	**–**	**–**	**–**	**(11 376)**
Dividends paid	**–**	**–**	**–**	**(99 160)**	**(99 160)**
Balance at 28 February 2019	**652 978**	**–**	*****	**2 001 412**	**2 654 390**
Notes	13				

** Denotes a value of less than R1 000.*

Statements of CASH FLOWS

for the year ended 28 February 2019

	Note(s)	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Cash flows from operating activities					
Cash generated from/(used in) operations	25	**285 417**	(129 913)	**285 899**	(128 169)
Interest received		**4 590**	15 273	**4 469**	15 218
Finance costs paid		**(43 443)**	(78 962)	**(43 443)**	(78 962)
Taxation paid	26	**(145 394)**	(196 636)	**(145 402)**	(196 996)
Net cash generated from/(used in) operating activities		**101 170**	(390 238)	**101 523**	(388 909)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(29 050)**	(40 182)	**(8 666)**	(34 539)
Proceeds on sale of property, plant and equipment		**57**	45	**57**	45
Purchase of intangible assets	4	**(6 097)**	(31)	**(6 097)**	(31)
Loans advanced to related parties		**(9 981)**	–	**(31 664)**	(8 443)
Movement in development loans receivable		**408**	26 271	**408**	26 271
Associate acquired		**(1)**	–	**(1)**	–
Investment in subsidiaries	5	**–**	–	*****	*
Net cash used in investing activities		**(44 664)**	(13 897)	**(45 963)**	(16 697)
Cash flows from financing activities					
Development loans repaid		**(1 108 495)**	(939 838)	**(1 108 495)**	(939 838)
Development loans raised and utilised		**1 254 398**	1 090 636	**1 254 398**	1 090 636
Investment loan and general banking facilities raised and utilised		**126 100**	–	**126 100**	–
Dividends paid		**(99 160)**	(193 599)	**(99 160)**	(193 599)
Net cash generated from/(used in) financing activities		**172 843**	(42 801)	**172 843**	(42 801)
Cash and cash equivalents movement for the year		**229 349**	(446 936)	**228 403**	(448 407)
Cash and cash equivalents at the beginning of the year		**100 033**	546 969	**96 023**	544 430
Total cash and cash equivalents at end of the year	12	**329 382**	100 033	**324 426**	96 023

** Denotes a value of less than R1 000.*

Accounting POLICIES

1. Presentation of consolidated and separate annual financial statements

The consolidated and separate financial statements, comprising Balwin Properties Limited (referred to as "the company") and its subsidiaries (altogether referred to as "the group" or "consolidated"), incorporate the following principal accounting policies, set out below. In these accounting policies "the group" refers to both the group and company.

Other than IFRS 9 and IFRS 15, the principal accounting policies, set out below, have been applied consistently for all periods presented in the annual financial statements and have been consistently applied by the group, unless otherwise stated. The first time adoption of IFRS 9 and IFRS 15 has had no impact on the opening balances of the group.

The consolidated and separate annual financial statements have been consistently prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the Independent Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act, 2008 ("the Companies Act") of South Africa and the JSE Listings Requirements.

The consolidated and separate annual financial statements have been prepared on the historic cost convention, and incorporate the principal accounting policies set out below. They are presented in South African Rands, which is also the functional currency of the group, and rounded to the nearest R'000.

This report was externally compiled under the supervision of Jonathan Weltman CA(SA), the Chief Financial Officer. These financial statements have been audited in compliance with all applicable requirements of the Companies Act.

1.1 Consolidation

Basis of consolidation

The consolidated and separate financial statements incorporate the financial statements of the company and its subsidiaries. A subsidiary is an entity (including structured entities) that is controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity. The results of the subsidiary is included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

The accounting policies of the subsidiaries are consistent with those of the holding company. Should any differences exist between the accounting policies of the holding company and its subsidiaries, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Recognition of cost of constructed residential apartments sold

The group uses certain assumptions and key factors in the management of, and reporting for, the recognition of the cost of constructed residential apartments sold that is realised upon the sale of the respective apartments. The assumptions are material and relate to the estimation of the costs to completion of the respective developments as well as the determination of the percentage of completion as based on the square meterage of the respective apartment. The group relies on management's experience and expertise, and monitors its estimation frequently.

1.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Intangible assets are amortised on a straight line basis over their useful life.

Accounting POLICIES *(continued)*

The useful life and amortisation method of the intangible assets are reviewed on an annual basis. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Item	Useful life
Licenses	10 years
Solar infrastructure contributions	15 years

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition of items of property, plant and equipment.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	20
Plant and machinery	Straight line	4
Furniture and fixtures	Straight line	6
Motor vehicles	Straight line	5
Office equipment	Straight line	5
Computer equipment	Straight line	3

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset. The depreciation charge on items of property, plant and equipment that are directly attributable to the construction of residential apartments are capitalised to developments under construction.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount, being the higher of the asset's value in use and its fair value less cost to sell.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Any gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Investments in subsidiaries

In the company's separate annual financial statements, the investments in subsidiaries are carried at cost less any accumulated impairment losses.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

1.6 Investments in associate

Associates are all entities over which the group has significant influence but not control. The group's interests in associates are accounted for using the equity method. On initial recognition the investment in associate is recognised at cost and subsequently the carrying amount is increased or decreased to recognise the group's share of the net assets of the associate after date of acquisition. The group's share of the associate's profit or loss is recognised in profit or loss, outside of operating profit and represents profit or loss after tax of the associate. Where there has been a change recognised directly in other comprehensive income or equity of the associate, the group recognises its share of any changes and discloses this, where applicable, in the group statement of other comprehensive income or group statement of changes in equity. Distributions received from the associate reduce the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interests in the associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains and losses resulting from transactions between the group and the associate are eliminated to the extent of the group's interest in the associate.

1.7 Financial instruments

IFRS 9 was issued by the IASB in July 2014 and is effective for accounting periods beginning on or after 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments Recognition and Measurement and introduces new requirements for:

- the classification, measurement and derecognition of financial assets and financial liabilities;
- the impairment of financial assets and financial liabilities; and
- general hedge accounting.

The group has adopted the modified retrospective approach in applying IFRS 9 whereby no comparative figures are restated but instead, a cumulative catch-up adjustment is recognised, if necessary, in opening retained earnings. No adjustment was required based on first time adoption of IFRS 9.

Classification, measurement and derecognition

There has been no change in the classification and measurement of the group's financial assets and financial liabilities nor have any financial instruments been derecognised in the current or prior periods.

Impairment model

IFRS 9 introduces an expected credit loss model as opposed to an incurred credit loss approach in recognising any impairment of financial assets. The expected credit loss model requires the group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The above change in accounting policy has not resulted in any difference to the consolidated and separate annual financial statements. Based on the assessment performed with respect to the modified retrospective approach, no opening retained earnings adjustment has been required.

Classification of financial asset and financial liabilities

Financial assets

The group classifies its financial assets on the basis of the group's business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

From 1 January 2018, the group classifies its financial assets into the following categories:

- Measured at amortised cost.
- Fair value through other comprehensive income (OCI).
- Fair value through profit or loss.

The group classifies its financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

The group classifies its financial assets at fair value through other comprehensive income only if both of the following criteria are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities

The group classifies their financial liabilities at amortised cost.

Initial recognition and measurement of financial instruments

Financial instruments are recognised when the group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are measured at fair value, except for trade receivables that are measured in accordance with IFRS 15 Revenue from Contracts with Customers.

For financial assets and financial liabilities that are not at fair value through profit and loss, transactions costs are included in the initial measurement of the instrument. Transactions costs on financial assets and financial liabilities at fair value through profit and loss are recognised in profit or loss.

Subsequent measurement

Financial assets and financial liabilities are subsequently measured in accordance with the initial classification category.

A gain or loss on a financial asset that is measured at fair value will be recognised in profit or loss unless it is a financial asset measured at fair value through other comprehensive income for which gain or losses are recognised in other comprehensive income.

Financial assets measured at amortised cost are subsequently measured at amortised cost.

Financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

Financial assets measured at amortised cost comprise trade receivables which relates to sales where registration of the apartment has not yet transferred, however, the apartment has been handed over to the purchaser and the financial guarantees are in place for the full purchase price. Other types of financial assets which the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest are:

- Loans to related parties.
- Cash and cash equivalents.
- Development loans receivable.
- Other receivables.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial.

Trade and other receivables and loans to related parties are written off when there is no reasonable expectation of recovery. Based on the nature of the group's operations whereby the apartments are either sold for a cash consideration or where pre-approved bank finance is in place, there is limited judgement applied by the group and no history of write offs with respect to trade receivables. Loans to related parties are assessed for recoverability based on review of financial forecasts of the underlying company. Consideration is given to the nature of items included in other receivables in order to support the recoverability of the financial asset.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

1.7 Financial instruments *continued*

Where financial assets are impaired through use of a loss allowance account, the amount of the loss is recognised in profit or loss within the operating expenses. When such assets are written off, the write off is made against the relevant allowance account.

Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to related parties

The loans to the related parties are recognised initially at fair value plus direct transaction costs and are measured at amortised cost.

Trade and other receivables

Trade and other receivables are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method. The group holds trade receivables with the objective to collect contractual cash flows. The receivables relating to the apartments handed over but not yet registered create a unconditional right to the funds receivable. The amounts receivable relates purely to a timing difference between handover of the apartment and the subsequent registration thereof in the deeds office.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Development loans and facilities

Development loans and facilities payable and receivable are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of the loans are recognised over the term of the loan in accordance with the group's accounting policy for borrowing costs.

Development loans receivable

Development loans receivable are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Development loans receivable are assessed for impairment at the end of each reporting period with any resulting impairment losses being recorded in profit or loss. Any subsequent recoveries previously written off are credited against operating expenses in profit or loss.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted. Based on the nature of operations of the group, no significant estimation is applied by the group as the deferred tax asset arises from timing differences only.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. There are no unused tax losses at reporting date.

Deferred tax assets are measured at the tax rates that are expected to apply to the period when the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- an over/under provision of tax may be recorded in the current period but relate to the prior period. This may occur where the final tax which had been assessed by SARS is different to that of the initial recording in the prior year financial statements.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Judgement is required in determining the current tax charge of the group due to the inherent complexity of tax legislation. Although the group has a presence in different jurisdictions of tax, the UK subsidiary does not operate and thus does not result in further complexities. The final tax assessment may result in a different tax charge compared to that which was initially recorded. The differences may result in an under/over provision of current and deferred tax relating to the period in which the determination had been made.

1.9 Developments under construction

Developments under construction comprise the cost of the land, development rights and construction related expenditure and are stated at cost.

Cost includes all of the expenditure which is directly attributable to the acquisition of the land or construction of residential estates/apartments, including the capitalisation of borrowing costs that are incurred on the development loans. The construction of residential estates/apartments is a qualifying asset in terms of IAS 23, *Borrowing Costs*, and accordingly borrowing costs are capitalised to the extent that they are directly attributable to the acquisition and construction of the estate/apartment. Refer to the accounting policy in note 1.16 for further detail on borrowing costs.

Although the operating cycle for developments under construction is considered to be longer than 12 months due to the fact that they are held primarily for the purposes of trading and are expected to be realised in the entity's normal operating cycle, the asset is classified as current in accordance with the presentation requirements of IAS 1, Presentation of Financial Statements. The operating cycle is normally between one to five years.

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first-in-first-out basis. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.11 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the individual asset.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss and is recognised immediately in profit or loss.

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated and the expense recorded in profit or loss. Any subsequent reversal of impairments is recorded as a credit in operating expenses in profit or loss.

1.12 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value are classified as 'share premium' in equity.

1.12 Share capital and equity *continued*

Treasury shares

Ordinary shares in Balwin Properties Limited which have been acquired by the group in terms of an approved share repurchase programme, are classified as treasury shares. The cost of these shares is deducted from equity and the number of shares is deducted from the weighted average number of shares. When treasury shares are sold or reissued the amount received is recognised as an increase in equity and the resulting surplus or deficit over the cost of these shares on the transaction is transferred to or from distributable reserves.

1.13 Employee benefits

Short-term employee benefits and provisions

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected costs of bonus payments and leave pay are recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance. The respective costs are disclosed as provisions in the financial statements.

1.14 Revenue

IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services and is effective for accounting periods beginning on or after 1 January 2018. IFRS 15 introduces a five-step approach to revenue recognition.

Revenue of the group comprises:

- Revenue from the sale of developed residential apartments;
- Bond commission;
- Rental of electronic communication; and
- Donation income.

Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer. Revenue is recorded net of sales taxes.

Revenue is recognised on the following basis:

- Given the nature of the core operations of the company, revenue from the sale of apartments is based on a contract with the customer. The only performance obligation pertains to the successful handover of the apartment to the buyer which will only take place provided that financial guarantees are in place or the registration of the apartment in the deeds office. This represents the date on which control of the apartment transfers to the customer. Payment is due to the company upon the registration of the apartment, or, if earlier, the handover date. The payment amount is defined per the sales agreement.
- The company earns bond commission from contractual commission arrangements with bond granters based on the underlying value of the funding procured. Balwin has an in-house bond origination department that co-ordinates and facilitates mortgages on behalf of financial institutions. The performance obligation is satisfied upon the registration of the bond, which represents the timing of the transfer of control.
- Revenue derived from the rental of electronic communication is determined on a contractual basis between Balwin Fibre Proprietary Limited and the respective internet service provider. There is no significant judgement applied in the determination of the amount or timing of revenue from contracts with customers per the group's revenue streams. Revenue earned from the rental of the electronic communication to the respective internet service provider is derived on a pro-rata basis as determined by usage.
- Donation income is recognised in profit or loss when the group's right to receive payment has been established. This represents the date on which control is transferred.

IFRS 15 uses the terms "contract asset" and "contract liability" to describe what might more commonly be known as "accrued revenue" and "deferred revenue", however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The group has adopted the terminology used in IFRS 15 to describe such balances. The group only has contract liabilities as the group's rights to considerations due are unconditional.

The group shall present the contract as a contract liability when the payment is received or the payment is receivable (whichever is earlier) subject to all performance obligations being fulfilled. A contract liability is the group's obligation to transfer the apartment to a customer for which the group has received consideration.

Revenue is measured at the fair value of the consideration received or receivable and is stated net of discounts granted.

1.15 Other income

Other income includes other items of income not derived from the main activities of the group. Interest income is recognised as interest accrues using the effective interest rate method.

1.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The construction of residential estates/apartments is a qualifying asset in terms of IAS 23. The amount of borrowing costs eligible for capitalisation is determined based on the actual borrowing costs on development loans specifically borrowed for the purpose of the acquisition and construction of the estate/apartment less any temporary investment of those borrowings.

The capitalisation of borrowing costs commences when:

- expenditures for the residential estate/apartments have occurred;
- borrowing costs have been incurred; and
- residential estate/apartments for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the residential estate/apartment for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Expenses

Expenses, other than those specifically dealt with in another accounting policy, are recognised in profit and loss when it is probable that an outflow of economic benefits associated with a transaction will occur and that outflow can be measured reliably.

1.18 Translation of foreign currencies

Currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements, are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Investments in subsidiaries

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

1.18 Translation of foreign currencies *continued*

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

1.19 Segmental reporting

The geographical segments of the South African and UK operations, as well as the operational segments of the residential property development and rental of electronic communication, have been identified as segments in the group as they provide services within different economic environments or are based on a different nature of operation. The environments are subject to risks and returns that differ from the respective segments. No segmental reporting disclosure is prepared as this is not considered useful to the users of the financial statements based on the quantitative thresholds of the identified segments.

1.20 Earnings per share and headline earnings per share

The calculation of earnings per share is based on profit for the period attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the period. Headline earnings per share are calculated in accordance with Circular 4/2018 issued by the South African Institute of Chartered Accountants.

1.21 Share based payments

Old Scheme

The group issued equity settled options to qualifying interested investors on listing. Equity settled share based payments are measured at fair value on grant date as there are no service conditions. The fair value determined at the grant date of the equity settled share based payments is expensed on grant date due to a service condition not being a vesting condition. Fair value is measured by use of a modified Black Scholes model. The assumptions used in the model are based on management's best estimate, for the effects of non-transferability, exercise restrictions, volatility and behavioural considerations.

New Scheme

The group issued equity settled options to executives and senior management as part of the long term incentive program. Allowance is made for the offer of rights in the form of bonus shares, performance shares and/or retention shares. Equity settled share based payments are measured at fair value on grant date. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period and a corresponding share based payment reserve is recognised in the statement of financial position. The options were priced using a 30-day volume weighted average share price.

1.22 Dividends

Dividends are accounted for on the date of declaration and are not accrued as a liability in the financial statements until declared.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/Interpretation:	Effective date: Years beginning on or after
• IFRS 9 Financial Instruments	1 January 2018
• IFRS 15 Revenue from Contracts with Customers	1 January 2018
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	1 January 2018
• Amendments to IFRS 2: Classification and Measurement of Share based Payment Transactions	1 January 2018

IFRS 15 Contracts with customers

IFRS 15 applies to revenue from contracts with customers and replaces all of the revenue standards and interpretations in IFRS. The standard outlines the principles an entity must apply to measure and recognise revenue and the related cash flows. The group has undertaken a comprehensive analysis of the impact of the new standard based on a review of the contractual terms of its principal revenue streams with the primary focus being to understand whether the timing and amount of revenue recognised could differ under IFRS 15. Changes in accounting policies resulting from IFRS 15 have been applied using the full retrospective method, with no restatement of comparative information for the prior year in accordance with the practical expedient not to restate contracts that begin and end within the same annual reporting period or have been completed as at 1 January 2017. As the majority of the group's revenue is derived from the sale of apartments, for which the point of recognition is dependent upon the successful handover of the apartment to the buyer, which will only take place provided that the financial guarantees are in place or on registration of the apartment in the deeds office, the transfer of risks and rewards as defined by IAS 18 and the transfer of control as defined by IFRS 15 generally coincides with the fulfillment of performance obligations mentioned above. As such, the adoption of IFRS 15 has had no material impact in respect of timing and amount of revenue recognised by the group and accordingly prior period amounts were not restated, however, additional disclosure has been included in the consolidated and separate financial statements to comply with the disclosure requirements of the Standard.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2019 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after
• IFRS 16: Leases	1 January 2019
• IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019

The directors anticipate that all of the amendments of the above Standards and Interpretations where applicable will be adopted in the consolidated and separate financial statements for the period in which they become effective. The impact of the Standards and Interpretations on the financial statements of the group in the period of initial application is not considered to have a material impact on the group as it has not entered into lease contracts.

3. Property, plant and equipment

Group	2019 Cost R'000	2019 Accumulated depreciation R'000	2019 Carrying value R'000	2018 Cost R'000	2018 Accumulated depreciation R'000	2018 Carrying value R'000
Land and buildings	**54 333**	**(6 960)**	**47 373**	51 647	(4 594)	47 053
Plant and machinery	**48 722**	**(19 062)**	**29 660**	28 914	(13 403)	15 511
Furniture and fixtures	**4 938**	**(2 124)**	**2 814**	3 786	(1 484)	2 302
Motor vehicles	**11 861**	**(6 699)**	**5 162**	10 237	(4 576)	5 661
Office equipment	**3 138**	**(1 662)**	**1 476**	2 687	(1 141)	1 546
Computer equipment	**6 535**	**(3 534)**	**3 001**	3 497	(2 356)	1 141
Total	**129 527**	**(40 041)**	**89 486**	100 768	(27 554)	73 214
Company						
Land and buildings	**54 333**	**(6 960)**	**47 373**	51 647	(4 594)	47 053
Plant and machinery	**23 742**	**(17 418)**	**6 324**	23 667	(13 358)	10 309
Furniture and fixtures	**4 713**	**(2 096)**	**2 617**	3 750	(1 482)	2 268
Motor vehicles	**11 145**	**(6 568)**	**4 577**	9 946	(4 552)	5 394
Office equipment	**3 128**	**(1 660)**	**1 468**	2 677	(1 141)	1 536
Computer equipment	**6 439**	**(3 501)**	**2 938**	3 438	(2 344)	1 094
Total	**103 500**	**(38 203)**	**65 297**	95 125	(27 471)	67 654

Reconciliation of property, plant and equipment

Group	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Closing balance R'000
	2019				
Land and buildings	**47 053**	**2 686**	**–**	**(2 366)**	**47 373**
Plant and machinery	**15 511**	**19 808**	**–**	**(5 659)**	**29 660**
Furniture and fixtures	**2 302**	**1 163**	**(11)**	**(640)**	**2 814**
Motor vehicles	**5 661**	**1 628**	**–**	**(2 127)**	**5 162**
Office equipment	**1 546**	**450**	**(4)**	**(516)**	**1 476**
Computer equipment	**1 141**	**3 315**	**(143)**	**(1 312)**	**3 001**
Total	**73 214**	**29 050**	**(158)**	**(12 620)**	**89 486**
	2018				
Land and buildings	28 886	19 637	–	(1 470)	47 053
Plant and machinery	5 112	15 515	–	(5 116)	15 511
Furniture and fixtures	1 391	1 395	–	(484)	2 302
Motor vehicles	5 615	1 848	–	(1 802)	5 661
Office equipment	938	1 033	(11)	(414)	1 546
Computer equipment	1 238	754	(19)	(832)	1 141
Total	43 180	40 182	(30)	(10 118)	73 214

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment (continued)

Company	2019 Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Closing balance R'000
Land and buildings	**47 053**	**2 686**	**–**	**(2 366)**	**47 373**
Plant and machinery	**10 309**	**75**	**–**	**(4 060)**	**6 324**
Furniture and fixtures	**2 268**	**974**	**(11)**	**(614)**	**2 617**
Motor vehicles	**5 394**	**1 203**	**–**	**(2 020)**	**4 577**
Office equipment	**1 536**	**456**	**(4)**	**(520)**	**1 468**
Computer equipment	**1 094**	**3 272**	**(143)**	**(1 285)**	**2 938**
	67 654	**8 666**	**(158)**	**(10 865)**	**65 297**

	2018 Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Closing balance R'000
Land and buildings	28 886	19 637	–	(1 470)	47 053
Plant and machinery	5 112	10 261	–	(5 064)	10 309
Furniture and fixtures	1 391	1 361	–	(484)	2 268
Motor vehicles	5 615	1 557	–	(1 778)	5 394
Office equipment	938	1 023	(11)	(414)	1 536
Computer equipment	1 238	700	(19)	(825)	1 094
	43 180	34 539	(30)	(10 035)	67 654

The depreciation charge on items of property, plant and equipment that are directly attributable to the construction of residential apartments are capitalised to developments under construction. In the current year, R5.2 million was capitalised (2018: R6.0 million).

	Group		Company	
	2019 R'000	**2018 R'000**	2019 R'000	2018 R'000
Details of properties				
Property 1				
Block 1 Townsend Office Park, Erf 2979				
Bedfordview Extension 59 Township, Gauteng				
– Purchase price: 23 February 2013	**20 310**	20 310	**20 310**	20 310
– Additions since purchase or valuation	**1 993**	1 993	**1 993**	1 993
	22 303	22 303	**22 303**	22 303
Property 2				
Section 6 and 7, Stellenpark,				
Stellenbosch, Western Cape				
– Purchase price: 22 January 2016	**9 707**	9 707	**9 707**	9 707
Property 3				
Units 2 and 3 Townsend Office Park, Erf 2979				
Bedfordview Extension 59 Township, Gauteng				
– Purchase price: 27 February 2018	**10 600**	10 600	**10 600**	10 600
– Additions since purchase or valuation	**2 686**	–	**2 686**	–
	13 286	10 600	**13 286**	10 600

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment (continued)

	Group		Company	
	2019 R'000	**2018 R'000**	2019 R'000	2018 R'000
Details of properties (continued)				
Property 4				
Units 5 and 6 Corporate Park, 11 Senembe Crescent, La Lucia Ridge – Purchase price: 13 June 2017	**9 037**	9 037	**9 037**	9 037

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

4. Intangible assets

	2019			2018		
Group and company	**Cost R'000**	**Accumulated amortisation R'000**	**Carrying value R'000**	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Licences	**31**	**(3)**	**28**	31	*	31
Solar infrastructure contributions	**6 097**	**–**	**6 097**	–	–	–
Total	**6 128**	**(3)**	**6 125**	31	*	31

Balwin Properties Limited holds a licence allowing for the provision of electronic communication services. The licence fee is amortised over the period of the licence. The licence has a useful life of 10 years and can be renewed at the end of the period. The remaining useful life of the licences is nine years at year-end. The licence has been granted to Balwin Properties Limited, however, the terms of the licence allow the subsidiaries of Balwin Properties Limited to provide all or any services together with all or any other rights granted to it under the licence.

The company contributes to the capital solar infrastructure costs of Smart PV Proprietary Limited, a company engaged in the installation of solar which generates renewable energy. Balwin have contractual rights to participate in 33% of the net revenue of this company. The capital contributions are amortised over the shorter of the useful life of the infrastructure or the term of the contract period being 15 years.

Reconciliation of intangible assets

	2019			
Group and company	**Opening balance R'000**	**Additions R'000**	**Amortisation R'000**	**Closing balance R'000**
Licences	**31**	**–**	**(3)**	**28**
Solar infrastructure contributions	**–**	**6 097**	**–**	**6 097**
	31	**6 097**	**(3)**	**6 125**

	2018			
Group and company	Opening balance R'000	Additions R'000	Amortisation R'000	Closing balance R'000
Licences	–	31	*	31

** Denotes a value of less than R1 000*

5. Investments in subsidiaries

Balwin Properties Limited holds the following investments in subsidiaries:

Name of company	Country of incorporation	Year-end	% holding 2019	% holding 2018	Carrying amount 2019 R'000	Carrying amount 2018 R'000
Balwin Properties (UK) Limited	United Kingdom	February	100	100	*	*
Balwin Fibre Proprietary Limited	South Africa	February	100	100	*	*
Waltiq Proprietary Limited	South Africa	February	100	100	*	*
Unlocked Properties 16 Proprietary Limited	South Africa	February	100	–	*	–

** Denotes a value of less than R1 000*

Nature of business of subsidiaries

No operations take place in Balwin Properties (UK) Limited, Waltiq Proprietary Limited or Unlocked Properties 16 Proprietary Limited. Balwin Properties (UK) Limited primarily held investment property of which the last investment property was sold during 2016. Since this date, the company has not operated.

Waltiq Proprietary Limited and Unlocked Properties 16 Proprietary Limited were both purchased in order to acquire the subsidiary's existing contract for the future purchase of land. The shares of Unlocked Properties 16 Proprietary Limited were purchased during the current financial year. It is the intention of management to deregister both subsidiaries once the underlying land has transferred in full to the companies.

Balwin Fibre Proprietary Limited is a network infrastructure provider of electronic communication services.

Included in the consolidated financial statements of the group are the results of The Balwin Foundation NPC, a non-profit company incorporated and domiciled in South Africa. Although not a subsidiary, The Balwin Foundation NPC has been consolidated as it is considered to be controlled by the group as its directors are all employees of Balwin. The Balwin Foundation NPC supports and empowers the younger generation and previously disadvantaged to gain greater knowledge and skills through technical vocational education and training of industry-related trades.

The directors consider the carrying value of the investments in subsidiaries to approximate their fair value.

6. Investment in associate

Balwin Properties Limited holds the following investment in associate:

	Group and company					
Name of company	**Principal activity**	**Year-end**	**% ownership interest 2019**	% ownership interest 2018	**Carrying amount 2019 R'000**	Carrying amount 2018 R'000
Balwin Rentals Proprietary Limited	Property investment	February	**25**	–	**1**	–

Pursuant to a shareholders agreement dated 29 May 2018, the company has the right to cast 25% of the votes at shareholder meetings of Balwin Rentals Proprietary Limited. The percentage ownership interest is equal to the percentage voting rights in all cases. Balwin Rentals Proprietary Limited acquires investment properties to derive rental income. The company commenced trading in the current financial year.

The directors consider the carrying value of the investment in associate to approximate their fair value.

6. Investment in associate (continued)

Summarised financial information of associate

	Balwin Rentals Proprietary Limited	
	2019 R'000	2018 R'000
Summarised statement of profit or loss and other comprehensive income		
Revenue	**2 345**	–
Gross profit	**2 034**	–
Loss for the period	**(218)**	–
Total comprehensive loss	**(218)**	–
Summarised statement of financial position		
Assets		
Non-current	**99 253**	–
Current	**699**	–
Total assets	**99 952**	–
Liabilities		
Non-current	**99 708**	–
Current	**462**	–
Total liabilities	**100 170**	–
Total net liabilities	**(218)**	–
Reconciliation of net assets to equity accounted investment in associate		
Interest in associate at percentage ownership	**55**	–
Cumulative unrecognised losses	**(54)**	–
Carrying value of investment in associate	**1**	–
Group and company		
Investment at beginning of period	**–**	–
Investment in current year	**1**	–
Share of profit	**54**	–
Cumulative unrecognised losses	**(54)**	–
Investment at end of period	**1**	–

The share of loss was not recognised against the carrying amount of the investment in associate at year-end.

The accounting policies of the group and the associate are consistent and no adjustment to the summarised information presented above has been required.

7. Deferred taxation

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Deferred taxation on provisions	**2 779**	1 197	**2 768**	1 197
Deferred taxation on deferred revenue	**1 425**	–	**1 425**	–
Deferred taxation on available taxation losses	**1 369**	343	**–**	–
Total deferred taxation asset	**5 573**	1 540	**4 193**	1 197
Reconciliation of deferred taxation asset				
At the beginning of the year	**1 540**	4 862	**1 197**	4 862
Credit/(debit) to statement of profit or loss or other comprehensive income	**4 033**	(3 322)	**2 996**	(3 665)
	5 573	1 540	**4 193**	1 197

Deferred taxation has been calculated at the standard corporate taxation rate as at the reporting date as management expect to recover the carrying value of assets through use. Deferred taxation assets are raised after due consideration of future taxable income. A deferred taxation asset has been recognised for Balwin Fibre Proprietary Limited for the assessed loss of R4.9 million. The group has reviewed the latest forecast of Balwin Fibre Proprietary Limited and based on this review have concluded that it has probable future profits necessary to support the deferred taxation asset. The improved trading performance of Balwin Fibre Proprietary Limited is based on the increased homes connected as the development pipeline is rolled out.

8. Developments under construction and inventories

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Developments under construction	**3 042 919**	2 587 088	**3 042 919**	2 587 088
Merchandise	**–**	1 384	**–**	–
	3 042 919	2 588 472	**3 042 919**	2 587 088
Developments under construction include the following:				
Costs of construction	**1 106 277**	891 888	**1 106 277**	891 888
Land and land contribution costs	**1 086 425**	888 499	**1 086 425**	888 499
Development rights	**850 217**	806 701	**850 217**	806 701
	3 042 919	2 587 088	**3 042 919**	2 587 088

Development rights pertains to the rights assigned to Balwin Properties including all the rights to use the Polo Fields and the Waterfall Fields properties for the purpose of undertaking the developments.

The cost of developments under construction recognised as an expense during the current year was R1 826.0 million (2018: R1 649.4 million). Costs previously capitalised to developments under construction to the value of R5.8 million were written off in the current year (2018: Rnil).

A mortgage bond is in place over certain portions of land which acts as security for the development loans advanced (refer to note 14). At year-end, the following mortgage bonds were registered:

8. Developments under construction and inventories (continued)

Land	Value of mortgage bond 2019 R'000	Value of mortgage bond 2018 R'000
Remaining Extent of Portion 14 Farm 197 Olivedale	**200 000**	200 000
Erf 20252 Somerset West	**200 000**	300 000
Retention of a first covering notarial deed of lease over Portion 822 (a portion of portion 62) of the Farm Waterval 5	**400 000**	400 000
Remaining Extent of Portion 6 and Portion 241 of Farm Zwartkoppies No. 364 JR	**300 000**	200 000
Portion 837 (a portion of portion 1) of the Farm Waterval 5 IR	**200 000**	200 000
Erf 2 Richmond Park; Remaining Extent of Erf 36555 Milnerton and Erf 38435 Milnerton	**200 000**	200 000
Holdings 92, 102, 103, 104, 105 and 106 Crowthorne Agricultural Holdings, City of Johannesburg	**187 256**	187 256
Remaining extent of Holding 20, Holdings 28, 29, 30, 31, 32, 33, 35, 36, 37 and 38 Linbro Park Agricultural Holdings	**183 536**	183 536
Erven 19311, 19312, 19314, 19468 and Erf 19533 Somerset West	**200 000**	–
Portion 1 of Holding 20, Holdings 21, 22, 23, 24, 25, 26, 27; Holding 34, Linbro Park Agricultural Holdings	**224 385**	–
Portion 1 of Erf 4484 Ballitoville, Kwadukuza	**190 579**	–
Sections 26 to 36, 60 to 64, 66 to 67, 74 to 78 Paardevlei Square, Somerset West, City of Cape Town, Division Stellenbosch, Western Cape Province	**35 788**	–

9. Loans to related parties

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Subsidiaries				
Balwin Properties (UK) Limited	**–**	–	**2 039**	2 039
Balwin Fibre Proprietary Limited	**–**	–	**30 126**	8 443
Associate				
Balwin Rentals Proprietary Limited	**9 981**	–	**9 981**	–
	9 981	–	**42 146**	10 482

The loans to Balwin Properties (UK) Limited and Balwin Fibre Proprietary Limited are unsecured, interest-free and have no fixed repayment terms. The full loan to Balwin Fibre Proprietary Limited has been subordinated to other creditors until such time as the company's assets fairly valued exceed its liabilities in order to provide the company with financial support during its start-up phase.

The loan to Balwin Rentals Proprietary Limited pertains to a shareholder loan in terms of the sales agreement between the parties whereby a 10% vendor loan is advanced by the company and serves as security for the sales transaction (refer to note 27). The loan earns interest at the prevailing prime rate three years after it is advanced. The loan has no fixed repayment terms.

The carrying amount of the loans to related parties approximate their fair value.

10. Trade and other receivables

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Trade receivables	**872 650**	784 576	**870 182**	784 507
Amounts due from transferring attorneys	**14 606**	53 413	**14 606**	53 413
Value added taxation receivable	**1 075**	3 384	**–**	2 510
Other receivables	**24 863**	18 035	**24 524**	18 033
	913 194	859 408	**909 312**	858 463

The directors consider the carrying amount of trade and other receivables to approximate their fair value due to the nature of the financial instrument.

Trade receivables relates to sales where registration of the apartment has not yet transferred, however, revenue has been recognised as the apartment has been handed over to the purchaser and the financial guarantees are in place for the full purchase price. Other receivables relates largely to money due from body corporates. Trade and other receivables are assessed on a regular basis and provided for based on the estimated irrecoverable amounts, determined by reference to past default experience, if any. Based on the nature of the operations of the group the credit risk associated with trade and other receivables is remote.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings or to historical information. Given the nature of the operations of the group and company, no significant credit risk is identified as the amounts due from transferring attorneys are a timing event that arises due to the inherent delay in the transfer of funds subsequent to the registration of the apartment. No trade and other receivables are past due at period-end.

No provision for bad debts have been raised (2018: Rnil).

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security.

Trade and other receivables exceeding 5% of total receivables balance:

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Tonkin Clacey	**–**	53 413	**–**	53 413

11. Development loans receivable

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Financial assets at amortised cost				
Development loans	**3 450**	3 858	**3 450**	3 858

The development loans represents the oversettlement of the development loan liability to the financial institution by the transferring attorney upon the registration of the apartment which acted as security for the development loan obligation. The development loans bear interest at prime linked rates and are expected to be repaid within a short time period and are therefore classified as current. Refer to note 14 for detail on the development loan obligation.

Due to the nature of the development loans receivable, the cash flows are reported on a net basis in the statement of cash flows. This is due to the fact that oversettlement of the repayment represents an activity of the transferring attorney and considering the short-term maturity of the receipts.

The directors consider the carrying amount of other financial assets to approximate their fair value.

12. Cash and cash equivalents

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Cash and cash equivalents consist of:				
Cash on hand	**8**	22	**8**	22
Bank balances	**329 374**	100 011	**324 418**	96 001
	329 382	100 033	**324 426**	96 023

Included in cash and cash equivalents is restricted cash for an amount of R5.7 million pertaining to guarantees in place. Cash and cash equivalents also include an investment loan facility of R51.1 million and a general banking facility of R75.0 million drawn at company level at year-end.

The carrying amount of cash and cash equivalents approximate their fair value.

Guarantees and facilities in place on 28 February 2019:

(a) Letters of guarantee: R70 000 000

Guarantees and facilities in place on 28 February 2018:

(a) Letters of guarantee: R5 692 322
(b) General banking facility: R70 000 000
(c) Overdraft facility available: R10 000 000

13. Share capital

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Authorised				
Ordinary shares	**1 000 000**	1 000 000	**1 000 000**	1 000 000
Issued and fully paid				
Ordinary	**664 354**	664 354	**664 354**	664 354
Treasury shares	**(11 376)**	–	**(11 376)**	–
	652 978	664 354	**652 978**	664 354

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

	Group		Company	
	2019	2018	**2019**	2018
	Number of shares			
Reconciliation of shares in issue				
Opening balance	**469 915 273**	469 915 273	**469 915 273**	469 915 273
Treasury shares converted	**2 226 712**	–	**2 226 712**	–
Treasury shares acquired	**(4 509 605)**	–	**(4 509 605)**	–
Closing balance	**467 632 380**	469 915 273	**467 632 380**	469 915 273

During the year, 4.5 million ordinary shares at R2.50 each were acquired and converted to treasury shares held by Balwin Properties Limited. The total cost of the transactions was R11.4 million.

14. Development loans and facilities

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Held at amortised cost				
Development loans	**1 397 581**	1 251 678	**1 397 581**	1 251 678
General banking facility	**75 000**	–	**75 000**	–
Investment loan facility	**51 100**	–	**51 100**	–
	1 523 681	1 251 678	**1 523 681**	1 251 678

Group and company 2019 Development loans	**Average nominal interest rate %**	**Maturity date**	**R'000**
Non-current loans			
Portimix Proprietary Limited	**8.00**	Between June 2020 and June 2025	**375 473**
Current loans			
Absa Bank Limited	**10.25**	Between March 2019 and February 2020	**554 563**
Nedbank Limited	**10.25**	Between March 2019 and February 2020	**218 566**
Investec Bank Limited	**10 – 10.25**	Between March 2019 and February 2020	**218 196**
Portimix Proprietary Limited	**8.0**	June 2019	**30 783**
			1 022 108
			1 397 581

Investment loan and general banking facilities

Current loans			
Nedbank Limited	**9.50**	March 2019	**75 000**
Absa Bank Limited	**10.25**	April 2019	**51 100**
			126 100

2018 Development loans	**Average nominal interest rate %**	**Maturity date**	**R'000**
Non-current loans			
Portimix Proprietary Limited	**8.00**	Between June 2019 and June 2025	**453 165**
Absa Bank Limited	**10.25**	Between March 2019 and August 2019	**126 463**
			579 628
Current loans			
Nedbank Limited	**10.25**	Between March 2018 and February 2019	**359 501**
Investec Bank Limited	**10 – 10.25**	Between March 2018 and February 2019	**208 106**
Portimix Proprietary Limited	**10.50**	June 2018	**54 283**
Absa Bank Limited	**10 – 10.25**	August 2018	**50 160**
			672 050
			1 251 678

14. Development loans and facilities (continued)

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Non-current liabilities				
At amortised cost	**375 473**	579 628	**375 473**	579 628
Current liabilities				
At amortised cost	**1 148 208**	672 050	**1 148 208**	672 050
Total	**1 523 681**	1 251 678	**1 523 681**	1 251 678
Fair value of the financial liabilities carried at amortised cost				
Development loans	**1 397 581**	1 251 678	**1 397 581**	1 251 678
Investment loan and general banking facilities	**126 100**	–	**126 100**	–
	1 523 681	1 251 678	**1 523 681**	1 251 678

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.

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.

The carrying amount of development loans approximate their fair value. Refer to note 8 for disclosure of the mortgage bonds acting as security for the loans.

15. Trade and other payables

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Trade payables	**54 138**	51 634	**51 109**	51 063
Value added taxation payable	**11 867**	–	**11 867**	–
Payroll accruals	**4 899**	4 433	**4 877**	4 381
Other accruals	**20 158**	7 704	**20 533**	7 657
Total	**91 062**	63 771	**88 386**	63 101

The directors consider the carrying amounts of the trade and other payables to approximate their fair values due to the nature of the financial instrument.

16. Contract liability

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Contract liability	**91 344**	–	**91 344**	–

Revenue to the value of R91.3 million was deferred as certain performance obligations associated with the transaction were not fulfilled at year-end pertaining to the sale of apartments to Phepha Prop 001 Proprietary Limited. Full consideration has been received for the transaction. The performance obligations pertain to the management and marketing of apartments that were not registered at year-end. In terms of the transaction, the company is required to resell the apartments on behalf of Phepha Prop 001 Proprietary Limited. The performance obligation is satisfied upon the registration of the resold apartments. This is the first year that a contract liability was recognised. The company has no obligations for returns or refunds nor are their any associated warranties.

Included in this transaction is a put and call agreement for the shares of Phepha Prop 001 Proprietary Limited. Based on management's assessment, there is no value in these instruments as the terms of the agreement will be fulfilled prior to the exercise expiry dates. The terms of the agreement require the company to re-sell the apartments within a pre-defined time period, the maximum being 28 February 2020.

17. Provisions

Reconciliation of provisions

Group	Opening balance R'000	Additions R'000	Utilised during the year R'000	Closing balance R'000
	2019			
Leave pay	**3 765**	**8 581**	**(7 334)**	**5 012**
Bonus	**–**	**7 381**	**(2 406)**	**4 975**
	3 765	**15 962**	**(9 740)**	**9 987**

Group	2018			
Leave pay	5 784	7 254	(9 273)	3 765
Bonus	8 482	8 230	(16 712)	–
	14 266	15 484	(25 985)	3 765

Company	Opening balance R'000	Additions R'000	Utilised during the year R'000	Closing balance R'000
	2019			
Leave pay	**3 745**	**8 501**	**(7 334)**	**4 912**
Bonus	**–**	**7 381**	**(2 406)**	**4 975**
	3 745	**15 882**	**(9 740)**	**9 887**

Company	2018			
Leave pay	5 784	7 234	(9 273)	3 745
Bonus	8 482	8 230	(16 712)	–
	14 266	15 464	(25 985)	3 745

The leave pay provision is based on the number of leave days due calculated at the employees cost to company. The bonus provision relates to a bonus payable to employees based on the approved short-term incentive scheme of the group.

18. Revenue

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Revenue from sale of apartments	**2 598 944**	2 449 942	**2 598 944**	2 449 942
Donations	**3 348**	–	**–**	–
Bond commission	**7 334**	4 463	**7 334**	4 463
Rental of electronic communication	**4 279**	230	**–**	–
Total	**2 613 905**	2 454 635	**2 606 278**	2 454 405

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirement as well as their impact on the group's consolidated and separate financial statements are set out in note 2.

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.

In the current year, the company sold apartments to a buyer in terms of a significant bulk deal. Per the agreement, additional performance obligations were attached that do not pertain to the sale of apartments in the ordinary course of business. Refer to note 16 for further detail on this transaction.

19. Other income

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Municipal recoveries	**525**	632	**525**	632
Other income	**1 982**	455	**69**	455
Profit on exchange differences	**253**	–	**–**	–
Profit on sale of property, plant and equipment	**–**	15		15
Rental income	**12 750**	2 668	**12 750**	2 668
Donations	**–**	2 817	**–**	–
Net revenue share from Smart PV Proprietary Limited	**492**	–	**492**	–
Total	16 002	6 587	**13 836**	3 770

20. Share based payments

Old scheme

Pursuant to the listing of the group in 2016, a loan was provided to certain interested investors for the subscription of shares. The interested investors comprised certain staff and contractors of the group. The loan facility was provided to acquire shares in the listing. The aggregate loan facility amounted to R25 million and will accrue interest bi-annually at a variable rate, which rate will be equal to the official rate of interest published by SARS from time to time in respect of loans obtained by an employee from his or her employer.

The loan is secured by way of a pledge by the interested investors of the Balwin shares acquired and any proceeds received from the sale of the pledged shares.

The loan was granted for a term of five years from date of listing, however, early settlement of the loan is allowed as follows:

- up to 50% of the outstanding balance of the loan may be settled between years three and four; and
- up to 75% of the outstanding balance of the loan may be settled after the 4th anniversary of the loan.

Should the investor settle or partially settle the loan before the repayment date, an early repayment fee shall become repayable to the group. The early settlement fee is calculated as the market value of the pledged shares at the time of repayment less the sum of the outstanding balance.

Upon the repayment date of the loan:

- the investor is required to settle the outstanding loan amount (calculated as the sum of the initial loan amount, plus interest accrued and less dividends received the investor has elected to apply against the outstanding loan balance) in cash prior to the release by the group of the pledge over the shares; or
- the investor may request that the group sell such number of pledged shares required to settle the outstanding balance in order to secure the release of the pledge of the remaining unsold Balwin shares under the following conditions; or
- if the value of the Balwin shares sold exceeds the outstanding balance, the excess proceeds will be paid by the group to the interested investor; or
- if the value of the Balwin shares sold is less than the outstanding balance, the group will have no further claim against the interested investors in respect of the shortfall.

The number of shares provided in terms of the share scheme are reconciled below:

	2019	2018
Group share options	**Number of shares**	Number of shares
Outstanding at the beginning of the year	**2 277 320**	2 277 320
Forfeited during the year	**–**	–
Outstanding at the end of the year	**2 277 320**	2 277 320
Exercisable at the end of the year	**–**	–

20. Share based payments (continued)

Information on options granted during 2016

Fair value was determined by the Black Scholes model. The following inputs were used:

- Weighted average share price of R13.86
- Exercise price of R9.88
- Expected volatility of 23%
- Vesting period of five years
- The risk-free interest rate of 8.62%

Method and the assumptions incorporated:

- the 23% expected volatility takes into account the past trading as well as an expectation of future trading. The 23% is representative of a fair value for pricing the option, with no profit taken into account. Shorter term volatility is typically used; and
- no other features of the option grant were incorporated into the measurement of fair value.

New scheme

Balwin has a share option scheme for executive and management of the group. In terms of the rules of Balwin's Conditional Share Plan ("the Share Plan"), as approved by the shareholders at the previous Annual General Meeting, allowance is made for the offer of rights in the form of bonus shares, performance shares and/or retention shares under the following allocation conditions:

Bonus shares – Bonus shares are awarded annually, to the extent that an STI was payable, at a ratio of a 1:1 match to the actual STI paid in terms of the immediately preceding financial year. The bonus shares are linked to short-term incentive performance and, as such, no prospective performance conditions are applicable. These awards are subject to continued employment over the three-year vesting period only.

Performance shares – Performance shares are awarded subject to the discretion of the committee and specific performance conditions will be attached to the award. Any performance condition attached to performance shares shall be objective and representative of a fair measure of performance.

Retention shares – Retention shares are only awarded in special circumstances with the aim to attract and retain specific and sought after talent, subject to the discretion of the committee. These shares are subject to continued employment only.

In the current financial year, bonus shares were allocated to senior management personnel. This included the awarding of shares for both the 2018 and 2017 financial years, due to the fact that the 2017 allocation was previously delayed for administrative and regulatory reasons. The shares were priced at the 30-day volume weighted average share price.

The following equity-settled share based payment arrangements were in existence during the current year. There were no share based payments in existence in the prior year.

Total expenses of Rnil (2018: Rnil) related to share based payments transactions that were recognised in the period.

Share options	Number of shares	Award date	Vesting date	Fair value at award date
Bonus shares – 2017	4 042 483	26 February 2019	30 June 2020	R2.54
Bonus shares – 2018	639 414	26 February 2019	30 June 2021	R2.54
	4 681 897			

	Group		Company	
	2019	2018	**2019**	2018
	Number of shares			
Reconciliation of share options outstanding				
Opening balance	**–**	–	**–**	–
Shares awarded during the year	**4 681 897**	–	**4 681 897**	–
Shares forfeited during the year	**–**	–	**–**	–
Shares exercised during the year	**–**	–	**–**	–
Closing balance	**4 681 897**	–	**4 681 897**	–

	Group		Company	
	2019	2018	**2019**	2018
	Number of shares			
Reconciliation of share based payment reserve				
Opening balance	**–**	–	**–**	–
Shares awarded during the year	*****	–	*****	–
Shares forfeited during the year	**–**	–	**–**	–
Shares exercised during the year	**–**	–	**–**	–
Closing balance	*****	–	*****	–

** Denotes a value of less than R1 000.*

21. Operating profit

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Operating profit for the year is stated after charging the following, amongst others:				
Auditor's remuneration – external				
Audit fees	**993**	891	**939**	880
Other fees	**–**	126	**–**	126
Total	**993**	1 017	**939**	1 006
Auditor's remuneration – internal	**649**	196	**649**	196
Employee costs	**63 909**	68 407	**61 791**	68 407
Operating lease – premises	**–**	452	**–**	452
Depreciation and amortisation	**7 378**	4 135	**5 622**	4 053
Legal fees	**1 780**	1 626	**1 773**	1 626
Consulting fees	**6 211**	3 900	**6 210**	3 802

22. Interest income

Bank	**4 349**	15 110	**4 228**	15 055
Other	**241**	163	**241**	163
Total	**4 590**	15 273	**4 469**	15 218

23. Finance costs

Development loans	**70 016**	83 127	**70 016**	83 127
Bank	**6 125**	3 534	**6 125**	3 534
Other	**51**	25	**51**	25
Capitalised interest on developments under construction	**(70 016)**	(83 127)	**(70 016)**	(83 127)
Total	**6 176**	3 559	**6 176**	3 559

24. Taxation

Major components of the taxation expense				
Current				
Current taxation – current year	**180 139**	187 868	**180 149**	187 868
Deferred				
Deferred taxation – current year	**(4 033)**	3 322	**(2 996)**	3 665
Total	**176 106**	191 190	**177 153**	191 533

24. Taxation (continued)

	Group		Company	
	2019	2018	**2019**	2018
Reconciliation of the taxation				
Reconciliation between applicable tax rate and average effective tax rate				
Applicable tax rate	**28.00%**	28.00%	**28.00%**	28.00%
Disallowable charges*	**0.06%**	0.03%	**0.06%**	0.03%
Non-taxable income**	**(0.04)%**	(0.03)%	**–**	–
Assessed loss not recognised	**–**	0.01%	**–**	–
	28.02%	28.01%	**28.06%**	28.03%

** Disallowable charges include non-deductible expenses in the form of donations, penalties and fines.*
*** Non-taxable income include donations received.*

25. Cash generated/(used in) operations

	Group 2019	Group 2018	Company 2019	Company 2018
Profit before taxation	**628 489**	682 535	**631 241**	683 232
Adjustments for:				
Depreciation and amortisation	**12 623**	10 118	**10 868**	10 035
Loss/(profit) on sale of property, plant and equipment	**101**	(15)	**101**	(15)
Interest income	**(4 590)**	(15 273)	**(4 469)**	(15 218)
Finance costs	**6 176**	3 559	**6 176**	3 559
Movements in provisions	**6 222**	(10 501)	**6 142**	(10 521)
Movement in foreign exchange translation reserve	**103**	651	**–**	–
Movement in working capital				
Increase in developments under construction	**(418 564)**	(500 361)	**(418 564)**	(500 361)
Decrease/(increase) in inventories	**1 384**	(1 384)	**–**	–
Increase in trade and other receivables	**(53 786)**	(225 557)	**(50 849)**	(224 612)
Increase/(decrease) in trade and other payables and contract liabilities	**107 259**	(73 685)	**105 253**	(74 268)
Total	**285 417**	(129 913)	**285 899**	(128 169)
Reconciliation of movement in working capital relating to trade and other payables and contract liabilities				
Opening balance as per the statement of financial position	**(63 771)**	(137 456)	**(63 101)**	(137 369)
Less treasury shares raised and not settled by year-end	**(11 376)**	–	**(11 376)**	–
Closing balance as per statement of financial position	**182 406**	63 771	**179 730**	63 101
Total	**107 259**	(73 685)	**105 253**	(74 268)

26. Taxation paid

	Group 2019	Group 2018	Company 2019	Company 2018
Balance at beginning of the year	**4 564**	(4 204)	**4 566**	(4 562)
Current taxation for the year	**(180 139)**	(187 868)	**(180 149)**	(187 868)
Balance at end of the year	**30 181**	(4 564)	**30 181**	(4 566)
Total	**(145 394)**	(196 636)	**(145 402)**	(196 996)

27. Related parties

Relationships

Subsidiaries	Refer to note 5
Associates	Refer to note 6
Members of key management	Refer to the directors' report for list of directors and prescribed officer

Parties are considered to be related if one party directly or indirectly has the ability to control or jointly control the other party or exercise significant influence over the other party or is a member of the key management of Balwin Properties Limited. In particular, this relates to transactions between the entity and it directors.

Balwin Properties Limited, in the ordinary course of business, entered into various sales transactions with its key management personnel. The effect of these transactions is included in the financial performance and results of the group. Terms and conditions of these transactions are determined on an arm's length basis.

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Related party balances				
Loan accounts owing by related parties				
Subsidiaries				
Balwin Properties (UK) Limited	**–**	–	**2 039**	2 039
Balwin Fibre Proprietary Limited	**–**	–	**30 126**	8 443
Associate				
Balwin Rentals Proprietary Limited	**9 981**	–	**9 981**	–
Related party transactions				
Sale of apartments to related parties				
Directors and companies				
SV Brookes	**–**	141 189	**–**	141 189
Volker Properties Proprietary Limited **	**9 391**	44 056	**9 391**	44 056
J Weltman*	**629**	1 333	**629**	1 333
RN Gray*	**–**	54 119	**–**	54 119
Related parties to directors				
ML Brookes~	**–**	9 947	**–**	9 947
S Brookes*~	**1 511**	2 612	**1 511**	2 612
Associate				
Balwin Rentals Proprietary Limited	**85 588**	–	**85 588**	–

** Certain of the above transactions were purchased under the group's staff discount policy.*
*** The entity is controlled by SV Brookes*
~ Child and spouse of SV Brookes

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Property rental management fee				
Directors				
SV Brookes	**–**	176	**–**	176
RN Gray	**129**	119	**129**	119
J Weltman	**6**	4	**6**	4
U Gschnaidtner	**29**	22	**29**	22
Associate				
Balwin Rentals Proprietary Limited	**69**	–	**69**	–
Purchases from a director and shareholder				
Directors and companies				
SV Brookes#	**–**	10 600	**–**	10 600
Malewell Investments Proprietary Limited^	**–**	5 000	**–**	5 000

 # The purchase related to the sale of office buildings located at Units 2 and 3 Townsend Office Park, Bedfordview. The buildings were valued by an independent valuer prior to their acquisition and the purchase price reflects the fair value.
^ This transaction related to the purchase of land. The land was acquired from a consortium, with one party being Malewell Investments Proprietary Limited, which is a related party to Buff-Shares Proprietary Limited.

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Rental to related parties				
Directors and companies				
SV Brookes	**1 635**	763	**1 635**	763
Volker Properties Proprietary Limited **	**252**	–	**252**	–

*** The entity is controlled by SV Brookes*

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Donations paid to related party				
Subsidiary				
Balwin Foundation NPC	**–**	–	**5 649**	4 136
Compensation to directors and other key management				
Directors' and prescribed officer emoluments	**33 968**	39 396	**33 968**	39 396

28. Directors' and prescribed officer emoluments

Executive

2019	Basic salary R'000	Bonus R'000	Medical aid R'000	Provident fund R'000	Total R'000
SV Brookes	**5 024**	**1 661**	**165**	**251**	**7 101**
RN Gray	**4 386**	**1 265**	**173**	**219**	**6 043**
J Weltman	**3 323**	**743**	**159**	**166**	**4 391**
Total	**12 733**	**3 669**	**497**	**636**	**17 535**
2018					
SV Brookes	4 613	3 099	160	237	8 109
RN Gray	4 012	2 147	160	207	6 526
J Weltman	3 010	1 097	147	157	4 411
Total	**11 635**	**6 343**	**467**	**601**	**19 046**

Non-executive directors' fees

All emoluments disclosed below relate to their remuneration derived for services performed in their capacity as non-executive directors. No bonuses or any contributions were paid to non-executive directors.

	Group and Company	
	2019 R'000	2018 R'000
H Saven	**834**	783
K Mzondeki	**472**	443
R Zekry	**523**	491
A Shapiro	**570**	535
O Amosun	**429**	403
T Mokgosi-Mwantembe	**318**	299
Total	**3 146**	2 954

Prescribed officer

2019	Basic salary R'000	Bonus and variable remuneration* R'000	Medical aid R'000	Provident fund R'000	Total R'000
U Gschnaidtner	**4 019**	**8 981**	**86**	**201**	**13 287**
2018					
U Gschnaidtner	3 666	13 461	80	189	17 396

** The variable remuneration is based upon the employment contract.*

Directors' interest

The following shares were issued to directors:

	2019		2018	
	Number of shares	% holding	**Number of shares**	% holding
SV Brookes	**167 635 659**	**35.5**	167 235 659	35.4
RN Gray	**47 221 798**	**10.0**	47 221 798	10.0
U Gschnaidtner	**10 150 788**	**2.2**	10 150 788	2.2
R Zekry	**3 633 269**	**0.8**	3 633 269	0.8
J Weltman*	**1 012 145**	**0.2**	1 012 145	0.2
O Amosun	**9 390**	**–**	9 390	–

* These shares were issued under the old share scheme. The shares have not as yet vested. Refer to note 20.

There has been no movement in directors' interest from year end to date of approval of the financial statements.

Director's share options

Bonus shares were awarded to the directors and prescribed officer in terms of the group's Conditional Share Plan, refer to Note 20. These awards are linked to short term incentive performance and have no prospective performance conditions or strike prices attached. These awards are subject to continued employment only.

The following share options were awarded to directors but not yet vested at year end:

	Date of award	Vesting date	Opening balance	Granted during the year	Settled/lapsed during the year	Closing balance
SV Brookes	26 February 2019	30 June 2020	–	1 220 156	–	1 220 156
RN Gray	26 February 2019	30 June 2020	–	845 204	–	845 204
J Weltman	26 February 2019	30 June 2020	–	431 745	–	431 745
U Gschnaidtner	26 February 2019	30 June 2020	–	742 996	–	742 996
Total			**–**	**3 240 101**	**–**	**3 240 101**

29. Major shareholders

Registered shareholders owning more than 5% of issued shares

	2019		2018	
	Number of shares held	Percentage of issued shares	Number of shares held	Percentage of issued shares
SV Brookes	167 635 659	35.5	167 235 659	35.4
RN Gray	47 221 798	10.0	47 221 798	10.0
Buff-Shares Proprietary Limited	43 597 577	9.2	43 597 577	9.2

30. Fair value information

Fair value hierarchy

The different levels are defined as follows:

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

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

Level 3: Unobservable inputs for the asset or liability.

No changes have been made to the valuation 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 group specific estimates. The group does not hold any financial assets or financial liabilities that are classified as Level 3. There were no transfers between Levels 1, 2 and 3 during the year.

31. Risk management

Capital risk management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The maximum gearing ratio has been set at 50% by the directors. Developments under construction is financed on a phase-by-phase basis. Development finance is obtained through secured pre-sales and is repaid on registration of the phase being financed.

The capital structure of the group consists of debt, which includes the development finance disclosed in note 14, cash and cash equivalents disclosed in note 12, and equity as disclosed in the statement of financial position. Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio.

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The board provides written principles for overall risk management, as well as written policies

31.Risk management (continued)

covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Interest rate risk

The group's interest rate risk arises from long and short-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate movement. Interest rate risk is higher for land debt than development finance. Development finance is short term funding in nature and therefore there is no significant exposure to variations in interest rates.

The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on post-tax profit of a 1% movement would be a maximum increase and opposite decrease of R11.8 million (2018: R11.5 million) for the group and R11.9 million (2018: R12.3 million) for the company.

	Group		Company	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Interest-bearing instrument comprise:				
Loans to related parties	**9 981**	–	**9 981**	10 482
Development loans receivable	**3 450**	3 858	**3 450**	3 858
Cash and cash equivalents	**329 382**	100 033	**324 426**	96 023
Development loans	**(1 523 681)**	(1 251 678)	**(1 523 681)**	(1 251 678)
Total	**(1 180 868)**	(1 147 787)	**(1 185 824)**	(1 141 315)
Interest rate sensitivity				
Loans to related parties	**100**	–	**100**	105
Development loans receivable	**35**	39	**35**	39
Cash and cash equivalents	**3 294**	1 000	**3 244**	960
Development loans	**(15 237)**	(12 517)	**(15 237)**	(12 517)
Total	**(11 808)**	(11 478)	**(11 858)**	(11 413)

Credit risk

Credit risk is managed on a group basis.

Credit risk consists mainly of cash deposits, cash equivalents, loans to subsidiaries, trade and other receivables and other financial assets. The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade and other receivables relates to sales where registration has not yet transferred, however, revenue has been recognised as the apartment has been handed over to the purchaser and financial guarantees are in place for the full purchase price. Amounts owing by the transfer attorneys relates to cash received from registrations which has not yet been transferred to the group. Due to the nature of the trade and other receivables the credit risk is limited.

Loans to related parties are actively reviewed and managed on a monthly basis through the review of forecasts and cash flow, to assess the recoverability of loans to related parties.

Development loans receivable relates to the over settlement by the transferring attorneys to the banks. The credit risk relating to this is minimal as the company only deals with the major banks with high quality credit standing.

There has been no impairment of any financial assets in the current year (2018: Rnil).

Financial assets exposed to credit risk at year end were as follows:

Financial instrument				
Loans to related parties	**9 981**	–	**42 146**	10 482
Trade and other receivables	**912 119**	859 408	**909 312**	858 463
Development loans receivable	**3 450**	3 858	**3 450**	3 858
Cash and cash equivalents	**329 382**	100 033	**324 426**	96 023

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Development finance is obtained from major financial institutions based on secured pre-sales of residential apartment on a phase-by-phase basis. Development finance is repaid upon registration of a specific phase being financed. The phase-by-phase approach to funding reduces the risk of accumulating excessive debt which impacts liquidity. The business operates within pre-defined risk tolerance levels set at a 50% debt to equity ratio and a contingent debt to equity ratio of 70%.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances and as such the impact of discounting is not significant.

Group	Less than one year R'000	Between one and two years R'000	Between two and five years R'000	Over five years R'000
At 28 February 2019				
Development loans	**1 148 208**	**141 960**	**253 232**	**116 541**
Trade and other payables	**79 195**	**–**	**–**	**–**
Contract liability	**91 344**	**–**	**–**	**–**
Provisions	**9 987**	**–**	**–**	**–**
Total	**1 328 734**	**141 960**	**253 232**	**116 541**
At 28 February 2018				
Development loans	672 050	273 606	343 313	168 420
Trade and other payables	63 767	–	–	–
Provisions	3 765	–	–	–
Total	**739 582**	**273 606**	**343 313**	**168 420**
Company				
At 28 February 2019				
Development loans	**1 148 208**	**141 960**	**253 232**	**116 541**
Trade and other payables	**76 519**	**–**	**–**	**–**
Contract liability	**91 344**	**–**	**–**	**–**
Provisions	**9 887**	**–**	**–**	**–**
Total	**1 325 958**	**141 960**	**253 232**	**116 541**
At 28 February 2018				
Development loans	672 050	273 606	343 313	168 420
Trade and other payables	63 101	–	–	–
Provisions	3 745	–	–	–
Total	**738 896**	**273 606**	**343 313**	**168 420**

Foreign exchange risk

The groups exposure to foreign exchange risk is limited due to the fact that no operations have taken place in the foreign subsidiary in the current or prior periods. The exposure, if any, are primarily with respect to the UK pound.

The group does not hedge foreign exchange fluctuations.

Exchange rates used for conversion of foreign items were:

	2019	2018
GBP (spot rate)	**18.62**	16.26
GBP (average rate)	**17.84**	17.18

32. Basic, headline and diluted earnings per share

	Group		Company	
	2019	2018	**2019**	2018
Basic (cents)	**95.82**	104.56		
Headline (cents)	**95.84**	104.56		
Diluted earnings (cents)	**95.80**	104.06		
Diluted headline earnings (cents)	**95.83**	104.05		
Tangible net asset value per share (cents)	**567.51**	491.98	**567.62**	491.76
Net asset value per share (cents)	**567.51**	491.98	**567.62**	491.76
Weighted average shares in issue	**472 104 920**	469 915 273	**472 104 920**	469 915 273
Net asset value (R'000)	**2 653 856**	2 311 906	**2 654 390**	2 310 838
Reconciliation of profit for the year to headline earnings (R'000)				
Profit for the year	**452 383**	491 345	**–**	–
Adjusted for:				
Loss (profit) on disposal of property, plant and equipment	**101**	(15)	**–**	–
Headline earnings	**452 484**	491 330	**–**	–
Weighted average number of shares				
Weighted average number of shares in issue	**472 104 920**	469 915 273	**472 104 920**	469 915 273
Potential dilutive impact of share options	**87 673**	2 277 320	**87 673**	2 277 320
Weighted average diluted shares in issue	**472 192 593**	472 192 593	**472 192 593**	472 192 593

33. Dividends per share

Shares in issue	**467 632 380**	469 915 273	**467 632 380**	469 818 273
Dividend declared (R)	**99 160 444**	193 598 963	**99 160 444**	193 598 963
Dividends per share (cents)	**21.20**	41.20	**21.20**	41.20

34. Financial assets and liabilities by category

The accounting policies for financial instruments have been applied to the line items below, the directors consider the financial assets and liabilities to approximate their fair value due to the nature of the financial instrument:

Financial assets at amortised cost				
Development loans receivable	**3 450**	3 858	**3 450**	3 858
Loans to related parties	**9 981**	–	**42 146**	10 482
Trade and other receivables	**912 119**	856 024	**909 312**	855 953
Cash and cash equivalents	**329 382**	100 033	**324 426**	96 023
Total	**1 254 932**	959 915	**1 279 334**	966 316
Financial liabilities at amortised cost				
Development loans	**(1 523 681)**	(1 251 678)	**(1 523 681)**	(1 251 678)
Trade and other payables	**(79 195)**	(63 767)	**(76 519)**	(63 101)
Contract liability	**(91 344)**	–	**(91 344)**	–
Total	**(1 694 220)**	(1 315 445)	**(1 691 544)**	(1 314 779)

35. Segmental reporting

The operating segments within the group have been identified based on their geographical locations and the nature of their operations. Accordingly, the following segments have been identified:

Geographical locations

- South Africa
- United Kingdom

Nature of operations

- Residential property developer sales to market
- Supplier of electronic communication services

Giving consideration to the quantitative thresholds of operating segments, it is not considered useful to the users of the annual financial statements to separately disclose the above identified segments.

36. Contingent liabilities

The group had no contingent liabilities at 28 February 2019 (2018: RNil).

37. Commitments

Authorised capital expenditure

	Group		Company	
Already contracted for but not provided for	**2019 R'000**	2018 R'000	**2019 R'000**	2018 R'000
Land (Unconditional)	**233 910**	229 000	**233 910**	229 000
Land (Conditional)	**247 545**	1 047 000	**247 545**	1 047 000

This committed expenditure relates to land purchased for development and will be financed by available retained profits, mortgage facilities, existing cash resources and funds internally generated.

38. Events after the reporting period

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

Notice of annual GENERAL MEETING

Balwin Properties Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2003/028851/06)
JSE share code: BWN   ISIN: ZAE000209532
("Balwin" or "the group")

Notice is hereby given that the annual general meeting of the company's shareholders will be held at the offices of the group, Block 1, Townsend Office Park, 1 Townsend Avenue, Bedfordview on Thursday, 5 September 2019 at 08:00 ("the AGM").

Purpose

The purpose of the meeting is to receive, consider and adopt the financial statements of the company and the group for the year ended 28 February 2019, to transact the business set out in this notice of annual general meeting ("AGM notice") by considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions hereunder; and to transact such other business as may be transacted at the annual general meeting.

Record date, attendance and voting	**2019**
Record date in order to be eligible to receive the AGM notice	Friday, 21 June
AGM notice posted to shareholders	Friday, 28 June
Last date to trade in order to be eligible to vote at the AGM	Tuesday, 27 August
Record date in order to be eligible to vote at the AGM	Friday, 30 August
Last day to lodge forms of proxy for administration purposes for the AGM (by 08:00)	Tuesday, 3 September
Annual general meeting (at 08:00)	Thursday, 5 September
Results of the AGM released on SENS	Thursday, 5 September

1. Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote on their behalf. A proxy need not be a member of the company. A form of proxy, which sets out the relevant instructions for completion, is enclosed for the use of a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.
2. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person will need to request their Central Securities Depository Participant ("CSDP") or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
3. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and the CSDP or broker in the manner and time stipulated therein.
4. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.
5. In terms of the Companies Act, any shareholder or proxy who intends to attend or participate at the AGM must be able to present reasonably satisfactory identification at the meeting for such shareholder or proxy to attend and participate at the AGM. A green bar-coded identification document or identity card issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted at the AGM as proof of identification.

Agenda

1. Presentation and consideration of the financial statements of Balwin, including the reports of the directors, the audit and risk committee and the social and ethics committee for the year ended 28 February 2019. The complete financial statements for the year ended 28 February 2019, together with these reports are available for inspection at the registered office of the company, Block 1, Townsend Office Park, 1 Townsend Avenue, Bedfordview and on the website www.balwin.co.za; and
2. To consider and, if deemed fit, approve, with or without modification, the following ordinary and special resolutions:

Note:

In order for any of the ordinary resolutions numbers 1 to 7 to be adopted, the support of more than 50% of the voting rights exercised by shareholders, present in person or by proxy must be exercised in favour thereof.

In order for ordinary resolution number 8 to be adopted, the support of at least 75% of the voting rights exercised by shareholders, present in person or by proxy must be exercised in favour thereof.

In order for any of the special resolution numbers 1 to 3 to be adopted, the support of more than 75% of the voting rights exercised by shareholders, present in person or by proxy must be exercised in favour thereof.

Ordinary business

1. **Ordinary resolution number 1: Re-election of Tomi Amosun**

   "Resolved that Tomi Amosun, who retires by rotation in terms of the memorandum of incorporation of the company and who, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the company."

   An abbreviated curriculum vitae of Tomi Amosun appears on page 16 of this integrated annual report.

   The remuneration and nomination committee has considered Tomi Amosun's past performance and contribution to the company and in, accordance with article 38.3 of the memorandum of incorporation of the company, recommends that Tomi Amosun be re-elected as a director of the company.

2. **Ordinary resolution number 2: Re-election of Arnold Shapiro**

   "Resolved that Arnold Shapiro, who retires by rotation in terms of the memorandum of incorporation of the company and who, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the company."

   An abbreviated curriculum vitae of Arnold Shapiro appears on page 17 of this integrated annual report.

   The remuneration and nomination committee has considered Arnold Shapiro's past performance and contribution to the company and in, accordance with article 38.3 of the memorandum of incorporation of the company, recommends that Arnold Shapiro be re-elected as a director of the company.

   Reason for ordinary resolution numbers 1 and 2

   The reason for ordinary resolution numbers 1 and 2 is that article 38.3 of the memorandum of incorporation of the company requires that one third of the non-executive directors shall retire at the AGM and, if eligible, may offer themselves for re-election as directors.

3. **Ordinary resolution number 3: Appointment of the auditors**

   "Resolved that Deloitte & Touche, together with Patrick Kleb as the designated auditor, be and are hereby appointed as the independent auditors of the company from the conclusion of this AGM until the conclusion of the next AGM of the company."

   Reason for ordinary resolution number 3

   In accordance with section 94(7) of the Companies Act, the audit and risk committee has nominated for appointment as auditors of the company under section 90 of the Companies Act, Deloitte & Touche.

   The reason for ordinary resolution number 3 is that the company, being a public listed company, must have its financial results audited and in accordance with section 90 of the Companies Act its auditor must be appointed or re-appointed each year at the AGM of the company.

4. **Ordinary resolution number 4: Appointment of Kholeka Mzondeki as a member of the audit and risk committee**

   "Resolved that, in terms of section 94(2) of the Companies Act, Kholeka Mzondeki, an independent non-executive director, be and is hereby elected a member of the company's audit and risk committee, with effect from the conclusion of this AGM."

   An abbreviated curriculum vitae of Kholeka Mzondeki appears on page 16 of this integrated annual report.

5. **Ordinary resolution number 5: Appointment of Tomi Amosun as a member of the audit and risk committee**

   "Resolved that, subject to the successful passing of ordinary resolution number 1 and in terms of section 94(2) of the Companies Act, Tomi Amosun, an independent non-executive director, be and is hereby elected a member of the company's audit and risk committee, with effect from the conclusion of this AGM."

   An abbreviated curriculum vitae of Tomi Amosun appears on page 16 of this integrated annual report.

6. **Ordinary resolution number 6: Appointment of Arnold Shapiro as a member of the audit and risk committee**

   "Resolved that, subject to the successful passing of ordinary resolution number 3 and in terms of section 94(2) of the Companies Act, Arnold Shapiro, an independent non-executive director, be and is hereby elected a member of the company's audit and risk committee, with effect from the conclusion of this annual general meeting."

   An abbreviated curriculum vitae of Arnold Shapiro appears on page 17 of this integrated annual report.

   Reason for ordinary resolution numbers 4 to 6

   The reason for ordinary resolution numbers 4 to 6 (inclusive) is that the company, being a public listed company, must appoint an audit committee as prescribed by section 94(2) of the Companies Act, which requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each annual general meeting of the company.

7. **Ordinary resolution number 7: Endorsement of remuneration policy and implementation report**

   Ordinary resolution 7.1

   "Resolved that the company's remuneration policy, as set out in the remuneration report on pages 59 to 63, be and is hereby approved by way of a non-binding advisory vote of shareholders of the company in terms of King IV Report on Corporate Governance."

   Ordinary resolution 7.2

   "Resolved that, the implementation report, as set out on pages 63 to 65 of the integrated annual report of which this notice forms part, be and is hereby endorsed as a non-binding advisory vote of shareholders of the company in terms of the King IV Report on Corporate Governance."

   Reason for ordinary resolution number 7

   The reason for ordinary resolution number 7 is that King IV recommends that the remuneration policy and the implementation report be endorsed through a non-binding advisory vote by shareholders at the AGM of a company.

8. Ordinary resolution number 8: General authority to issue shares for cash

"Resolved that, subject to the restrictions set out below, the directors be and are hereby authorised, pursuant, inter alia, to the company's memorandum of incorporation and subject to the provisions of the Companies Act and the JSE Listings Requirements, until this authority lapses which shall be at the next AGM or 15 months from the date hereof, whichever is the earliest, to allot and issue shares of the company for cash on the following basis:

1. the allotment and issue of shares must be made to persons qualifying as public shareholders and not to related parties, as defined in the JSE Listings Requirements;
2. the shares which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
3. the total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 47 219 259 shares, being 10% of the company's issued shares as at the date of notice of this AGM. Accordingly, any shares issued under this authority prior to this authority lapsing shall be deducted from the 472 192 592 shares the company is authorised to issue in terms of this authority for the purpose of determining the remaining number of shares that may be issued in terms of this authority;
4. In the event of a sub-division or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
5. the maximum discount at which the shares may be issued is 10% (ten percent) of the weighted average traded price of such shares measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares; and
6. after the company has issued shares for cash which represent, on a cumulative basis, within the period that this authority is valid, 10% (ten percent) or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the number of shares issued, the average discount to the weighted average trade price of the shares over the 30 days prior to the date that the issue is agreed in writing and the effect of the issue on net asset value per share, net tangible asset value per share, earnings per share, headline earnings per share, and if applicable, diluted earnings per share and diluted headline earnings per share."

The reason for ordinary resolution number 8

For public listed entities wishing to issue shares, it is necessary for the board of directors not only to obtain the prior authority of the shareholders in accordance with the company's memorandum of incorporation but it is also necessary to obtain the prior authority of shareholders in accordance with the JSE Listings Requirements. The reason for this resolution is accordingly to obtain a general authority from shareholders to issue shares in compliance with the JSE Listings Requirements.

Note:
In order for this ordinary resolution number 9 to be adopted, the support of at least 75% of the voting rights exercised by shareholders, present in person or by proxy must be exercised in favour thereof.

SPECIAL BUSINESS

9. Special resolution number 1: Remuneration of non-executive directors

"Resolved that the remuneration payable to the non-executive directors be approved on the following basis with effect from this AGM until the next AGM held in 2020, effective 1 March 2019:

Category	Recommended remuneration
Board Chairman	R451 576 annual retainer
Board Member	R190 231 annual retainer
Audit and Risk Committee	
Chairman	R190 231 annual retainer
Member	R152 185 annual retainer
Remuneration and Nominations Committee	
Chairman	R152 185 annual retainer
Member	R126 820 annual retainer
Social and Ethics Committee	
Chairman	R152 185 annual retainer
Member	R126 820 annual retainer
Transaction Committee	
Chairman	R165 934 annual retainer
Member	R118 524 annual retainer

Reasons for and effect of special resolution number 1

The reason for the proposed special resolution, is to comply with section 66(9) of the Companies Act, which requires the approval of directors fees prior to the payment of such fees.

The effect of special resolution number 1 is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval until the next AGM.

10. Special resolution number 2: Financial assistance to related and inter-related companies

"Resolved that to the extent required by the Companies Act, the board of directors of the company may, subject to compliance with the requirements of the company's memorandum of incorporation and the Companies Act, authorise the company to provide direct or indirect financial assistance, as contemplated in section 45 of the Companies Act by way of loans, guarantees, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the company for any purpose or in connection with any matter, such authority to endure for a period of not more than 2 years, and further provided that inasmuch as the company's provision of financial assistance to its subsidiaries will at any and all times be in excess of one-tenth of 1% of the company's net worth, the company hereby provides notice to its shareholders of that fact."

Notice in terms of section 45(5) of the Companies Act in respect of special resolution number 2

Notice is hereby given to shareholders of the company in terms of section 45(5) of the Companies Act of a resolution adopted by the board of directors authorising the company to provide such direct or indirect financial assistance as specified in the special resolution above –

a) by the time that this notice of AGM is delivered to shareholders of the company, the board of directors will have adopted a resolution ("section 45 board resolution") authorising the company to provide, at any time and from time to time during the period of 2 years commencing on the date on which the special resolution is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any 1 or more related or inter-related companies or corporations of the company and/or to any 1 or more members of any such related or inter-related company or corporation and/or to any 1 or more persons related to any such company or corporation;

b) the section 45 board resolution will be effective only if and to the extent that the special resolution under the heading "special resolution number 2" is adopted by the shareholders of the company, and the provision of any such direct or indirect financial assistance by the company, pursuant to such resolution, will always be subject to the board of directors being satisfied that (i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and that (ii) the terms under which such financial assistance is to be given are fair and reasonable to the company as referred to in section 45(3)(b)(ii) of the Companies Act; and

c) in as much as the section 45 board resolution contemplates that such financial assistance will in the aggregate exceed one–tenth of one percent of the company's net worth at the date of adoption of such resolution, the company hereby provides notice of the section 45 board resolution to shareholders of the company.

Reason for and effect of special resolution number 2

The reason for and the effect of special resolution number 2 is to provide a general authority to the board of directors of the company to grant direct or indirect financial assistance to any company forming part of the group, including in the form of loans or the guaranteeing of their debts.

11. Special resolution number 3: Authority to repurchase shares by the company

"Resolved that as a special resolution that the company and its subsidiaries be and is hereby authorised, as a general approval, to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of section 46 and 48 of the Companies Act, the Memorandum of Incorporation of the company and the Listings Requirements of the JSE namely that:

- the general repurchase of the shares may only be implemented through the order book of the JSE and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall only be valid until the next AGM of the company, provided that it shall not extend beyond 15 (fifteen) months from the date of this resolution;
- an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 10% in the aggregate in any one financial year of the company's issued share capital at the time the authority is granted;
- a resolution has been passed by the board of directors approving the purchase, that the company has satisfied the solvency and liquidity test as defined in the Companies Act and that since the solvency and liquidity test was applied there have been no material changes to the financial position or required shareholder spread of the group;
- the general repurchase is authorised by the company's Memorandum of Incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is effected. The JSE should be consulted for a ruling if the applicants securities have not traded in such five business day period;
- the company may at any point in time only appoint one agent to effect any repurchase(s) on the company's behalf;
- the company and its subsidiaries may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed and have been submitted to the JSE in writing, as contemplated in terms of 5.72(h) of the Listings Requirements of the JSE."

Reason and effect of special resolution number 3

The reason for and effect of special resolution number 3 is to grant the directors a general authority in terms of its memorandum of incorporation and the Listings Requirements of the JSE for the acquisition by the company and/or its subsidiaries of shares issued by it on the basis reflected in the special resolution.

The following additional information, which appears elsewhere in the integrated report, is provided in terms of paragraph 11.26 of the JSE Listings Requirements for purposes of special resolution number 3:

Notice of annual GENERAL MEETING *(continued)*

Major shareholders

Refer to page 66 of this integrated annual report.

Capital structure of the company

Refer to page 81 of this integrated annual report.

Directors' responsibility statement

The directors whose names appear on pages 16 to 17 of the integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Companies Act and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the integrated annual report of which this notice forms part, there have been no material changes in the affairs or financial position of the company since the date of signature of the audit report for the financial year ended 28 February 2019 and up to the date of this notice.

OTHER BUSINESS

To transact such other business as may be transacted at an AGM or raised by shareholders with or without advance notice to the company.

Quorum

A quorum for the purposes of considering the resolutions above shall consist of three shareholders of the company personally present (and if the shareholder is a body corporate, it must be represented) and entitled to vote at the AGM. In addition, a quorum shall comprise 25% of all voting rights entitled to be exercised by shareholders in respect of the resolutions above.

Electronic participation

Shareholders or their proxies may participate in the AGM by way of telephone conference call. Shareholders or their proxies who wish to participate in the AGM via the teleconference facility will be required to advise the company thereof by no later than 08:00 on Friday, 30 August 2019 by submitting, by email to the company secretary at sirkien@juba.co.za or by fax to 086 608 3311, for the attention of the chief financial officer, relevant contact details including email address, mobile number and landline, as well as full details of the shareholder's title to the shares issued by the company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated shareholders), and (in the case of dematerialised shareholders) written confirmation from the shareholder's CSDP confirming the shareholder's title to the dematerialised shares. Upon receipt of the required information, the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the AGM.

Shareholders who wish to participate in the AGM by way of telephone conference call must note that they will not be able to vote during the AGM. Such shareholders, should they wish to have their vote counted at the AGM, must, to the extent applicable: (i) complete the form of proxy; or (ii) contact their CSDP or broker, in both instances, as set out above.

By order of the board

Sirkien van Schalkwyk
Juba Statutory Services Proprietary Limited
Company secretary

28 June 2019

Form of PROXY

Balwin Properties Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2003/028851/06)
JSE share code: BWN ISIN: ZAE000209532
("Balwin" or "the group")

For use by shareholders of the company holding certificated shares and/or dematerialised shareholders who have elected "own name" registration, nominee companies of Central Securities Depository Participant's ("CSDP") and brokers' nominee companies, registered as such at the close of business on Friday, 23 August 2019 (the "voting record date"), at the annual general meeting to be held at the offices of the Group, Block 1, Townsend Office Park, 1 Townsend Avenue, Bedfordview on Thursday, 5 September 2019 at 08:00 (the "annual general meeting") or any postponement or adjournment thereof.

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders, other than with "own name" registration, should provide instructions to their appointed CSDP or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

I/We (please print name in full) ______________________________
of (address) ______________________________
being a shareholder/s of Balwin, holding ______________________ shares in the company hereby appoint:
1. ______________________________ or, failing him/her,
2. ______________________________ or, failing him/her,
3. ______________________________ or, failing him/her,
4. the chairman of the annual general meeting,

as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting and at any adjournment thereof and to speak and act for me/us and, on a poll, vote on my/our behalf.

My/our proxy shall vote as follows:

	Number of shares		
	In favour of	**Against**	**Abstain**
To consider the presentation of the annual financial statements for the year ended 28 February 2019			
Ordinary resolution number 1: To re-elect Tomi Amosun as director			
Ordinary resolution number 2: To re-elect Arnold Shapiro as director			
Ordinary resolution number 3: Appointment of auditors			
Ordinary resolution number 4: Appointment of Kholeka Mzondeki to the audit and risk committee			
Ordinary resolution number 5: Appointment of Tomi Amosun to the audit and risk committee			
Ordinary resolution number 6: Appointment of Arnold Shapiro to the audit and risk committee			
Ordinary resolution number 7: 7.1 Endorsement of remuneration policy			
7.2 Endorsement of the implementation report			
Ordinary resolution number 8: General authority to issue shares for cash			
Special resolution number 1: Approval of non-executive directors' fees			
Special resolution number 2: Financial assistance to related and inter-related companies			
Special resolution number 3: Authority to repurchase shares			

(indicate instruction to proxy by way of a cross in the space provided above)

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this ______________________ day of ______________________ 2019

Signature ______________________________

Assisted by me (where applicable)______________________________

(State capacity and full name)______________________________

Forms of proxy must be deposited at the company's transfer secretaries, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196, or posted to PO Box 61051, Marshalltown, 2107 so as to arrive by no later than the commencement of the annual general meeting.

Please read the notes on the reverse side hereof.

Notes to the PROXY FORM

Notes to the proxy form

1. This form of proxy should only be used by shareholders holding certificated shares and/or dematerialised shareholders who have elected "own name" registration, nominee companies of CSDP's and brokers' nominee companies.

2. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the meeting", but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to those whose names follow.

3. A shareholder's instructions to the proxy must be indicated by means of a tick or a cross or by the insertion of the relevant number of votes exercised by that shareholder in the appropriate box provided. However if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares in respect of which you desire to vote. If: (i) a shareholder fails to comply with the above; or (ii) gives contrary instructions in relation to any matter; or any additional resolution(s) which are properly put before the meeting; or (iii) the resolution listed in the proxy form is modified or amended, the shareholder will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the shareholder's votes exercised thereat. If however the shareholder has provided further written instructions which accompany this form of proxy and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in (i) to (iii) above, then the proxy shall comply with those instructions.

4. Dematerialised shareholders who wish to attend the meeting or to vote by way of proxy, must contact their CSDP or broker who will furnish them with the necessary letter of representation to attend the meeting or to be represented thereat by proxy. This must be done in terms of the custody agreement between the member and his/her CSDP or broker.

5. Forms of proxy must be lodged at the company's transfer secretaries, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196 (PO Box 61051, Marshalltown, 2107) so as to be received by not later than the commencement of the meeting.

6. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

7. Documentary evidence establishing the authority of the person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the meeting.

8. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

9. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes provided that, in respect of acceptances, he is satisfied as to the manner in which the shareholder(s) concerned wish(es) to vote.

10. Where there are joint holders of shares:

    (i) any one holder may sign the form of proxy; and

    (ii) the vote of the senior (for that purpose seniority will be determined by the order in which the names of shareholders appear in the register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of shares.

11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company's transfer secretaries.

12. On a show of hands, every shareholder present in person or represented by proxy shall have only one vote, irrespective of the number of shares he/she holds or represents.

13. On a poll, every shareholder present in person or represented by proxy shall have one vote for every share held by such shareholder.

14. This form of proxy may be used at any adjournment or postponement of the annual general meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.

General INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Residential property development and related activities
Directors	SV Brookes RN Gray J Weltman H Saven KW Mzondeki R Zekry A Shapiro T Mokgosi-Mwantembe O Amosun
Prescribed officer	U Gschnaidtner
Business and registered office address	Block 1, Townsend Office Park 1 Townsend Avenue Bedfordview 2007
Auditor	Deloitte & Touche Registered Auditor
Sponsor	Investec Bank Limited
Company secretary	Juba Statutory Services Proprietary Limited
Preparer	The consolidated and separate annual financial statements have been compiled under the supervision of: J Weltman (Chief Financial Officer) CA (SA)
Date of approval of annual financial statements	14 May 2019


AQUATIC CENTRE
www.balwin.co.za