

INTEGRATED REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2022



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Please visit our website at
WWW.BALWIN.CO.ZA

* COVER PICTURE: THE HUNTSMAN, SOMERSET WEST, WESTERN CAPE

INTRODUCING OUR 2022 INTEGRATED REPORT

As the country emerged from the Covid-19 lockdown restrictions over the past year, Balwin has experienced a steady recovery and we thank our stakeholders whose support helped to ensure the sustainability of our business during these unprecedented times. Our 2022 integrated report aims to provide shareholders with a balanced assessment of how the group has created and preserved value during the pandemic and its resilience in the face of challenging economic conditions.



REPORTING SCOPE AND BOUNDARY

The integrated annual report covers information on the group's business model, strategy, material issues and related risks and mitigation plans, governance, sustainability as well as financial and non-financial performance for the period 1 March 2021 to 28 February 2022. There have been no changes in the reporting scope and boundary over the past year.

Abridged financial statements have again been published in the integrated report, with the audited consolidated and separate annual financial statements available at www.balwin.co.za. 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 affect the group's ability to create and protect value and that are likely to have a material impact on strategy, revenue and profitability.

GOVERNANCE AND REPORTING COMPLIANCE

Balanced reporting and transparent disclosure are core to the governance philosophy of Balwin and these principles are entrenched in our integrated reporting processes.

Our reporting complies with International Financial Reporting Standards, the Companies Act of South Africa and the JSE Listings Requirements. The King IV Report on

Corporate Governance (King IV) has been applied throughout the 2022 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.

The guiding principles of the Integrated Reporting Framework of the Value Reporting Foundation (previously the International Integrated Reporting Council) have been applied in the preparation of this report.

CAPITALS OF VALUE CREATION

The Integrated Reporting Framework recommends reporting to shareholders in terms of the six capital resources which impact on a company's ability to create value. These are classified as financial, manufactured, intellectual, human, social and relationship, and natural capitals. These capitals are either increased, decreased or transformed through the activities of the business and should ultimately lead to value creation. These capitals are covered in the relevant sections throughout the report and are detailed in the Business Model on pages 8 and 9.

ASSURANCE

The content of the integrated annual report has been reviewed by the directors and management and has not been independently assured. The group's independent external auditor, BDO South Africa Inc., has provided assurance on the annual financial statements and expressed an unmodified audit opinion. The auditor has also

reviewed the accuracy of the financial information extracted from the annual financial statements that appears in the integrated report.

The non-financial and sustainability-related information disclosed in the report has been approved by the board's social, ethics and transformation committee.

FORWARD-LOOKING STATEMENTS

Shareholders will note that the integrated report includes forward-looking statements which relate to the possible future financial position and results of the group's operations. These are not statements of fact but rather statements by management based on current estimates and expectations of future performance. No assurance can be provided that these forward-looking statements will prove to be correct, and shareholders are advised to exercise caution in this regard.

The group does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information or future events. The forward-looking statements are the responsibility of the board and have not been reviewed or reported on by the group's external auditor.

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 has oversight for integrated reporting and recommended the report for approval by the board of directors. The 2022 integrated annual report was unanimously approved by the board for release to shareholders on 16 May 2022.

Hilton Saven
Chairman

Stephen Brookes
Chief executive officer

Tomi Amosun

Jonathan Bigham
Chief financial officer

Reginald Kukama

Thoko Mokgosi-Mwantembe

Arnold Shapiro

Kholeka Mzondeki

Julian Scher

Ronen Zekry

2022 IN REVIEW

R3.1bn

Revenue

▲ 16%

75.88c

Headline earnings per share

▲ 6%

83.15c

Core headline earnings per share*

20.9c

Dividend per share for the year

749.01c

Net asset value per share

* Headline earnings in the current financial year was adjusted for a once-off IFRS 2 charge resulting from the BEE transaction to arrive at the core headline earnings figure. No adjustments were required to the prior year's headline earnings.



2 962

Apartments sold and recognised in revenue for the year

4

New developments launched nationally during the year

R560m

Term loan facilities secured

2 386

Apartments pre-sold for future years

51 803

Apartments in development pipeline over 15 to 20 years

2022 IN REVIEW CONTINUED

Six-Star Green rating

Awarded at six developments

7

International awards at the Africa and Arabia Property Awards

7 000

New apartments with International EDGE Advanced certification

Green

Home loan offering to customers expanded



BEE

Transaction successfully implemented

Level 4

B-BBEE contributor status achieved

960

Previously disadvantaged individuals trained through The Balwin Foundation

4

Schools constructed at developments to enhance offering to residents

GROUP PROFILE



Balwin is a 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 2015, the group is headquartered in Bedfordview (Johannesburg), with regional offices in Somerset West (Western Cape) and Umhlanga Ridge (KwaZulu-Natal) to service the expanding development portfolio. The group is in the process of relocating its head office to the newly renovated, Six-Star graded head office in Corlett Drive (Johannesburg).

Founded in 1996 by Steve Brookes, the current chief executive officer 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.

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 1 000 and 2 000 apartments in each development, however, larger estates are developed where market demand and infrastructure requirements allow. An increasing number of larger scale developments are being introduced into the portfolio, particularly in the Green Collection brand where the economies of scale allow for the desired affordability of the apartments.

Estates are conveniently located close to amenities including shopping centres, entertainment and leisure facilities, medical centres and schools.

Balwin operates a build-to-sell model, currently developing and selling approximately 3 000 sectional-title residential apartments each year. The group has the ability to expand this capacity to approximately 5 000 apartments per year and plans to responsibly and incrementally increase its roll-out of apartments in the forthcoming years.

Balwin has a secured pipeline of 51 803 apartments across 28 developments over an estimated 15- to 20-year development horizon.

QUALITY, AFFORDABLE APARTMENTS

Balwin is synonymous with secure, affordable, high quality and environmentally-efficient developments. 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 investors.

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

The group also currently generates annuity income through the management and ownership of infrastructure within its developments, including providing high-speed fibre connectivity and solar installations which generate renewable energy.



GROUP PROFILE CONTINUED

DEVELOPMENT BRANDS

THE GREEN COLLECTION

Targeting lower income consumers than the Classic Collection, Green-branded developments have distinctive architecture and high-quality standards which are synonymous with Balwin, also offering residents access to lifestyle facilities. Apartments are priced from R499 900 to R1 199 900.

THE CLASSIC COLLECTION

The Classic Collection is Balwin's core development model comprising four-storey, walk-up apartments. Developments are located in high-density, high-growth nodes across key metropolitan areas. The apartments are targeted at the country's growing middle-income market. Prices range from R699 900 to R2 249 900.

THE *Signature* COLLECTION

The Signature Collection houses three elite developments, namely The Polofields (Waterfall, Johannesburg), the recently sold out Paardevlei Lifestyle Estate (Somerset West, Western Cape) and Izinga Eco Estate (Umhlanga, KwaZulu-Natal). Apartments are built to higher specifications with luxurious finishes and are priced from R1 299 900 to R3 049 900.

Lifestyle, Leisure and Lagoons

Lifestyle centres are an integral part of the larger estate developments and are a distinct competitive advantage. The lifestyle centres offer all-inclusive value-added services including a wellness spa, restaurant, gym, squash court, action sports field, games room, cinema room, heated swimming pools, playgrounds, laundromat and concierge services. An exciting extension of the lifestyle offering at certain developments in the past year has been the building of padel courts, currently the fastest growing sport in the world.

The Blyde (Tshwane east) was the first development in South Africa to incorporate an innovative clearwater lagoon built in a beach setting. The second lagoon is being developed at Munyaka (Waterfall, Johannesburg) and is expected to be completed during the 2023 financial year. Balwin has an exclusivity agreement with Crystal Lagoons to develop these freshwater lagoons in strategic nodes in future.








Global Environmental Standards

The group has adopted an innovative approach to minimising its environmental impact. All new developments are built according to global environmental standards aimed at obtaining Excellence in Design for Greater Efficiency (EDGE) Advanced certification for all apartments and Six-Star Green ratings from the Green Building Council of South Africa (GBCSA) for its lifestyle centres. All apartments developed in the past year obtained the EDGE Advanced certification and the group continues to strive to achieve environmental excellence and sustainable development.

The group's new head office, located in Corlett Drive, Johannesburg, is currently at the final stages of a renovation. The new head office achieved Six-Star Green rating from the GBCSA, only the second such rating obtained from GBCSA for a renovated building.

International Industry Recognition

Balwin was again acknowledged at the Africa and Arabia Property Awards 2021-2022, receiving a further seven awards to add to the 22 international awards previously won by the group. The awards were won in the following categories:

-  Architecture Multiple Residence for South Africa – The Reid, Linbro Park
-  Development marketing South Africa – Munyaka, Waterfall
-  Leisure Architecture South Africa – The Blyde, Tshwane*
-  Leisure Development South Africa – Munyaka, Waterfall*
-  Leisure Interior South Africa – The Blyde Villa, Tshwane
-  Social Housing South Africa – Greencreek, Tshwane*
-  Sustainable Residential Development – Greenbay, Gordon's Bay

Commitment to Community Investment

Balwin is a committed corporate citizen and through The Balwin Foundation supports and empowers the younger generation and previously disadvantaged people to gain greater knowledge and skills through technical education and training. Students, employees, contractors and job seekers are trained in building-related trades as well as computer operations, finance and time management.

Balwin donates funds from the sale of each apartment to The Foundation which has trained over 960 previously disadvantaged individuals and funded 20 tertiary students and 15 scholars, including nine disabled pupils, through its bursary programme in the past financial year.

* These developments subsequently won their respective "Best in Africa" categories at the International Property Awards.

BUSINESS MODEL

“Balwin 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.”

INPUTS



FINANCIAL CAPITAL



Funding received from providers of capital and the financial resources deployed by the group.

MANUFACTURED CAPITAL



The construction and development of estates, apartments and lifestyle offerings.

HUMAN CAPITAL



Talent management and retention including board, management and employees.

INTELLECTUAL CAPITAL



Focuses on the knowledge in the business, systems, processes, intellectual property and brands.

SOCIAL AND RELATIONSHIP CAPITAL



Stakeholder relationships and engagement, corporate reputation and values.

NATURAL CAPITAL



Environmental resources applied and utilised.

CONSISTENT DEVELOPMENT FORMULA



APPLY PROVEN PROCESSES FOR ACQUIRING LAND FOR RESIDENTIAL DEVELOPMENT IN HIGH-GROWTH NODES

- Acquire land located close to shopping centres, medical facilities, schools, entertainment and leisure facilities



LIMIT GEARING THROUGH PHASED APPROACH TO DEVELOPMENT AND FINANCING

- Residential estates are developed and marketed in phases, allowing for appropriate risk management at all stages of the development process
- Development finance is secured for the land (approximately 50% to 70%), infrastructure costs as well as the top structure construction costs (approximately 80%). The balance of the cost is funded internally
- Development finance is funded on a phase-by-phase basis secured against pre-sales of apartments
- Repay land debt and infrastructure costs if any within the early phases of a development where possible through profits realised on the sale of apartments



UTILISE LOCAL SUPPLIERS AND MAINLY LOCALLY PRODUCED CONSTRUCTION MATERIAL

- Negotiate competitive pricing through longstanding supplier relationships and a centralised procurement model
- Limits the impact of exchange rate fluctuations on construction costs
- Increased ability to control quality and costs

BUSINESS MODEL CONTINUED

Material risks

We assess and mitigate against those risks that are material to our operations (refer to pages 14 to 17).

OUR OPERATING MODEL >

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

Focus exclusively on residential property

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

Drive efficiencies through a turnkey approach to development

OUTPUTS >

LAND ACQUISITION

- Land sourcing, acquisition and financing

PROJECT PLANNING

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

MARKETING AND SALES

- Marketing and pre-sales
- Bond origination

CONSTRUCTION MANAGEMENT

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

TRANSFER AND ESTATE MANAGEMENT

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

Stakeholder value created in 2022

OUTCOMES

FINANCIAL CAPITAL



- Declared total dividend of **20.9 cents per share**
- Year end cash up **R329m to R666m**
- New **R560m** term loan facility secured

MANUFACTURED CAPITAL



- **2 962** apartments sold and recognised in revenue
- **First phase** of four new developments launched

HUMAN CAPITAL



- Retention and attraction of **top talent** in the business
- Successful **succession planning** of internal replacement of chief financial officer

INTELLECTUAL CAPITAL



- Received a further **seven international industry awards**

SOCIAL AND RELATIONSHIP CAPITAL



- Concluded **BEE ownership transaction**
- Improved B-BBEE rating to **level 4**
- Implemented ESG policy

NATURAL CAPITAL



- Achieved **Six-Star Green ratings** for six buildings
- Installed **1.5 MW** of solar infrastructure
- EDGE Advanced certificate for approximately **7 000** apartments

STRATEGIC OBJECTIVES

QUALITY AND AFFORDABILITY

Prioritising the construction quality of apartments through consistency and excellence in the building process, supported by focused and creative cost engineering to ensure the affordability of the apartments and the lifestyle offerings.

Progress in 2022

- Maintained certification for three International Organisation for Standardisation (ISO) standards, being ISO 9001:2015 (quality), ISO 14001: 2015 (environmental) and ISO 45001: 2018 (health and safety).
- Affordability complemented by the high concentration of one- and two-bedroom apartments in the current block configuration as well as the continued expansion of the Green Collection apartments.
- Continued engagement with financial institutions on the Green bond home loans to enhance the affordability of apartments. Standard Bank and Nedbank joined First National Bank and Absa Bank in offering discounted lending rates to qualifying clients due to the environmental sustainability of the Balwin apartments, with interest rate concessions ranging from 0.25% to 0.75%.

Plans for 2023

- Further enhance the building quality of apartments, with increased focus on construction processes.
- Maintain ISO certification to ensure consistency in the construction process to internationally recognised levels of excellence.
- Continuously review and refine costings to ensure cost-efficient development.
- Continue to proactively engage with body corporates and managing agents to ensure that living in a Balwin development remains affordable.
- Engagement with funding institutions to extend the Green bond concept and drive further interest rate reductions.

BALLITO HILLS



ANNUITY BUSINESS OPPORTUNITIES

Balwin is positioned to generate annuity income by leveraging the existing asset and client base, and expanding its service offering to home owners.

Progress in 2022

- The main source of annuity income is the fibre offering to clients within the developments. An additional 2 282 homes were installed in the period with a total of 9 185 homes installed to date. 80% of the occupied homes installed have subscribed to the fibre service resulting in a total of 6 467 homes connected.
- Identifying additional potential annuity businesses to compliment the core business model and commenced due diligence evaluations for these potential annuity business opportunities.

Plans for 2023

- Completion of due diligence and financial modeling of identified annuity business opportunities.
- Implementation of new annuity businesses pending the outcome of the due diligence process and subject to board and /or shareholder approval (where required).



THE BLYDE

STRATEGIC OBJECTIVES CONTINUED

ENHANCEMENT OF THE PRODUCT AND CUSTOMER EXPERIENCE

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

Progress in 2022

- Awarded seven further international awards at the Africa and Arabia Property Awards, recognising the creative design and excellence of the Balwin product.
- Completion of construction of The Huntsman and Fynbos Lifestyle Centres and the Greenbarn at Greencreek.
- Completed construction of Montessori schools at Kikuyu, The Polofields, Fynbos and The Huntsman to expand the beneficial offering to residents.
- Introduction of padel courts at The Reid, The Huntsman and Fynbos to create an exciting and new lifestyle offering to residents.
- Continued construction of the Crystal Lagoon at Munyaka, Waterfall, being Balwin’s first Crystal Lagoon in Johannesburg.
- Continued engagement and active involvement with body corporates to ensure excellence in the operations of the developments and prioritisation of safety of residents.

Plans for 2023

- Complete construction of the Crystal Lagoon at Munyaka.
- Construction of a school at Thaba Eco Village.
- Lifestyle Centres planned for handover at Munyaka, Thaba Eco Village and Greenbay.
- Continued roll out of padel courts at identified developments.



CASH MANAGEMENT AND CAPITAL ALLOCATION

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

Progress in 2022

- Healthy cash resources with an increase in cash on hand at year end.
- Secured R560 million unsecured funding facilities with Stanlib Asset Management and Sanlam Investment Management respectively, broadening the group’s funding base in a cost-effective manner.
- Complied with all debt covenants during the year.
- Paid dividends during the year in accordance with the dividend policy to distribute 30% of profits.
- Increased weighting of the cash management metric in the company performance scorecard to 10%.

Plans for 2023

- Continue proactive engagement with funding partners.
- Evaluate additional alternative funding sources and models to continue to grow the business and fund working capital in a more cost effective manner.



STRATEGIC OBJECTIVES CONTINUED

COMPLEMENTARY BRANDS IN TARGETED HIGH GROWTH NODES

Offering a portfolio of Balwin development brands in the key strategic target nodes of Johannesburg, Tshwane, Western Cape and KwaZulu-Natal while remaining responsive to market demand in the design of the block configuration.

Progress in 2022

- Handover of the first phases at Greenbay, a new development within the Green Collection brand in the Western Cape, to complement the existing Classic and Signature Collection developments in the region.
- Increased the delivery of the Green Collection apartments within the Johannesburg and Tshwane nodes, growing this contribution to 30% of the apartments developed in the area.
- Handover of the first phases at Izinga Eco Estate, introducing the first Signature Collection development in KwaZulu-Natal to complement the existing Classic Collection development in the node.
- Handover of the first phases at two newly introduced Classic Collection developments, namely De Aan-Zicht (Milnerton, Western Cape) and Thaba Eco Village (Johannesburg south), to meet the demand for the Balwin product in these regions.

Plans for 2023

- Roll-out developments to ensure a balanced offering across the Green, Classic and Signature Collection brands.
- Apply responsive development methodology in relation to the block configuration of developments to ensure the product caters to the needs of each specific market.
- Evaluate further potential development nodes, including Mbombela (formerly Nelspruit).



SUSTAINABLE BUSINESS PRACTICES

Reducing the environmental impact through innovation in design and building techniques is key to the development process. Sustainability further incorporates investing in local communities and staff, implementing best practice governance strategies, maintaining excellent health and safety standards on site and engaging all key stakeholders in the business.

Progress in 2022

- Implemented a group environmental, social and governance (ESG) policy and roadmap.
- Incorporated ESG practices as a measure in the company performance scorecard.
- Improvement of EDGE certification to EDGE Advanced certification for the majority of apartments developed during the year.
- Commenced tracking of carbon emissions and established a baseline carbon footprint based on the prior year's emissions data.
- Six-Star Green rating awarded to five Lifestyle Centres and the new head office, taking the total Six-Star Green rated buildings to nine, the most of any company globally.
- Installation of 1.5 megawatts of solar infrastructure.
- Refurbished and upgraded two mega-litre water treatment plants at Mooikloof Eco Estate.
- Concluded BEE ownership transaction.
- Continued positive engagement with and employment of members of local communities.
- Continued support of The Balwin Foundation to enhance Balwin's community social responsibility activities.
- Achieved a level 4 B-BBEE rating.

Plans for 2023

- Commitment to achieve EDGE Advanced certification for all apartments developed and Six-Star Green rating for all Lifestyle Centres.
- Enhance measurement and reporting of sustainability programme.
- Reduce scope 1 and scope 2 carbon emissions.
- Launch Balwin Green Awards to encourage sustainable behaviour by staff, suppliers, contractors and clients.
- Focus on health and safety standards and a continued reduction in the overall health and safety incident rate.
- Continued support for The Balwin Foundation.
- Continued improvement in B-BBEE rating.

INVESTMENT CASE

“Balwin is well positioned to offer long-term growth to investors seeking exposure to residential property development targeting South Africa’s growing low-to-middle income population. While property development is under pressure owing to challenging macro-economic conditions prevailing in the country, the group’s investment case remains unchanged.”



Investors should consider the following factors when evaluating a potential investment in Balwin, ignoring any sector, sovereign, economic or other risk factors.

1 Well positioned to address the undersupply of housing

- Growing demand for quality, affordable and conveniently located housing in secure environments close to amenities
- Sustained growth in South Africa's low-to-middle income population and continuing trend to urbanisation supporting housing demand
- Balwin is an established, recognised and trusted brand among homeowners, investors and financial institutions
- Three distinctive development brands are offered by Balwin to meet the needs of a broad target market of owners and investors

2 Long-term development pipeline in key locations

- Pipeline of 51 803 residential apartments to be constructed over the next 15 to 20 years in well located developments in major metropolitan areas
- Land secured in key nodes for future development

3 Experienced management team with extensive market knowledge

- Executive management team has combined hands-on experience of over 100 years in the large-scale residential market
- Founder/chief executive officer and other executives are significant shareholders which aligns their interests with those of other investors

4 Proven business model for large-scale developments

- Benefit from economies of scale and geographic diversification across major growth nodes
- Phased development model ensures the rate of construction is matched to the rate of sales
- Scalability of developments allow for investment in extensive lifestyle facilities for residents and focused management of levies, factors which differentiate Balwin in the market
- Long-term relationships with suppliers and sub-contractors nationally results in cost savings and high quality apartments
- Dynamic product with an ability to change the block design configuration in response to changes in market conditions and demands

5 Sustainable margins supported by high level of pre-sales

- Balwin has a high margin for a listed residential property developer due to construction management and sales being handled in-house
- Healthy profit margins allow the flexibility to increase marketing campaigns to drive sales when necessary, dependent on market conditions
- Pre-sales enable development finance to be secured which is undertaken on a phase-by-phase basis, providing protection against negative economic factors
- 2 386 apartments forward-sold for future financial years

6 High 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 the support of a broad range of major banks and financial institutions; funding is not easily accessible to new entrants

7 Quality and design of international standards

- Proven track-record of excellence in creativity, design and delivery of product, achieving 29 international property industry awards
- Achieved certification for international standards of quality, health and safety, and environmental management
- Environmental building standards reflected in nine buildings receiving the Six-Star Green rating, more than any other company globally
- Approximately 7 000 apartments obtained the Excellence in Design for Greater Efficiencies (EDGE) Advanced certification from the International Finance Corporation, with all new apartments being built to this standard.

MATERIAL RISKS AND MITIGATION PLANS

RISK



1 Challenging macro environment

Why material?

The group's operations and profitability may be materially impacted by prevailing macroeconomic factors, in particular rising interest rates and inflation. Factors such as social unrest and the recent international geopolitical events may result in deteriorating macro-economic conditions which could lead to reduced profitability, reduced cash flow and inability to meet obligations as they fall due.

Risks

- A downturn in macroeconomic conditions or an increase in interest rates could impact negatively on the consumer's ability to secure funding and on buying decisions.
- The Covid-19 pandemic has highlighted the vulnerability of the economy to non-economic factors impacting the ability of the group to realise financial and operational targets.
- A downturn in global growth prospects and economic outlook may result in a recession which would impact negatively on profitability and liquidity.
- Balwin's ability to secure funding can become more challenging as banks adopt an increasingly conservative approach to lending.
- Input costs such as raw materials and fuel may increase sharply as a result of inflationary pressures.
- Social unrest, as experienced recently in KwaZulu-Natal, may cause uncertainty and deter investment in residential property in South Africa.

Mitigation plans

- Handover schedule and resulting construction activities are adaptable and reviewed by management frequently in relation to market conditions.
- Cashflows and cash flow planning is performed regularly and reviewed by the Treasury committee and the board.
- Healthy margins allow a degree of flexibility on selling prices, allowing the business to reduce prices in order to stimulate sales while remaining profitable.
- Revenue forecasts and development cost budgets are performed regularly to improve planning and respond quickly to a change in market conditions.
- An independent external sales demand analysis is prepared for all new developments to determine the demand for the product and the configuration of the build.
- Entrenched relationships with a broad base of funding institutions to ensure liquidity.
- Affordability of the apartments and the levies provides positive yields for investment purposes.



2 Cash flow and capital management.

Why material?

Cash flow is critical to the group and enables the business to acquire land, install infrastructure and construct apartments. Cash flow is dependent on revenues from the sale of apartments as well as the availability of development debt funding.

Risks

- Planned revenues may not materialise due to lower than expected pre-sales or delays in the registration of apartments.
- Inaccurate cash flow projections which may lead to poor cash flow planning and insufficient cash to meet working capital requirements.
- Inappropriate funding of long-term development costs which may need to be repaid before revenues are realised.
- Breach of existing debt covenants may result in a withdrawal of funding.

Mitigation plans

- Building schedules are adaptable to align construction to the rate of sales and funding resources.
- Treasury Committee established during the current year to provide oversight on capital structure, cash flows and debt management.
- Development funding is obtained on a phase-by-phase basis and is secured against pre-sold apartments. The funding is only repayable once the cash is realised upon the registration of the secured apartments.
- Prudent minimum cash reserve levels are set by the board.
- Established funding relationships with a wide range of funding partners.

MATERIAL RISKS AND MITIGATION PLANS CONTINUED

3 Delays in town planning and local authority approvals or changes in government policies

Why material?

Delays in obtaining town planning and regulatory approvals could have a significant impact on cash flows, sales and profitability. Changes to government policy may lead to policy uncertainty which curtails business investment, particularly in long term development projects.

Risks

- Delays or inefficiencies in obtaining local authority approvals may result in the registration of apartments being delayed which impacts cash flow, financial performance and may cause reputational damage.
- Postponement of handover of apartments due to delays in the construction results in reputational damage from affected customers.
- Uncertainty on government’s medium to long-term position on land and social issues may deter investment or curtail demand for apartments.
- Unforeseen and unexpected changes in government legislation, political activity with a detrimental effect on the Company’s business model or minimising development opportunities.

Mitigation plans

- External independent professionals employed to ensure compliance with all local government processes.
- Legal department has been expanded to ensure increased focus on legal compliance and legislative changes.
- Engaged with KPMG to advise on legislative universe resulting in a ranking of the existing legal universe and mitigation plans for key risks.
- Effective internal SHEQ department performs regular site inspections and supplier audits and issues fines to sub-contractors who are non-compliant.
- Closely monitoring government communication and co-operative professional relationships with key government leaders ensures pro-active engagement and planning for the future.

4 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.

Mitigation plan

- Balwin uses outsourced subcontractors. 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 subcontractors are required to adhere to.
- The business has achieved ISO 9001, ISO 45001 and ISO 14001 certifications which entails various health and safety measures to be in place.
- On-site employees undergo periodic health and safety training.
- External audits are conducted on all sites on a monthly basis and subcontractor 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.



MATERIAL RISKS AND MITIGATION PLANS CONTINUED

5 Failure to comply with B-BBEE legislation and loss of B-BBEE status

Risks

- Non-compliance with B-BBEE legislation may result in the loss of B-BBEE status which may result in loss of existing business, loss of business opportunity costs or inability of the business to obtain legislative approvals.

Mitigation plans

- B-BBEE strategy has been devised with the assistance of a B-BBEE consultant.
- Active engagement with suppliers and sub-contractors to assist these companies to obtain a B-BBEE rating acceptable to Balwin which directly impacts our scorecard.
- Introduced a supplier development programme as well as enterprise development programme.
- Formal employment equity plan has been adopted.
- A BEE equity partner has been introduced in the current year.



6 Reliance on key suppliers, contractors and staff

Why material?

The sustained performance of the group is dependent on several key stakeholders, including sourcing suppliers and contractors to provide the appropriate quality and timely delivery of goods and services as well as its ability to attract and retain scarce and experienced construction industry talent to develop an organisational structure and culture that complements the strategic vision of the group.

Risks

- Inability of current suppliers and contractors to deliver on the company's growth and supply requirements.
- Organisational structure or company culture not conducive to retain key staff and deliver on the business objectives.
- Inability to recruit people with the required level of skills in the residential construction industry.
- Insufficient management and staff capacity to support the growth trajectory of the group.
- Performance may be negatively affected by the loss of the knowledge and skills of key management and staff.
- Reduced ability to react to market opportunities.

Mitigation Plans

- National procurement department ensures appropriate suppliers and contractors and continuously identifies alternate vendors.
- Reliance on particular suppliers or contractors is limited through existing relationships with different entities across the regions and developments.
- Constructive and often long-standing relationships with suppliers and contractors facilitates positive and constant interaction to ensure they work with Balwin.
- Identify and train skilled and experienced managers as succession candidates for senior positions.
- Formal succession planning in place for key executive positions.
- Organisation structure has been reviewed during 2021 skills audit to ensure management at appropriate levels and reviewed at Exco.
- Establishment of a management committee has enhanced operational effectiveness and improved communication of the business strategy and governance framework.
- Offer short- and long-term executive incentive schemes to remain competitive in the job market and to motivate and retain top talent.

MATERIAL RISKS AND MITIGATION PLANS CONTINUED

7 Information technology security and business continuity

Why material?

The increasingly complex information technology (IT) landscape places greater demands on security for protecting personal and business-critical information and disaster recovery processes to ensure business continuity.

Risks

- Ineffective IT governance and security controls may lead to breaches in the information security system which may result in the loss of data or breach of data confidentiality.
- Inappropriate or ineffective strategies and processes to manage business continuity may result in delays or inability to conduct business.
- Reputational damage and loss of stakeholder trust arising from breaches in information security.

Mitigation plans

- Established robust IT policies and procedures.
- Implemented extensive security systems, including firewalls, endpoint protection, email filtering and a security information and event system.
- Off-site backups are maintained and tested on a quarterly basis.
- User accounts are protected by complex password and monthly reviews are performed of users on the network.
- Negotiated cyber security insurance policy for implementation in the new financial year



CHAIRMAN'S LETTER TO STAKEHOLDERS



“We welcome and embrace the heightened global focus on sustainability and the integration of environmental, social and governance (ESG) practices into businesses which was accelerated by the Covid-19 pandemic.”

Dear Stakeholders

I am extremely pleased to report that Balwin has emerged stronger and more resilient since the pandemic. This is evident across many aspects of the business and is reflected in the recovery in revenue, the 16.3% growth in core headline earnings, continued distribution of dividends, a significantly improved cash position from an intense focus on capital allocation and the broadening of our funding base.

The pandemic has also heightened the focus globally on sustainability and accelerated the integration of environmental, social and governance (ESG) practices into businesses. Balwin welcomes and embraces the increasing importance of ESG and over the past year has adopted a group-wide ESG policy and developed an implementation plan, commenced tracking our carbon footprint and made significant strides in green building and incorporating environmental practices into our developments.

A critical element of sustainability in the South African context is black empowerment. Those shareholders who have followed the Balwin story over the years will know that we are committed to creating a business that is diverse, representative and transformed. It has long been our strategic intention to increase black equity participation in the group and it was particularly pleasing to conclude a black economic empowerment (BEE) transaction with property specialist and businessman Reggie Kukama.

We believe Reggie's vast technical and operational expertise and experience across multiple facets of the property sector will complement the skill set of our current management team.

A BEE special purpose vehicle (SPV) has been created to house the interests of strategic black partners, with Reggie holding a 51% stake. The ownership of the SPV will be extended in due course to include black female and youth ownership.

HILTON SAVEN

CHAIRMAN'S LETTER TO STAKEHOLDERS CONTINUED

Following shareholder approval of the transaction, Reggie was appointed to the board as a non-executive director in October 2021 and as a member of the remuneration and nominations committee and the transaction committee.

We were deeply saddened by the untimely passing of non-executive director Duncan Westcott in August 2021. Although Duncan had only served as a director of Balwin for two years, he made an immense contribution to the board and the audit and risk committee. We remember him fondly for his wonderful disposition, incredible compassion and unwavering integrity.

After the end of the reporting period, Jonathan Weltman, our chief financial officer (CFO), resigned due to health reasons. He was instrumental in formalising the financial function and implementing systems and controls to support the growth and expansion of the business. He also spearheaded the group's listing on the JSE in 2015. On behalf of the board, I thank Jonathan for his outstanding contribution, leadership, commitment and service over the past 10 years and we wish him well.

We were pleased to make the internal appointment of Jonathan Bigham as CFO and an executive director with effect from 1 April 2022, in line with the company's succession plan. As group financial manager since 2018 Jonathan has worked closely with Jonathan Weltman on the finance and administration functions of the group, including cash and capital management, funding and capital raising, risk management as well as regulatory and governance matters.

Kholeka Mzondeki, who has served as a director since shortly before the group's listing in 2015, has advised the board that she will not be standing for re-election and will be retiring at the annual general meeting in August this year. We have benefited enormously from Kholeka's extensive business experience and thank her for the valuable role that she has played as a board member and as chairman of the audit and risk committee.

Balwin has an independent, diverse and engaged board. The diversity of the directors ensures that the board considers the interests of all stakeholder groups, and our diversity policy is aimed at promoting broader diversity at board level, including gender, race, culture, age, skills and experience. Currently 40% of the board are black and 20% female, in line with our policy which includes a voluntary target for 20% female and 30% black representation on the board.

Board oversight was strengthened with the establishment of a treasury committee. Chaired by myself and comprising non-executive directors and executive management, the committee provides further oversight of the management of treasury risks in accordance with the group's treasury policy as well as evaluating the group's funding strategy and sources of funding.

While the property development sector remains under pressure owing to the challenging macroeconomic conditions prevailing in the country, the board believes that the group's investment case remains robust.

Our favourable positioning to address the undersupply of housing in South Africa, our long-term development pipeline spanning more than 15 years, together with our proven business model for large-scale developments, support a compelling investment case. We thank our shareholders for their continued investment, and we welcome those who invested for the first time during the year.

On behalf of the board, we extend our thanks to Steve Brookes and his executive team for their leadership of the group during what has been one of the most challenging years that we are ever likely to experience, and to our employees across the country for their unwavering commitment, dedication and hard work. Thank you also to my fellow non-executive directors for their oversight, guidance and wisdom.

Together we have ensured that despite the external headwinds, Balwin has entrenched its position as the country's leading large-scale sectional title developer.

Sincerely

Hilton Saven

Independent non-executive chairman



MUNYAKA



MUNYAKA

BOARD OF DIRECTORS



ARNOLD SHAPIRO (59)

BBus Sci (Finance Hons)

Independent non-executive director

Appointed in 2016

Arnold has been the chief executive officer of Trematon for the past 15 years. Prior to this he held senior positions in the asset management industry. He has served on the boards of several listed companies in both executive and non-executive capacities.



JONATHAN BIGHAM (37)

BCom (Hons), CA(SA)

Chief financial officer

Appointed in 2022

Jonathan joined the group in 2018 and served as the group finance manager until his appointment as the chief financial officer on 1 April 2022. He has been a member of the executive committee since 2020 and responsible for the group's treasury function. Prior to joining Balwin, he completed his articles at Deloitte whereafter he continued in the role of an audit manager. He also previously worked for Capital Property Fund as the finance manager and company secretary.



REGINALD ("REGGIE") KUKAMA (52)

BAS, B Arch (Hons) cum laude, MSc in Building and Urban Design in Development

Non-executive director

Appointed in 2021

Reggie founded Yaetsho Investments and Projects, which is a multi-disciplinary investment company that holds investments in agriculture, property, telecommunications and information technology. He has extensive experience in a number of aspects of the property industry, including greenfields development, redevelopment of properties, education centres, student accommodation, healthcare properties, office accommodation, property banking and property equity investments in excess of R3 billion.



JULIAN SCHER (59)

BCom, LLB

Independent non-executive director

Appointed in 2019

After starting his legal career at Webber Wentzel, Julian expanded his experience, spending a few years at UAL Merchant Bank. Julian's focus is predominantly on the commercial aspects of property development, sectional title, property litigation, town planning and conveyancing. In 1994, he co-founded Strauss Scher Attorneys and is the senior director at Strauss Scher.



HILTON SAVEN (69)

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



KHOLEKA MZONDEKI (54)

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, Nampak, Aveng and Telkom SA. She was previously the chairperson of Trudon, a subsidiary of Telkom. She was a finalist in the Nedbank/Businesswomen's Association Businesswoman of the Year Awards and has served as an audit member at the UN World Food Programme on a pro-bono basis.

BOARD OF DIRECTORS CONTINUED



RONEN ZEKRY (42)

BCom, BAcc CA(SA)

Independent non-executive director

Appointed in 2015

Ronen is an equity investor at Buffet Investments with over 15 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.



THOKO MOKGOSI-MWANEMBE (59)

BSc and diploma in teaching (Swaziland), MSc (Medicinal 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 currently a non-executive director of Old Mutual, Omnia Group and Royal Bafokeng Platinum. She was the South African Businesswoman of the Year in 2007, IT businesswoman of the year and voted second most influential woman in Africa for IT, media and telecommunications.



STEPHEN ("STEVE") BROOKES (57)

National Higher Diploma Civil Engineering

Chief executive officer

Appointed in 2003

Steve is the founder of Balwin, with approximately 25 years' experience in the position as chief executive officer 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 spent four years as a civil engineer at Eskom and three years as a project manager at Matrix projects.



TOMI AMOSUN (40)

BBus Sci (Finance Hons), CA(SA)

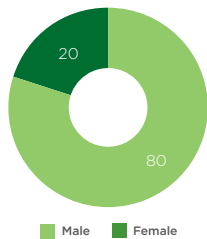
Independent non-executive director

Appointed in 2017

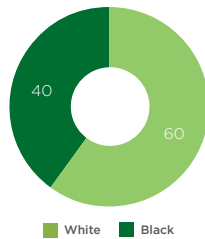
Tomi is a co-founder of Summit Africa, a black-owned investment manager focused on the social and economic transformation of African society. He is the managing partner of the Summit Private Equity Fund and a member of the investment committee of the Summit Social Infrastructure Fund. Prior to founding Summit, Tomi spent nearly 10 years in corporate finance at Investec Bank, where he was a member of the corporate finance executive committee.

Board profile

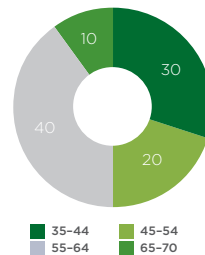
Gender



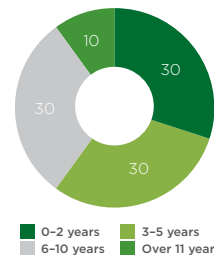
Race



Age



Tenure



Focus areas for 2023 financial year

Continual assessment of the Covid-19 risks and opportunities as well as safety, health and environmental-related matters to manage the ongoing impact of the pandemic on the operations and financial performance of the group.

Ensure the continued commitment to environmental through responsible development of green, open space living.

Oversee the growth in the Green Collection developments and the expansion of this product in identified nodes.

Continued oversight of cash management, capital allocation, debt management and going concern principles.

EXECUTIVE MANAGEMENT



RODNEY GRAY (53)

National Higher Diploma Mechanical Engineering

Managing director

Rodney is the managing director of Balwin with 23 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 1997 as a partner to Steve Brookes.



RAAZIQ ISMAIL (31)

BCom Law cum laude; LLB cum laude

Head of legal

Raaziq is an attorney and notary public and joined the group in 2017. He was shortlisted as one of the candidates for the position of President of the Convocation at the University of Pretoria in 2019 as well as Young Achiever of the Year at the Legal Era Africa Conclave in 2019.

Raaziq is a member of the Sectional Title Regulation Board and also currently serves on the SAPOA Legal Committee. Prior to joining Balwin, Raaziq worked as an associate at Cliffe Dekker Hofmeyr Inc. where he specialised in financial services and markets regulation, derivative regulation, property law, consumer law as well as development and project finance transactions.



ULRICH GSCHNAIDTNER (55)

T4 Architecture

Chief projects officer

Ulrich is the chief projects officer of Balwin and has been with the group since 1997. Ulrich held management positions at Spie Batignolles and Bovis Southern Africa before joining Balwin as a partner to Steve Brookes and Rodney Gray. Ulrich manages all construction related activities at Balwin.



AMBER HEYWOOD (50)

Conveyancing Secretarial Diploma

National property manager

Amber joined Balwin in 2001 to head up the sales and mortgage divisions. She has over 25 years' experience in the property and mortgages industry. Prior to joining Balwin, Amber was employed at Murray & Roberts Housing division and Seeff Projects where she was the sales, marketing and conveyancing manager as well as heading up sectional title management. Amber was a member of the management committee before her appointment to the executive committee.



EXECUTIVE MANAGEMENT CONTINUED



JACO STRYDOM (44)

BSc QS, PrQS, PMAQS, MBA

General manager | Gauteng

Jaco has more than 20 years' experience in the construction and property development fields. He has been intensively involved in the planning and rollout of several mixed-use development parcels on a national level. Prior to joining Balwin in 2019, Jaco served in various technical and senior management roles and his experience is informed by a focus on mixed use land development which has led to his role in the planning, implementation, and management of high-density residential development.

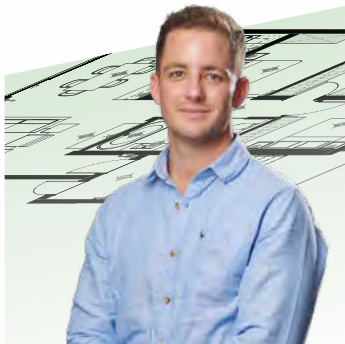


CLARE HARRISON (54)

Higher National Certificate Business and Finance

General manager | Western Cape

Clare joined Balwin in 2016 as the Group SHEQ Manager before being promoted to general manager in the Western Cape in 2021. Clare has 16 years' experience in the construction industry and has previously held senior management roles at Group Five and the Gautrain Management Agency.



KYLE GALLAGHER (33)

BSc Construction Management

General manager | KwaZulu-Natal

Kyle joined Balwin in 2013 as a foreman and subsequently held the position of contracts manager before being promoted to his current role of general manager in KwaZulu-Natal. Prior to being an executive committee member, Kyle was a member of the management committee.



BALLITO HILLS

CHIEF EXECUTIVE OFFICER'S REPORT



Q and A with Steve Brookes

Q. While economic activity has normalised over the past year following the Covid-19 pandemic, macro-economic conditions in South Africa are challenging. How has Balwin performed in this constrained environment?

It is pleasing to report to shareholders that we have experienced sustained customer demand for our high quality, affordable apartments and lifestyle product offering, despite the economic headwinds. Over the past year we have seen a steady recovery in sales as the country has emerged out of the Covid-19 pandemic, with an increase of 16% in the number of apartments recognised in revenue to 2 962 apartments.

Q. What progress has been made over the past year in achieving global green building standards?

Green building is part of Balwin's DNA. We have continued to make encouraging progress and are both proud and humbled by the external recognition and certification which we have received for our green buildings.

The lifestyle centres at five of our developments as well as our new head office building achieved the Six-Star Green rating from the Green Building Council of South Africa (GBCSA). This brings the total number of Six-Star Green rated buildings in our portfolio to nine, more than any company globally.

Approximately 7 000 apartments obtained the Excellence in Design for Greater Efficiencies (EDGE) Advanced certification from the International Finance Corporation which is facilitated by the GBCSA.

Our Greenbay development in Gordon's Bay in the Western Cape won the Sustainable Residential Development category and Greencreek in Tshwane won the Best Social

Housing category in the most recent Africa and Arabia Property Awards.

Q. Allied to Balwin's green building philosophy is the green home loan product offered to your customers by major banks. What are the benefits of these home loans?

Balwin has continued to provide green home loans to customers through the offering of an innovative eco-home loan product which improves the affordability of apartments. In the past year Standard Bank and Nedbank joined First National Bank and Absa Bank in offering discounted lending rates to qualifying clients due to the environmental sustainability of the Balwin apartments, with interest rate concessions currently ranging from 0.25% to 0.75%. Balwin is constantly engaging with financial institutions to expand the range of institutions who offer this product as well as to increase the benefit to our clients.

Q. The lifestyle offering at the developments appears to be a major drawcard for buyers. What are you doing to ensure that Balwin continues to innovate and offer industry-leading lifestyle value-add to residents?

We believe the Balwin brand is synonymous with lifestyle and our offering continues to set us apart from our competitors.

Lifestyle centres are an integral feature of our larger developments and we completed the construction of lifestyle centres at The Huntsman and Fynbos developments in the current year. We also launched a 'Greenbarn', which is the lifestyle centre concept for our Green Collection developments, at Greencreek. We aim to continue this momentum with a further three lifestyle centres planned for the 2023 financial year.

CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

One of our most exciting innovations has been the building of padel courts at three developments. Padel is currently the fastest growing sport in the world and more courts are planned to be built in the year ahead.

The ultimate in our lifestyle offering is the development of Crystal Lagoons. Shareholders will recall that The Blyde in Tshwane was the first development to incorporate a man-made freshwater lagoon in a beach setting where residents can enjoy a range of leisure and water activities. Munyaka in Waterfall will feature Balwin's second Crystal Lagoon, and the first of its kind in Johannesburg, and we are expecting to complete this in the new financial year.

We also believe that lifestyle extends beyond leisure activities and during the year we completed the construction of Montessori schools at the Kikuyu, The Polofields, Fynbos and The Huntsman developments to expand the value-add lifestyle to our residents.

Q. The Green Collection developments are making an increasing contribution to the group's revenue. What is driving the strong growth in the sales of apartments in these developments?

There is no doubt that the current economic environment has assisted in driving the strong growth in sales of the Green Collection developments owing to the lower selling price relative to our Classic Collection apartments. The apartments range in price from R499 900 to R1 199 900. The Green Collection accounted for 31% of all apartments handed over during the year, reflecting the popularity of this product. Green Collection already accounts for 19% of our total revenue and as recently as 2020 only comprised 6% of revenue.

We completed the first phase of development at Greenbay, our first Green Collection brand development in the Western Cape, in the reporting period.

Q. In last year's integrated report you noted that BEE ownership was a priority on the board agenda. Balwin has now introduced a BEE equity partner, please outline the details of the transaction and how this partnership will contribute to the group's growth plans.

Our shareholders will be aware that the board has for some time been evaluating potential structures to introduce equity partners into the business.

One of the highlights of the past year was undoubtedly the conclusion of a BEE transaction to increase black shareholding participation in the group to 10% with our partner, Reggie Kukama. This is part of our commitment to creating a business that is diverse, representative and transformed. We are also pleased to welcome Reggie onto our board as a non-executive director.

We believe that Reggie is a value adding partner with the functional and technical expertise to complement the existing management team and to achieve the ambition of growing the Balwin brand in the South African market.

Q. Transformation is more than equity ownership. What progress has Balwin made over the past year to entrench transformation and empowerment across its operations?

Transformation is fundamental to sustainability in the South African context. Our transformation and broad-based black economic empowerment programme is multi-dimensional and ultimately aimed at 'building a better Balwin'. We believe the group has made encouraging progress across all elements of the B-BBEE scorecard in the past year, improving our B-BBEE rating to level 4 from level 5 in the previous year.

Q. Balwin has recently made an investment of R126 million in a new head office building in Melrose Arch, Johannesburg. Please outline the rationale for investing in the property and relocating to this high profile site.

This is an exciting investment and it was a strategic decision to relocate to a high-profile property in Birnam, opposite Melrose Arch. After initially planning to lease the building, we decided to purchase the property which will give us better control over our operating expenses and allow us to retain the benefits of our value accretive capex and future capital growth.

Our new head office is a Six-Star Green rated property, one of only two renovated buildings in the world to receive this recognition, and aligns with our commitment to environmental and sustainable building practices. The site is highly visible from the M1 highway and is perfectly situated to capitalise on advertising opportunities.

At the time of writing, we were negotiating with an international firm who have requested sole use of the advertising boards. The main electronic board will be the largest of its kind in Africa, measuring 65m by 7m, which will further position our head office as a landmark site. The ownership of the building is value accretive to Balwin as the sub-letting and advertising income is expected to cover our monthly bond obligation.

Q. Against the background of the tough economic outlook and rising interest rates, what factors give you confidence in Balwin's prospects?

There are four factors that I believe will continue to drive our performance, regardless of the economic climate. First and foremost is the

strength and resilience of the Balwin brand. Secondly, the sustained demand for the Balwin product. Thirdly, our commitment to green building which is increasingly attractive to buyers and investors. And finally, our pre-sales and long-term development pipeline.

Highlighting the organic growth prospects of the business is the fact that we have 2 386 apartments which have been pre-sold for future financial years and a pipeline of 51 803 apartments with a development timeline of approximately 15 to 20 years.

Q. The benefit of strong stakeholder relationships has been particularly evident during the pandemic. What message would you like to share with the group's stakeholders?

Our stakeholder philosophy is based on employing exceptional people, creating partnerships with our advisers, professional teams, contractors, sub-contractors and suppliers, and developing relationships with our shareholders and funders who provide the capital to grow our business.

In closing I thank all our stakeholders, including my fellow directors, executive colleagues and our people, who have assisted in ensuring that Balwin has emerged stronger and more resilient from the pandemic, and we look forward to your ongoing support and commitment.

Sincerely

Stephen Brookes
Chief executive officer

CHIEF FINANCIAL OFFICER'S REPORT



JONATHAN BIGHAM

“Cash management and utilisation remain a priority focus area for the group and we continue to engage with our funding partners to ensure that appropriate facilities and financial support remain in place. The group broadened its funding base in securing new term-loan facilities of R560 million during the year, with the cash position increasing to R666 million.”

INTRODUCTION

Balwin produced a strong post-Covid-19 recovery as a record number of apartments were recognised in revenue in the year despite the continued economic headwinds and constrained consumer spending, with the group's revenue exceeding R3 billion for the first time.

We are particularly pleased to report that our intense focus on capital allocation and cash management contributed to the group more than doubling its year-end cash position by R329.1 million to R665.6 million.

The operating performance for the year translated into an increase of 16.3% in core headline earnings per share to 83.15 cents. Shareholders will note that this excludes the once-off IFRS 2 charge of R34.1 million relating to the group's BEE shareholder transaction concluded during the reporting period.

The board declared a final dividend of 13.5 cents per share, which together with the interim dividend of 7.4 cents per share, brings the total dividend for the 2022 financial year to 20.9 cents per share.

FINANCIAL REVIEW

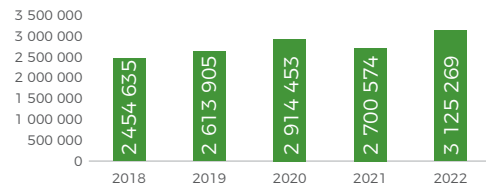
The following review of the financial performance for the year ended 28 February 2022 should be read together with the group's consolidated annual financial statements which are available on our website www.balwin.co.za/investor-relations. This review covers the key line items of the statements of comprehensive income, financial position and cash flows, which management consider material to the group's performance.

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

Statement of comprehensive income

Revenue

5-YEAR REVENUE GROWTH



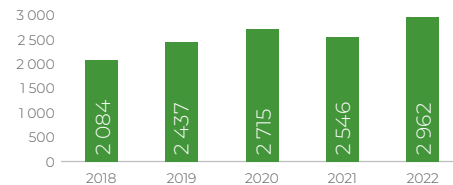
Sustained customer demand resulted in the number of apartments recognised in revenue for the year increasing by 16% to 2 962 (2021: 2 546 apartments). Despite a change in mix with more Green Collection developments being included in revenue in accordance with the strategy of the group, this growth in total apartments handed over, together with an overall increase in selling prices of apartments, contributed to revenue increasing by 16% to R3.1 billion (2021: R2.7 billion).

The group pre-sold 2 386 apartments which will be recognised in revenue in subsequent years. While this represents a slight decrease from the 2 499 apartments forward sold at the previous year-end, approximately 60% of the planned apartment sales for the 2023 financial year have been completed, putting the business in a strong position for the new financial year.

Demand for one and two-bedroom apartments remained strong and comprised approximately 80% (2021: 77%) of the total apartments recognised in revenue.

Selling prices for the Classic and Green Collection developments grew by an average of 6.9% and 4.6% respectively from the prior year. These averages are influenced by the mix of developments and apartments which attract different selling prices due to the specific market dynamics of the development. On a comparable basis, excluding all new developments introduced in the current year or developments that were fully sold out in the prior year, the average selling price increased by 7.2% and 5.5% for the Classic and Green Collection developments respectively.

5-YEAR GROWTH IN APARTMENTS RECOGNISED IN REVENUE



AVERAGE SELLING PRICE INCREASE (COMPARABLE DEVELOPMENTS)

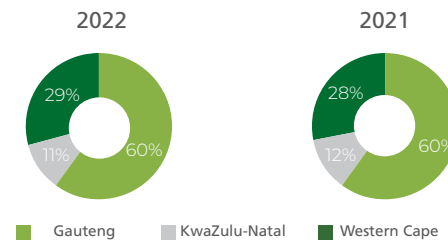
Classic Collection

Description	Average selling price	Selling price growth
1-bedroom	R943 974	6.3%
2-bedroom	R1 584 895	7.3%
3-bedroom	R1 940 787	8.7%
		7.2%

Green Collection

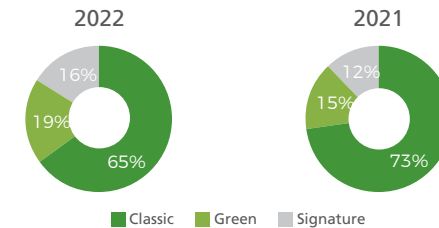
Description	Average selling price	Selling price growth
Studio	R571 944	5.1%
1-bedroom	R694 205	4.0%
2-bedroom	R847 012	6.5%
3-bedroom	R1 024 642	9.2%
		5.5%

REGIONAL REVENUE CONTRIBUTION



The regional revenue contribution was largely consistent with the prior year. Gauteng remained the highest revenue contributor at 60% (2021: 60%). Western Cape accounted for 29% (2021: 28%), with KwaZulu-Natal contributing the remaining 11% (2021: 12%). The regional revenue contribution is expected to remain consistent in the new financial year.

SPLIT OF REVENUE BY BRAND



The Classic Collection developments continued to contribute the majority of revenue at 65%, although this reduced from the 73% in the prior year owing to the ongoing diversification of the group's product offering as part of the strategic long-term business plan. The Green Collection developments grew the revenue contribution to 19% (2021: 15%), highlighting the affordability of the brand in the current economic environment. The Signature Collection developments accounted for 16% (2021: 12%) owing to increased demand and the premium selling prices recorded at The Polofields (Johannesburg), Paardevlei Lifestyle Estate (Western Cape) and the newly introduced Izinga Eco Estate (KwaZulu-Natal).

For further information on the Green, Classic and Signature Collections refer to the Group Profile on pages 6 to 7 and the Development Showcase on pages 38 to 67.

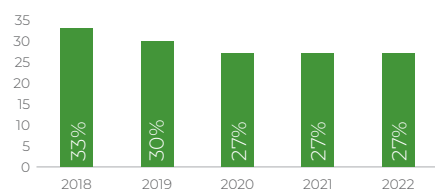
Balwin generates annuity income through its subsidiary company Balwin Fibre, which provides high-speed connectivity to homeowners within estates. Balwin Fibre increased its user base by 45% during the reporting period to 6 467 active clients at year-end. Management continues to seek annuity business opportunities that are presented as a by-product of the development of the estates. Contributions from annuity income initiatives currently constitute a negligible portion of the group's profit. However, the board has identified further potential opportunities to generate new annuity revenue streams which are expected to add to group profitability in the new financial year.

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

Gross profit

The gross profit margin for the year of 27% was consistent with that of the prior financial period and an increase from the 24% margin reported for the interim period.

5-YEAR GROSS PROFIT MARGIN



The gross profit margin has been maintained despite increases in costs within the construction industry in the past year. While this has resulted in an increase in development costs, management have been able to mitigate a large portion of these costs through effective cost engineering, creative modifications to design and specifications and concentrated cost containment which is supported by an in-house procurement department. The balance of material cost increases was offset by selling price increases which the business was able to achieve.

Balwin successfully launched four new developments in the reporting period, with initial developments historically returning slightly lower margins. This is in line with the proven formula of the business, whereby the gross profit margin of the respective developments will improve as they mature due to the phase-by-phase increase in the selling price exceeding the incremental development costs for each new phase. Accordingly, the gross margin is impacted by the stage of the life cycle of the developments included in revenue.

Despite the continued pressure on construction costs and the prevailing macroeconomic uncertainty, management is confident that the potential increase in costs can be offset and exceeded by selling price increases that the market is able to absorb. Management is focused on restoring the group's target gross margin to the low-to-mid 30% range in the short-to-medium term through focused and creative cost engineering measures, supported by the gradual recovery of the economy.

Operating expenses and net investment costs

Operating expenses, excluding the once-off IFRS 2 charge of R34.1 million relating to the group's BEE transaction, increased by 13.7% to R301.6 million. The increase in operating costs was impacted by movements in the non-cash costs (mostly depreciation), volume-based sales commissions and sales-related costs driven by the 16% increase in revenue. Balwin Fibre also reported higher costs owing to the increase in the volumes of apartments connected to fibre.

Excluding the above costs, the group's operating costs increased by 6.1% over the comparative period. The management and containment of overhead costs remains a focus area for the business.

Investment income increased in line with finance costs, as new unsecured long-term funding was introduced into the business as part of the group's funding strategy. These funds were used to replace existing debt and to fund development activity. A portion of the funding was initially invested before being gradually fed into the development funding pool as existing funding arrangements expired. Investment income also saw pleasing growth resulting from the re-introduction in the latter part of the prior financial year of occupational interest that is charged on apartments occupied prior to registration.

Group profit and earnings

Profit for the year increased by 8% to R363.1 million (2021: R336.4 million). Excluding the once-off IFRS 2 BEE charge, profit for the year increased by 18% to R397.2 million.

Earnings per share increased by 7.8% to 77.24 cents (2021: 71.67 cents) while headline earnings per share increased by 6.2% to 75.88 cents (2021: 71.47 cents).

As a result of the once-off IFRS 2 charge arising from the BEE transaction, the board considers core headline earnings as an appropriate indicator of the operating performance of the group. Consolidated core headline earnings for the group increased by 16.3% to 83.15 cents (2021: 71.47 cents). No adjustments were required to the prior year's headline earnings.

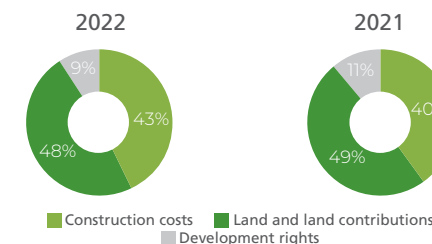
Statement of financial position

Property, plant and equipment

Property, plant and equipment increased to R259.4 million. The increase is largely as a result of the initial recognition of the right-of-use asset and associated costs pertaining to the group's new head office located in Corlett Drive, Johannesburg. The property was subsequently acquired after year end for R125.8 million.

Developments under construction

BREAKDOWN OF DEVELOPMENT COSTS



Developments under construction, including the value of land, infrastructure costs, development rights and development costs, increased by R698.2 million to R4.8 billion (2021: R4.1 billion).

The increase in the value of developments under construction at period-end is due to the recent investment in the development pipeline, where the group took registration of Izinga Eco Estate (KwaZulu-Natal, Umhlanga), Mooikloof Eco Estate (Tshwane East), Thaba Eco Village (Johannesburg South), Greenbay (Western Cape, Gordon's Bay) as well as the extension of the land for The Huntsman (Western Cape, Somerset West) to increase the opportunities of the development. Apart from Mooikloof Eco Estate, where the first phase is expected for handover in the 2023 financial year, all of the projects contributed to revenue in the current financial year.

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

CAPITAL MANAGEMENT

Cash management and utilisation remain a priority focus area for the group and Balwin continues to engage with its funding partners to ensure that appropriate facilities and financial support remain in place. Through this focus on capital allocation, the group improved its cash position at year-end by R329.1 million to R665.6 million.

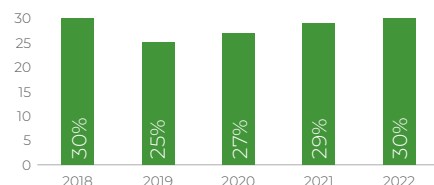
The group secured R560 million new loan facilities from Stanlib Asset Management and Sanlam Investment Management during the year, representing a significant milestone for the group to broaden its funding base in a cost-effective manner. Management plans to change its existing funding structures towards term-based funding rather than the existing phase-by-phase funding model in order to reduce the associated cost of funding, while retaining the existing security offered to the funding institutions. Debt advisory specialists have been engaged to assist the group.

FUNDING

Development finance is currently obtained on a phase-by-phase basis and is secured against the pre-sales of the specific phase being financed. Development finance is obtained at an approximate loan to cost of 70% to 80% with the remainder of the construction costs financed through equity. Land funding is obtained from major financial institutions at a range of 50% to 70% of the cost of the land. Where land is contracted, the group endeavours to do so in a manner that is not onerous on the cash resources of the group through a balance of appropriate upfront gearing and the ability to settle the obligation through the cash realised from the registration of apartments.

The group's long-term debt-to-equity ratio at the end of the reporting period was 30% compared to 29% in the prior year. Long-term debt includes all land and infrastructure debt which the board believes is an appropriate metric as development finance is specific to a development, short-term in nature and secured by existing pre-sales.

5-YEAR LONG-TERM DEBT-TO-EQUITY RATIO



During the year, a board treasury committee was established to enhance board oversight of the management of treasury risks in accordance with the group's treasury policy as well as monitor the group's funding strategy and sources of funding.

APPRECIATION

I extend my gratitude to the board for the confidence they have shown in appointing me as chief financial officer of the group. I also thank my predecessor Jonathan Weltman for his guidance and mentorship over the past four years, and for the strong foundation he created for the group's financial reporting.

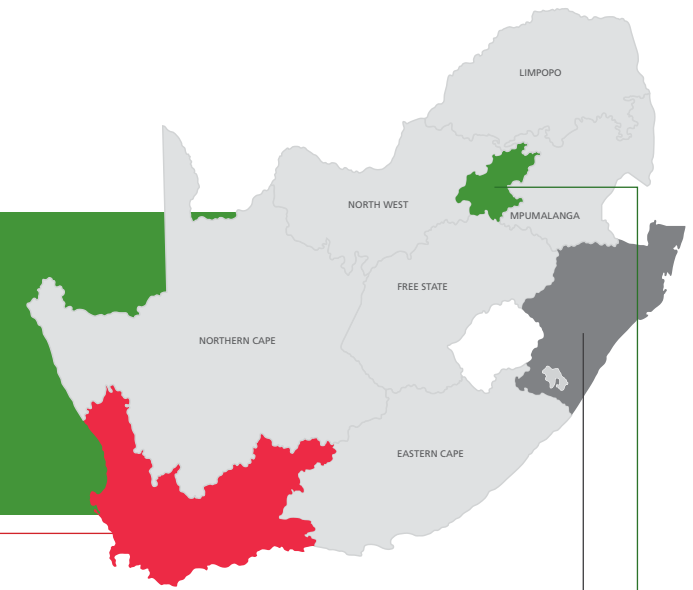
Thank you to our funding partners for their ongoing support as well as our shareholders for their continued investment. In closing, I express my personal thanks to my colleagues in the Balwin finance team for the commitment to maintain high standards of financial reporting.

Jonathan Bigham
Chief financial officer



DEVELOPMENT PORTFOLIO

Balwin Properties operates in three main regions within South Africa: the Western Cape and KwaZulu-Natal, the location of the Balwin regional offices and Gauteng, the home of Balwin Properties head office. Balwin's residential estates are located in high-density, high-growth areas within these regions.



WESTERN CAPE

SOMERSET WEST

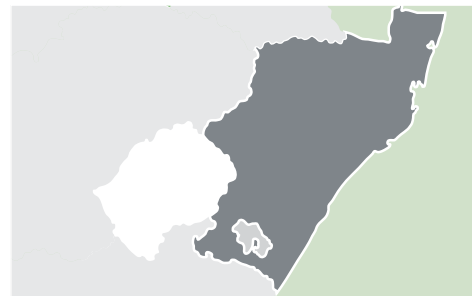
- Paardevlei Lifestyle Estate
- The Huntsman
- Greenbay

MILNERTON

- De Aan-Zicht
- Fynbos

N1 CORRIDOR

- De Kuile



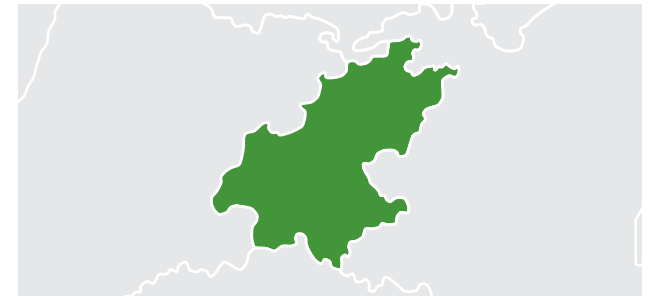
KWAZULU-NATAL

BALLITO

- Ballito Hills
- Ballito Creek

UMHLANGA

- Izinga Eco Estate
- Greenlake



GAUTENG

JOHANNESBURG EAST

- The Reid
- The Klulee
- Greenlee
- Greenpark
- Greenvally
- Westlake 2

JOHANNESBURG NORTH

- Amsterdam
- The Whisken

JOHANNESBURG SOUTH

- Majella Park
- Thaba-Eco Village

TSHWANE

- The Blyde
- Greencreek
- Mooikloof Eco-Estate
- Greenkloof
- Mooikloof Mega City

WATERFALL

- The Polofields
- Munyaka
- Kikuyu

DEVELOPMENT PORTFOLIO CONTINUED

PRIME LOCATIONS IN HIGH GROWTH NODES

GAUTENG
JOHANNESBURG

PIPELINE APARTMENTS

12 475

GAUTENG
TSHWANE

PIPELINE APARTMENTS

25 227

KWAZULU-NATAL

PIPELINE APARTMENTS

8 572

WESTERN CAPE

PIPELINE APARTMENTS

5 529



BALLITO HILLS

THE CLASSIC COLLECTION

PIPELINE APARTMENTS

33 507

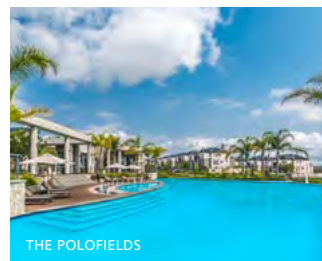


GREENCREEK

THE GREEN COLLECTION

PIPELINE APARTMENTS

14 614

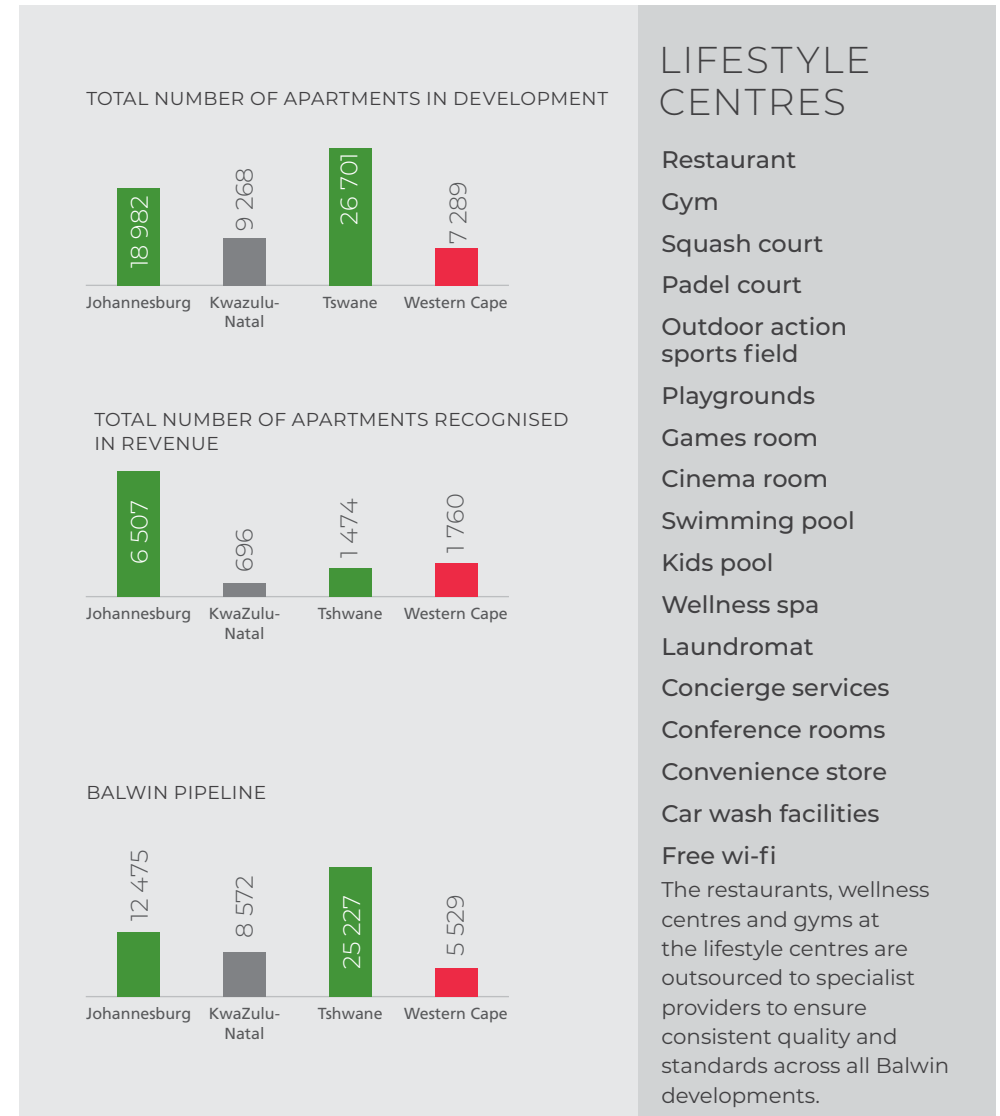


THE POLOFIELDS

THE Signature COLLECTION

PIPELINE APARTMENTS

3 682



LIFESTYLE CENTRES

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

DEVELOPMENT PIPELINE

Development	Balwin Brand	Expected commencement date of construction	Status*	Total apartments in development	Total apartments sold	Total apartments registered	Total apartments recognised in revenue	Total apartments sold but not recognised in revenue	Total unsold apartments	Balwin pipeline
Johannesburg, Waterfall										
Kikuyu	Classic Collection	Commenced	C	1 270	1 270	1 237	1 266	4	–	4
The Polofields	Signature Collection	Commenced	A	1 512	1 014	911	922	92	498	590
Munyaka	Classic Collection	Commenced	A	4 920	888	624	677	211	4 032	4 243
Total				7 702	3 172	2 772	2 865	307	4 530	4 837
Johannesburg East										
The Reid	Classic Collection	Commenced	A	1 300	809	771	791	18	491	509
The Klulee	Classic Collection	TBC	I	480	–	–	–	–	480	480
Greenlee	Green Collection	Commenced	A	1 908	612	543	544	68	1 296	1 364
Greenpark	Green Collection	Commenced	A	1 298	742	646	654	88	556	644
Greenvalley	Green Collection	TBC	I	2 100	–	–	–	–	2 100	2 100
Westlake 2	Classic Collection	TBC	I	156	–	–	–	–	156	156
Total				7 242	2 163	1 960	1 989	174	5 079	5 253
Johannesburg North										
Amsterdam	Classic Collection	Commenced	C	1 040	1 040	1 040	1 039	1	–	1
The Whisken	Classic Collection	Commenced	A	1 358	422	422	422	–	936	936
Total				2 398	1 462	1 462	1 461	1	936	937
Johannesburg South										
Majella Park	Classic Collection	TBC	I	280	–	–	–	–	280	280
Thaba Eco Village	Classic Collection	Commenced	A	1 360	309	–	192	117	1 051	1 168
Total				1 640	309	–	192	117	1 331	1 448
KwaZulu-Natal, Ballito										
Ballito Hills	Classic Collection	Commenced	A	1 320	774	625	672	102	546	648
Ballito Creek	Classic Collection	TBC	I	1 639	–	–	–	–	1 639	1 639
Total				2 959	774	625	672	102	2 185	2 287
KwaZulu-Natal, Umhlanga										
Izinga Eco Estate	Signature Collection	Commenced	A	3 069	306	–	24	282	2 763	3 045
Greenlake	Green Collection	TBC	I	3 240	–	–	–	–	3 240	3 240
Total				6 309	306	–	24	282	6 003	6 285

DEVELOPMENT PIPELINE CONTINUED

Development	Balwin Brand	Expected commencement date of construction	Status*	Total apartments in development	Total apartments sold	Total apartments registered	Total apartments recognised in revenue	Total apartments sold but not recognised in revenue	Total unsold apartments	Balwin pipeline
Tshwane East										
The Blyde	Classic Collection	Commenced	A	3 281	1 101	1 065	1 078	23	2 180	2 203
Greencreek	Green Collection	Commenced	A	3 612	479	394	396	83	3 133	3 216
Mooikloof Eco-Estate	Classic Collection	Commenced	A	3 734	52	–	–	52	3 682	3 734
Greenkloof	Green Collection	Commenced	A	2 620	448	–	–	448	2 172	2 620
Mooikloof Mega City	Green/Classic Collection	TBC	I	13 454	–	–	–	–	13 454	13 454
Total				26 701	2 080	1 459	1 474	606	24 621	25 227
Western Cape, Somerset West										
Paardevlei Lifestyle Estate	Signature Collection	Commenced	A	388	388	332	341	47	–	47
The Huntsman	Classic Collection	Commenced	A	1 776	535	420	420	115	1 241	1 356
Greenbay	Green Collection	Commenced	A	1 772	498	342	342	156	1 274	1 430
Total				3 936	1 421	1 094	1 103	318	2 515	2 833
Western Cape, Milnerton										
De Aan-Zicht	Classic Collection	Commenced	A	1 354	451	–	70	381	903	1 284
Fynbos	Classic Collection	Commenced	A	1 116	685	573	587	98	431	529
Total				2 470	1 136	573	657	479	1 334	1 813
Western Cape, N1 Corridor										
De Kuile	Classic Collection	November 2022	I	883	–	–	–	–	883	883
Total				883	–	–	–	–	883	883
Grand total				62 240	12 823	9 945	10 437	2 386	49 417	51 803

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

INTERNATIONAL AWARDS

The quality of Balwin's developments was again recognised at the Africa and Arabia Property Awards 2021–2022 where Balwin received seven awards, adding to the 22 international awards previously won by the group.



Best Sustainable Residential Development South Africa



Development Marketing South Africa



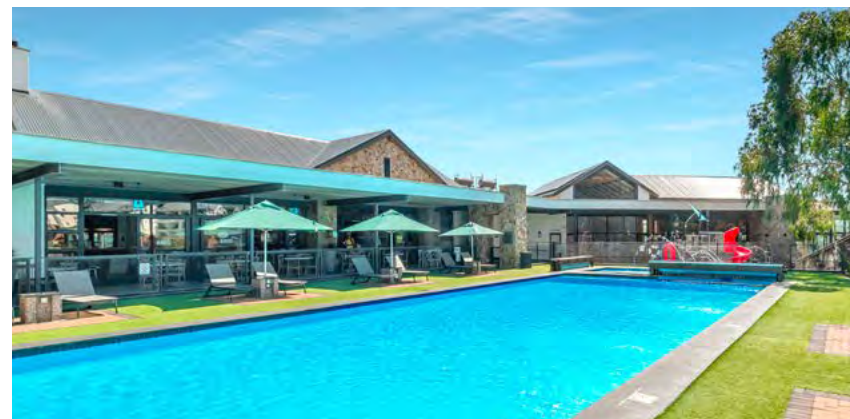
Best Social Housing in Africa



INTERNATIONAL AWARDS CONTINUED



Best Leisure Architecture Africa



Best Architecture Multiple Residence South Africa



Leisure Interior South Africa



Best Leisure Development in Africa



LIFESTYLE SHOWCASE

GREENLEE, VEGETABLE GARDEN



THE BLYDE, GYM



THE BLYDE, CRYSTAL CLEAR LAGOON



THE REID, TREE HOUSE



THE POLOFIELDS, BASKETBALL COURT



LIFESTYLE SHOWCASE CONTINUED



THE POLOFIELDS, BOARDROOM



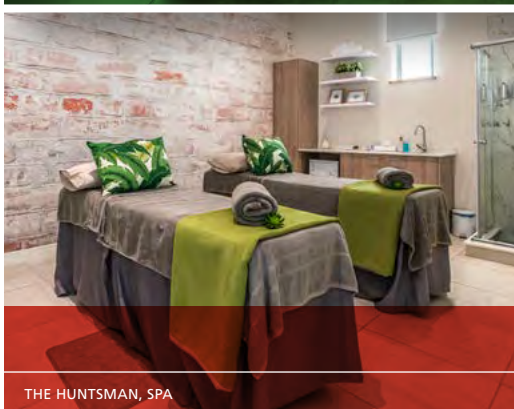
BALITO HILLS, CINEMA



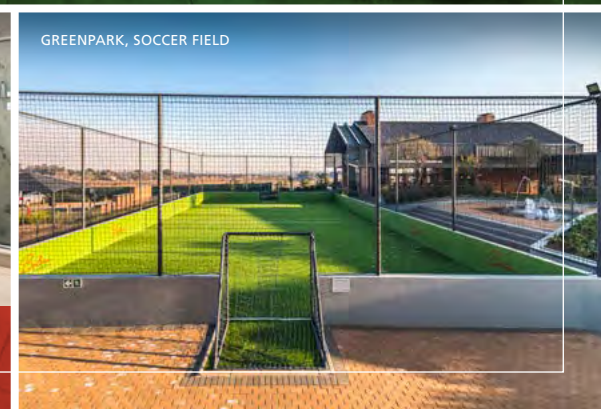
THE BLYDE, RESTAURANT



THE RIED, PADEL COURT



THE HUNTSMAN, SPA



GREENPARK, SOCCER FIELD

THE *Signature* COLLECTION



The Polofields boasts stunning 2- and 3-bedroom apartments with a world-class signature Lifestyle Centre.



NUMBER OF APARTMENTS

1 512 UNITS



GEOGRAPHIC LOCATION

JOHANNESBURG – WATERFALL



WATER SAVED

74 533 KI



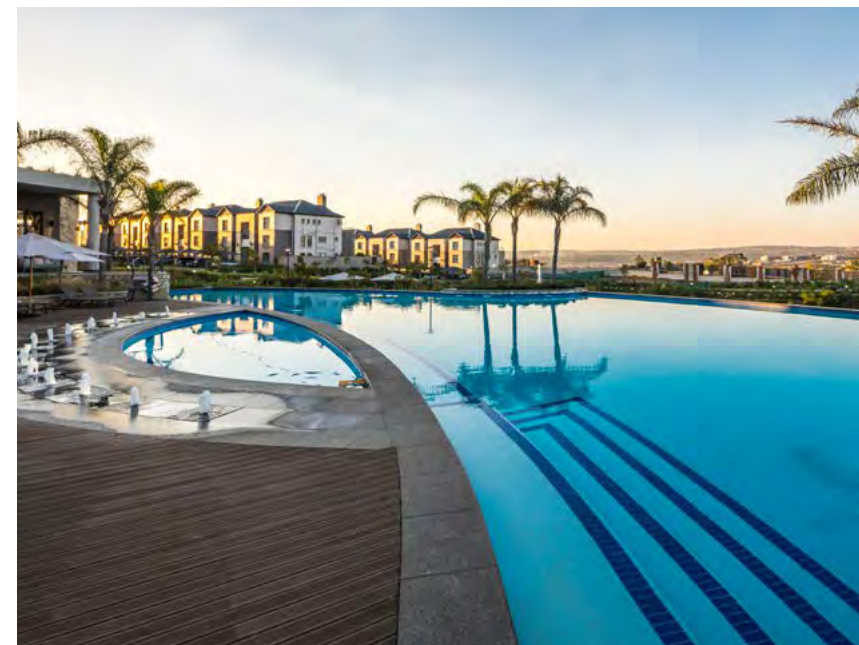
ELECTRICITY SAVED

2 012 634 kWh

The Polofields

An oasis of luxury nestled in Johannesburg's fabulous up and coming Waterfall area, The Polofields, part of Balwin's luxury Signature brand, offers beautifully designed fibre-ready apartments and boasts state-of-the-art SMEG

appliances, modern practical finishes, prepaid gas, electricity and water meters, plus more. Polofields includes a signature Lifestyle Centre, as well as stunning north-east views over the sought-after Waterfall area.





THE *Signature* COLLECTION



Situated in the beautiful coastal town of Umhlanga just north of Durban, Izinga Eco Estate comprises 1-, 2- and 3-bedroom apartments.



NUMBER OF APARTMENTS

3 069 UNITS



GEOGRAPHIC LOCATION

**KWAZULU-NATAL –
UMHLANGA**

Izinga

Location, location, lifestyle! Not only is Izinga Eco Estate located in Umhlanga, one of South Africa's most popular beach resort locations, it will soon also offer residents a wide range of leisure, sport and entertainment facilities at its signature Lifestyle Centre. This secure estate's

beautifully designed 1, 2 and 3-bedroom apartments are Wi-Fi ready and include free eco-friendly appliances and prepaid utility meters with ultra-modern finishes which the Balwin Lifestyle Collection estates are renowned for.





THE CLASSIC COLLECTION



This upmarket lifestyle estate's top quality 1-, 2- and 3-bedroom apartments include free appliances and the first Six-Star Green rated Lifestyle Centre.



NUMBER OF APARTMENTS

1 300 UNITS



GEOGRAPHIC LOCATION

JOHANNESBURG EAST



POWER GENERATED

358 329 kWh



WATER SAVED

90 920 KI



ELECTRICITY SAVED

945 578 kWh

The Reid

Located in Johannesburg, The Reid lifestyle estate is conveniently located near highways and the Marlboro Gautrain station. Fully secure and surrounded by natural beauty, The Reid, offers residents scenic walking and running trails within the preserved wetland area. The ultra-modern 1, 2 and 3-bedroom apartments

are Wi-Fi ready and include free eco-friendly appliances, solar-supplemented electricity plus pre-paid electricity and water meters. The classic Six-Star Green rated Lifestyle Centre features cutting-edge leisure and sport facilities including Balwin's first padel court.





THE CLASSIC COLLECTION



Fynbos, in the Western Cape, is a quality, eco-friendly, secure development, perfectly situated for modern family living.



NUMBER OF APARTMENTS

1 116 UNITS



GEOGRAPHIC LOCATION

WESTERN CAPE – MILNERTON



POWER GENERATED

367 551 kWh



WATER SAVED

63 291 KI



ELECTRICITY SAVED

1 280 722 kWh

Fynbos

The Fynbos lifestyle estate is on the MyCiti Bus route, close to Big Bay, the beachfront, top private schools and 21 kilometres from Cape Town's CBD. This Estate is ideal for discerning buyers who prioritise convenient, modern living. Each stunningly designed 1, 2

or 3-bedroom apartment is fibre-ready, with prepaid electricity and water meters. Fynbos has 24/7 security and a fabulous Lifestyle Centre with facilities encouraging a healthy and active lifestyle, including a gym, padel court, swimming pool and more!





THE CLASSIC COLLECTION



Munyaka, Balwin's latest top-quality Lifestyle Estate in the Waterfall area, presents magnificent apartments surrounding a lagoon by Crystal Lagoons.



NUMBER OF APARTMENTS

4 920 UNITS



GEOGRAPHIC LOCATION

JOHANNESBURG – WATERFALL



POWER GENERATED

396 768 kWh



WATER SAVED

75 499 KI



ELECTRICITY SAVED

1 511 033 kWh

Munyaka

Beach living comes to Waterfall. Each stunningly designed 1, 2 and 3-bedroom Munyaka apartment is mere meters from an inviting, crystal-clear lagoon, is fibre-ready, includes a Scandinavian style kitchen, free eco-friendly appliances, a balcony or patio for

outdoor entertaining plus pre-paid water and electricity meters. Residents experience world-class security plus a Lifestyle Centre coming soon which will boast impressive health and leisure facilities.





THE CLASSIC COLLECTION



A South African first, this unique development includes a beach-like crystal-clear sustainable lagoon to use for an array of water sports.



NUMBER OF APARTMENTS

3 281 UNITS



GEOGRAPHIC LOCATION

TSHWANE EAST



POWER GENERATED

442 626 kWh



WATER SAVED

52 659 KI



ELECTRICITY SAVED

1 777 276 kWh

The Blyde

A water-lover's paradise in Pretoria East, The Blyde is a one-of-a-kind lifestyle estate with a crystal-clear sustainable lagoon for swimming, kayaking and paddle-boarding. And with its onsite classic Lifestyle Centre, The Blyde has something for everyone including

a laundromat, restaurant, Gym and spa. The apartments come standard with FREE appliances, prepaid utilities and the quality finishes Balwin is renowned for. All this with state-of-the-art security too.





THE CLASSIC COLLECTION



The top quality, super secure and green Thaba Eco Village features all the fabulous benefits for which Balwin developments are renowned, with impressive, beautifully designed apartments.



NUMBER OF APARTMENTS

1 360 UNITS



GEOGRAPHIC LOCATION

JOHANNESBURG SOUTH

Thaba Eco Village

Situated in the South of Johannesburg, the top-quality, super-secure and green Thaba Eco Village with all the fabulous features and benefits Balwin developments are renowned for. These spacious, impressive, beautifully designed apartments are perfect for investors, couples young and old, or families alike. A world-class Lifestyle Centre is coming soon

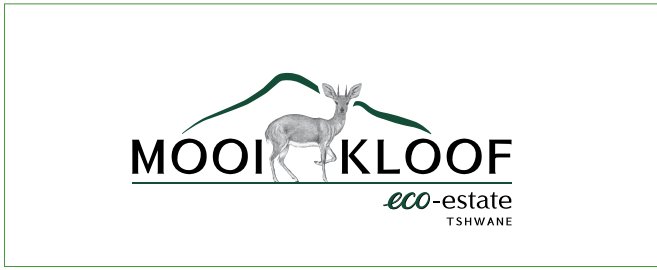
with a gym, swimming pool, mini sports field, kiddies' jungle gym, restaurant, laundromat and more!

The development is located next to the Klipriviersberg Nature Reserve and allows residents access to scenic walking and cycle trails.





THE CLASSIC COLLECTION



The new Mooikloof Eco Estate offers upmarket, luxury 1-, 2- and 3-bedroom apartments in the Beautiful surrounds of the Pretoria East area.



NUMBER OF APARTMENTS

3 734 UNITS



GEOGRAPHIC LOCATION

TSHWANE EAST

Mooikloof Eco

Taking you from the old Pretoria to the modern new Tshwane, in keeping with the heritage of the Tshwane area. Balwin Properties is excited to bring the Spectacular Mooikloof Eco Estate to the East of Tshwane, end of Atterbury road! Consisting of 1, 2 and

3-bedroom upmarket luxury apartments with modern finishes and a net-zero, Six-Star Green rated, Edge certified green lifestyle centre coming soon with a fully-equipped gym, communal swimming pool, restaurant and more!





THE CLASSIC COLLECTION



Situated in picturesque Somerset West, The Huntsman is a quality, modern, beautifully-designed, secure and family-friendly lifestyle estate.



NUMBER OF APARTMENTS

1 776 UNITS



GEOGRAPHIC LOCATION

WESTERN CAPE – SOMERSET WEST



POWER GENERATED

318 731 kWh



WATER SAVED

52 801 KI



ELECTRICITY SAVED

1 110 549 kWh

The Huntsman

First time home buyers, young couples, small families or rental investors – The Huntsman in Somerset West, will add lasting value to your lives. Besides quality apartments with eco-friendly appliances, modern finishes and cutting-edge 24/7 security, you will enjoy

The Huntsman's proximity to shopping centres, schools and other convenient amenities. With a host of outdoor leisure and entertainment facilities, It is modern living at its best within the tranquil surrounds of the Somerset West mountains.





THE CLASSIC COLLECTION



Situated along the beautiful KwaZulu-Natal Dolphin Coast, Ballito Hills comprises 1-, 2- and 3-bedroom apartments and a Six-Star Green rated Lifestyle Centre.



NUMBER OF APARTMENTS

1 320 UNITS



GEOGRAPHIC LOCATION

KWAZULU-NATAL – BALLITO



POWER GENERATED

120 831 kWh



WATER SAVED

74 331 KI



ELECTRICITY SAVED

1 258 172 kWh

Ballito Hills

The classic Ballito Hills lifestyle estate situated along the Dolphin Coast offers the best of coastal living- set in the picturesque town of Ballito, close to the beach and only 20 minutes from King Shaka International Airport. Apartments are Wi-Fi ready and

include free eco-friendly appliances and prepaid utility meters. The Ballito Hills Six-Star Green rated Lifestyle Centre offers residents access to fantastic facilities within beautifully landscaped surroundings so residents can enjoy all the perks of the KwaZulu-Natal coast.





THE CLASSIC COLLECTION



Conveniently located 19 minutes out of Cape Town CBD, De Aan-Zicht showcases the best of Cape Town's natural beauty – from spectacular views of Table Mountain to the natural Cape indigenous garden.



NUMBER OF APARTMENTS

1 354 UNITS



GEOGRAPHIC LOCATION

**WESTERN CAPE –
MILNERTON**

De Aan-Zicht

De Aan-Zicht, Balwin's latest lifestyle estate is conveniently located 19 minutes out of Cape Town CBD. De Aan-Zicht perfectly showcases the best of the Cape's natural beauty – from spectacular views of Table Mountain to the

tranquillity of the natural cape indigenous garden. The luxury apartments are Wi-Fi-ready and come with free eco-friendly appliances while the Lifestyle Centre will offer world-class facilities tailored to your rest and relaxation.





THE GREEN COLLECTION



The 1-, 2- and 3-bedroom top-quality apartments are in the super-secure, ultra-modern Estate with a Six-Star Green rated Lifestyle Centre.



NUMBER OF APARTMENTS

1 298 UNITS



GEOGRAPHIC LOCATION

JOHANNESBURG EAST



POWER GENERATED

522 395 kWh



WATER SAVED

62 926 KI



ELECTRICITY SAVED

1 165 927 kWh

Greenpark

Boksburg's eco-friendly Greenpark Estate has all the convenience, comfort and healthy lifestyle benefits today's families need to grow and prosper. Greenpark features a Six-Star Green rated Lifestyle Centre with an outdoor gym, mini soccer pitch, restaurant

plus laundromat. The beautifully designed 1, 2 and 3-bedroom, open-plan apartments come with high-speed fibre connectivity, prepaid electricity and water meters. 24/7 security ensures resident peace of mind.





THE GREEN COLLECTION



International award winning Greenlee in Johannesburg presents top-quality apartments in stunning surroundings plus a Greenbarn Lifestyle Centre.



NUMBER OF APARTMENTS

1 908 UNITS



GEOGRAPHIC LOCATION

JOHANNESBURG EAST - LINBRO PARK



POWER GENERATED

266 961 kWh



WATER SAVED

70 972 KI



ELECTRICITY SAVED

1 350 221 kWh

Greenlee

Situated in Johannesburg near highways and the Marlboro Gautrain station, Greenlee is perfect for modern living. 24/7 security, 1, 2 and 3-bedroom apartments amid beautifully landscaped surrounds, onsite jogging tracks,

sports fields and a fully functional Six-Star Green rated Lifestyle Centre promote healthy, indoor and outdoor living. Wi-Fi ready apartments include solar-supplemented electricity plus pre-paid electricity and water meters.





THE GREEN COLLECTION



Ultra-modern, meticulously designed Studio, 1-, 2- and 3-bedroom open plan apartments flow seamlessly into beautifully landscaped outdoor area with its communal core and future Greenbarn Lifestyle Centre.



NUMBER OF APARTMENTS

1 772 UNITS



GEOGRAPHIC LOCATION

WESTERN CAPE – SOMERSET WEST



POWER GENERATED

182 468 kWh



WATER SAVED

66 985 KI



ELECTRICITY SAVED

1 491 584 kWh

Greenbay

Greenbay – with all the quality, modernity, security and convenience for which Balwin is renowned – is adding value to Gordon's Bay. Ultra-modern, meticulously designed Studio, 1, 2 and 3-bedroom open plan homes flow

seamlessly into the beautifully landscaped outdoor area with its communal core; a Barn Lifestyle Centre with an outdoor gym, restaurant, swimming pool, laundromat and more coming soon!





THE GREEN COLLECTION



Beautifully designed studio, 1-, 2- and 3-bedroom apartments within a super-secure, ultra-modern lifestyle estate; that's what's waiting for you and your family at GreenCreek, Pretoria East.



NUMBER OF APARTMENTS

3 612 UNITS



GEOGRAPHIC LOCATION

PRETORIA EAST – TSHWANE



POWER GENERATED

177 785 kWh



WATER SAVED

59 523 KI



ELECTRICITY SAVED

1 120 614 kWh

GreenCreek

Beautifully designed 1, 2 and 3-bedroom apartments within a super-secure, ultra-modern lifestyle estate; that's what's waiting for you and your family at GreenCreek, Pretoria East. One of Balwin's up-and-coming

developments, GreenCreek boasts all the fabulous features which make communal living such a pleasure – a Barn Lifestyle Centre with a swimming pool, laundromat, outdoor gym plus so much more!





BUILDING A SUSTAINABLE FUTURE

Balwin is committed to sustainable business and property development, with a track record of continuous improvement to embed this goal into the very fabric of the group: from its strategic objectives through its operations and measured outcomes.

The group has taken the lead in South Africa in meeting demand for housing that aligns with customers' aspirations for sustainable lifestyles through developments that meet global sustainability standards. All new developments target Excellence in Design for Greater Efficiency (EDGE) certification for all apartments and Six-Star Green rating and Net Zero Carbon ratings from the Green Building

Council of South Africa (GBCSA) for its lifestyle centres.

EDGE Advanced, Six-Star Green rating and Net Zero Carbon ratings all represent global best practice in sustainable design and construction. All projects also targeted and obtained optional innovation points during certification, which is further evidence of Balwin's progressive approach.

The approach is underpinned by the active role Balwin took in the launch and expansion of green home loans in the local market, along with delivering the cost benefits achieved from both reduced interest rates and lower monthly utility bills directly to homeowners.

Communication and education are also powerful tools in the shift to a green economy and lifestyle. Balwin has embraced this at all levels.

Balwin actively participates in the green economy through the GBCSA membership and creating awareness through participation in

conferences, webinars and presentations in the sustainability education space.

The group plans to launch the Balwin Green Awards in the new financial year, aimed at driving the property and construction industry towards better business practices and a more sustainable lifestyle, starting with its own employees and vendors. The awards will conclude with a ceremony in October 2022.

SUSTAINABILITY REPORTING

The group has included sustainability information in its integrated annual report since its listing in 2015, reflecting that it is a core business tenet.

Balwin voluntarily commissioned Promethium Carbon to calculate the group's first greenhouse gas (GHG) inventory – or carbon footprint – for the 2021 financial year (1 March 2020 to 28 February 2021). The 2022 carbon footprint report has not yet been published.

Accurate measurement of the carbon footprint is a key step towards more efficient reduction. It is notable that Balwin has included Scope 3 (indirect emissions) in its carbon footprint calculation, and this year (as in 2021) the largest portion of emissions arises from the production of Balwin's purchased products (98.21% of the total calculated emissions or 55 316 tCO₂e).

Shortly before the end of the reporting period the group formalised its commitment to responsible business with the development of an environmental, social and governance (ESG) policy. Balwin's ESG policy is equally focused on enhancing the group's positive impact and protecting enterprise value.



BUILDING A SUSTAINABLE FUTURE CONTINUED

ENHANCE OUR POSITIVE IMPACT >

THREE BIG GOALS:

PURPOSE-LED, DIFFERENTIATED,
DEVELOPMENT-ORIENTATED

ALIGNED WITH THE SDGs

STRATEGIC FRAMEWORK FOR ESG / SUSTAINABILITY



1
BUILDING WEALTH
for first-time home owners




2
BUILDING INCLUSION
for local development




3
BUILDING SMART
for a low carbon future

PROTECT INTERPRISE VALUE >

FOUNDATIONS ADDRESS KEY ESG RISK FACTORS

ACROSS THE LIFECYCLE

FOUNDATIONS

Good governance | Responsibility • Stakeholder responsiveness • Ethics

Digital capability | Privacy and data security • Effective communication • Scalable ESG solutions

Innovative people | Health and safety • Diversity • Learning

REPORTING METHODOLOGY

Balwin's sustainability reporting has been aligned with the strategic framework set out in the new ESG policy, which identifies three big goals that are also aligned with six of the 17 United Nations Global Sustainable Development Goals (SDGs):

- Building Wealth (for first-time home buyers)
- Building Inclusion (for local development)
- Building Smart (for a low carbon future)

1 BUILDING WEALTH
for first-time home owners




SDGs:

11 – Make cities and human settlements inclusive, safe, resilient and sustainable

12 – Ensure sustainable consumption and production patterns

BUILDING A SUSTAINABLE FUTURE CONTINUED

GREEN BONDS

Green bonds and certified green properties are reciprocal enablers, and Balwin leads the way.

Following the ground-breaking collaboration between the group and Absa around launching the Eco Home Loan in 2020, First National Bank, Standard Bank and Nedbank have since followed suit. This is a new product offering for Balwin clients and Balwin has successfully secured 4 367 such mortgages totalling a combined saving of more than R325 million.

Increased market share volumes, investing in low-risk developments, and linking with developers who achieve lower maintenance and utility costs for homeowners, are some of the considerations that helped unlock green bonds.

An important benefit to green bonds is the savings achieved by homeowners. The various green bonds offer between 0.25% and 0.75% reduction in interest rates. A homeowner can therefore save an average of R74 577 in interest charges per apartment per bond over 20 years.

Average green bond interest rate savings across 1-, 2- and 3-bed apartments and interest rate discounts of between 0.25% and 0.75%

R75 577

Apartment specifications include:

- Low flow water fittings;
- Energy efficient appliances and light fittings;
- Solar PV arrays; and
- Smart metering to monitor personal usage.

This means homeowners also save on an ongoing basis, in terms of water, electricity and levy rates.

Balwin apartments are now registered as EDGE Advanced; partnering with Balwin is more attractive to both financial institutions and new homeowners, who benefit from double monthly savings as well as owning a home that supports their aspirations for a low carbon, environmentally friendly lifestyle.

CERTIFICATION

Third-party certification in sustainable construction provides a reliable assurance to financial institutions and this received increased focus in the reporting period, with seven Six-Star Green rated buildings in the past year, of which six are also certified Net Zero by the GBCSA and EDGE accreditations on every apartment developed.

Balwin is now pursuing third-party certification in sustainable construction for all new developments.

Recognition was received in the 2021 – 2022 African Property Awards where Greenlee scooped 5-Star Best Social Housing as well as Sustainable Residential Development and Best Social Housing in the 2021 – 2022 International Property Awards.

The group's new head office in Melrose Arch, Johannesburg, was awarded runner-up in the GBCSA's 2021 Awards for Highest Rated Building.

EDGE

The group has registered 37 769 apartments from 19 developments across South Africa for certification under the international rating system, EDGE, the largest number globally in this category. This represents 95% of Balwin's current developments.

All apartments target EDGE Advanced certification which requires 40% or more on-site energy savings and 20% or more savings in water and embodied energy in materials.

EDGE registrations during 2022 comprised 7 996 apartments, with 6 990 being awarded EDGE Advanced.

EDGE registrations

	Total	2022
Registered	37 769	7 996
Preliminary received (EDGE)	7 658	422
Preliminary received (EDGE advanced)	6 990	6 990

BUILDING A SUSTAINABLE FUTURE CONTINUED

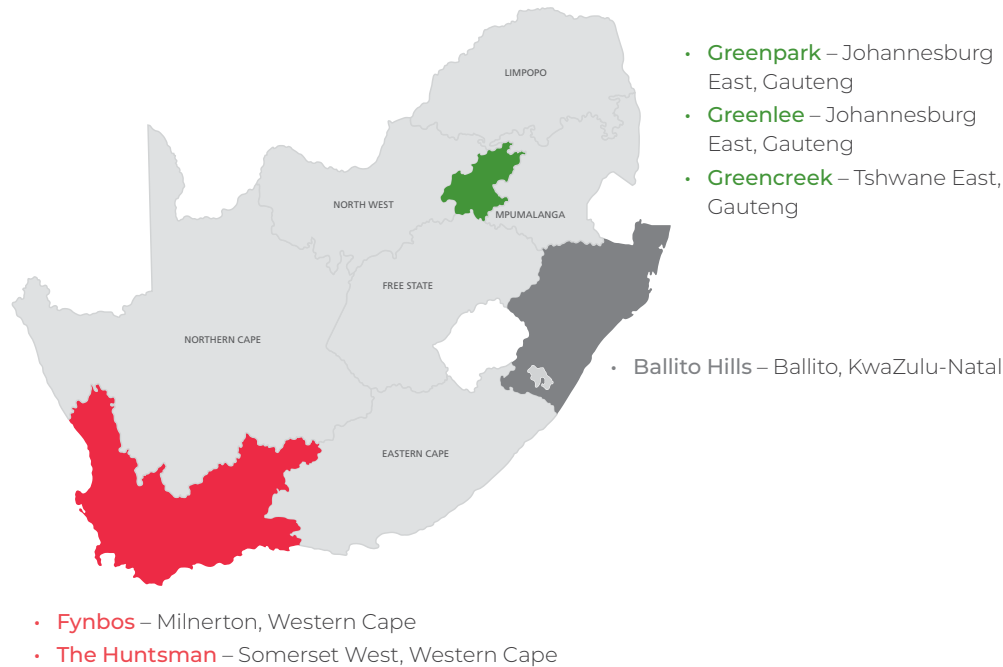
GREEN STAR

A lifestyle centre is the heart of each development. They provide opportunities for green building excellence through Six-Star Green ratings, which recognise world leadership in sustainable building and design. In addition, they target the more ambitious Net Zero rating from the GBCSA. There was a significant increase in the number of buildings granted both these ratings in the current year.

	Ratings in 2022	Ratings in 2021
Six-Star Green rating	7*	2
Net Zero Carbon	6	1

*Includes new head office

The following lifestyle centres achieved Six-Star Green rating and Net Zero certifications during the past year:



Lifestyle centres provide residents with extensive amenities such as pools and outdoor gyms, a restaurant and fresh produce store with a kitchen garden, co-working, and exhibition spaces alongside children’s play areas. At heart, though, these “green barns” inspire change towards a more sustainable, healthier lifestyle.

Green interventions are showcased, normalising their use and underlining their value and importance. This ranges from solar panels that are angled to be visible, to signs and live monitoring of, for example, energy generation and usage that both engage and inform visitors.

See “Building smart” for more information on how Balwin secures future value through responsible development with regards to carbon emissions reduction, energy, water and environmental impact.

2 BUILDING INCLUSION

for local development



SDGs:

- 4 – Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- 8 – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



BUILDING A SUSTAINABLE FUTURE CONTINUED

SOCIAL IMPACT

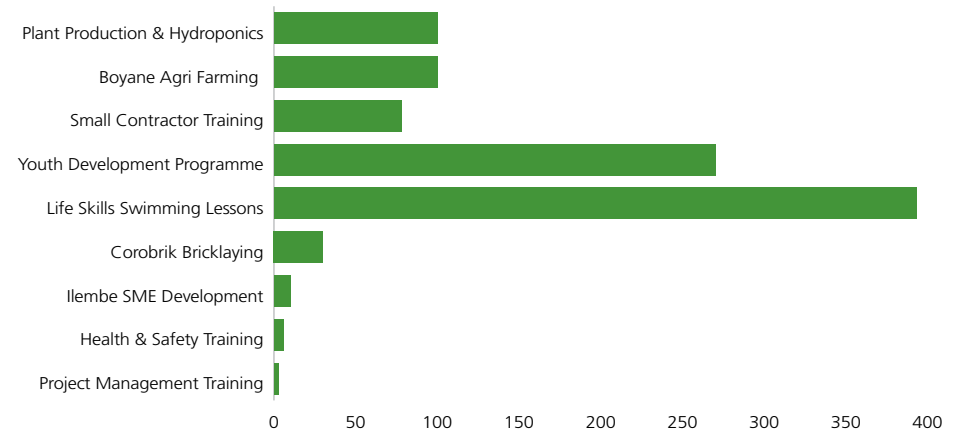
The group donates funds from the sale of every apartment to The Balwin Foundation, where a dedicated team distributes these resources within local communities to help create a sustainable, equitable and prosperous society for all.

Socio-economic spend for the 2022 financial year covered:



Over 960 people including youth, elderly, SMMEs, unemployed and Balwin employees and family members, have benefited from Balwin Foundation's training and skills development programmes in the past year. Women, girls and the disabled are included in these upliftment programmes.

**Skills Beneficiaries:
March 2021 to February 2022**



The annual Balwin Charity Drive raised R1.6 million in 2021, enabling R100 000 to be donated to 16 charities across South Africa, who together address all 17 of the SDGs.



Balwin's corporate social investment (CSI) projects are aligned with five SDGs.



BUILDING A SUSTAINABLE FUTURE CONTINUED

Reducing poverty, supporting learning and promoting gender equality



Balwin mobilises and empowers rural communities through employing local community members along with providing skills training and SME development directly and with partners. The group's Small Contractor Online Training Programme is popular, with over 80 people trained since March 2021.



Through an ongoing collaboration with Corobrik, a further 30 people completed a nine-week bricklaying programme, including an all-female cohort of 10 women from the Blackburn community in KwaZulu-Natal (KZN).

Balwin invests in lives and futures by funding educational institutions and local schools, through bursaries to 37 students, scholars, and disabled learners, and through learnerships.

The structured learnership programme saw nine unemployed and nine employed learners – including five with disabilities – further their studies in the fields of business administration, management and project management, gaining valuable work experience.

A total of 270 youth took part in various development programmes run in partnership with various NGOs across South Africa to develop a resilient generation able to challenge the growing unemployment rate. These range from personal development to entrepreneurship programmes.



100 Grade 10 and 11 learners from Tshwane benefited from The Get Set Trust's training and development of essential skills, provision of continuous support as well as exposure and access to opportunities.



40 high risk youth from Mamelodi, Eersterust and Bronkhorstspuit communities underwent psycho-social intervention through the National Youth Development Outreach's Rise & Shine Adolescent Life Skills Programme to develop resiliency skills and create positive behaviour patterns.

Fighting hunger and environmental degradation



The group supports various organisations feeding the poor and homeless and works with environmental organisations on the education of youth and the unemployed in agriculture and environmental sectors, including establishing vegetable gardens and organic waste management systems along with funding community food kitchens.



200 attendees from the Western Cape and KZN completed compost and vegetable farming training.



Through an ongoing collaboration with Corobrik, a further 30 people completed a nine-week bricklaying programme, including an all-female cohort of 10 women from the Blackburn community in KwaZulu-Natal (KZN).

Supporting healthy lives and well-being



By partnering with organisations such as the SA Medical & Education Foundation and Miles for Smiles, Balwin hosts free CPR and fitness training courses at Balwin lifestyle centres as well as supports various youth sports development programmes and life skills such as swimming and water safety training.

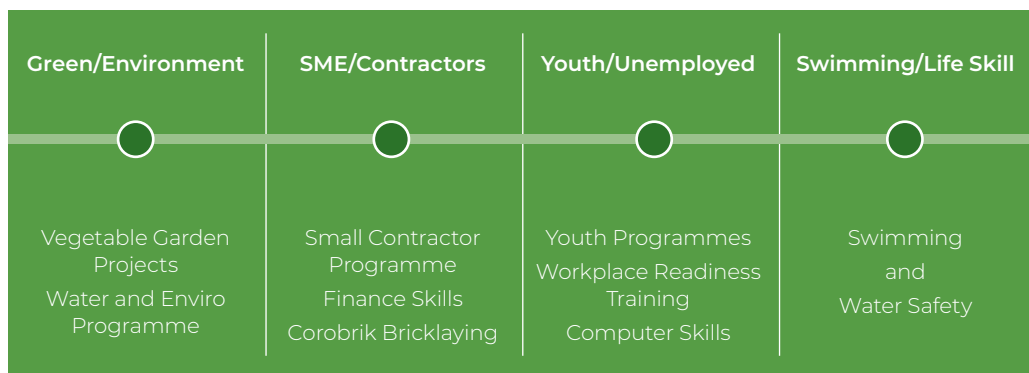


Over 300 people are on or have completed our swimming and water safety programmes across South Africa.

BUILDING A SUSTAINABLE FUTURE CONTINUED

Future focus

The Balwin Foundation focus areas for the 2023 financial year are:



ECONOMIC IMPACT

Balwin's positive economic impact extends far beyond shareholders to include B-BBEE suppliers and SMEs through its enterprise development and supplier development programme.

An R11.5 million initiative was launched in the 2021 financial year.

Ten B-BBEE level 1 companies in the construction industry were granted loans to fund business growth. The funding was used to expand teams, purchase equipment and meet other needs to enable them to compete for contracts.

Four of these businesses are now suppliers to Balwin. One of the businesses, a more established brick company, was engaged for more meaningful development. The Balwin loan partially funded a second clay brick kiln that increased the company's capacity by two million units per month as well as appointing more employees.

Three of the ten loans, totalling R1.4 million, were converted to grants. In order to accommodate recipients burdened by the economic pressures from the Covid-19 pandemic, repayments for the remaining loans were deferred to 2023.

2 BUILDING SMART

for low carbon future



SDGs:

7 – Ensure access to affordable, reliable, sustainable and modern energy for all
13 – Take urgent action to combat climate change and its impacts

EMISSIONS REDUCTION

In recognition of its commitment to responsible business, Balwin measured its GHG inventory, or carbon footprint, for the first time in the 2021 financial year to identify the most relevant climate change risks and opportunities, and to benchmark the group's emission producing activities. The data for the 2022 carbon footprint has not yet been published.

It is important to note that the Covid-19 lockdown heavily restricted operations and the group's emissions in 2021 are therefore lower than would have been the case outside of a pandemic environment. In addition, the 2021 Category 4 data was mainly based on estimates. The 2022 data was adjusted in line with emissions data received from suppliers that were much lower, mainly due to the high amount of recycled material in many of the key products used. The 2022 data is therefore a more reliable representation of the group's true baseline, although it has not yet been verified by a third party.

Balwin GHG inventory

(based on SANS14064-1:2021)

Category	2022 emissions (tCO ₂ e)	2021 emissions (tCO ₂ e)
Category 1: Direct GHG emissions and removals	1 010	443
Category 2: Indirect GHG emissions from imported energy	2 954	3 760
Category 3: Indirect GHG emissions from transportation	1 506	1 164
Category 4: Indirect GHG emissions from products used by an organisation	44 967	316 368
Category 5: Indirect GHG emissions associated with the use of products from the organisation	795	787
Category 6: Indirect GHG emissions from other sources	5 094	2 808
Total calculated	56 327	325 330

The total carbon emissions for the group in 2022 (unverified) amounts to 56 327 tCO₂e compared to 325 330 tCO₂e in 2021.

The largest portion of Balwin's emissions remains associated with the production of their purchased products (indirect emissions, or Scope 3 under the Greenhouse Gas Protocol). These emissions account for 98.21% of the total calculated emissions or 55 316 tCO₂e.

The most significant contributing products are:

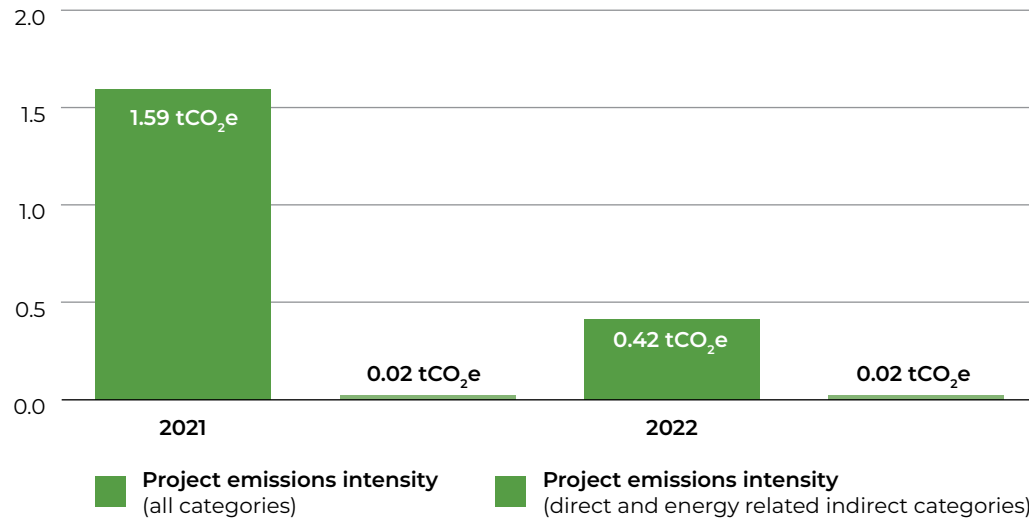
1. Purchased goods and services
2. Contractor services

BUILDING A SUSTAINABLE FUTURE CONTINUED

Contribution of materials to CO₂e during 2022

Another useful way to track the impact of reduction strategies is the intensity of emissions, in this instance calculated as the amount of carbon emissions per sellable m² completed.

Balwin intensity metrics



The impact of the pandemic on the rate of completion and handover along with adjusting supplier emissions data is clear, as carbon emissions per sellable unit was reduced considerably in 2022.

The outcome also illustrates the positive impact on carbon emissions resulting from compliance with EDGE, Green Star and especially Net Zero certification: from climate-smart design that reduces energy needs to energy efficient fittings and appliances, solar panels and smart metering, to choosing materials with recycled content with lower embedded carbon and more. Prioritising locally procured services and products further contributes to emission reductions.

CO₂e Saving

The carbon emissions saved every month in just one average EDGE development of 1 300 apartments is

197 ton CO₂ or driving 25 times around the world in an average car

Building materials for Net Zero lifestyle centres are carefully selected to ensure a high recycled/reused content, with Balwin committing to using steel with over 90% recycled content, and more than 1% of their contract value being made up of materials with recycled content, which all contribute to better resource use and lower embodied carbon.

The total carbon emissions avoided during 2022 through the use of solar PV equates to 4 671tCO₂e.

ENERGY EFFICIENCY

Balwin is likely to experience indirect carbon tax impacts, via increased electricity and fuel tariffs, as noted in the 2021 carbon footprint report. Indirect carbon tax on electricity is expected to carry the greatest financial impact. These impacts will be felt during the phasing out of allowances from 2023 to 2030.

The group tracks electricity usage to monitor usage and the impact of interventions.

Grid (municipal) electricity use amounted to 23 516 612 kWh, excluding residents' usage, which amounted to 22 380 746 kWh. The latter is not considered for the group's carbon footprint reporting.

Energy source	2022 Quantity	Unit
Municipal total	23 516 612	kWh
Solar total	4 505 163	kWh
Residents total*	22 380 746	kWh
Developments total**	28 021 775	kWh
Common property	56 410 29	kWh
Construction	139 801	kWh
Offices	469 556	kWh

* not included for carbon footprint calculation

** only municipal electricity considered for carbon footprint

BUILDING A SUSTAINABLE FUTURE CONTINUED

20% of electricity on developments coming from PV

* Includes PPA and Balwin installed PV

20%

Installing photovoltaic (PV) systems forms the backbone of Balwin's energy efficiency strategy, and currently accounts for 20% of energy used in developments.

Period	Total PV electricity produced	GHG emissions avoided	Percentage of energy from solar
2020/21	3 327.9 MWh	3 593.92 tCO ₂ e	22
2021/22	4 505 MWh	4 671 tCO ₂ e	20

In 2022, 1.6MWp of PV systems were installed across nine sites around the country, part of over 10MWp of PV planned for installation on current sites. This practice significantly reduces the group's carbon emissions.

SOLAR PV INSTALLED

2021 963.2 kW

2022 1 600 kW

An additional seven sites have PV installed as part of a power purchase agreement.

Renewable energy generation is supported by prioritising energy efficiency in construction and operations:

The systems at the two Crystal Lagoons consume only 2% of the energy needed by conventional swimming pool filtration systems.

On the residential side, appliance specifications require a minimum energy efficiency rating of A, but include a number of A+++ ratings.

Electricity Saving

The electricity saved every month in just one average EDGE development of 1 300 apartments is

209 MWh CO₂ or enough to power
633 standard (non-EDGE) 2-bed apartments for a month



WATER CONSERVATION

Similar to energy efficiency, water conservation is a central theme in Balwin's sustainable development approach. Water is a scarce resource in South Africa, as highlighted by intermittent droughts and accompanying water restrictions. Water shortages and "water-shedding" are expected to increase over the next five years, while the cost of water is expected to increase rapidly.

The group tracks municipal water usage to monitor the impact of interventions. This amounted to 892810 kL across developments.

Water source	2022 Quantity	Unit
Municipal total	892 810	kL
Residents total*	617 102	kL
Developments total	892 810	kL
Common property	275 708	kL
Construction	59 169	kL
Offices	19 754	kL

Building capacity to minimise the amount of potable water used forms the backbone of Balwin's water conservation strategy. Irrigation, construction and toilet flushing are all applications that can utilise grey water, or black water treated to an acceptable level. Balwin is pursuing the implementation of black water treatment plants in its developments.

Irrigation demand is reduced through water-wise, indigenous planting and drip irrigation.

BUILDING A SUSTAINABLE FUTURE CONTINUED


The Crystal Lagoon at The Blyde uses 30 times less water than a golf course and 50% less water than a park of the same size. During hot days, a molecular film is added to the water to reduce evaporation by an additional 50%. It fully complies with stringent international physicochemical and microbiological water quality standards.

On the construction side, low flow taps, showers and toilets are standard specifications to increase water efficiency.

Water Saving

The water saved every month in just one average EDGE development of 1 300 apartments is

**3 ML or enough to fill
1 Olympic swimming pool**



WASTE REDUCTION

Balwin aims to significantly reduce its waste to landfill through recycling or composting and donations (where appropriate, for example at construction sites).

As for energy and water, the quantities of waste sent to landfill and recycled are tracked year-on-year.

As part of sustainable building certification requirements, construction waste is responsibly managed so it can be appropriately discarded or reclaimed, while site managers often contribute to these efforts by donating waste materials or remnants that can still be useful to community organisations. More specifically, building rubble is crushed and reused on-site and packaging waste is recycled. Recycling areas are included in all lifestyle centre designs.

ENVIRONMENTAL IMPACT

To ensure that the natural environment is not harmed in any way during construction, Balwin obtained certification from the International Organisation for Standardisation (ISO) ISO 14001 – Environmental Management along with ISO 45001 – Health and Safety. During the reporting year there was a high level of environmental compliance across all construction sites nationally, with no significant environmental incidents being recorded.

Harmful chemicals are managed in two ways: the Crystal Lagoon at The Blyde uses up to 100 times less chemicals than conventional swimming pool or drinking water treatment technologies, while all gaseous and fire suppression systems and thermal insulants used for lifestyle centres have an ozone depleting potential (ODP) of zero, to eliminate any contributions to long-term damage to the earth's stratospheric ozone layer.

Less tangible, but equally impactful, is how nature is incorporated into the design of the developments to enhance sustainable living: from indigenous landscaping that supports the preservation of biodiversity, to food gardens at the lifestyle centres to grow vegetables for the restaurant and the convenience retail outlet – all of which provides habitat for pollinators.

GOLD FOR NEW HEAD OFFICE

The group's new head office in Corlett Drive, Johannesburg, has undergone refurbishment to make the building fit for purpose when the group takes occupation of the building in the upcoming financial year.

The building was the runner-up in the highest rated building category of the 2021 GBCSA awards. The project achieved a Six-Star Gold Star Office Rating for Design and will target an As Built as well as Net Zero Carbon ratings.

Sited on previously developed land, the building reused 100% of the original structure. New additions include rooftop PV, and durable, Forest Stewardship Council-certified Accoya timber fins to reduce glare and heat exposure.





CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT CONTINUED

COMMITMENT TO CORPORATE GOVERNANCE

Balwin is committed to applying high standards of corporate governance and ethical practice to ensure the sustainability of the business and to contribute to long-term value creation for stakeholders.

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 ethics practices.

In addition, the board charter outlines the scope of authority, responsibility, composition and functioning of the board and confirms the main role of the board including the following:

- 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 board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.

The roles of the board chairman, Hilton Saven, and the 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 management 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 have unrestricted access to all company information.

APPLICATION OF KING IV

The directors confirm that the group has in all material respects applied the principles of the King IV Report on Corporate Governance (King IV) throughout the 2022 financial year. The group's application of the King IV principles is detailed on the website www.balwin.co.za.

ROLE OF THE BOARD

The board is elected by shareholders and the directors are accountable to shareholders for the governance of the group. As outlined in the board charter, the board exercises leadership by steering the company and setting its strategic direction, approving policy and planning to deliver the strategy, overseeing and monitoring implementation and execution by management, and ensuring accountability and responsibility for company performance.

BOARD FOCUS AREAS

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

- Continued oversight of cash flow and capital allocation through the approval of the treasury policy and the establishment of the treasury committee, encompassed within the oversight of the audit and risk committee and reporting directly to the board.
- Approving the group's annual budget including setting of detailed key performance indicators (KPIs) for the business and management that are aligned to the strategy.
- Endorsing the Black Economic Empowerment (BEE) transaction, demonstrating the company's commitment to transformation and advances in respect of empowerment objectives.
- Supporting the diversified funding strategy and broadened funding base of the company to pursue growth opportunities.
- Overseeing the ongoing improvements in the implementation of information and communications technology, particularly through the digital enhancements of customer-facing platforms to enhance client service.
- Enhancing corporate governance processes and practices by updating and improving policies and ensuring alignment with recommended practices of King IV and legislation.
- Strengthening the experience and expertise of the board and its committees through the appointment of a new director to the board

and new members on the remuneration and nominations committee and transaction committee.

- Focus on the annuity income businesses and potential contribution of these businesses to the group's strategy.

FOCUS AREAS FOR 2023 FINANCIAL YEAR

- Ensure the continued commitment to environmental, social and governance (ESG) priorities through the endorsement of the ESG policy to integrate ESG risks and opportunities into the company's activities, businesses, and relationship with stakeholders and thereby having a positive impact on the environment, society and economy.
- Ensure that employee wellbeing remains a priority.
- Ongoing focus on effective stakeholder engagement.
- Continued oversight of cash management, capital allocation, debt management, risk thresholds and going concern principles, through the implementation of the treasury function and guidance of the treasury committee, which would also support the growth of the company.
- Drive improved transformation throughout the group, with a specific focus on improving the overall Broad-Based Black Economic Empowerment (B-BBEE) rating and progress against B-BBEE pillars in accordance with the B-BBEE strategy.
- Keeping abreast of advancements and developments relevant to governance, legislation and the business through continuous training and briefings.

CORPORATE GOVERNANCE REPORT CONTINUED

BOARD COMPOSITION

The board comprises ten directors, with seven independent non-executive directors, one non-executive director and two salaried executive directors who are all independently minded individuals.

During the reporting period, Duncan Westcott, an independent non-executive director and member of the audit and risk committee, passed away on 19 August 2021. During his tenure, Duncan had made a considerable contribution to the board through his vast financial and audit experience.

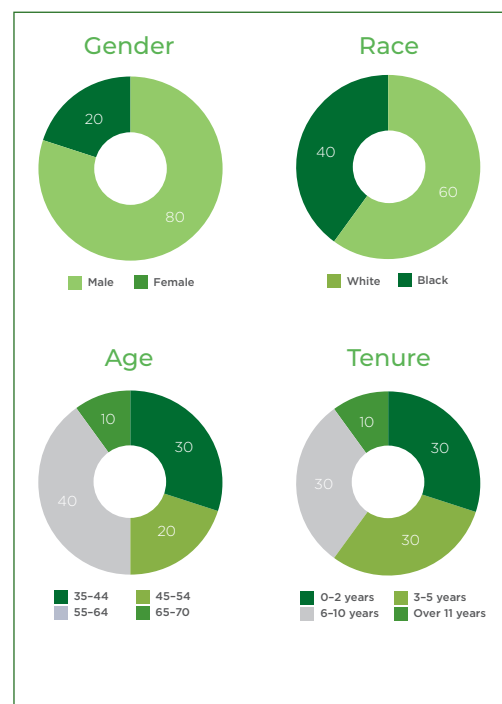
Following the shareholder approval of the BEE transaction on 6 September 2021, the skills and experience on the board were enhanced with the appointment of Reginald (Reggie) Kukama as a non-executive director with effect from 19 October 2021. Reggie has extensive qualifications, skills and technical expertise in project management and in a number of aspects related to the property industry.

After the reporting period, Jonathan Weltman resigned as chief financial officer and executive director, effective from 31 March 2022, due to health reasons. The board appointed Jonathan Bigham as chief financial officer and executive director, in line with the company's succession planning, with effect from 1 April 2022. Jonathan Bigham has also been appointed as a member of the social, ethics and transformation committee with effect from 1 April 2022 and will continue to be a member of the treasury committee in the capacity as chief financial officer.

Balwin remains committed to achieving increased board diversity, particularly relating to gender and race representation

of the board over time, in alignment with its board diversity policy, inclusive of voluntary targets, as approved and updated during the reporting period. The board is satisfied that its composition reflects an appropriate mix of knowledge, skills, experience and independence, ensuring a balance of power and authority as reflected in the board charter and delegation of authority framework.

BOARD PROFILE



BOARD INDEPENDENCE

Seven of the non-executive directors, including the chairman, are classified as independent in terms of King IV. During the reporting period, Ronen Zekry had been reclassified as an independent non-executive director, with effect from 17 August 2021, from the previous classification as a non-executive director, subsequent to the annual review of the classification of directors. The remaining non-executive director, Reggie Kukama, is not categorised as independent given his participation in the BEE SPV, Tatovect (RF) Proprietary Limited, which has a significant shareholding in the group following the conclusion of the BEE transaction.

The classification of all non-executive directors is reviewed on an ongoing basis by the remuneration and nominations committee. Factors which could impact on the independence of directors are considered, including those contained in King IV and the JSE Listings Requirements.

BOARD APPOINTMENT

The appointment of directors is undertaken in a formal and transparent manner by the board, assisted by the remuneration and nominations committee. The group has a formal induction programme for new directors. The appointments of any new directors are subject to election by shareholders at the following annual general meeting.

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 August 2022, Ronen Zekry, Thoko Mokgosi-Mwantembe and Kholeka Mzondeki will retire from office and are eligible for re-election.

Kholeka Mzondeki will not be making herself available for re-election. Ronen Zekry and Thoko Mokgosi-Mwantembe have confirmed their willingness to continue to serve as directors.

Brief professional profiles of these directors appear on pages 20 and 21.

The nomination process to fill the vacancy on the board due to the retirement of Kholeka Mzondeki at the annual general meeting is underway, through the remuneration and nominations committee, for appointment by the board in accordance with the provisions of the memorandum of incorporation. Furthermore, in respect of Kholeka's membership on board committees, the nomination process will also seek to fill the vacancies on the audit and risk committee and the social, ethics and transformation committee. In terms of section 94(6) of the Companies Act, the board must appoint a person to fill the vacancy on the audit and risk committee within 40 business days after the vacancy arises.

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

CORPORATE GOVERNANCE REPORT CONTINUED

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 accordance with the amended JSE Listings Requirements, the board has approved a board diversity policy to promote broader diversity at board level comprising gender, race, culture, age, field of knowledge, skills and experience. The board intends to analyse the current board diversity based on these criteria in order to guide any future appointments. The board has set a voluntary target of at least 20% of directors to be female and 30% black, which will also be reviewed in the following financial year.

BOARD EVALUATION

In accordance with the board charter, a formal evaluation of the board and its committees is conducted every second year. Accordingly, the board evaluation will be undertaken in the 2023 financial year.

Board and committee meeting attendance

	Board	Audit and risk	Remuneration and nominations	Social, ethics and transformation	Transaction	Treasury
Number of meetings	7	3	2	3	2	1
Hilton Saven	7/7*		2/2	3/3	2/2*	1/1*
Tom Amosun	7/7	3/3			2/2	
Stephen Brookes	7/7			3/3	2/2	
Thoko Mokgosi-Mwantombe	6/7		2/2	3/3*		
Kholeka Mzondeki	7/7	3/3*		3/3		
Julian Scher	6/7				2/2	
Arnold Shapiro	7/7	3/3	2/2*		2/2	
Jonathan Weltman	7/7			3/3		1/1
Duncan Westcott [^]	4/4	1/1				
Ronen Zekry	7/7		2/2		2/2	1/1
Reggie Kukama [#]	1/1				1/1	

* Chairperson

[^] Passed away 19 August 2021

[#] Appointed 19 October 2021

Background details on the directors appear on pages 20 and 21.



BOARD OVERSIGHT

The directors have delegated governance responsibilities to board committees to assist the board in meeting its oversight requirements. The composition of board committees conforms to the recommendations of King IV and all committees are chaired by independent non-executive directors.

To ensure the committee structure is efficient and effective, both the audit committee and

risk committee, and the remuneration and nominations committee function as single committees. The meeting agendas for these committees are divided into separate sections to ensure each discipline is adequately covered.

During the reporting period, the board approved the establishment of a treasury committee, comprising non-executive directors and executive management, to provide additional oversight of the management of treasury risks and the

adherence to the group's risk thresholds and risk management functions within the treasury environment. The committee reports to the audit and risk committee on treasury risk matters and reports directly to the board in the fulfilment of its responsibilities.

All the committees confirm that they have functioned in accordance with their terms of reference for the reporting period. The composition for each committee is reflected in accordance with the reporting period.

AUDIT AND RISK COMMITTEE

Composition

Chairperson

Kholeka Mzondeki

Members

Tomi Amosun

Arnold Shapiro

The external auditor, internal auditor, CEO, CFO, executive management and finance management attend meetings by invitation.

Role and responsibilities

Audit

- 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. This would include the consideration of all the entities in the group in the consolidated group annual financial statements.
- 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.
- Make necessary statements as required by the JSE in respect of annual financial statements when made available.

Risk

- Ensure that significant business, financial, legal and other risks are identified and managed.
- Overview of the development of the enterprise-wide risk management process, including enhancement of policies and procedures.
- Ensure the group assets are safeguarded.
- Ensure appropriate information and technology governance, and controls are designed and implemented.
- Consideration of reports of internal and external audit with reference to business risk management.
- Maintain satisfactory standards of governance, reporting and conformance with King IV and JSE Listings Requirements.

The audit and risk committee is appointed by the board annually and elected 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, and the finance function, and concluded that these were satisfactory.

Refer to the audit and risk committee report in the annual financial statements for more information.

REMUNERATION AND NOMINATIONS COMMITTEE

Composition

Chairperson

Arnold Shapiro

Members

Reggie Kukama (appointed 19 October 2021)

Thoko Mokgosi-Mwantembe

Hilton Saven

Ronen Zekry

The CEO, CFO and executive management attend meetings by invitation.

Role and responsibilities

Remuneration

- Ensure the group has a fair and competitive remuneration policy which attracts and retains high calibre employees.
- Ensure the remuneration policy and implementation report is put to a non-binding advisory vote at the annual general meeting of shareholders.
- 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.

Nominations

- Review the structure, size and composition of the board and committees.
- Identify and nominate candidates for appointment as directors.
- Oversee induction and training of directors, and conduct biennial performance review of the board and committees.
- Consider independence and classification of directors.
- Ensure that there is formal succession planning for the board, committees and executive management.

Refer to the remuneration report on pages 84 to 93 for more information.

CORPORATE GOVERNANCE REPORT CONTINUED

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

Composition

Chairperson

Thoko Mokgosi-Mwantembe

Members

Kholeka Mzondeki
 Hilton Saven
 Stephen Brookes (CEO)
 Jonathan Weltman (CFO)
 (resigned 31 March 2022 and replaced by Jonathan Bigham on 1 April 2022)

Other members of management attend meetings by invitation.

Role and responsibilities

- Monitor the group's activities relating to social and economic development, environmental sustainability, stakeholder and consumer relationships, labour and employment issues, and health and safety in accordance with applicable legislation and standards.
- Monitor adherence to corporate citizenship principles and ethical standards.
- Ensure the group's interactions with stakeholders are guided by legislation and regulation.
- Monitor transformation and B-BBEE progress.

Refer to the social, ethics and transformation committee report on pages 94 to 95 for more information.

TRANSACTION COMMITTEE

Composition

Chairperson

Hilton Saven

Members

Tom Amosun
 Stephen Brookes (CEO)
 Reggie Kukama (appointed 19 October 2021)
 Julian Scher
 Arnold Shapiro
 Ronen Zekry

The MD, CFO and executive management attend meetings by invitation.

Role and responsibilities

- Consider and approve proposed major transactions.
- Evaluate land acquisitions relative to the group's financial and working capital position, risk thresholds and strategic objectives.

TREASURY COMMITTEE (reporting to audit and risk committee and board)

Composition

Chairperson

Hilton Saven (appointed 8 February 2022)

Members

Ronen Zekry (appointed 8 February 2022)
 Jonathan Weltman (CFO)
 (appointed 8 February 2022 and resigned 31 March 2022)

Additional members from executive management

Jonathan Bigham
 (appointed 8 February 2022)
 Rodney Gray (appointed 8 February 2022)

The CEO and specialist advisors attend meetings by invitation.

Role and responsibilities

- Oversight of management of treasury risks in accordance with treasury policy.
- Review matters relevant to treasury activities and directs treasury management regarding required reporting and information flow requirements.
- Evaluate and provide guidance on sources of funding and the group's funding strategy.

COMPANY SECRETARY

The directors are satisfied that the company secretary, FluidRock Co Sec Proprietary Limited, is suitably qualified, competent and experienced to perform the role. There is an arm's-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. During the year, the group complied with its memorandum of incorporation in full.

LEGISLATIVE COMPLIANCE

Legislative and regulatory compliance is monitored by the head of legal. There were no cases of material legislative or regulatory non-compliance and no penalties or sanctions were imposed on the group or any of its directors or officers during the year.



REMUNERATION REPORT



PART I: STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Balwin 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 contributions, and encouraging superior performance.

The remuneration report for the 2022 financial year sets out our remuneration policy on pages 86 to 90 as well as detailed disclosure on the implementation of our remuneration policy on pages 90 to 92.

We continue to enhance our remuneration policy and framework in line with the King IV Report on Corporate Governance in South Africa (King IV) to give effect to the principles of fair, responsible and transparent remuneration. This report focuses mainly on the remuneration of executive directors, prescribed officers and non-executive directors.

REMUNERATION GOVERNANCE

The board has delegated the governance and oversight of remuneration-related issues to the remuneration and nominations committee (the committee). Reggie Kukama was appointed to the committee following his appointment as a non-executive director of the group on 19 October 2021.

The directors confirm that the committee discharged its duties in terms of its mandate in the reporting period and addressed specific issues to align remuneration practices with enhanced corporate governance standards. The following key issues were addressed during the year:

Remuneration

- Amended the weighting for performance measures in the company's balanced scorecard for incentive schemes;
- Developed a minimum shareholding requirement policy for executives;
- Reviewed the implementation of the remuneration policy and strategy for the 2022 financial year;
- Reviewed and updated the remuneration policy in line with best practice and governance standards;
- Approved the allocation of the short-term incentives as well as the long-term bonus share allocations for the 2022 financial year;
- Recommended increases in non-executive director fees aligned to external benchmarking; and
- Evaluated shareholder concerns raised in relation to the company's remuneration policy.

REMUNERATION REPORT CONTINUED

Nominations

- Reviewed the classification of the independence of all non-executive directors and reclassified Ronen Zekry as an independent non-executive director;
- Developed a board induction and training policy; and
- Nominated Reggie Kukama for appointment as a non-executive director and, subsequent to the end of the reporting period, oversaw the resignation of Jonathan Weltman as chief financial officer and an executive director for medical reasons and the nomination of Jonathan Bigham as his successor.

FUTURE AREAS OF FOCUS

In the 2023 financial year the committee plans to address the following:

- Continue to review the company's remuneration policy to ensure adherence to best practice and governance standards;
- Monitor the implementation of the remuneration policy;
- Overview of the benchmarking exercise on executive remuneration as performed by an independent external party;
- Continue to ensure fair and responsible remuneration that attracts, retains and motivates talented employees and encourages superior performance;

- Overview of the formal evaluation of the performance of the board and its committees;
- Review and approval of the metrics that form part of the balanced scorecards for the company, including the financial and non-financial measures;
- Recommendation of the non-executive director fees for approval by shareholders aligned to external benchmarking; and
- Review and approval of the short-term incentives payable and long-term incentives to be awarded for the 2023 financial year.

EXTERNAL REMUNERATION ADVISORS

The committee seeks independent advice from external remuneration advisors to ensure that our remuneration policy and the implementation thereof are informed by market-related data, current industry and general best practice remuneration trends. During the year, the company engaged with independent remuneration advisers, PricewaterhouseCoopers, as well as enlisting the services of an independent external human capital consultant, Farol Consulting, to advise and assist with various remuneration matters. The committee is satisfied that the services rendered by these external advisors were at all times independent and objective.

VOTING AND SHAREHOLDER ENGAGEMENT

Balwin encourages engagement with shareholders on remuneration-related matters to actively promote fair, responsible and transparent remuneration policies, implementation and remuneration reporting. The remuneration policy and the remuneration implementation report are proposed for separate non-binding advisory votes by shareholders at the AGM each year.

At the AGM in August 2021, 94.17% (2020: 90.89%) of shareholders who voted supported the remuneration policy and 94.25% (2020: 95.68%) supported the implementation report in non-binding advisory votes.

In line with the requirements of King IV, the group undertakes to engage 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.

Owing to the overwhelming support for the two non-binding advisory votes, no engagement process was required. One of the group's institutional shareholders advised that it had voted against the remuneration

policy due to insufficient detail being disclosed on the weightings of targets for the long-term incentive scheme. The shareholder therefore also voted against the implementation report as a result of not endorsing the remuneration policy.

The committee noted the concern of the shareholder and believes that the additional disclosure of the weightings of the financial and non-financial performance conditions in the company's balanced scorecard in the 2022 report provides further insight into the basis on which short-term incentives are awarded.

The committee 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 nominations committee

REMUNERATION REPORT CONTINUED

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 equality;
- 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; and
- 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:

- Achieve market competitiveness within specific property development markets;
- Ensure that performance management plays an integral part in 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; and
- Promote an ethical culture and responsible corporate citizenship.

FAIR AND RESPONSIBLE REMUNERATION

As a responsible corporate citizen the group recognises 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.

MALUS AND CLAWBACK PROVISIONS

In line with best governance practice, malus and clawback clauses are included in all variable pay awards for executive directors and prescribed officers.

The committee has the discretion to apply malus to unvested awards under the long-term incentive schemes to cancel or reduce the quantum of an award if, in the judgement of the committee, a trigger event has occurred during the vesting or financial period.

In the case of early termination of employment during the vesting period of an award, the committee will consider whether a trigger event arose between the award date and the date of termination of employment.

A clawback provision may be applied to recover vested awards under the short-term and long-term incentive schemes on a pre-tax basis following the occurrence of a trigger event. The clawback period will run for three years following the vesting of awards.

Malus and clawback provisions will be applied in cases which include:

- Misbehaviour, dishonesty, fraud or gross misconduct;
- A material misstatement of the financial results for the performance or employment period of the award, resulting in an adjustment on the audited consolidated financial statements of the group;
- The assessment of any performance metric or condition (where applicable) in respect of an award which was based on error, or inaccurate or misleading information;
- Any information used to determine the quantum of a short-term incentives (STIs) or long-term incentives (LTIs) award was based on error, or inaccurate or misleading information; and
- Events or behaviour of the employee that had a significant detrimental impact on the reputation of the group.

MINIMUM SHAREHOLDING REQUIREMENT

The group will implement a minimum shareholding requirement (MSR) policy in the 2023 financial year to align the interests of executives with shareholders in order to drive sustained, long-term growth in shareholder value.

The MSR will apply to executive directors and all members of the executive committee. The executives will be required to hold shares to at least the equivalent value of their annual cash salary. The shares can be accumulated over five years from the introduction of the policy or from the date of appointment to the executive committee. The shares are required to be held directly by the executive and unvested conditional share plan (CSP) awards are not included. Executives may satisfy the MSR by purchasing shares using after-tax bonuses or by retaining shares that have vested in terms of the CSP.

REMUNERATION STRUCTURE

The remuneration mix varies according to employee position and seniority. As a guideline, senior employees should have a higher proportion of variable, incentive-based 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 includes STIs and LTIs.



REMUNERATION REPORT CONTINUED

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 the executives, may receive a discretionary 13th cheque in December. The 13th cheque is not subject to the achievement of defined financial results nor is a formal individual performance evaluation conducted, however, the payment of the 13th cheque is at the discretion of executive management subject to the overall satisfactory performance of the employee. 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, cash management measures as well as certain non-financial performance conditions that are aligned with the group's strategy (collectively referred to as the group STI scorecard). Senior management: A cash payment of up to a two-month bonus may be made, based on the achievement of the group's financial target as well as specific non-financial performance metrics which relate directly to the individual's areas of responsibility. The STI is separate from the discretionary 13th cheque that is not subject to financial performance of the company (refer to the Benefits and/or allowances remuneration component). Employees: A cash payment of up to a two-month bonus may be made based on the achievement of pre-defined financial targets of the group and individual performance. The STI is separate from the discretionary 13th cheque that is not subject to financial performance of the company (refer to the Benefits and/or allowances remuneration component).
LTI	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.



REMUNERATION REPORT CONTINUED

GUARANTEED REMUNERATION

Executive directors, along with all employees, receive guaranteed remuneration which includes a cash salary and benefits. 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.

Salaries are reviewed annually in June. Increases in guaranteed remuneration are determined taking into account the company's performance and liquidity, an employee's remuneration relative to the market and individual performance as well as the level of increases applied across the business.

VARIABLE REMUNERATION: STIs

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

STI participant	Annual bonus opportunity
Executives	<p>A bonus payment is based on the level of achievement of a net profit before tax target, index performance measures, pre-defined cash management measures as well as certain non-financial performance conditions that are aligned with the group's strategy (collectively referred to as the group's STI scorecard).</p> <p>At least 75% of the group STI scorecard for the financial year must be achieved for an executive to receive a bonus payment. A cap of 125% of the profit target is applied.</p>
Other employees	<p>A one- or two-month bonus may be earned as a STI, based on company results and personal performance or as approved on a case-by-case basis at the discretion of the committee. The bonus scheme is capped at a maximum of a 15th cheque or 25% of the annual basic salary (this includes the value of the 13th cheque payable to employees that is not subject to the achievement of defined financial results, but is subject to an informal individual performance assessment).</p>

The committee approved the following company scorecard in determining company performance for the purposes of the 2022 financial year:

Performance conditions	Weighing of performance conditions
Financial performance condition	70%
Net profit before tax (50%)	
Cash management (10%)	
Index profitability (10%)	
Non-financial performance conditions	30%
Health and safety targets (7.5%)	
Employment equity targets (7.5%)	
Environmental, social and governance targets (7.5%)	
Successful execution of key strategic objectives (7.5%)	

The committee has approved the following company scorecard in determining company performance for the purposes of the 2023 financial year:

Performance conditions	Weighing of performance conditions
Financial performance condition	70%
Net profit before tax (40%)	
Cash management (20%)	
Index profitability (10%)	
Non-financial performance conditions	30%
Safety, health, environment and quality targets (10%)	
Employment equity targets (10%)	
Environmental, social and governance targets (10%)	



REMUNERATION REPORT CONTINUED

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
Chief executive officer (CEO)	38% of package	75% of package	113% of package
Chief financial officer (CFO)	30% of package	60% of package	90% of package
Managing director (MD)*	35% of package	70% of package	105% of package
Chief projects officer (CPO)*	30% of package	60% of package	90% of package

* The MD and CPO are prescribed officers and members 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.

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.

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.	<p>Performance shares are awarded in specific circumstances subject to the discretion of the committee.</p> <p>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 preceding financial year.</p> <p>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.</p>	<p>Any performance condition attached to performance shares shall be objective and representative of a fair measure of performance.</p> <p>These awards are linked to STI performance and therefore no further performance conditions are applicable. These awards are subject to continued employment only.</p> <p>These shares are subject to continued employment only.</p>	Three years and no resetting or retesting of performance targets are allowed.	Shares vest in full on the expiry of the prescribed vesting period (and subject to performance conditions where applicable).

REMUNERATION REPORT CONTINUED

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 in terms of the Companies Act are the two executive directors, the managing director and the chief projects officer. The remuneration of the prescribed officers is disclosed in the remuneration implementation report 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 2023 financial year, which reflect an increase of 6% on the prior year, are subject to approval by shareholders at the AGM in August 2022.

Proposed fees for the year ending 28 February 2023	Fees paid for the year ended 28 February 2022
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Chairperson of the board	R537 800	R507 400
Member of the board	R226 500	R213 700
Chairperson of the audit and risk committee	R226 500	R213 700
Member of the audit and risk committee	R181 300	R171 000
Chairperson of the social, ethics and transformation committee	R181 300	R171 000
Member of the social, ethics and transformation committee	R151 100	R142 500
Chairperson of the remuneration and nominations committee	R181 300	R171 000
Member of the remuneration and nominations committee	R151 100	R142 500
Chairperson of the transaction committee	R197 700	R186 500
Member of the transaction committee	R141 100	R133 100

PART III: REMUNERATION IMPLEMENTATION REPORT 2022

The committee confirms that the remuneration policy has been consistently applied in the 2022 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% (2021: 6.0%) for all employees, including executive directors, effective 1 July 2021.

VARIABLE REMUNERATION: STI

An annual performance bonus totaling R4.6 million will be paid to executives (2021: R4.7 million) based on the achievement of 98% of the approved company scorecard used to determine company performance.



REMUNERATION REPORT CONTINUED

VARIABLE REMUNERATION: LTI

CSP – Bonus shares

Executive management will be awarded bonus shares to the value of R4.6 million (2021: R4.7 million). This was based on the STI achievement and the STI company performance targets as set out on page 88 to 89.

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.

Executives:

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	29 August 2019	30 June 2022	615 355	–	–	–	615 355
	Bonus shares	31 July 2020	30 June 2023	762 071	–	–	–	762 071
	Bonus shares	1 July 2021	30 June 2024	–	773 248	–	–	773 248
CFO	Bonus shares	29 August 2019	30 June 2022	275 037	–	–	–	275 037
	Bonus shares	31 July 2020	30 June 2023	346 924	–	–	–	346 924
	Bonus shares	1 July 2021	30 June 2024	–	343 067	–	–	343 067
Total				1 999 387	1 116 415	–	–	3 115 702

Prescribed officers:

Position	LTI instrument	Date awarded	Vesting date	Opening number	Granted during the year	Settled during the year	Lapsed during the year	Closing number
MD	Bonus shares	29 August 2019	30 June 2022	468 396	–	–	–	468 396
	Bonus shares	31 July 2020	30 June 2023	584 520	–	–	–	584 520
	Bonus shares	1 July 2021	30 June 2024	–	590 338	–	–	590 338
CPO	Bonus shares	9 August 2019	30 June 2022	383 289	–	–	–	383 289
	Bonus shares	31 July 2020	30 June 2023	459 809	–	–	–	459 809
	Bonus shares	1 July 2021	30 June 2024	–	462 236	–	–	462 236
Total				1 896 014	1 052 574	–	–	2 948 588

REMUNERATION REPORT CONTINUED

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 February 2021 and 2022 respectively.

Executive director/prescribed officer	Cash salary R'000	Benefits R'000	STI R'000	Other* R'000	LTI R'000	Total R'000
2022						
SV Brookes (CEO)	5 864	659	4 576	–	1 976	13 075
J Weltman (CFO)**	3 838	543	–	–	887	5 268
RN Gray (MD)	5 104	633	3 477	–	1 510	10 724
U Gschnaidtner (CPO)	4 667	501	2 742	6 764	1 200	15 874
Total	19 473	2 336	10 795	6 764	5 573	44 941
2021						
SV Brookes (CEO)	5 525	645	3 270	–	1 741	11 181
J Weltman (CFO)	3 613	532	1 451	–	709	6 305
RN Gray (MD)	4 808	619	2 496	–	1 275	9 198
U Gschnaidtner (CPO)	4 396	491	1 955	5 886	1 066	13 794
Total	18 342	2 287	9 172	5 886	4 791	40 478

* Relates to an annual guaranteed bonus which is contractually payable in terms of the employment contract of the chief projects officer

** Resigned with effect from 31 March 2022 due to health reasons

DIRECTORS' SHAREHOLDING

	Nature of shares		Nature of interest shareholding
SV Brookes	170 374 031	Direct	32.80
RN Gray	48 083 066	Direct	9.30
U Gschnaidtner	10 150 788	Direct	1.95
R Zekry	3 633 269	Direct	0.70
O Amosun	9 390	Direct	–

TOTAL VALUE OF DIRECTORS' REMUNERATION

	2022 R'000	2021 R'000
Executive directors and prescribed officers	44 941	40 478
Non-executive directors	4 362	4 097
Total	49 303	44 575

REMUNERATION REPORT CONTINUED

DILUTION LIMITS

Share options awarded in the form of bonus shares to executive directors and prescribed officers during the year amounts to 2.2 million shares (2021: 2.2 million shares). The total number of bonus shares awarded amounts to 9.1 million shares. The total number of ordinary shares in issue is 469 821 820 and accordingly the potential dilutive impact of the share options amounts to 1.94% on the total issued share capital.

Excluded in the total number of ordinary shares in issue is 47 219 260 shares which have been awarded to Tatovect Proprietary Limited (BEE SPV) in accordance with the BEE transaction approved by the shareholders on 6 September 2021. These shares have been accounted for as treasury shares for accounting purposes as they will only be issued once the lock-in period of 10 years has expired and full risks and rewards of ownership transfer to the BEE SPV. The potential dilutive impact of these shares amounts to 10.05% on the total issued share capital.

NON-EXECUTIVE DIRECTORS

The committee approved a fee increase of 6% (2022: 6%) for non-executive directors' annual retainers for the 2023 financial year. The table below sets out the fees paid to non-executive directors for the financial years ended February 2021 and 2022:

Directors	2022 R'000	2021 R'000
H Saven	951	897
T Mokgosi-Mwantembe	512	452
K Mzondeki	554	522
A Shapiro	669	631
O Amosun	503	475
R Zekry	475	449
J Scher	337	318
D Westcott*	181	353
ARK Kukama**	180	–
Total	4 362	4 097

* Passed away 19 August 2021

** Appointed 19 October 2021



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 IV, as well as responsibilities allocated by the board.

Please refer to pages 68 to 77 for the Building a Sustainable Future Report.

RESPONSIBILITIES OF THE COMMITTEE

The responsibilities of the committee are as follows:

- Social, environmental and economic development, including the group's standing relative to the UN Global Compact Principles, the Organisation for Economic Co-operation and Development recommendations regarding corruption, relevant Sustainable Development Goals (SDGs) and the Employment Equity Act and Broad-based Black Economic Empowerment (B-BBEE) Act.
- Promoting and overseeing progress in respect of transformation especially through B-BBEE objectives.
- Good corporate citizenship, including the group's positioning and efforts in promoting equality, preventing unfair discrimination and combating corruption.
- Endorsing the company's code of ethics.

- 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.
- The governance and oversight of stakeholder relationship management.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT CONTINUED

FUNCTIONING OF THE COMMITTEE

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

Thoko Mokgosi-Mwantembe (Chairperson)	Independent non-executive director
Kholeka Mzondeki	Independent non-executive director
Hilton Saven	Independent non-executive director
Stephen Brookes	Executive director
Jonathan Weltman	Executive director (resigned 31 March 2022)
Jonathan Bigham	Executive director (appointed 1 April 2022)

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 20 and 21.

The committee was assessed to have adequately discharged its mandate. Attendance at committee meetings is detailed on page 81 of the integrated report and fees paid to committee members for 2022 and proposed for 2023 are included on page 90.

FOCUS AREAS OF THE COMMITTEE

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

- Continued monitoring of the B-BBEE scorecard to monitor improvement in the employment equity, skills development, black ownership and supplier development pillars, acknowledging the significant progress made by management during the year with the approval of the BEE transaction improving the overall B-BBEE rating of the company.
- Enhanced reporting and oversight of employment equity (inclusive of the reporting by the diversity and employment equity committee) as well as human resources and skills development.
- Monitored safety, health, environment and quality (SHEQ) standards and performance, including Covid-19 reporting, ISO certification of an integrated management system (obtaining certification of three ISO standards) and incident rates.
- Reviewed the corporate social investment and ongoing contributions through The Balwin Foundation across a wide range of beneficiaries inclusive of small businesses, the youth, the elderly and the unemployed.
- Enhanced reporting of stakeholder engagement matters.
- Management of ethical and reputational risks.
- Endorsement of environmental, social and governance (ESG) roadmap and policy.

Planned areas of focus for the 2023 financial year are as follows:

- Oversight and monitoring of social responsibility, economic development and



- transformation processes and targets.
- Oversight of the implementation of the ESG framework and policy and the development of relevant ESG metrics.
- Monitor the group's good corporate citizenship activities.
- Ongoing oversight of stakeholder relationship management.
- Continued focus on the improvement in the B-BBEE scorecard rating and progress against B-BBEE pillars relating to employment equity and skills development.
- Ongoing focus on the achievement of transformation imperatives and improvement in workforce representation.
- Focus on overall employee wellbeing and support of employee wellbeing initiatives.
- Continued monitoring and improvement of SHEQ measures and environmental sustainability practices.

CONCLUSION

The committee believes the group is substantively addressing the matters required to be monitored in terms of the Companies Act and King IV.

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 Mokgosi-Mwantembe
Chairperson social, ethics and transformation committee

16 May 2022

FINANCIAL HIGHLIGHTS



16%

Revenue

10%

Net asset value

8%

Profit for the year

8%

Earnings per share

6%

Headline earnings per share

16%

Core headline earnings per share*

* Headline earnings in the current financial year was adjusted for a once-off IFRS 2 charge resulting from the BEE transaction to arrive at the core headline earnings figure. No adjustments were required to the prior year's headline earnings.



COMPLIANCE STATEMENTS

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER RESPONSIBILITY STATEMENT

The directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 104 to 117, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

We confirm that no fraudulent activities involving directors were experienced in the group during the year.

SV Brookes

Chief executive officer

16 May 2022

JS Bigham

Chief financial officer

16 May 2022

COMPANY SECRETARY'S CERTIFICATION

In terms of section 88(2)(e) of the Companies Act, 71 of 2008 as amended, we certify that to the best of our knowledge and belief, the Balwin group has in respect of the financial year reported upon, lodged with the Companies and Intellectual Property Commission all returns required of a public group in terms of the Companies Act, 71 of 2008 and that all such returns are true, correct and up to date.

Ronelle Kleyn

On behalf of: FluidRock Co Sec Proprietary Limited

16 May 2022

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 of South Africa ("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)(f) 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

The committee comprises four non-executive directors and all members act independently as described in the Act.

The chief executive officer, chief financial officer, key finance management, the external auditor and the internal auditor attend meetings by invitation. The chairperson of the board attends the meetings but has no vote. 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:

Director	Appointed	Experience	Meeting attendance
Tomi Amosun CA(SA)	May 2017	Over 15 years of real estate, listed equity and private equity experience	3/3 meetings
Kholeka Mzondeki BCom, FCCA (UK), Diploma Investment	September 2015	Over 20 years experience in governance, strategy development and financial management	3/3 meetings
Arnold Shapiro BBus Sci (Finance Hons)	October 2016	Over 30 years of asset management, portfolio management and general management experience	3/3 meetings
Duncan Westcott CA(SA)	October 2019 Passed away August 2021	30 years as an accountant and auditor, followed by 10 years outside the profession working in industry and commerce on various financial and related non-executive tasks	1/1 meetings

The committee is deeply saddened by the passing of Mr Duncan Westcott who played a key role in the committee as an independent non-executive director. Duncan will be fondly remembered for his immense contribution to the committee.

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 2022 financial year.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

FOCUS AREAS OF THE COMMITTEE

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

Focus area	Progress
Monitoring and management of financial reporting and governance	The committee continues to review the financial reporting of the group to ensure the disclosures are in line with reporting frameworks. Furthermore, the committee reviews relevant governance policies on an annual basis in accordance with the committee work plan and ensures that the committee keeps abreast of legislative and regulatory changes. The committee continues to ensure that the recommendations provided by the internal auditors are implemented timeously.
Balance sheet management and financial sustainability in a continued uncertain trading environment	The committee actively engaged with management to identify the key components of the balance sheet and how such components affect the group's covenants. Management reported quarterly on its current covenants levels as well provided covenant and cash forecasts which were thoroughly interrogated by the committee.
Embedment of the combined assurance and continued proactive engagement with the internal and external audit functions	The committee oversees the internal and external audit reviews. The committee tasks management with acting on the findings of such reviews and regular feedback is provided to the committee. In accordance with the committee's responsibilities as per Section 22.15(h) of the JSE Listings Requirements, the committee reviews and considers the information reported by the external auditor in respect of all aspects impacting the quality of audit performed.
Continued overview on IT systems and policies;	The committee reviewed and approved various IT Governance policies in the current financial year. The committee further requested internal audit to review such policies against the internal standards the overall feedback received from the internal audit was positive.

Planned areas of focus for the 2023 financial year are as follows:

- Monitoring and management of the Internal Financial Controls of the group.
- Assessment of the effectiveness of the audit committee and consideration an appointment of an independent non-executive director to the committee due to an arising vacancy;
- Continued overview on IT systems and policies.
- Providing additional oversight and monitoring of treasury risks through the reporting of the treasury committee.

ROLES OF THE AUDIT 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 amongst other duties:

- 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 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 chairperson as is required in relation to any matter falling within the ambit of the committee;
- meets with the external auditor, senior management 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;
- oversees and ensures the appropriateness of the delegation of authority of the business;
- 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;
- monitors the results of the calls made to the fraud hotline, which is managed independently from management; and
- assesses the effectiveness of the finance department and skills and experience of the chief financial officer.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

EXECUTION OF FUNCTIONS DURING THE YEAR

The committee is satisfied that, for the 2022 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:

- reappointed BDO as the external auditor and the independent auditor of each material subsidiary company for appointment;
- reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures and engaged on any adverse findings;
- obtained an annual confirmation from the auditor that their independence was not impaired;
- 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;
- approved the non-audit services performed by BDO 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.

This is the second year which BDO has performed the external audit function. The committee is satisfied that BDO is independent of the group after taking the following factors into account:

- Representations made by BDO 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.
- 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.



AUDIT AND RISK COMMITTEE REPORT CONTINUED

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;
- reviewed the cash flow forecasting performed to stress test the cash flows of the group with respect to the assumptions and implications surrounding inflationary pressures;
- considered the appropriateness of the disclosure included in the consolidated and separate annual financial statements;
- considered the impact of the JSE Proactive Monitoring report released in November 2021 on the disclosures of group and company financial statements to ensure they are adequate;
- reviewed and had oversight of the responses to the JSE Proactive Monitoring letter as sent by the JSE on 11 November 2021;
- considered the appropriateness of the accounting policies adopted;
- 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 concerns 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 judgements.

SIGNIFICANT AREAS OF JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTIES

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 assumptions and estimation uncertainties:

- Recognition of cost of constructed residential apartments sold.
- Net realisable value of developments under construction.
- Preparation of cash flow forecasts.
- Valuation of the IFRS 2 BEE share option.

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 as per POPI Act;
- approved the IT governance framework; 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.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

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 and considered whether any provisions or disclosures are required under the International Accounting Standard 37: Provisions, Contingent Liabilities and Contingent Assets ("IAS 37");
- 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 Bigham, 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 2023. Ms Mzondeki will not be making herself available for re-election at the annual general meeting. The nomination process to fill the vacancy on the board and the audit and risk committee due to her retirement at the annual general meeting is underway, through the remuneration and nominations committee.

EVALUATION OF THE COMMITTEE

In accordance with the board charter, a formal evaluation of the board and its committees is conducted every second year. Accordingly, the board evaluation will be undertaken in the 2023 financial year.

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 2022, 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
Chairperson

Audit and risk committee

16 May 2022

INDEPENDENT AUDITOR'S REPORT ON SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

OPINION

The summary consolidated financial statements of Balwin Properties Limited, contained in the accompanying provisional report, which comprise the summary consolidated statement of financial position as at 28 February 2022, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Balwin Properties Limited for the year ended 28 February 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in note 1 to the summary financial statements and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 16 May 2022. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in note 1 to the summary financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.



BDO South Africa Incorporated

Registered Auditors

Paul Badrick

Director

Registered Auditor

16 May 2022

Wanderers Office Park

52 Corlett Drive

Illovo, 2196

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 28 February 2022

	Audited 12 months ended 28 February 2022 R'000	Audited 12 months ended 29 February 2021 R'000
Revenue	3 125 269	2 700 574
Cost of sales	(2 292 713)	(1 979 598)
Gross profit	832 556	720 976
Other income	16 236	6 652
IFRS 2 BEE charge	(34 115)	–
Operating expenses	(301 631)	(265 178)
Operating profit	513 046	462 450
Investment income	33 371	16 936
Finance costs	(31 077)	(14 079)
Share of profit of associate	3 505	1 744
Profit before taxation	518 845	467 051
Taxation	(155 721)	(130 686)
Profit for the year	363 124	336 365
Total comprehensive income for the year	363 124	336 365
Profit attributable to:		
Owners of the parent	362 579	336 156
Non-controlling interest	545	209
	363 124	336 365
Total comprehensive income attributable to:		
Owners of the parent	362 579	336 156
Non-controlling interest	545	209
	363 124	336 365
Basic and diluted earnings per share		
Basic	(cents) 77.24	71.67
Diluted	(cents) 77.01	71.19



ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2022

	Audited as at 28 February 2022 R'000	Audited as at 29 February 2021 R'000
Assets		
Non-current assets		
Property, plant and equipment	259 397	99 810
Intangible assets	16 702	15 256
Investment in associate	5 572	2 067
Loans to external parties	10 264	11 658
	291 935	128 791
Current assets		
Developments under construction	4 819 472	4 121 257
Loans to related parties	14 112	14 112
Current tax receivable	–	5 865
Trade and other receivables	757 277	695 034
Developments loans receivable	20 402	68 181
Restricted cash	1 086	31 390
Cash and cash equivalents	665 636	336 533
	6 277 985	5 272 372
Non-current assets held for sale	26 061	–
Total assets	6 595 981	5 401 163
Equity and liabilities		
Equity		
Share capital	664 225	663 079
Share-based payment reserve	67 448	6 778
Retained income	2 783 746	2 532 804
Non-controlling interest	504	(41)
Total equity	3 515 923	3 202 620
Non-current liabilities		
Development loans and facilities	721 512	225 605
Lease liabilities	123 418	2 170
Deferred taxation	238 540	159 659
	1 083 470	387 434
Current liabilities		
Development loans and facilities	1 819 098	1 675 884
Lease liabilities	2 741	753
Trade and other payables	123 290	104 896
Current tax payable	15 236	–
Employee benefits	36 223	29 576
	1 996 588	1 811 109
Total liabilities	3 080 058	2 198 543
Total equity and liabilities	6 595 981	5 401 163

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 28 February 2022

	Audited year ended 28 February 2022 R'000	Audited year ended 28 February 2021 R'000
Cash flows from operating activities		
Cash generated used in operations	(10 243)	(400 703)
Investment income	33 371	16 936
Finance costs paid	(108 498)	(40 111)
Taxation paid	(55 739)	(60 962)
Net cash used in from operating activities	(141 109)	(484 840)
Cash flows from investing activities		
Purchase of property, plant and equipment	(79 659)	(25 597)
Proceeds on disposal of property, plant and equipment	312	592
Purchase of intangible assets	(14 253)	(7 235)
Proceeds on disposal of other intangible assets	18 219	–
Loans advanced to external parties	–	(11 658)
Net cash used in investing activities	(75 381)	(43 898)
Cash flows form financing activities		
IFRS 2 BEE share option premium received	20 000	–
Development loans repaid	(1 919 746)	(1 092 247)
Development loans raised and utilised	2 040 641	1 429 710
Investment loan and general banking facilities repaid	(544 006)	(158 280)
Investment loan and general banking facilities raised and utilised	1 062 232	302 610
Payment on lease liabilities	(1 891)	(940)
Dividends received from treasury shares	3 295	436
Dividends paid	(114 932)	(92 550)
Net cash generated from financial activities	545 593	388 739
Total cash and cash equivalents movement for the year	329 103	(139 999)
Cash and cash equivalents at the beginning of the year	336 533	476 532
Total cash and cash equivalents at the end of the year	665 636	336 533



ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2022

	Share capital R'000	Share-based payment reserve R'000	Retained income R'000	Total attributable to equity holders of the group R'000	Non- controlling interest R'000	Total equity R'000
Balance at 1 March 2020	652 978	9 900	2 288 762	2 951 640	(250)	2 951 390
Profit for the period	–	–	336 156	336 156	209	336 365
Issue of shares from treasury	10 101	(10 101)	–	–	–	–
Share-based payment	–	6 979	–	6 979	–	6 979
Dividends paid	–	–	(92 550)	(92 550)	–	(92 550)
Dividends received from treasury shares	–	–	436	436	–	436
Balance at 28 February 2021	663 079	6 778	2 532 804	3 202 661	(41)	3 202 620
Profit for the year	–	–	362 579	362 579	545	363 124
Share-based payment	–	41 816	–	41 816	–	41 816
Issue of shares from treasury	1 146	(1 146)	–	–	–	–
BEE share option premium received	–	20 000	–	20 000	–	20 000
Dividends paid	–	–	(114 932)	(114 932)	–	(114 932)
Dividends received from treasury shares	–	–	3 295	3 295	–	3 295
Balance at 28 February 2022	664 225	67 448	2 783 746	3 515 419	504	3 515 923

RECONCILIATION OF HEADLINE EARNINGS

For the year ended 28 February 2022

		Audited year ended 28 February 2022	Audited year ended 28 February 2021
Basic and headline earnings per share			
Basic	(cents)	77.24	71.67
Headline	(cents)	75.88	71.47
Core headline earnings per share*	(cents)	83.15	71.47
Diluted earnings	(cents)	77.01	71.19
Diluted headline earnings	(cents)	75.65	70.99
Tangible net asset value per share**	(cents)	745.45	679.57
Net asset value per share***	(cents)	749.01	682.83
Weighted average number of shares in issue	('000)	469 412	469 024
Net asset value	(R'000)	3 515 923	3 202 620
Reconciliation of profit for the period to basic and headline earnings			
Profit for the period/year attributable to equity holders	(R'000)	362 579	336 156
Basic earnings			
Adjusted for:	(R'000)	362 579	336 156
– Profit on disposal of property, plant and equipment and intangible assets	(R'000)	(8 300)	(347)
– Tax effect of above item	(R'000)	1 910	–
– Fair value adjustment on investment property held by associate	(R'000)	–	(617)
Headline earnings			
Adjusted for:	(R'000)	356 189	335 192
– IFRS 2 BEE charge	(R'000)	34 115	–
Core headline earnings			
	(R'000)	390 304	335 192
Weighted average number of shares			
Weighted average number of shares in issue	('000)	469 412	469 024
Potential dilutive impact of share options	('000)	1 405	3 169
Weighted average number of diluted shares in issue			
	('000)	470 817	472 193

* Core headline earnings is a non-IFRS measure calculated as headline earnings for the period excluding certain non-operating items. Headline earnings in the current financial year was adjusted for a once-off IFRS 2 charge resulting from the BEE transaction to arrive at the core headline earnings figure. No adjustments were required to the prior year's headline earnings.

** Calculated as the net asset value less intangible assets divided by the weighted average shares in issue.

*** Calculated as the net asset value divided by the weighted average shares in issue.



NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 28 February 2022

1. BASIS OF PREPARATION

The abridged consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and also as a minimum contains the information required by IAS 34: Interim Financial Reporting, and complies with the requirements of the Companies Act 2008 of South Africa and the JSE Listing Requirements. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, and are presented in South African Rands rounded to the nearest R'000, which is the company's functional and presentation currency.

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

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

The abridged audited consolidated financial statements and annual consolidated financial statements have been internally prepared under the supervision of JS Bigham, in his capacity as chief financial officer and were approved by the Board on 16 May 2022.

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

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 28 February 2022

	Audited year ended 28 February 2022 R'000	Audited year ended 28 February 2021 R'000
2. REVENUE		
Revenue from contracts with customers		
Revenue from the sale of apartments	3 073 506	2 659 330
Bond Commission	15 804	15 892
Rental of electronic communication	31 883	21 819
	3 121 193	2 697 041
Revenue other than from contracts with customers		
Donation income	4 076	3 533
	3 125 269	2 700 574

Revenue from sale of apartments and bond commission is recognised at a point in time. Revenue from the rental of electronic communication is recognised over time.

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

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

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

Johannesburg	1 561 133	1 326 323
Tshwane	290 448	281 926
Western Cape	896 259	749 735
KwaZulu-Natal	325 666	301 346
	3 073 506	2 659 330

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

Green Collection	583 239	386 030
Classic Collection	1 992 279	1 959 826
Signature Collection	497 988	313 474
	3 073 506	2 659 330

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 28 February 2022

	Audited as at 28 February 2022 R'000	Audited as at 28 February 2021 R'000
3. DEVELOPMENTS UNDER CONSTRUCTION		
Developments under construction	4 819 472	4 121 257
Developments under construction include the following:		
Cost of construction	2 093 496	1 635 145
Land and land contribution costs	2 203 439	2 014 029
Development rights	522 537	472 083
	4 819 472	4 121 257

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

The cost of developments under construction recognised as an expense in cost of sales during the current year was R2 292.7 million (2021: R1 979.6 million). Costs previously capitalised to developments under construction written off in the current year amount to R3.1 million (2021: Rnil). The carrying amount of land which acts as security for development loans advanced is R1 520.7 million (2021: R1 175.5 million).

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

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 28 February 2022

		Audited as at 28 February 2022 R'000	Audited as at 28 February 2021 R'000
4. SHARE CAPITAL			
Authorised			
Ordinary shares	('000)	1 000 000	1 000 000
Issued and fully paid up			
Ordinary shares	(R'000)	670 206	670 206
BEE shares	(R'000)	171 878	–
Treasury shares	(R'000)	(177 859)	(7 127)
		664 225	663 079
The unissued shares are under the control of the directors until the next annual general meeting. The shares have no par value.			
Reconciliation of shares in issue			
Opening balance		469 255	467 632
Treasury shares converted from share scheme		567	3 900
Shares bought back and held in treasury		–	(2 277)
Closing balance		469 822	469 255
		Audited as at 28 February 2022 R'000	Audited as at 28 February 2021 R'000
5. DEVELOPMENT LOANS AND FACILITIES			
Held at amortised cost			
Development loans		1 588 404	1 548 879
General banking facility		675 180	132 358
Investment loan facility		277 026	220 252
		2 540 610	1 901 489

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 28 February 2022

5. DEVELOPMENTS LOANS (continued)

Development loans	Average nominal interest rate %	Maturity date	Audited as at 28 February 2022 R'000
Non-current loans			
Century Property Developments Proprietary Limited	Prime	November 2027	147 594
Portimix Proprietary Limited	8%	Between June 2023 and June 2025	15 934
			163 528
Current loans			
ABSA Bank Limited	Prime less 0.25%	Between March 2022 and February 2023	166 414
ABSA Bank Limited	Prime	Between March 2022 and February 2023	316 744
Century Property Developments Proprietary Limited	Prime	February 2023	9 782
First National Bank Limited	Prime less 0.5%	Between March 2022 and February 2023	142 213
First National Bank Limited	Prime	Between March 2022 and February 2023	86 094
Investec Bank Limited	Prime less 0.25%	Between March 2022 and February 2023	24 440
Investec Bank Limited	Prime	Between March 2022 and February 2023	165 746
National Housing Finance Corporation Limited	Prime	Between March 2022 and February 2023	69 124
Nedbank Limited	Prime	Between March 2022 and February 2023	266 754
Nedbank Limited	3 Month Jibar plus 2.89%	Between March 2022 and February 2023	126 622
Nedbank Limited	3 Month Jibar plus 2.94%	Between March 2022 and February 2023	41 252
Nedbank Limited	3 Month Jibar plus 2.97%	Between March 2022 and February 2023	9 691
			1 424 876
			1 588 404
Investment loan and general banking facilities			
Non-current loans			
Stanlib Asset Management Proprietary Limited	3 Month Jibar plus 4.75%	July 2024	497 763
Sanlam Investment Management Proprietary Limited	3 Month Jibar plus 4%	January 2025	60 222
			557 985
Current loans			
Nedbank Limited	Prime	March 2022	117 195
ABSA Bank Limited	Prime	March 2022	173 755
ABSA Bank Limited	Prime less 1.7%	No fixed terms of repayment	65 000
Investec Bank Limited	Prime	Between March 2022 and February 2023	38 271
			394 221
			952 206
Total			2 540 610

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 28 February 2022

5. DEVELOPMENTS LOANS (continued)

Development loans	Average nominal interest rate %	Maturity date	Audited as at 28 February 2021 R'000
Non-current loans			
Century Property Developments Proprietary Limited	Prime	November 2027	117 069
Portimix Proprietary Limited	8%	Between June 2022 and June 2025	108 536
			225 605
Current loans			
ABSA Bank Limited	Prime less 0.25%	Between March 2021 and February 2022	462 880
Nedbank Limited	Prime	Between March 2021 and February 2022	332 456
Investec Bank Limited	Prime less 0.25%	Between March 2021 and February 2022	390 055
Portimix Proprietary Limited	8%	June 2021	87 447
Century Property Developments Proprietary Limited	Prime	February 2022	29 669
National Housing Finance Corporation Limited	Prime	Between March 2021 and February 2022	20 767
			1 323 274
			1 548 879
Investment loan and general banking facilities			
Current loans			
Nedbank Limited	Prime	March 2021	132 358
ABSA Bank Limited	Prime	March 2021	170 252
ABSA Bank Limited	Prime less 1.7%	No fixed terms of repayment	50 000
			352 610
Total			1 901 489

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

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

Investment loans and general banking facilities classified as current pertain to short-term bridging loan facilities and are secured by completed apartments not yet registered. Investment loans and general banking facilities classified as non-current pertain to long-term unsecured funding.

The carrying amount of development loans and facilities approximate their fair value.



NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 28 February 2022

	Audited year ended 28 February 2022 R'000	Audited year ended 28 February 2021 R'000
6. RELATED PARTIES		
Related party balances		
Loan accounts and trade receivables owing by related parties:		
Balwin Rentals Proprietary Limited	14 112	14 112
Legaro Property Development Proprietary Limited***	19 012	22 366
Related party transactions		
Sale of apartments to related parties:		
Directors and companies		
Lucille Properties Proprietary Limited*	45 537	18 298
Shelby Prop Investments Proprietary Limited**	3 304	6 516
Rental guarantee payments:		
Balwin Rentals Proprietary Limited	1 379	–
Right-of-use asset:		
The Corlett Drive Trust	8 525	–
Property rental management fee received:		
Directors and prescribed officers		
RN Gray	143	225
J Weltman	5	8
U Gschnaidtner	15	25
SV Brookes	467	412

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 28 February 2022

6. RELATED PARTIES (continued)

	Audited year ended 28 February 2022 R'000	Audited year ended 28 February 2021 R'000
Rental paid to related parties:		
Directors, prescribed officers and companies		
Balwin Rentals Proprietary Limited	662	1 837
SV Brookes	–	1 290
Volker Properties Proprietary Limited*	1 208	485
Lucille Properties Proprietary Limited*	386	12
M Brookes****	29	–
RN Gray	–	234
Shelby Prop Investments Proprietary Limited**	912	338
J Weltman	2	49
Compensation to directors and other key management:		
Directors emoluments	44 941	40 478

* The entity is controlled by SV Brookes

** The entity is controlled by RN Gray

*** Spouse of SV Brookes has significant influence over the entity and is a member of the key management personnel

**** Spouse of SV Brookes



NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 28 February 2022

	Audited year ended 28 February 2022 R'000	Audited year ended 28 February 2021 R'000
7. FINANCIAL INSTRUMENTS		
Financial assets at amortised cost		
Trade and other receivables	755 687	682 035
Cash and cash equivalents	665 636	336 533
Restricted cash	1 086	31 390
Development loans receivable	20 402	68 181
Loans to related parties	14 112	14 112
Loans to external parties	10 264	11 658
Financial liabilities at amortised cost		
Development loans	(2 540 610)	(1 901 489)
Trade and other payables	(93 959)	(97 056)

8. FAIR VALUE INFORMATION

THE DIFFERENT LEVELS ARE DEFINED AS FOLLOWS:

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

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

Level 3: Unobservable inputs for the asset or liability

No changes have been made to the valuation techniques.

The fair values of financial instruments that are not traded in an active market are determined using standard valuation techniques.

These valuation techniques maximise the use of observable market data where available and rely as little as possible on company specific estimates.

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

9. EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end, a wholly owned subsidiary of Balwin, Balwin Corlett Proprietary Limited concluded a sale agreement to purchase the new head office of Balwin, located in Corlett Drive, Johannesburg, for a purchase price of R125.8 million. The purchase represents a material non-adjusting event.

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

SHAREHOLDER ANALYSIS

SHAREHOLDER SPREAD

	No. of Shareholders	%	No. of Shares	%
1 – 1 000 shares	17 510	91.21	1 374 081	0.26
1 001 – 10 000 shares	1 265	6.59	4 317 617	0.83
10 001 – 100 000 shares	333	1.73	10 529 555	2.03
100 001 – 1 000 000 shares	56	0.29	14 635 458	2.82
1 000 001 shares and over	34	0.18	488 555 141	94.06
Totals	19 198	100.00	519 411 852	100.00

DISTRIBUTION OF SHAREHOLDERS

	No. of Shareholders	%	No. of Shares	%
Banks/Brokers	32	0.17	35 241 376	6.78
Close corporations	20	0.10	426 501	0.08
Empowerment	1	0.01	47 219 260	9.09
Endowment funds	3	0.02	75 466	0.01
Individuals	18 898	98.44	27 832 685	5.36
Insurance companies	6	0.03	23 972 738	4.62
Investment companies	1	0.01	281 615	0.05
Medical schemes	1	0.01	97 030	0.02
Mutual funds	17	0.09	63 801 318	12.28
Other corporations	34	0.18	50 829	0.01
Private companies	101	0.53	302 874 870	58.31
Public companies	1	0.01	120 000	0.02
Retirement funds	17	0.09	4 864 401	0.94
Treasury stock	1	0.01	2 173 326	0.42
Trusts	65	0.34	10 380 437	2.00
Totals	19 198	100.00	519 411 852	100.00

PUBLIC / NON-PUBLIC SHAREHOLDERS

	No. of Shareholdings	%	No. of Shares	%
Non-Public Shareholders	14	0.07	234 657 012	45.18
Directors of the company	4	0.02	174 249 832	33.55
Prescribed Officers	9	0.05	58 233 854	11.21
Treasury Stock	1	0.01	2 173 326	0.42
Public Shareholders	19 184	99.93	284 754 840	54.82
Totals	19 198	100.00	519 411 852	100.00

Beneficial Shareholders holding 5% or more

	No. of Shares	%
Brookes. SV	170 374 031	32.80
Gray. RN	47 678 208	9.18
Tatovect (Pty) Ltd	47 219 260	9.09
GRE Africa Ltd	37 482 225	7.22
Nedbank Group	27 000 000	5.20
Totals	329 753 724	63.49



SHAREHOLDER ANALYSIS CONTINUED

BREAKDOWN OF NON-PUBLIC HOLDINGS

Directors	Associates/Family	No. of Shares	%
Brookes. SV		170 374 031	32.80
Volker Holdings (Pty) Ltd		170 374 031	32.80
Zekry. R		3 633 269	0.70
Zekry. R		3 633 269	0.70
Weltman. J		233 142	0.04
Weltman. J		233 142	0.04
Amosun. O		9 390	0.00
Amosun. O		9 390	0.00
Totals		174 249 832	33.55
Prescribed officer		No. of Shares	%
Gschnaidtner. U		10 150 788	1.95
Gschnaidtner. U		10 150 788	1.95
Gray. RN		48 083 066	9.26
Rodna Investments (Pty) Ltd		47 221 798	9.09
Gray. RN		456 410	0.09
Gray. C		202 429	0.04
Gray. E		202 429	0.04
Totals		58 233 854	11.21
Treasury Stock		No. of Shares	%
Balwin Properties Ltd		2 173 326	0.42
Balwin Properties Ltd		2 173 326	0.42
Totals		2 173 326	0.42
BREAKDOWN OF BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE			
Beneficial Shareholders Holding 5% or more		No. of Shares	%
Brookes. SV		170 374 031	32.80
Volker Holdings (Pty) Ltd		170 374 031	32.80
Gray. RN		47 678 208	9.18
Rodna Investments (Pty) Ltd		47 221 798	9.09
Gray. RN		456 410	0.09
Tatovect (Pty) Ltd		47 219 260	9.09
Tatovect (Pty) Ltd		47 219 260	9.09
GRE Africa Ltd		37 482 225	7.22
GRE Africa Ltd		37 482 225	7.22
Nedbank Group		27 000 000	5.20
Nedgroup Investments Opportunity Fund		20 500 000	3.95
Nedgroup Investments Entrepreneur Fund		6 500 000	1.25
Klipfontein Heights (Pty) Ltd		23 929 009	4.61
Klipfontein Heights (Pty) Ltd		23 929 009	4.61
Totals		353 682 733	68.09

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 company")

Notice is hereby given that the annual general meeting of the company's shareholders will be held through electronic participation on Friday, 19 August 2022 at 10:00 ("the AGM").

The AGM is permitted to be held through electronic communication in accordance with the rule of the Johannesburg Stock Exchange Limited ("JSE") and the provisions of the Companies Act No. 71 of 2008, as amended (the "Companies Act") and the company's memorandum of incorporation.

To this end, the company has engaged the services of The Meeting Specialist Proprietary Limited ("TMS") to host the AGM on an interactive electronic platform, in order to facilitate electronic participation and voting by shareholders. TMS will also act as scrutineer.

PURPOSE

The purpose of the meeting is to receive, consider and adopt the annual financial statements of the company and the group for the year ended 28 February 2022; 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 AGM.

RECORD DATE, ATTENDANCE AND VOTING

	2022
Record date in order to be eligible to receive the AGM notice	Friday, 22 July
AGM notice posted to shareholders	Wednesday, 27 July
Last date to trade in order to be eligible to vote at the AGM	Monday, 8 August
Record date in order to be eligible to vote at the AGM	Friday, 12 August
Last day to lodge forms of proxy for administration purposes for the AGM (by 10:00)	Thursday, 18 August
AGM (at 10:00)	Friday, 19 August
Results of the AGM released on Stock Exchange News Service ("SENS")	Friday, 19 August

- 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. Shareholders are strongly encouraged to submit votes by proxy before the AGM for administrative purposes.

- 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. These instructions should preferably be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature.
- 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.
- 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. TMS will assist shareholders with the requirements for electronic participation in, and/or voting at, the AGM. TMS is further obliged to validate (in correspondence with the company and, in particular, the transfer secretary, Computershare Limited ("Computershare"), and your CSDP) each such Shareholder's entitlement to participate in and/or vote at the AGM, before providing it with the necessary means to access the annual general meeting and/or the associated voting platform.

- Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Any such charges will not be for the account of the JSE, the company and/or TMS. The JSE, the company, and/or TMS cannot be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder from participating in and/or voting at the annual general meeting.

AGENDA

- Presentation and consideration of the consolidated and separate annual financial statements of Balwin, including the reports of the directors, the audit and risk committee and the social, ethics and transformation committee for the year ended 28 February 2022. The complete annual financial statements for the year ended 28 February 2022, 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
- 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 9 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.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

In order for ordinary resolution number 10 and special resolutions 1 to 3 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.

ORDINARY BUSINESS

1. Ordinary resolution number 1: Re-election of Thoko Mokgosi-Mwantembe as an independent non-executive director

“Resolved that Thoko Mokgosi-Mwantembe, who retires by rotation in terms of the memorandum of incorporation of the company and who, being eligible, offers herself for re-election, be and is hereby re-elected as an independent non-executive director of the company.”

An abbreviated curriculum vitae of Thoko Mokgosi-Mwantembe appears on page 21 of the integrated annual report.

The remuneration and nominations committee has considered Thoko Mokgosi-Mwantembe'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 Thoko Mokgosi-Mwantembe be re-elected as an independent non-executive director of the company.

2. Ordinary resolution number 2: Re-election of Ronen Zekry as an independent non-executive director

“Resolved that Ronen Zekry, 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 an independent non-executive director of the company.”

An abbreviated curriculum vitae of Ronen Zekry appears on page 21 of the integrated annual report.

The remuneration and nominations committee has considered Ronen Zekry'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 Ronen Zekry be re-elected as an independent non-executive director of the company.

Reason for ordinary resolution numbers 1 – 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.

Ronen Zekry, Thoko Mokgosi-Mwantembe and Kholeka Mzondeki will retire from office and are eligible for re-election.

Kholeka Mzondeki will not be availing herself for re-election at the annual general meeting. The information regarding nomination process to fill the vacancy on the board is provided on page 80 of the integrated annual report. Ronen Zekry and Thoko Mokgosi-Mwantembe have confirmed their willingness to continue to serve as directors of the board.

3. Ordinary resolution number 3: Election of Reginald Kukama as a non-executive director

“Resolved that Reginald Kukama, who was appointed to the board subsequent to the 2021 AGM and retires in terms of the memorandum of incorporation of the company and who, being eligible, offers himself for election, be and is hereby elected as a non-executive director of the company, with effect from 19 October 2021.”

An abbreviated curriculum vitae of Reginald Kukama who was appointed as a non-executive director appears on page 20 of the integrated annual report.

The remuneration and nomination committee has considered Reginald Kukama's past performance and contribution to the company and in, accordance with article 38.3.3 of the memorandum of incorporation of the company, recommends that Reginald Kukama be elected as a non-executive director of the company.

4. Ordinary resolution number 4: Election of Jonathan Bigham as an executive director

“Resolved that Jonathan Bigham, who was appointed to the board subsequent to the 2021 AGM in terms of the memorandum of incorporation of the company and who, being eligible, offers himself for election, be and is hereby elected as a director of the company, with effect from 1 April 2022.”

An abbreviated curriculum vitae of Jonathan Bigham, who was appointed as an executive director in accordance with article 36 of the memorandum of incorporation, appears on page 20 of the integrated annual report.

Reason for ordinary resolution numbers 3 and 4

Any non-executive director appointed by the board in terms of article 38.9 of the memorandum of incorporation after the conclusion of the company's AGM shall retire from office at the conclusion of the AGM held immediately after his/her appointment unless the appointment is confirmed by the shareholders at such AGM.

Executive directors may be appointed by the board in accordance with article 36 of the memorandum of incorporation.

Furthermore, in terms of article 38.2 of the memorandum of incorporation, all of the directors will be elected by ordinary resolution at any shareholders meeting or at the AGM, as the case may be.

5. Ordinary resolution number 5: Appointment of the auditors

“Resolved that BDO South Africa Incorporated, together with Paul Badrick 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 5

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, BDO South Africa Incorporated.

The reason for ordinary resolution number 5 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.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

6. Ordinary resolution number 6: Re-appointment of Tomi Amosun as a member of the audit and risk committee

“Resolved that, 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 21 of this integrated annual report.

7. Ordinary resolution number 7: Re-appointment of Arnold Shapiro as a member of the audit and risk committee

“Resolved that, 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 AGM.”

An abbreviated curriculum vitae of Arnold Shapiro appears on page 20 of this integrated annual report.

Reason for ordinary resolution numbers 6 and 7

The reason for ordinary resolution numbers 6 and 7 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 AGM of the company. Pursuant to the retirement of Kholeka Mzondeki at the AGM, there will be a vacancy on the board and the audit and risk committee following the AGM. The information regarding the nomination

process to fill the vacancy on the audit and risk committee appears on page 80 of the integrated annual report.

8. Ordinary resolution number 8: Endorsement of remuneration policy and implementation report, by way of separate resolutions

Ordinary resolution 8.1

“Resolved that the company’s remuneration policy, as set out in the remuneration report on pages 86 to 90, be and is hereby approved by way of a non-binding advisory vote of shareholders of the company in terms of the King IV Report on Corporate Governance (“King IV”) and the JSE Listings Requirements.”

Ordinary resolution 8.2

“Resolved that, the group’s implementation report, as set out on pages 90 to 92 of the remuneration report, be and is hereby endorsed as a non-binding advisory vote of shareholders of the company in terms of the King IV and the JSE Listings Requirements.”

Reason for ordinary resolution number 8

The reason for ordinary resolution number 8 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.

9. Ordinary resolution 9: Authority to directors to implement resolutions

“Resolved that the executive directors of the company be and are hereby authorised to do all such tasks and sign all such documents deemed necessary to implement the resolutions set out in the notice convening the AGM at which these resolutions will be considered.”

Reason for ordinary resolution 9

The reason for ordinary resolution number 9 is to authorise the executive directors to implement the resolutions passed at the AGM.

10. Ordinary resolution number 10: 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 51 941 185, being 10% (ten percent) 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 51 941 185 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.”

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Reason for ordinary resolution number 10

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 10 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

11. 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 in quarterly payments with effect from this AGM until the next AGM:

Position	Recommended remuneration (6% increase)
Board of directors	
Chairperson	R537 800
Member	R226 500
Audit and risk committee	
Chairperson	R226 500
Member	R181 300
Remuneration and nominations committee	
Chairperson	R181 300
Member	R151 100
Social, ethics and transformation committee	
Chairperson	R181 300
Member	R151 100
Transaction committee	
Chairperson	R197 700
Member	R141 100
Treasury committee	
Chairperson	R197 700
Member	R141 100

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.

Reasons for and effect of special resolution number 1

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.

12. 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 two 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.

- 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 two 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 one or more related or inter-related companies or corporations of the company and/or to any one or more members of any such related or inter-related company or corporation and/or to any one or more persons related to any such company or corporation;
- 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)

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

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) inasmuch as the section 45 board resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of 1% 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.

13. 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:

1. 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;
2. 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;
3. 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;
4. the general authority to repurchase is limited to a maximum of 10% (being 51 941 185) in the aggregate in any one financial year of the company's issued share capital at the time the authority is granted;
5. 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 company;
6. the general repurchase is authorised by the company's memorandum of incorporation;
7. 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 affected. The JSE should be consulted for a ruling if the applicant's securities have not traded in such five business day period;
8. the company may at any point in time only appoint one agent to effect any repurchase(s) on the company's behalf;
9. 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:

Major shareholders

Refer to page 118 of this integrated annual report.

Capital structure of the company

Refer to page 29 of this integrated annual report.

Directors' responsibility statement

The directors whose names appear on pages 20 to 21 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 2022 and up to the date of this notice.



NOTICE OF ANNUAL GENERAL MEETING CONTINUED

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 at the AGM shall be at least three shareholders, present in person or represented by proxy, entitled to attend and vote thereat and 25% of all voting rights that are entitled to be exercised as set out in article 31 of the memorandum of incorporation.

Electronic participation

Shareholders who wish to participate electronically in and/or vote at the AGM are required to contact TMS on proxy@tmsmeetings.co.za or alternatively contact their office on +27 11 520 7950/1/2 as soon as possible, but in any event, for administrative purposes only, by no later than 10:00 on **Thursday, 18 August 2022**.

However, this will not in any way affect the rights of shareholders to register for the AGM after this date, provided, however, that only those shareholders who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the commencement of the AGM, will be allowed to participate in and/or vote by electronic means.

By order of the board

Company secretary

16 May 2022



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 company")

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, 12 August 2022 (the "voting record date"), at the annual general meeting to be held through electronic participation on Friday, 19 August 2022 at 10:00 ("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 chairperson 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 2022			
Ordinary resolution number 1: Re-election of Thoko Mokgosi-Mwantembe as an independent non-executive director			
Ordinary resolution number 2: Re-election of Ronen Zekry as an independent non-executive director			
Ordinary resolution number 3: Election of Reginald Kukama as a non-executive director			
Ordinary resolution number 4: Election of Jonathan Bigham as an executive director			
Ordinary resolution number 5: Appointment of the auditors (BDO South Africa Incorporated and designated audit partner, Paul Badrick)			
Ordinary resolution number 6: Re-appointment of Tomi Amosun as a member of the audit and risk committee			
Ordinary resolution number 7: Re-appointment of Arnold Shapiro as a member of the audit and risk committee			
Ordinary resolution number 8: Endorsement of remuneration policy and implementation report by way of separate resolutions			
8.1 Endorsement of remuneration policy			
8.2 Endorsement of the implementation report			
Ordinary resolution number 9: Authority to directors to implement resolutions			
Ordinary resolution number 10: General authority to issue shares for cash			
Special resolution number 1: Remuneration of non-executive directors			
Special Resolution number 2: Financial assistance to related and inter-related companies			
Special Resolution number 3: Authority to repurchase shares by the company			

(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 _____ 2022

Signature

Assisted by me (where applicable)

(State capacity and full name)

In the interest of efficiency, shareholders are kindly requested to submit completed forms of proxy at the office of the transfer secretaries of the company, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196, posted to Private Bag X9000, Saxonwold, 2132 or via email at proxy@computershare.co.za so as to arrive by 10:00 on Thursday, 18 August 2022. Any forms of proxy not lodged by this time must be handed to the company secretary or chairperson of the annual general meeting immediately prior to the proxy exercising a shareholder's right at the annual general meeting.

Kindly ensure that TMS is copied when submitting all completed forms of proxy and/or letters of representation to the company's transfer secretaries.

Please forward all relevant information to the below mentioned:

The Meeting Specialist Proprietary Limited
 JSE Building
 One Exchange Square 2 Gwen Lane Sandown
 South Africa 2196
 Attention: Michael Wenner
 Tel: +27 11 520-7950/1/2
 Email: proxy@tmsmeetings.co.za

Please read the notes on the reverse side hereof.

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 chairperson 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 chairperson of the annual general meeting, if the chairperson 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. These instructions must be preferably provided to the CSDP or broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature.
5. Forms of proxy must be lodged at the company's transfer secretaries and TMS as set out above.
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 chairperson of the meeting.
8. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
9. The chairperson 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.

CORPORATE INFORMATION

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

Registered address

Block 1, Townsend Office Park
1 Townsend Avenue
Bedfordview

Postal address

Private Bag X4
Gardenview 2047
Johannesburg

Contact details

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

Company secretary

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

External auditor

BDO South Africa Inc.

Sponsor

Investec Bank Limited

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue,
Rosebank 2196
Private Bag X9000, Saxonwold, 2132
Telephone: +27 (0)11 370 5000

Directors

Executive

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

Non-executive

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

* *Independent*

SHAREHOLDERS' DIARY

2022 annual general meeting 19 August 2022

2023 financial year:

Interim results to August 2022 on or about 31 October 2022
Annual results to February 2023 on or about 15 May 2023

