



BALWIN PROPERTIES LIMITED
Incorporated in the Republic of South Africa
Registration number 2003/028851/06
Share code: BWN
ISIN: ZAE000209532
("Balwin" or "the Company")

Balwin
PROPERTIES

INTERIM RESULTS 2017
for the six months ended 31 August

COMMENTARY

CORPORATE OVERVIEW

Balwin listed in the real estate holding and development sector of the Johannesburg Stock Exchange on 15 October 2015. The Group is a specialist, niche, national large-scale, residential property developer focused on the turnkey development and sale of sectional-title apartments as well as surrounding infrastructure, in the mid to upper market segment.

Estates typically consist of between 500 and 1 500 sectional title residential apartments and are located in high-density, high-growth nodes across key metropolitan areas in Johannesburg, Pretoria, the Western Cape and KwaZulu-Natal. The Group has a secured pipeline of 35 595 apartments across 24 locations in key target nodes with a 10 to 12-year development horizon.

Balwin estates offer secure, affordable, high-quality, environmentally friendly and conveniently located one, two, and three bedroom sectional-title residential apartments, ranging in size from 45m² to 120m². Prices range from R699 999 to R1 799 000 per apartment (including modern fitted kitchen appliances) within the standard operating model. Apartments are designed to appeal to a wide range of home buyers, catering for first-time, move-up, active adult, young professional, young family, older family, retirees as well as buy-to-let.

All residential estates are developed and marketed under the Balwin Properties brand, with larger estates (comprising approximately 500 apartments and above) having a unique lifestyle centre with well-established concierge and other all-inclusive value-added services such as a spa, restaurant, gym, squash court, action sports field, games room, movie theatre, heated swimming pools, playgrounds and free wi-fi within the lifestyle centres. Balwin also develops and maintains control over certain surrounding infrastructure such as fibre networks, storage, schools and solar energy solutions from which it derives annuity income.

Strategy

Balwin's core strategy is to deliver sustainable long-term returns to shareholders through its unique business model. The Company re-invests profit after tax to support the long-term growth of the business while maintaining dividend distributions in line with the target dividend policy.

Balwin's current strategy rests on four key elements:

- **Core business**

The core business focuses on providing a quality product to the middle-income population at an affordable price. Balwin benefits from economies of scale, in-house construction and management whilst retaining flexibility throughout individual phases of large developments.

- **Upmarket developments**

To support the core business model, Balwin continually tailors its developments to match market demands, offering innovations in lifestyle and convenience. Upmarket developments in select nodes, where higher selling prices can be achieved (R1 499 000 to R2 999 000), form part of this approach.

- **Rent to buy developments in partnership with property funds**

Balwin takes responsibility for the design and construction of developments for rental purposes. Balwin will market and secure lease agreements for the apartments with prospective tenants before selling them on to property funds in phases.

- **Annuity income**

A new business segment launched from the existing asset base to generate annuity income, including through partnerships to implement solar energy solutions, the leasing of education facilities to experienced and robust operators, storage solutions and fibre infrastructure within the Balwin estates.

COMMENTARY CONTINUED

OPERATING MODEL

Balwin operates a build-to-sell model, currently developing and selling between 2 000 and 3 500 sectional-title residential apartments per year. The Group has the ability to increase this capacity to approximately 5 000 sectional-title residential apartments per year, based on its existing infrastructure and development pipeline. The Company also generates additional annuity income through the management and ownership of infrastructure surrounding its developments.

Key aspects of the operating model

- Keeping a constant rate of construction (continuous development) subject to demand – to retain contractors, maintain quality and support the build to sell model
- Insource all critical aspects of Balwin's build to sell model to contain costs and control output; including through in-house centralised procurement and quantity surveying departments
- Focuses on the mid-market segment in terms of the pricing and location of developments. Key selling points are lifestyle, quality and brand
- Continuous focus on keeping up with international standards and best practice in the design and marketing of Balwin developments
- Target key nodes in Johannesburg north, south and east as well as Pretoria, the Western Cape and KwaZulu-Natal; ensuring that revenue streams and demand is not concentrated but rather diversified across various nodes

Continuous development approach

Balwin follows a continuous development approach. Its success is based on:

- selling 20 to 25 apartments per location, per month across diverse locations;
- keeping operational costs and costs of its land acquisitions in line;
- targeting a profit margin of between 35% and 40%; and
- executing on its land acquisition strategy in key target nodes.

The continuous development model sustains pricing tension in target nodes and retains key artisanal skills as project teams revolve between estates, depending on the stage of development at a particular site. All Balwin estates are built to a standard

specification (unique Balwin design, standard finishes, no customer changes) typically not more than four storey blocks with 10 apartments per block (three-bedroom apartments on the ground and first floors, and one- and two-bedroom apartments on the upper floors), allowing the Company to benefit from significant economies of scale.

Mitigating development risk

The construction of new developments is generally undertaken against pre-sales to interested buyers. Residential estates are built and marketed in phases (between 50 and 100 apartments), allowing for appropriate risk management at all stages of the development process.

Mitigating margin pressure and keeping costs in line

Balwin's policy is to source all major construction material, fittings and furnishings locally, in order to maintain quality and contain costs. As such, imports are minimal and the Company's exposure to currency fluctuations are minimal. Significant input costs to developments include cement as well as plumbing, electrical and kitchen installations. Recently, Balwin established centralised procurement and quantity surveying departments to ensure that it leverages its scale optimally across all developments.

Key differentiators

Key differentiators in Balwin's build-to-sell model include the ability to deliver a superior offering through economies of scale, in-house turnkey development including construction and construction management, local sourcing of key materials, focus within a defined middle-income segment, quality, broad market appeal, partnerships with relevant stakeholders and competitive pricing of developed apartments in line with or below market. Balwin's residential estates typically include:

- 24-hour security with well-equipped guard houses;
- high-quality, ergonomically designed apartments that maximise apartment space and functionality;
- eco-friendly fittings, appliances and utilities (such as pre-paid electricity meters and gas and water supply meters);
- proximity to amenities such as shopping centres, entertainment and leisure facilities, medical centres and schools, which are largely within walking distance of the estate; and
- lifestyle centres complete with free wi-fi, concierge service, heated swimming pools, playgrounds, spa, restaurant, gym, squash court, action sports fields and running tracks.

COMMENTARY CONTINUED

OPERATIONAL PERFORMANCE

Balwin continued to perform well and execute on its unique and innovative business model in a tough operating environment. Demand for the product remained strong and sales have tracked in line with expectations which resulted in good top line growth.

The slightly lower sales volumes achieved compared to the prior corresponding period is a function of fewer developments coming to market for sales due to the delays experienced in obtaining certain council approvals for The Blyde, The Whisken, The Reid and Ballito Hills which resulted in construction delays and therefore the handing over of an anticipated 300 apartments to clients. This negatively impacted the financial performance of the business due to the timing difference of the registrations taking place against initial timelines. Good progress has been made since the period-end regarding the approvals and construction is on track.

In addition, the large number of early stage developments currently underway required the Company to invest extensively on civils and infrastructure works ahead of the construction of apartments starting across these new suburbs. Balwin currently has three large-scale developments requiring this investment.

Significant progress was made on the Waterfall properties with all regulatory approvals obtained for The Polo Fields development on which phase 1 and 2 were handed over in July 2017. Sales at the Kikuyu development have also been outstanding with the first two phases handing over in November 2017. A total of 643 sales were achieved across the Waterfall developments.

During the period, Balwin established its office in Umhlanga which earmarks the penetration of Balwin into KwaZulu-Natal. Ballito Hills is the first development in the region. The development launched for sales with more than 150 sales achieved to date and the first phase expected to be registered early in the 2019 financial year.

Balwin Fibre, a new subsidiary launched during the period, will own all Fibre infrastructure across Balwin estates going forward with the aim of becoming a large standalone fibre network operator in South Africa.

Balwin is also celebrating its 21st birthday in 2017 and ran a promotion in partnership with radio station 947 and gave away an apartment at the Westlake eco estate in Modderfontein. The winner, Kgoshi Maupa, will also be involved with the Balwin Foundation.

The Balwin Foundation

Living our commitment as an invested corporate citizen of South Africa. Balwin Properties Limited has established the Balwin Foundation NPC to support and empower our younger generation and previously disadvantaged to gain greater knowledge and skills through technical vocational education and training. Students, employees and contractors are trained in a building industry-related trade which includes tiling, painting, plastering, bricklaying and carpentry, of which all skills are strategically identified as an integral part to the success of the company. The Balwin Foundation has successfully trained 100 previously disadvantaged individuals and has funded seven university students through our bursary programme to date.

FINANCIAL PERFORMANCE

During the reporting period, revenue increased by 19% compared to the prior year as a result of the higher selling prices at our upmarket developments. The average selling price per unit was R1 218 088 (2016: R991 551) which represents an increase of 23%. This increase is as a result of the sales of 107 apartments in the Polo Fields and 24 apartments in Paardevlei Square with an average selling price of R1 807 973 and R2 415 847 respectively being handed over to clients during the reporting period. The increase in the average selling price is also due to more two- and three-bedroom apartments being handed over. The average selling price is expected to remain flat due to the tough economic conditions currently being experienced in the market.

Gross profit margin

The gross profit margin achieved for the period was 32.4% compared to 41.8% in the prior comparative period. This is due to the large number of early stage developments currently under way. The gross profit margin of a project increases across the life of a project with the lowest at the start and the highest at the end. The business is targeting a gross profit margin of between 35% and 40% through the entire lifecycle of a project, with typically higher margins being achieved on Gauteng-based projects.

Balwin has centralised its procurement processes with the establishment of a new procurement department which has already unlocked significant cost savings.

COMMENTARY CONTINUED

Operating expenses

Operating expenses declined by 13% compared to the prior period due to the reclassification of labour related payroll costs from operating expenses to cost of sales. Additional costs linked to the opening of the KwaZulu-Natal office were incurred in the period. The new centralised procurement department is expected to result in significant reduction in overheads and efficient cost management.

Earnings per share and headline earnings per share

Earnings per share and headline earnings per share both declined by 5% to 35 cents from 37 cents (H1: FY17) for the reporting period.

Funding structure and costs

Development finance is obtained on a phase by phase basis. The development finance is secured against the pre-sales of the specific phase being financed. Development finance is obtained at a loan to value of 70% with the remainder of the construction costs financed through equity.

Finance is currently obtained through South Africa's major banks including Investec, Nedbank and Absa.

The group's long-term debt to equity ratio as at the end of the reporting period was 29% compared to 37% in the prior corresponding period.

Dividend

A dividend of 10 cents per share has been declared, in line with the board's dividend policy of distributing 30% of after-tax profit to shareholders.

CHANGES TO THE BOARD

During the reporting period, Mr Tomi Amosun and Ms Thoko Mokgosi-Mwantembe were appointed to the board as independent non-executive directors on 16 May 2017.

The board now comprises three executive directors, one non-executive director and five independent non-executive directors.

Prospects

Management is focused on the long-term growth of the business through the delivery of an innovative lifestyle product to the South African market. Continued urbanisation and the growth of the South African middle-class will increase the demand for affordable high-quality sectional title apartments whilst there is a relatively low supply by property developers.

Great focus is being placed on operational performance and execution across all developments, especially during the initial phases. Careful capital allocation and cautious cash flow management remain priorities. The team is also implementing initiatives to adjust the configuration of apartment blocks, the pace of development and the pricing points to address market dynamics and maintain healthy level of sales.

Significant progress has been made regarding regulatory approvals and the management team is working closely with the authorities to resolve any outstanding issues. The delays at The Blyde, The Whisken, The Reid and Ballito Hills are expected to be resolved with sales on these developments coming on stream in the 2019 financial year. Furthermore, all new land acquisitions are now done on the basis that all regulatory approvals have been secured.

Management is also focusing on delivering on its rental model through strategic alliances such as the one announced with Transcend in August. Going forward, the Company will also seek to acquire zoned land on which repayments can be made on registrations.

The increased scale brought about by the new developments, the delayed projects coming on stream, costs controls, operational efficiencies and the benefit of new annuity income initiatives such as fibre, solar energy solutions, storage and education will support the company's performance.

COMMENTARY CONTINUED

Developments under construction and secured pipeline

	Expected commencement date	Expected date of completion	Total units in development	Registered to date	Sold but not registered	Total remaining units to be sold	Total remaining units to be registered
Johannesburg North							
Cambridge	Commenced	Completed	440	427	11	2	13
The Whiskin	Commenced	April 2019	1 350	0	190	1 160	1 350
Amsterdam	Commenced	December 2019	1 040	450	144	446	590
Kamasi	March 2018	TBC	1 764	0	0	1 764	1 764
Total			4 594	877	345	3 372	3 717
Johannesburg East							
Malakite	Commenced	Completed	290	256	29	5	34
Green Lee	March 2018	December 2020	1 600	0	0	1 600	1 600
The Reid	March 2018	December 2020	1 400	0	0	1 400	1 400
Westlake	Commenced	March 2018	1 010	382	98	530	628
Green Park	Commenced	TBC	1 200	0	0	1 200	1 200
Total			5 500	638	127	4 735	3 662
Johannesburg South							
Balboa Park	Commenced	Completed	410	358	18	34	52
Majella Park	June 2019	June 2021	420	0	0	420	420
Glenvista	TBC	TBC	900	0	0	900	900
Total			1 730	358	18	1 354	1 372
Pretoria							
The Blyde	Commenced	December 2020	3 200	0	0	3 200	3 200
Green Creek	March 2018	TBC	1 712	0	0	1 712	1 712
Green Wood	March 2019	TBC	1 712	0	0	1 712	1 712
Total			6 624	0	0	6 624	6 624

Developments under construction and secured pipeline continued

	Expected commencement date	Expected date of completion	Total units in development	Registered to date	Sold but not registered	Total remaining units to be sold	Total remaining units to be registered
Western Cape							
Paardevelei Retirement	Commenced	December 2019	307	0	25	282	307
Paardevelei Square	Commenced	June 2018	87	24	13	50	63
The Jade	Commenced	January 2020	360	0	165	195	360
The Sandown	Commenced	March 2018	636	322	172	142	314
Paarl	March 2019	March 2021	1 200	0	0	1 200	1 200
De Zicht	Commenced	March 2020	876	0	93	783	876
Total			3466	346	468	2 652	3 120
Waterfall							
Polo Fields	Commenced	TBA	1 500	0	347	1 153	1 500
Waterfall Fields	Commenced	TBA	5 230	0	0	5 230	5 230
Kikuyu	Commenced	TBA	1 270	0	256	1 014	1 270
Waterfall Ridge	TBA	TBA	7 500	0	0	7 500	7 500
Total			15 500	0	603	14 897	15 500
KwaZulu-Natal							
Ballito Hills	Commenced	TBA	1 600	0	128	1 472	1 600
Total			1 600	0	128	1 472	1 600
Grand total			39 014	2 219	1 689	35 106	35 595

RECONCILIATION OF HEADLINE EARNINGS

FOR THE SIX MONTHS ENDED 31 AUGUST 2017

		Unaudited Six months ended 31 August 2017	Unaudited Six months ended 31 August 2016	Audited 12 months ended 28 February 2017
Basic and headline earnings per share				
Basic	(cents)	35	37	141
Headline	(cents)	35	37	140
Tangible net asset value per share	(cents)	432	334	429
Net asset value per share	(cents)	432	334	429
Weighted average number of shares in issue	('000)	469 818	472 193	469 818
Net asset value	(R'000)	2 030 893	1 578 492	2 013 509
Reconciliation of profit for the year to headline earnings				
Profit for the year	(R'000)	163 078	174 550	660 344
Adjusted for:				
– Profit on disposal of property, plant and equipment	(R'000)	(17)	(271)	(277)
Headline earnings	(R'000)	163 061	174 279	660 067

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 AUGUST 2017

	Unaudited Six months ended 31 August 2017 R'000	Unaudited Six months ended 31 August 2016 R'000	Audited 12 months ended 28 February 2017 R'000
Revenue	894 077	749 918	2 702 153
Cost of sales	(604 226)	(435 970)	(1 691 129)
Gross profit	289 851	313 948	1 011 024
Other income	2 162	7 645	22 459
Operating expenses	(75 238)	(86 359)	(130 144)
Operating profit	216 775	235 234	903 339
Investment revenue	10 416	7 113	15 221
Finance costs	(419)	(787)	(1 375)
Profit before taxation	226 772	241 560	917 185
Taxation	(63 694)	(67 010)	(256 444)
Profit for the year	163 078	174 550	660 741
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations	686	(590)	(397)
Total comprehensive income for the year	163 764	173 960	660 344

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2017

	Unaudited Six months ended 31 August 2017 R'000	Unaudited Six months ended 31 August 2016 R'000	Audited 12 months ended 28 February 2017 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	52 116	43 877	43 180
Deferred tax	4 862	5 679	4 862
Total non-current assets	56 978	49 556	48 042
Current assets			
Developments under construction	2 413 677	2 404 581	2 011 324
Trade and other receivables	307 830	50 186	633 852
Other financial assets	8 601	3 220	30 129
Current tax receivable	60 241	418	358
Cash and cash equivalents	266 671	164 241	546 969
Total current assets	3 057 020	2 622 646	3 222 632
Total assets	3 113 998	2 672 202	3 270 674
Equity and liabilities			
Share capital	664 354	663 354	664 354
Reserves	(545)	(1 423)	(1 231)
Retained income	1 367 084	916 561	1 350 386
Total equity	2 030 893	1 578 492	2 013 509
LIABILITIES			
Non-current liabilities			
Other financial liabilities	583 992	589 136	610 677
Current liabilities			
Trade and other payables	102 522	70 373	137 457
Other financial liabilities	389 528	423 507	490 203
Current tax payable	2	5 435	4 562
Provisions	7 061	5 259	14 266
Total liabilities	1 083 105	1 093 710	1 257 165
Total equity and liabilities	3 113 998	2 672 202	3 270 674

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 AUGUST 2017

	Share capital R'000	Foreign currency translation reserve R'000	Retained income R'000	Total equity R'000
Balance at 1 March 2016 (Audited)	661 854	(834)	841 171	1 502 191
Total comprehensive income	–	(589)	174 550	173 961
Profit for the period			174 550	174 550
Other comprehensive income		(589)		(589)
Issue of shares	1 500	–	–	1 500
Dividends	–	–	(99 160)	(99 160)
Balance at 31 August 2016 (Unaudited)	663 354	(1 423)	916 561	1 578 492
Total comprehensive income	–	192	486 191	486 383
Profit for the period			486 191	486 191
Other comprehensive income		192		192
Issue of shares	1 000			1 000
Dividends	–		(52 366)	(52 366)
Balance at 28 February 2017 (Audited)	664 354	(1 231)	1 350 386	2 013 509
Total comprehensive income		686	163 078	163 764
Profit for the period			163 078	163 078
Other comprehensive income		686		686
Issue of shares				
Dividends			(146 380)	(146 380)
Balance at 31 August 2017 (Unaudited)	664 354	(545)	1 367 084	2 030 893

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 AUGUST 2017

	Unaudited Six months ended 31 August 2017 R'000	Unaudited Six months ended 31 August 2016 R'000	Audited 12 months ended 29 February 2017 R'000
Cash flows from operating activities			
Cash generated from/(used in) operations	103 868	(873 970)	(316 600)
Interest income	10 416	7 113	15 221
Finance costs	(419)	(787)	(1 375)
Tax paid	(128 136)	(101 303)	(290 733)
Net cash used in operating activities	(14 271)	(968 947)	(593 487)
Cash flows from investing activities			
Purchase of property, plant and equipment	(13 849)	(6 325)	(9 045)
Proceeds on disposal of property, plant and equipment	34	286	311
Net movement of financial assets	21 528	4 155	(22 753)
Net cash from/(used in) investing activities	7 713	(1 884)	(31 487)
Cash flows from financing activities			
Proceeds on share issue	–	1 500	2 500
Net movement of other financial liabilities	(127 360)	770 444	852 681
Dividends paid	(146 380)	(99 160)	(151 526)
Net cash (used in)/from financing activities	(273 740)	672 784	709 655
Total cash and cash equivalents movement for the year	(280 298)	(298 047)	84 681
Cash and cash equivalents at the beginning of the year	546 969	462 288	462 288
Total cash and cash equivalents at end of the year	266 671	164 241	546 969

SEGMENTAL ANALYSIS

FOR THE SIX MONTHS ENDED 31 AUGUST 2017

	Unaudited Six months ended 31 August 2017 R'000	Unaudited Six months ended 31 August 2016 R'000	Audited 12 months ended 28 February 2017 R'000
UNITED KINGDOM			
Segmental statement of financial position			
Assets			
Cash and cash equivalents	2 873	2 917	2 539
Liabilities			
Trade and other payables	17	19	89
Segmental statement of comprehensive income			
Cost of sales	–	24	–
Operating expenses	639	34	840
SOUTH AFRICA			
Segmental statement of financial position			
Assets			
Property, plant and equipment	52 116	43 877	43 180
Developments under construction	2 413 677	2 404 581	2 011 324
Trade and other receivables	307 830	50 186	633 852
Other financial assets	8 601	3 220	30 129
Cash and cash equivalents	263 798	161 241	544 430
Investments	100	100	100
Liabilities			
Trade and other payables	102 505	70 373	137 368
Other financial liabilities	973 520	1 012 643	1 100 881
Segmental statement of comprehensive income			
Revenue	894 077	749 918	2 702 153
Cost of sales	604 226	435 970	1 691 129
Operating expenses	74 599	86 359	129 304

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

1. Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with and containing the information required by IAS 34: Interim Financial Reporting as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the Companies Act, 2008 (No 71 of 2008) as amended. 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 Rand, which is the Group's functional and presentation currency.

The accounting policies are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those of the consolidated Financial Statements at 28 February 2017.

The unaudited condensed consolidated interim financial statements have been externally prepared under the supervision of J Weltman, in his capacity as Chief Financial Officer.

The interim unaudited condensed consolidated financial statements have not been reviewed or audited by Deloitte & Touche, the Group's external auditors.

2. Exchange rates

The following exchange rates were used in foreign interest and foreign transactions during the periods:

Rand/British Pound	31 August 2017	31 August 2016	28 February 2017
Closing rate	16.75	18.95	16.23
Average rate	16.8	20.57	19

3. Subsequent events

During the period under review, Mr Tomi Amosun and Ms Thoko Mokgosi-Mwantombe were appointed as independent non-executive directors with effect from 16 May 2017.

4. Interim dividend

Notice is hereby given that the Board have declared a gross dividend of 10 cents per ordinary share, payable out of the income reserves for the period ended 31 August 2017 to shareholders in accordance with the timetable below.

	Date
Declared	Monday, 20 November 2017
<i>Cum</i> dividend	Tuesday, 12 December 2017
<i>Ex</i> dividend	Wednesday, 13 December 2017
Record date	Friday, 15 December 2017
Payment date	Monday, 18 December 2017

Dividends tax amounting to 2 cents per ordinary share will be withheld in terms of the Income Tax Act. Ordinary shareholders who are not exempt from dividends tax will therefore receive a net dividend of 8 cents per ordinary share net of dividends tax. The Company has 472 192 592 ordinary shares in issue. Balwin's income tax reference number is 9058216848.

The Board is considering a distribution re-investment alternative in which a shareholder would be entitled to re-invest the cash distribution in return for shares in the Company, failing which they will receive the cash distribution in respect of all or part of their shareholding.

A further announcement will be made in this regard on/before Tuesday, 28 November 2017.

5. Share capital

Authorised

	Number of shares 2017	Number of shares 2016
Ordinary shares	1 000 000 000	1 000 000 000

Issued

Ordinary shares	469 662 237	469 662 237
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The unissued shares are under the control of the directors until the next annual general meeting.

Reconciliation of shares in issue:

Opening balance		
Movement		
Closing balance	469 662 237	469 662 237

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 31 AUGUST 2017

	Unaudited Six months ended 31 August 2017 R'000	Unaudited Six months ended 31 August 2016 R'000	Audited 12 months ended 28 February 2017 R'000
6. Related party disclosure			
Related party balances			
Related party transactions			
Sale of units to related parties			
SV Brookes	23 769	–	182 330
RN Gray	9 122	–	43 955
U Gschnaidtner	–	10 932	10 932
ML Brookes	–	–	2 149
S Brookes	–	–	710
Rent paid to related parties			
SV Brookes	187	303	934
ML Brookes	154	–	–
Management fee from related parties			
SV Brookes	176	178	359
RN Gray	46	43	87
U Gschnaidtner	9	9	20
J Weltman	2	3	6
Compensation to directors and other key management			
Directors emoluments	28 224	8 120	29 302

7. Fair value information

Fair value hierarchy

The different levels are defined as follows:

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

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

Level 3: Unobservable inputs for the asset or liability.

No changes have been made to the valuation technique.

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 were available and rely as little as possible on company specific estimates.

The fair values disclosed for the financial assets and financial liabilities are classified in Level 3 of the financial instrument hierarchy have been assessed to approximate their carrying amounts.

There were no transfers between Levels 1, 2 and 3 during the year.

	Unaudited Six months ended 31 August 2017 R'000	Unaudited Six months ended 31 August 2016 R'000	Audited 12 months ended 28 February 2017 R'000
8. Financial instruments			
Loans and receivables			
Other receivables	307 829	43 382	633 852
Cash and cash equivalents	266 671	164 241	546 969
Other financial assets	8 601	3 220	30 129
Financial liabilities at amortised cost			
Other financial liabilities	973 520	1 012 643	1 100 881
Trade and other payables	71 296	70 373	48 833

NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 31 AUGUST 2017

9. Board of directors

The following changes to the board of directors were effected during the reporting period:

- Mr Tomi Amosun was appointed as an independent non-executive director on 16 May 2017
- Ms Thoko Mokgosi-Mwantembe was appointed as an independent non-executive director on 16 May 2017

DISCLAIMER

We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as “prospects”, “believe”, “anticipate”, “expect”, “intend”, “seek”, “will”, “plan”, “indicate”, “could”, “may”, “endeavour” and “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements are discussed in each year’s annual report. Forward-looking statements apply only as of the date on which they are made, and we do not undertake, other than in terms of the Listings Requirements of the JSE Limited, any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. All profit forecasts published in this report are unaudited.

CORPORATE INFORMATION

BALWIN PROPERTIES LIMITED

Incorporated in the Republic of South Africa
Registration number 2003/028851/06
Share code: BWN
ISIN: ZAE000209532
("Balwin" or "the Company")

Directors

H Saven (Chairperson)*#
SV Brookes (Chief Executive Officer)
J Weltman (Chief Financial Officer)
R Gray (Managing Director)
A Shapiro*#
O Amosun*#
KW Mzondeki*#
T Mokgosi-Mwantembe*#
R Zekry#

* *Independent*

Non-executive

Company secretary

JUBA Statutory Services

Registered office

Block 1, Townsend Office Park
1 Townsend Avenue
Bedfordview
Private Bag X4, Gardenview, 2047
Telephone: 011 450 2818

Sponsor

Investec Bank Limited

Transfer secretary

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
70 Marshall Street, Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

www.balwin.co.za

20 November 2017



