

Your
lifestyle
our focus



UNAUDITED
INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST

2021



Financial Highlights

41% 
REVENUE

7% 
NET ASSET
VALUE

44% 
PROFIT FOR
THE PERIOD

44% 
EARNINGS
PER SHARE

44% 
HEADLINE
EARNINGS
PER SHARE



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Commentary

CORPORATE OVERVIEW

Balwin is a specialist, national residential property developer of large-scale, sectional title estates for South Africa's low-to-middle income population, with a focus on high quality, environmentally efficient, affordable apartments with an innovative lifestyle offering for residents.

Estates typically consist of between 1 000 and 2 000 sectional title residential apartments and are located in the targeted nodes of Johannesburg, Tshwane, the Western Cape and KwaZulu-Natal. Larger estates are developed where market demand and infrastructure requirements allow. An increasing number of larger-scale developments are being introduced into Balwin's portfolio, particularly in the Green Collection brand where the economies of scale allow for the desired affordability of the apartments.

Balwin estates offer secure, affordable, high-quality, environmentally friendly and conveniently located one-, two-, and three-bedroom apartments which 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. Apartments include modern fitted kitchens, prepaid water and solar-assisted electricity, eco-friendly fittings and appliances, and are all fibre enabled.

Lifestyle centres are an integral part of Balwin's developments with facilities offered as all-inclusive value-added services. These lifestyle centres typically include a wellness spa, restaurant, gym, squash court, running track, action sports field, games room, cinema room, swimming pools, playgrounds, laundromat and a concierge service.

Development brands

Balwin's business model comprises three distinctive development brands, all located in high-density, high-growth nodes across key metropolitan areas. Balwin benefits from economies of scale, in-house construction and management while retaining flexibility throughout individual phases of large developments. All estates are developed on a phase-by-phase basis and the dynamic nature of the product enables Balwin to control the pace of its developments or change the block design configuration in response to changing market conditions and customer demands.

GREEN COLLECTION

Targeting slightly lower income consumers than the Classic Collection, the Green-branded developments offer apartments priced from R499 900 to R1 099 900. These developments enjoy a distinctive architecture and high-quality standards which are synonymous with Balwin, also offering residents access to traditional lifestyle facilities.

CLASSIC COLLECTION

The Classic Collection is Balwin's core development model comprising four-storey, walk-up apartments. The apartments are targeted at the country's growing middle-income market with prices ranging from R699 900 to R2 249 900 and offer secure, affordable, high quality and environmentally friendly developments with an emphasis on lifestyle offerings to residents.

SIGNATURE COLLECTION

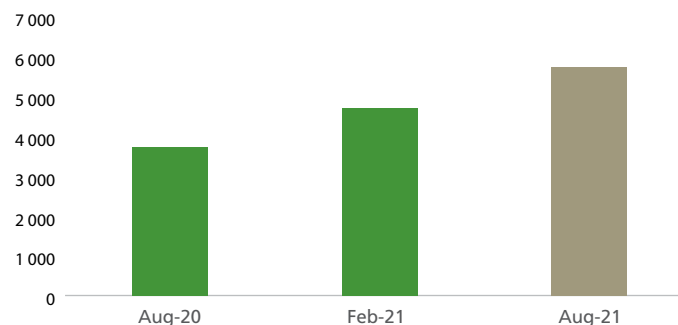
The Signature Collection houses three elite developments: The Polofields (Johannesburg, Waterfall), Paardevlei Lifestyle Estate (Western Cape, Somerset West) and Izinga Eco Estate (KwaZulu-Natal, Umhlanga). Apartments are built to higher specifications with luxurious finishes and are priced from R1 299 900 to R2 999 900.

Annuity business

Balwin generates annuity income by leveraging off its asset base and expanding its service offering to home owners. The main current source of annuity income is through the provision of high-speed fibre connectivity to home owners within Balwin's estates through Balwin Fibre which continues to record pleasing growth. Balwin's annuity businesses are complementary to its business model with limited additional costs required to generate returns.

The group is placing a renewed emphasis on annuity business opportunities and has identified further potential opportunities to enhance the annuity portfolio.

BALWIN FIBRE – HOMES CONNECTED



Commentary continued

OPERATIONAL REVIEW

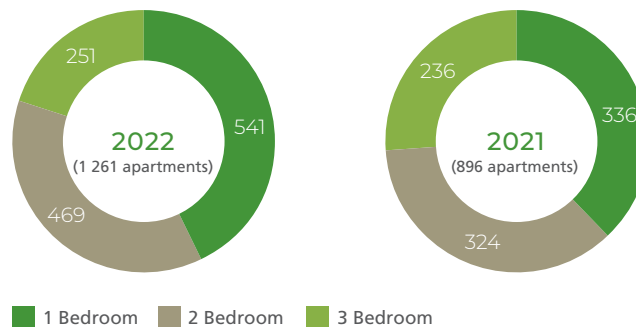
Balwin's results for the six-month period ended 31 August 2021 reflect a pleasing recovery from the challenging market conditions experienced in the prior period owing to the Covid-19 pandemic. Operational activity has steadily recovered to pre Covid-19 levels, supported by sustained demand for apartments.

The strong sales enabled Balwin to deliver 1 261 apartments to clients which were recognised in revenue for the period under review (H1 2021: 896 apartments).

Development	Region	Development brand	Apartments recognised in revenue in period
Munyaka	Johannesburg	Classic Collection	192
Fynbos	Western Cape	Classic Collection	129
Greencreek	Tshwane	Green Collection	123
Greenbay	Western Cape	Green Collection	112
The Huntsman	Western Cape	Classic Collection	111
Kikuyu	Johannesburg	Classic Collection	88
Ballito Hills	KwaZulu-Natal	Classic Collection	87
The Blyde	Tshwane	Classic Collection	84
The Polofields	Johannesburg	Signature Collection	82
Greenlee	Johannesburg	Green Collection	79
The Reid	Johannesburg	Classic Collection	74
Greenpark	Johannesburg	Green Collection	59
Paardevelei Lifestyle Estate	Western Cape	Signature Collection	40
Amsterdam	Johannesburg	Classic Collection	1
Total			1 261

Demand for one- and two-bedroom apartments remained strong and comprised approximately 80% (H1 2021: 74%) of the total apartments recognised in revenue.

APARTMENTS RECOGNISED IN REVENUE BY APARTMENT TYPE



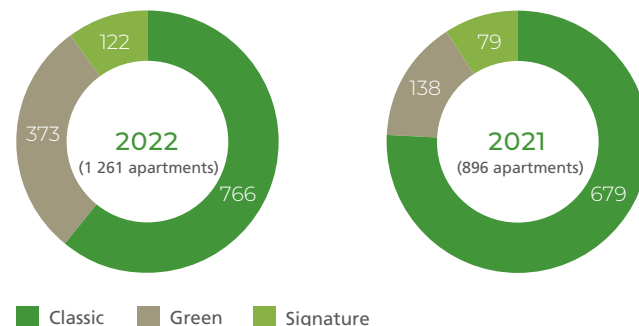


The group has pre-sold 2 846 apartments beyond the reporting period. These apartments have not been recorded in revenue in the current financial year and represents a 347 increase of apartments forward-sold compared to the prior period. This highlights the sustained demand for the product as well as the market’s trust in the Balwin brand.

In line with the ongoing strategic focus of the group, there was an increased roll-out of the Green Collection developments in the current period which contributed 30% of all apartments recognised in revenue (H1 2021: 15%). This was assisted by 112 apartments being handed over at Greenbay in the period, the first Green Collection development in the Western Cape. The majority of apartments included in revenue continues to be derived from the Classic Collection which contributed 61% of revenue (H1 2021: 76%).

The group has a secure development pipeline of 56 313 apartments across 29 developments in key target nodes. This represents an approximate 15- to-20-year development horizon.

APARTMENTS RECOGNISED IN REVENUE BY DEVELOPMENT BRAND



Commentary continued

ACHIEVEMENTS








B-BBEE transaction

Balwin successfully concluded the B-BBEE transaction to increase black participation within the group with its partner, Reggie Kukama, with shareholders approving the transaction on 6 September 2021. This assisted Balwin in realising its commitment to creating a business that is diverse, representative and transformed. Since listing in 2015, Balwin has embraced transformation in its business in line with the group's objective of working together with the South African community.

The board believes that Mr Kukama is a value adding partner with the functional and technical expertise to complement the existing management skillset and to achieve the ambition of growing the Balwin brand within the South African market.

International property awards

The quality of Balwin's developments and the creative design of its product were again recognised at the recent Africa and Arabia Property Awards where Balwin received seven awards 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

Balwin has now received 29 international awards recognising the innovation and excellence of the business.

Sustainable building practices

Balwin continued its focus on reducing its environmental impact through innovation in design and building techniques. All apartments developed in the period were registered for the international Excellence in Design for Greater Efficiency (EDGE) certification, with 471 apartments receiving the certification in the period.

Balwin has undertaken a process to target EDGE Advanced certification on all new EDGE registrations, a significant progression for the group with respect to sustainable development. A total of 27 719 apartments have been registered for EDGE Advanced since January 2021. EDGE Advanced requires apartments to achieve an on-site energy saving of 40% or more, an improvement from the 20% savings required for basic EDGE certification in addition to the 20% reduction in water usage and embodied energy in material which was previously a requirement for EDGE certification.

Three lifestyle centres were awarded the Six-Star Green rating from the Green Building Council of South Africa (GBCSA). A further three lifestyle centres are expected to achieve a Six-Star Green rating this year. Balwin currently has five Six-Star Green rated buildings, a record in Africa.

In the six-month reporting period, three Lifestyle Centres received a net zero rating from the GBCSA. Net zero ratings indicate that the total amount of energy consumed by the lifestyle centre equals the amount of energy created by the building. The group aims to achieve net zero ratings for a further four lifestyle centres in the coming year.

Following the partnership developed with Absa Bank to offer green home loans to Balwin customers through the introduction of the innovative Absa Eco Home Loan, three other major institutions, namely First National Bank, Nedbank and Standard Bank have introduced the offering of an eco home loan product. Through this initiative, Balwin's customers will benefit financially by receiving a reduction in the interest rate to assist in unlocking investment potential of green infrastructure technologies and services while offering value to the customer through improved affordability.

BALWIN FOUNDATION

Living our commitment as an invested corporate citizen of South Africa, The Balwin Foundation NPC supports and empowers the younger generation and previously disadvantaged individuals to gain greater knowledge and skills through technical vocational education and training. The Foundation supports government's vision to solve societal challenges by addressing the identified global Sustainable Development Goals. Students, employees, contractors and unemployed community members are trained in building industry-related trades which include tiling, painting, plastering and bricklaying as well as managing construction resources, all skills which are key to the success of the business.

Although Covid-19 lockdown levels have impacted the ability to host large training sessions, The Foundation has adapted and continued focus on upskilling and developing local community members while also providing funding and resources for relief efforts in local communities.

Through funds donated by Balwin Properties from the registration of each apartment, the Foundation successfully trained more than 650 previously disadvantaged individuals in the current six-month period. Additionally, the Foundation has funded bursaries for 15 scholars and 20 tertiary students which includes tuition, mentorship, development, life skills and practical work experience. Eight of The Foundation's bursary students have progressed to the Balwin's Graduate Work Back programme.

GREENLEE VEGETABLE GARDEN



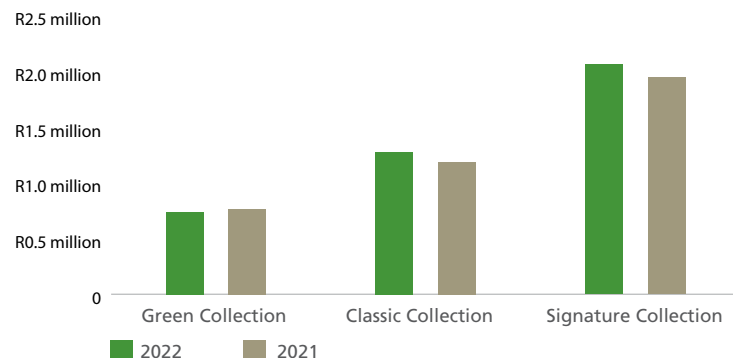
Commentary continued

FINANCIAL PERFORMANCE

Revenue

The group recorded revenue of R1.3 billion, a 41% increase from the prior Covid-19 impacted period. The average selling price per apartment of R1 190 427 (H1 2021: R1 188 671) was consistent with the prior year. The increases in the selling prices of apartments were offset by the change in the mix of apartments sold, with an increase in contribution of the one- and two-bedroom apartments, together with a continued increased contribution from the Green Collection apartments. The Green Collection apartments return a lower selling price than the Classic Collection apartments.

AVERAGE SELLING PRICE BY DEVELOPMENT BRAND



The Classic Collection continued to provide the majority of the group's revenue at 65% (H1 2021: 76%), while the Green Collection contributed 18% (H1 2021: 10%) of the total revenue from the sale of apartments. The Signature Collection generated the balance of 17% (H1 2021: 14%) of the revenue from the sale of apartments for the six-month period.

As previously communicated, the group expects the contribution of the Green Collection developments to continue to increase in the forthcoming financial year in line with the increased roll-out of these developments. The group also anticipates an increase in the contribution of the Signature Collection with the first phases at Izinga Eco Estate planned for handover in the second half of the year.

Gross profit

The group's gross profit increased 36% from the prior period, although at a slightly reduced gross profit margin of 24% (H1 2021: 25%). The margin was impacted by the strategic marketing initiatives undertaken to grow sales in response to the current constrained economic environment. The campaigns have proven highly successful in driving sales with the price discounts and incentives offered largely being absorbed by the healthy margins generated by the business.

In line with the proven formula of the business, 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. The group is confident that the gross margin will return to its target margin of the low-to-mid 30% range in the short-to-medium term through focused and creative cost engineering measures and through the gradual recovery of the economy.

Operating expenses and investment income

Operating costs increased to R151.8 million at period-end, a 25% increase from the prior period. The higher operating costs reflect increased sales commissions relating to the 41% increase in revenue and one-off fees in relation to the raising of a R500 million loan which will bring long-term benefit to the business.

As expected, the comparative period reflected a lower than normal base due to the reduction in certain operating costs which were not incurred during the Covid-19 impacted period. When measuring the operating expenses against the second half of the prior year (being a better representation of economic activity), the growth was contained to an inflationary based increase.

The management and containment of overhead costs remains a focus area for the business.

Investment income increased by R10.1 million largely due to the introduction of occupational rent being charged on apartments occupied prior to registration.

Earnings per share and headline earnings per share

Earnings per share and headline earnings per share increased by 44% to 25 cents (H1 2021: 17 cents), in line with the range communicated in the group's trading statement issued on 10 September 2021.

Property, plant and equipment.

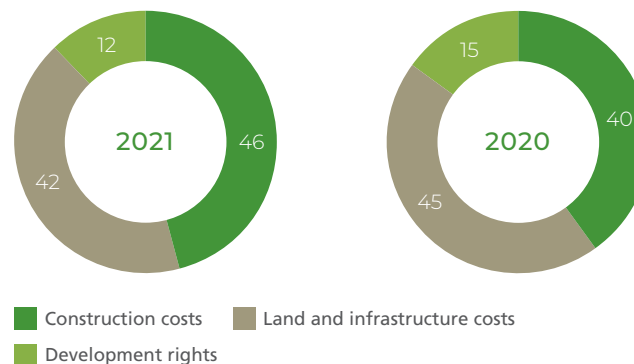
Property, plant and equipment increased by R128.5 million from the comparative period as a result of the initial recognition of the right of use asset pertaining to the group's new head office in accordance with IFRS 16: Leases.

Developments under construction

Developments under construction, including the value of land, infrastructure costs, development rights and development costs, increased by R1.2 billion to R4.7 billion.

DEVELOPMENTS UNDER CONSTRUCTION

(% CONTRIBUTION OF TOTAL DEVELOPMENTS UNDER CONSTRUCTION)



The investment in the development pipeline of the group has been a catalyst for the increase in the value of developments under construction at period-end 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 which is forecasted to handover its first phase in the 2023 financial year, all of the projects will contribute to revenue in the current financial year.

Commentary 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 is pleased with the cash position of R738.8 million at period-end, an increase of R311.0 million from the prior comparative period.

The group secured a R500 million loan facility with Stanlib during the period, representing a significant milestone for the group to broaden its funding base in a cost effective manner.

Development finance is 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.

Dividend

Notice is hereby given that the board has declared a final gross dividend of 7.4 cents per ordinary share (H1 2021: 19.6 cents). The prior dividend included a previously deferred dividend that was withheld at the end of the 2020 financial year. The dividend is payable out of income reserves for the period ended 31 August 2021 to ordinary shareholders in accordance with the timetable below:

Declared	20 October 2021
Last day to trade (<i>cum</i> dividend)	7 December 2021
<i>Ex</i> dividend	8 December 2021
Record date	10 December 2021
Payment date	13 December 2021

Dividend tax amounting to 1.48 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 dividend of 5.92 cents net of dividends tax. The company has 472 192 592 ordinary shares in issue. Balwin's income tax reference number is 9058216848. Share certificates may not be dematerialised or rematerialised between 8 December 2021 and 10 December 2021, both days inclusive.

Prospects

While remaining cautious in the prevailing macroeconomic climate, the board is positive on the resilience of the Balwin product as demonstrated by the sustained demand from its customers. This is evidenced through continued strong sales and healthy pre-sales recorded for future years.

Contributions from annuity income initiatives currently constitute a negligible portion of the total profits of the group, however, the board plans to pursue potential annuity opportunities that are complementary to the core business model while leveraging off the Balwin brand.

The board continues to monitor the ongoing implications of the Covid-19 pandemic on the business and management continues to prioritise the well-being of its people and all stakeholders.

The board remains optimistic with respect to the opportunities presented through the Strategic Integrated Projects. The required capital outlay and funding of the project continues to be given priority consideration.

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	A	1 270	1 245	1 137	1 158	87	25	112
The Polofields	Signature Collection	Commenced	A	1 512	896	814	836	60	616	676
Munyaka	Classic Collection	Commenced	A	5 028	838	474	475	363	4 190	4 553
Total				7 810	2 979	2 425	2 469	510	4 831	5 341
Johannesburg East										
The Reid	Classic Collection	Commenced	A	1 300	737	682	702	35	563	598
The Klulee	Classic Collection	TBC	I	444	–	–	–	–	444	444
Greenlee	Green Collection	Commenced	A	1 908	558	439	457	101	1 350	1 451
Greenpark	Green Collection	Commenced	A	1 324	644	574	577	67	680	747
Greenvalley	Green Collection	TBC	I	2 698	–	–	–	–	2 698	2 698
Westlake 2	Classic Collection	TBC	I	156	–	–	–	–	156	156
Total				7 830	1 939	1 695	1 736	203	5 891	6 094
Johannesburg North										
Amsterdam	Classic Collection	Commenced	C	1 040	1 040	1 038	1 038	2	–	2
The Whisken	Classic Collection	Commenced	A	1 370	422	422	422	–	948	948
Total				2 410	1 462	1 460	1 460	2	948	950
Johannesburg South										
Glenvista View	Classic Collection	TBC	I	984	–	–	–	–	984	984
Majella Park	Classic Collection	TBC	I	280	–	–	–	–	280	280
Thaba Eco Village	Classic Collection	Commenced	A	1 692	220	–	–	220	1 472	1 692
Total				2 956	220	–	–	220	2 736	2 956
KwaZulu-Natal, Ballito										
Ballito Hills	Classic Collection	Commenced	A	1 320	678	567	568	110	642	752
Ballito Creek	Classic Collection	TBC	I	1 650	–	–	–	–	1 650	1 650
Total				2 970	678	567	568	110	2 292	2 402

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
KwaZulu-Natal, Umhlanga										
Izinga Eco Estate	Signature Collection	Commenced	A	3 375	281	–	–	281	3 094	3 375
Greenlake	Green Collection	TBC	I	4 480	–	–	–	–	4 480	4 480
Total				7 855	281	–	–	281	7 574	7 855
Tshwane East										
The Blyde	Classic Collection	Commenced	A	3 281	1 075	931	1 032	43	2 206	2 249
Greencreek	Green Collection	Commenced	A	3 872	444	246	255	189	3 428	3 617
Mooikloof Eco Estate	Classic Collection	Commenced	A	3 734	54	–	–	54	3 680	3 734
Greenkloof	Green Collection	Commenced	A	2 572	429	–	–	429	2 143	2 572
Mooikloof Mega City	Green Collection	TBC	A	12 440	–	–	–	–	12 440	12 440
Total				25 899	2 002	1 177	1 287	715	23 897	24 612
Western Cape, Somerset West										
Paardevelei Lifestyle Estate	Signature Collection	Commenced	A	388	310	278	295	15	78	93
The Huntsman	Classic Collection	Commenced	A	1 776	410	330	339	71	1 366	1 437
Greenbay	Green Collection	Commenced	A	1 824	388	76	112	276	1 436	1 712
Total				3 988	1 108	684	746	362	2 880	3 242
Western Cape, Milnerton										
De Aan-Zicht	Classic Collection	Commenced	A	1 354	373	–	–	373	981	1 354
Fynbos	Classic Collection	Commenced	A	1 116	554	472	484	70	562	632
Total				2 470	927	472	484	443	1 543	1 986
Western Cape, N1 Corridor										
De Kuile	Classic Collection	TBC	I	875	–	–	–	–	875	875
Total				875	–	–	–	–	875	875
Grand Total				65 063	11 596	8 480	8 750	2 846	53 467	56 313

(*) A – Active, I – Inactive, C – Complete

Reconciliation of Headline Earnings

For the six months ended 31 August 2021

		Unaudited six months ended 31 August 2021	Unaudited six months ended 31 August 2020	Audited year ended 28 February 2021
Basic and headline earnings per share				
Basic	(cents)	24.95	17.33	71.67
Headline	(cents)	24.95	17.33	71.47
Diluted earnings	(cents)	24.91	17.19	71.19
Diluted headline earnings	(cents)	24.91	17.19	70.99
Tangible net asset value per share	(cents)	692.00	648.61	679.57
Net asset value per share	(cents)	692.00	648.61	682.83
Weighted average number of shares in issue	('000)	469 123	468 231	469 024
Net asset value	(R'000)	3 246 684	3 036 810	3 036 810
Reconciliation of profit for the period/year to basic and headline earnings				
Profit for the period/year attributable to equity holders	(R'000)	117 041	81 158	336 156
Adjusted for:				
Loss/(profit) on disposal of property, plant and equipment	(R'000)	8	–	(347)
Fair value adjustment on investment property held by associate	(R'000)	–	–	(617)
Headline earnings	(R'000)	117 049	81 158	335 192
Weighted average number of shares				
Weighted average number of shares in issue	('000)	469 123	468 231	469 024
Potential dilutive impact of share options	('000)	812	3 962	3 169
Weighted average number of diluted shares in issue	('000)	469 935	472 193	472 193

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 August 2021

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Revenue	1 312 208	929 578	2 700 574
Cost of sales	(1 003 624)	(701 826)	(1 979 598)
Gross profit	308 584	227 752	720 976
Other income	1 788	2 811	6 652
Operating expenses	(151 754)	(121 014)	(265 178)
Operating profit	158 618	109 549	462 450
Interest income	17 470	7 329	16 936
Finance costs	(14 209)	(4 062)	(14 079)
Share of profit of associate	716	75	1 744
Profit before taxation	162 595	112 891	467 051
Taxation	(45 362)	(31 653)	(130 686)
Profit for the period/year	117 233	81 238	336 365
Total comprehensive income for the period/year	117 233	81 238	336 365
Profit attributable to:			
Owners of the parent	117 041	81 158	336 156
Non-controlling interest	192	80	209
	117 233	81 238	336 365
Total comprehensive income attributable to:			
Owners of the parent	117 041	81 158	336 156
Non-controlling interest	192	80	209
	117 233	81 238	336 365
Basic and diluted earnings per share			
Basic	24.95	17.33	71.67
Diluted	24.91	17.19	71.19

Condensed Consolidated Statement of Financial Position

As at 31 August 2021

	Unaudited as at 31 August 2021 R'000	Unaudited as at 31 August 2020 R'000	Audited as at 28 February 2021 R'000
Assets			
Non-current assets			
Property, plant and equipment	223 542	95 026	99 810
Intangible assets	16 389	13 259	15 256
Investment in associate	2 784	398	2 067
Loans to external parties	11 658	–	11 658
	254 373	108 683	128 791
Current assets			
Developments under construction	4 701 145	3 487 816	4 121 257
Loans to related parties	14 112	14 112	14 112
Trade and other receivables	423 682	666 476	695 034
Developments loans receivable	14 277	46 561	68 181
Current tax receivable	17 618	46 333	5 865
Restricted cash	9 536	–	31 390
Cash and cash equivalents	738 772	427 726	336 533
	5 919 142	4 689 024	5 272 372
Total assets	6 173 515	4 797 707	5 401 163
Equity and liabilities			
Equity			
Share capital	664 225	663 079	663 079
Share-based payment reserve	8 592	3 981	6 778
Retained income	2 573 716	2 369 920	2 532 804
Non-controlling interest	151	(170)	(41)
Total equity	3 246 684	3 036 810	3 202 620
Non-current liabilities			
Development loans and facilities	709 438	153 357	225 605
Lease liabilities	116 893	2 274	2 170
Deferred taxation	177 436	131 534	159 659
	1 003 767	287 165	387 434
Current liabilities			
Development loans and facilities	1 697 476	1 320 986	1 675 884
Trade and other payables	186 565	120 705	104 896
Lease liabilities	10 236	972	753
Provisions	28 787	31 069	29 576
	1 923 064	1 473 732	1 811 109
Total liabilities	2 926 831	1 760 897	2 198 543
Total equity and liabilities	6 173 515	4 797 707	5 401 163

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 August 2021

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Cash flows from operating activities			
Cash generated from/(used in) operations	37 798	(39 262)	(400 703)
Interest received	17 053	7 329	16 936
Finance costs paid	(31 429)	(25 671)	(40 111)
Taxation paid	(39 339)	(30 521)	(60 962)
Net cash used in operating activities	(15 917)	(88 125)	(484 840)
Cash flows from investing activities			
Purchase of property, plant and equipment	(7 932)	(11 663)	(25 597)
Proceeds on disposal of property, plant and equipment	–	1 102	592
Purchase of intangible assets	(1 993)	(4 692)	(7 235)
Increase in investment in associate	(717)	(75)	–
Loans advanced to external parties	–	–	(11 658)
Net cash used in investing activities	(10 642)	(15 328)	(43 898)
Cash flows from financing activities			
Development loans repaid	(1 060 407)	(508 802)	(1 092 247)
Development loans raised and utilised	1 635 201	472 284	1 429 710
Investment loan and general banking facilities repaid	(263 064)	(158 280)	(158 280)
Investment loan and general banking facilities raised and utilised	193 695	249 445	302 610
Payment on lease liabilities	(498)	–	(940)
Dividends received from treasury shares	367	–	436
Dividends paid	(76 496)	–	(92 550)
Net cash generated from financial activities	428 798	54 647	388 739
Total cash and cash equivalents movement for the period/year	402 239	(48 806)	(139 999)
Cash and cash equivalents at the beginning of the period/year	336 533	476 532	476 532
Total cash and cash equivalents at the end of the period/year	738 772	427 726	336 533

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 August 2021

	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 28 February 2020 (Audited)	652 978	9 900	2 288 762	2 951 640	(250)	2 951 390
Profit for the period	–	–	81 158	81 158	80	81 238
Recognition of share-based payment	–	4 182	–	4 182	–	4 182
Issue of long term share incentives	10 101	(10 101)	–	–	–	–
Balance at 31 August 2020 (Unaudited)	663 079	3 981	2 369 920	3 036 981	(170)	3 036 810
Profit for the period	–	–	254 998	254 998	129	255 127
Share-based payment	–	2 797	–	2 797	–	2 797
Dividends received from treasury shares	–	–	436	436	–	436
Dividends paid	–	–	(92 550)	(92 550)	–	(92 550)
Balance at 28 February 2021 (Audited)	663 079	6 778	2 532 804	3 202 661	(41)	3 202 620
Profit for the period	–	–	117 041	117 041	192	117 233
Share-based payment	–	2 960	–	2 960	–	2 960
Issue of long term share incentives	1 146	(1 146)	–	–	–	–
Dividends received from treasury shares	–	–	367	367	–	367
Dividends paid	–	–	(76 496)	(76 496)	–	(76 496)
Balance at 31 August 2021 (Unaudited)	664 225	8 592	2 573 716	3 246 533	151	3 246 684

Notes to the Condensed Consolidated Statements

For the six months ended 31 August 2021

1. BASIS OF PREPARATION

The interim unaudited condensed consolidated financial statements have been prepared in accordance with and containing the information required by IAS 34: Interim Financial Reporting as well as the Financial Pronouncements as issued by Financial Reporting Standards Council, 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 and methods of computation are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those of the consolidated Financial Statements at 28 February 2021. These interim unaudited condensed consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes have been included to explain events and transactions that are significant to an understanding of the changes in the group's financial position and performance from the year ended 28 February 2021.

The interim unaudited condensed consolidated financial statements have been internally 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 BDO, the group's external auditors.

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
2. REVENUE			
Revenue from contracts with customers			
Revenue from the sale of apartments	1 290 148	912 593	2 659 330
Bond Commission	5 541	6 212	15 892
Rental of electronic communication	15 462	10 168	21 819
	1 311 151	928 973	2 697 041
Revenue other than revenue from contracts with customers			
Donation income	1 057	605	3 533
	1 312 208	929 578	2 700 574

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.

2. REVENUE (continued)

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

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Disclosure of disaggregated revenue from the sale of apartments by region:			
Johannesburg	623 760	433 769	1 326 323
Tshwane	151 099	65 589	281 926
Western Cape	389 121	317 725	749 735
KwaZulu-Natal	126 168	95 509	301 346
	1 290 148	912 593	2 659 330
Disclosure of disaggregated revenue from the sale of apartments by development brands:			
Green Collection	236 473	90 041	386 030
Classic Collection	865 809	690 762	1 959 826
Signature Collection	187 866	131 790	313 474
	1 290 148	912 593	2 659 330
	Unaudited as at 31 August 2021 R'000	Unaudited as at 31 August 2020 R'000	Audited as at 28 February 2021 R'000

3. DEVELOPMENTS UNDER CONSTRUCTION AND INVENTORIES

Developments under construction	4 701 145	3 487 816	4 121 257
Developments under construction include the following:			
Cost of construction	2 166 904	1 403 189	1 635 145
Land and land contribution costs	1 984 314	1 580 905	2 014 029
Development rights	549 927	503 722	472 083
	4 701 145	3 487 816	4 121 257

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

The cost of developments under construction recognised as an expense during the current period was R947.0 million (H1 2021: R700.6 million).

Notes to the Condensed Consolidated Statements continued

For the six months ended 31 August 2021

	Unaudited as at 31 August 2021 R'000	Unaudited as at 31 August 2020 R'000	Audited as at 28 February 2021 R'000
4. SHARE CAPITAL			
Authorised			
Ordinary shares	1 000 000	1 000 000	1 000 000
Issued and fully paid up			
Ordinary shares (R'000)	672 848	670 206	670 206
Treasury shares (R'000)	(8 623)	(7 127)	(7 127)
The unlisted shares are under the control of the directors until the next annual general meeting.			
Reconciliation of shares in issue			
Opening balance	469 255	467 632	467 632
Treasury shares converted	586	599	3 900
Shares bought back and held in treasury	–	–	(2 277)
Closing balance	469 841	468 231	469 255
	Unaudited as at 31 August 2021 R'000	Unaudited as at 31 August 2020 R'000	Audited as at 28 February 2021 R'000
5. DEVELOPMENT LOANS			
Held at amortised cost			
Development loans	1 604 679	1 224 898	1 548 879
General banking facility	723 680	160 000	132 358
Investment loan facility	78 555	89 445	220 252
	2 406 914	1 474 343	1 901 489

5. DEVELOPMENT LOANS (continued)

Development loans	Average nominal interest rate %	Maturity date	Unaudited as at 31 August 2021 R'000
Non-current loans			
Century Property Developments Proprietary Limited	Prime	November 2027	152 007
Portimix Proprietary Limited	8%	Between June 2022 and June 2025	58 751
			210 758
Current loans			
ABSA Bank Limited	Prime	Between September 2021 and August 2022	379 489
ABSA Bank Limited	Prime less 0.25%	Between September 2021 and August 2022	92 774
FNB	Prime	Between September 2021 and August 2022	62 564
FNB	Prime less 0.5%	Between September 2021 and August 2022	46 022
Nedbank Limited	1 Month Jibar plus 3.575%	Between September 2021 and August 2022	1 836
Nedbank Limited	1 Month Jibar plus 3.675%	Between September 2021 and August 2022	12 252
Nedbank Limited	3 Month Jibar plus 2.89%	Between September 2021 and August 2022	112 235
Nedbank Limited	3 Month Jibar plus 2.94%	Between September 2021 and August 2022	28 748
Nedbank Limited	Prime	Between September 2021 and August 2022	230 760
Investec Bank Limited	Prime	Between September 2021 and August 2022	239 504
Investec Bank Limited	Prime less 0.25%	Between September 2021 and August 2022	114 071
National Housing Finance Corporation Limited	Prime	Between September 2021 and August 2022	73 665
			1 393 921
			1 604 679
Investment loan and general banking facilities			
Non-current loans			
Stanlib Asset Management Pty Ltd	3 Month Jibar plus 4.75%	July 2024	498 680
Current loans			
ABSA Bank Limited	Prime less 1.55%	No fixed terms of repayment	65 000
ABSA Bank Limited	Prime	September 2021	78 555
Nedbank Limited	Prime	September 2021	160 000
			303 555
			802 236
Total			2 406 914

Notes to the Condensed Consolidated Statements continued

For the six months ended 31 August 2021

5. DEVELOPMENT LOANS (continued)

Development loans	Average nominal interest rate %	Maturity date	Unaudited as at 31 August 2020 R'000
Non-current loans			
Portimix Proprietary Limited	8%	Between June 2022 and June 2025	153 357
Current loans			
Absa Bank Limited	Prime	Between September 2020 and August 2021	469 892
Nedbank Limited	Prime	Between September 2020 and August 2021	157 964
Investec Bank Limited	Prime less 0.25%	Between September 2020 and August 2021	344 361
Portimix Proprietary Limited	8%	June 2021	99 324
			1 071 541
			1 224 898
Investment loan and general banking facilities			
Current loans			
Nedbank Limited	Prime	September 2020	160 000
Absa Bank Limited	Prime	September 2020	89 445
			249 445
Total			1 474 373

5. DEVELOPMENT 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	108 536
Portimix Proprietary Limited	8%	Between June 2020 and June 2025	117 069
			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 transaction.

Investment loan and general banking facilities pertain to short-term bridging loan facilities.

Notes to the Condensed Consolidated Statements continued

For the six months ended 31 August 2021

	Unaudited as at 31 August 2021 R'000	Unaudited as at 31 August 2020 R'000	Audited as at 28 February 2021 R'000
6. RELATED PARTY DISCLOSURE			
Related party balances			
Loan accounts and trade receivables owing by related parties:			
Balwin Rentals Proprietary Limited	14 112	14 112	14 112
Legaro Property Development Proprietary Limited ***	20 722	43 348	22 366
Related party transactions			
Sale of apartments and land to related parties:			
Directors and companies			
Lucille Properties Proprietary Limited *	23 947	–	18 298
Shelby Prop Investments Proprietary Limited **	3 304	–	6 516
Property rental management fee received:			
Directors and prescribed officers			
RN Gray	73	141	225
J Weltman	2	5	8
U Gschnaidtner	8	16	25
SV Brookes	218	257	412
Rental paid to related parties			
Directors, prescribed officers and companies:			
SV Brookes	–	653	1 290
Volker Properties Proprietary Limited *	954	24	485
RN Gray	–	173	234
Lucille Properties Proprietary Limited *	19	–	12
Shelby Prop Investments Proprietary Limited **	640	–	338
M Brookes ****	29	–	–
Compensation to directors and other key management:			
Directors emoluments	22 165	15 644	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

	Unaudited as at 31 August 2021 R'000	Unaudited as at 31 August 2020 R'000	Audited as at 28 February 2021 R'000
7. FINANCIAL INSTRUMENTS			
Financial assets at amortised cost			
Trade and other receivables	391 845	665 862	682 035
Cash and cash equivalents	738 772	427 726	336 533
Restricted cash	9 536	–	31 390
Development loans receivable	14 277	46 561	68 181
Loans to related parties	14 112	14 112	14 112
Financial liabilities at amortised cost			
Development loans	(2 406 914)	(1 474 343)	(1 901 489)
Trade and other payables	(113 301)	(99 418)	(97 056)

8. FINANCIAL INSTRUMENTS

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. SUBSEQUENT EVENTS

On 6 September 2021, the shareholders approved the B-BBEE transaction in which the group issued 10% of its shares to a BEE SPV. All conditions precedent were fulfilled on 6 September 2021 and the transaction was effective from this date. The transaction is a non-adjusting event after the reporting period.

The issue of shares to the BEE SPV will be treated as an in-substance option which is within the scope of IFRS 2: Share-based payment. The fair value of the option at grant date is R58 million. The subscription price paid by the BEE SPV of R20 million is a premium paid by the BEE SPV to acquire the in-substance option. The premium reduces the IFRS 2 expense to be recognised. The details of the transaction can be found on the circular issued on 26 July 2021.

Notes to the Condensed Consolidated Statements continued

For the six months ended 31 August 2021

10. GOING CONCERN

The directors have reviewed the group cash flow forecasts up to the period ending October 2022 and, in light of this review and the current financial position, the directors believe that the group has adequate financial resources to continue in operation for the foreseeable future. Accordingly, the consolidated results have been prepared on a going concern basis.

The group has performed cash flow forecasting to support the going concern assumption of the group. In preparing the cash flow forecast, the terms of the existing debt covenants have been reviewed and are expected to be complied with in full.

Corporate information

BALWIN PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2003/028851/06)

(Income tax number 9058216848)

Share code: BWN ISIN: ZAE000209532

("Balwin" or "the group")

DIRECTORS

Executive

Stephen Brookes (Chief executive officer)

Jonathan Weltman (Chief financial officer)

Non-executive

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

**Independent*

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EXTERNAL AUDITOR

BDO South Africa Inc.

SPONSOR

Investec Bank Limited

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