

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2022



Financial Highlights

20% 
REVENUE

11% 
NET ASSET
VALUE

48% 
PROFIT FOR
THE PERIOD

48% 
EARNINGS
PER SHARE

47% 
HEADLINE
EARNINGS
PER SHARE



Your
lifestyle
our focus



Commentary

CORPORATE OVERVIEW

Balwin is South Africa's leading residential property developer of large-scale, sectional title estates with a focus on high quality, environmentally efficient and 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 allows. 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 and conveniently located, one-, two-, and three-bedroom apartments which are designed to appeal to a wide range of home buyers and investors. Apartments include modern fitted kitchens, prepaid water and prepaid solar assisted electricity, eco-friendly fittings and appliances, and are all fibre enabled through Balwin's subsidiary fibre business.

Sustainable building is at the heart of the development process. All of Balwin's apartments are built to EDGE Advanced certification and the Lifestyle Centre's are constructed to Six-Star Green rating and Net Zero Carbon Omission as certified by the Green Building Council of South Africa (GBCSA). This commitment to environmentally sustainable building allows for significant savings to our customers through reduced utility costs together with potential savings in their bonds through the Green Bonds offered by most of the major financial institutions whereby the client is afforded a 0.25% - 0.75% reduction in their interest rate on the bond.

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 concierge services. An exciting recent extension of the lifestyle offering has been the building of the increasingly popular padel courts at certain developments.

The Blyde (Tshwane East) was the first development in South Africa to incorporate an innovative clearwater lagoon built in a beach setting. The second such lagoon is in the final stages of construction at Munyaka (Waterfall, Johannesburg) and is expected to be completed in December 2022. Balwin has an exclusivity agreement with Crystal Lagoons to develop these freshwater lagoons in strategic nodes in future.

Development brands

Balwin's business model comprises three distinctive collections, all located in high-density, high-growth nodes across key metropolitan areas. Balwin benefits from economies of scale, in-house construction 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 lower income consumers than the Classic Collection, the Green-branded developments offer apartments priced from R599 900 to R1 299 900. 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 R769 900 to R2 439 900 and offer secure, affordable, high quality and environmentally friendly developments with an emphasis on lifestyle offerings to residents.

SIGNATURE COLLECTION

The Signature Collection comprises two developments: The Polofields (Waterfall, Johannesburg) and Izinga Eco Estate (Umhlanga, KwaZulu-Natal). Our signature development in the Western Cape, Paardevlei Lifestyle Estate, was sold out during the current period. Apartments in the Signature Collection are built to higher specifications with luxurious finishes and are priced from R2 299 900 to R3 199 900.

Commentary continued

Annuity businesses

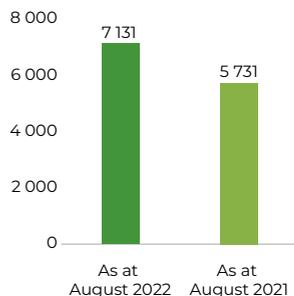
The annuity businesses have been established to provide an enhanced client experience while making living at Balwin developments more cost effective for clients. In addition to this, Balwin will be able to generate annuity revenue streams which will diversify its sources of income.

The following annuity businesses have been identified to date:

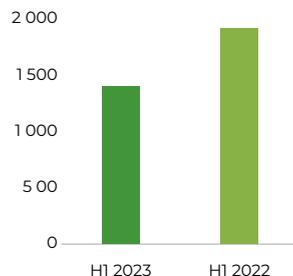
Annuity business	Nature of services
Balwin Fibre	Fibre infrastructure and related services
Balwin Mortgages	Source and facilitate mortgage bonds
Balwin Energy	Supply clean energy and treated water
Balwin Rentals	Residential property rental
Balwin Commercial	Commercial property investment and management
Balwin Lifestyle	Management of lifestyle amenities within developments
Balwin Education	Provide primary and secondary education services
Balwin Technik	Security and access control supply and services
Balwin Financial Services	To facilitate the provision of value-adding financial products and services
Balwin Signage and Towers	Rental of digital advertising and cell tower infrastructure

The annuity businesses are steadily progressing with the majority contribution to revenue being derived from the fibre and bond origination businesses. The balance of the remaining early-stage annuity businesses are not expected to contribute materially to the Group's results in the current year.

BALWIN FIBRE HOMES CONNECTED (TO DATE)



MORTGAGES SECURED (FOR THE SIX MONTHS)



Changes to the board composition and director functions

The Board wishes to advise shareholders that Ms Keneilwe Moloko was appointed as an independent non-executive director to the Board with effect from 19 August 2022. Ms Moloko's appointment was pursuant to the retirement of Ms Kholeka Mzondeki at the Company's Annual General Meeting on the same date.

The following changes were affected to the below committees of the Board:

- Ms Keneilwe Moloko – appointed as a member of the Audit and Risk Committee and as a member of the Social, Ethics and Transformation Committee
- Mr Tomi Amosun – appointed as the Chairman of the Audit and Risk Committee



Commentary continued

OPERATIONAL REVIEW

Home buyers continued to reward Balwin for its unique product offering in the South African residential property sector, with another pleasing performance for the six months ended 31 August 2022. The construction and handover of quality apartments in developments with modern lifestyle centres continued to be a key differentiator in the market. Balwin's drive towards energy efficiency and green living, whilst not only environmentally responsible, is also proving to be financially rewarding for the Group and its clients. Market dynamics such as semigration have played a prominent role in boosting demand for Balwin apartments in the Western Cape and KwaZulu-Natal regions.

Sustained strong demand resulted in 1 360 (H1 2022: 1 261) apartments recognised in revenue during the period, an 8% increase in the number of apartments recognised from the prior period.

The Group has pre-sold 1 551 apartments beyond the reporting period and have accordingly not included these apartments in revenue. The pre-sold position has reduced from 2 386 apartments reported as pre-sold as at February 2022 and can be attributed to the conversion of the existing pre-sales into revenue in the current period in addition to a change in sales strategy at Greenkloof (Tshwane East). The prior period pre-sales position was strongly bolstered as a result of pent-up demand from three new developments, namely Thaba Eco Village in Johannesburg South, De Aan-Zicht in the Western Cape and Izinga Eco Estate in KwaZulu-Natal. In total, 319 of these pre-sales were converted to revenue in the current period.

In addition to this, 438 apartments pre-sold at Greenkloof in Tshwane in the prior period were cancelled subsequent to uncertainty and resulting timing delays in implementing the Strategic Integrated Project with Government. The development was successfully re-launched post-period end with a new pricing model.

The recorded forward sales reflects a healthy position for the Group at period end and demonstrates the sustained demand for the Balwin product.

The Group has secured a development pipeline of 45 411 apartments across 27 developments in key target nodes, representing an approximate 15 year development pipeline.

Apartments recognised in revenue in the period

Development	Region	Development Brand	Apartments recognised in revenue in period
Munyaka	Johannesburg	Classic Collection	170
Greenbay	Western Cape	Green Collection	130
Greencreek	Tshwane	Green Collection	124
De Aan-Zicht	Western Cape	Classic Collection	112
Fynbos	Western Cape	Classic Collection	109
Thaba Eco Village	Johannesburg	Classic Collection	109
Ballito Hills	KwaZulu-Natal	Classic Collection	103
Izinga Eco Estate	KwaZulu-Natal	Signature Collection	98
Greenlee	Johannesburg	Green Collection	92
The Huntsman	Western Cape	Classic Collection	84
Greenpark	Johannesburg	Green Collection	78
The Polofields	Johannesburg	Signature Collection	55
Paardevelei Lifestyle Estate	Western Cape	Signature Collection	47
The Blyde Riverwalk	Tshwane	Classic Collection	40
The Reid	Johannesburg	Classic Collection	5
Kikuyu	Johannesburg	Classic Collection	4
			1 360

Munyaka, our classic development in Waterfall (Johannesburg) once again recorded the highest number of apartments in revenue of 170 (H1 2022: 192), a continuation of strong demand for apartments in the Waterfall City and following the completion and handover of the final four apartments at neighbouring Kikuyu. Sustained demand was also recorded at Greenbay (Western Cape) and Greencreek (Tshwane East), supporting the continued demand for the Green Collection developments.

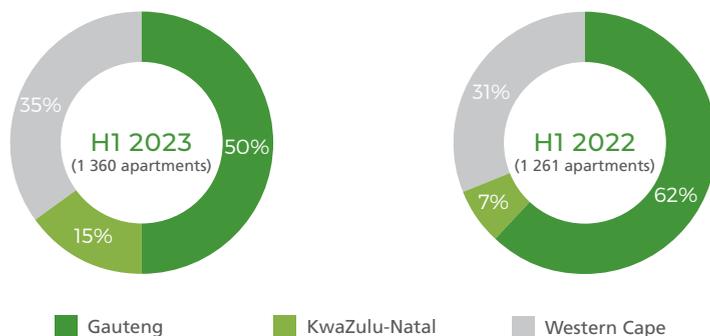
Thaba Eco Village, De Aan-Zicht and Izinga Eco Estate recognised a combined 319 apartments in revenue during the first six months of the current year. There were no apartments recognised in revenue for the prior corresponding period.

Paardevelei Lifestyle Estate and Kikuyu were successfully sold out during the period and will accordingly not contribute to revenue going forward.

Commentary continued

Apartments recognised in revenue in the period by Region

Region	Apartments recognised in revenue in period
Gauteng	677
Western Cape	482
KwaZulu-Natal	201
	1 360



Although Gauteng continued to contribute the highest number of the apartments recognised in revenue, its contribution reduced to 50% from 62% in the prior comparative period, reflecting the trend towards semigration in South Africa. Sales demand was impacted at The Blyde (Tshwane East) and The Reid (Johannesburg East) owing to factors including short-term letting and reliable council utility supply challenges. These matters are at advanced stages of being resolved, however, construction was delayed at these developments for the period with an uptick in construction and sales activity expected for the second half of the year.

Regarding the coastal regions, two coastal developments in particular contributed significantly to revenue in the period, being Izinga Eco Estate in Umhlanga (KwaZulu-Natal), the second Balwin development and first Signature development introduced into the KwaZulu-Natal region, and De Aan-Zicht, a new Classic Collection development in Western Cape.

Apartments recognised in revenue in the period by Collection

Collection	Apartments recognised in revenue in period
Green	424
Classic	736
Signature	200
	1 360



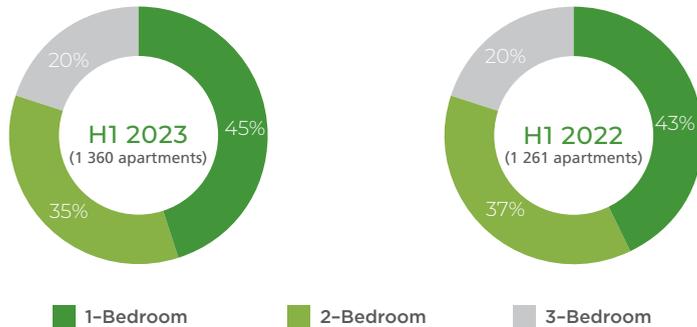
The contribution from the Classic Collection brand developments reduced in the period to 54% (H1 2022: 61%) of total apartments recognised in revenue. While the number of apartments handed over in the Classic Collection developments remained materially consistent with the prior period at 736 apartments (H1 2022: 766 apartments), the percentage contribution decrease was a result of the stronger growth of apartments within the Signature Collection and Green Collection developments respectively.

Commentary continued

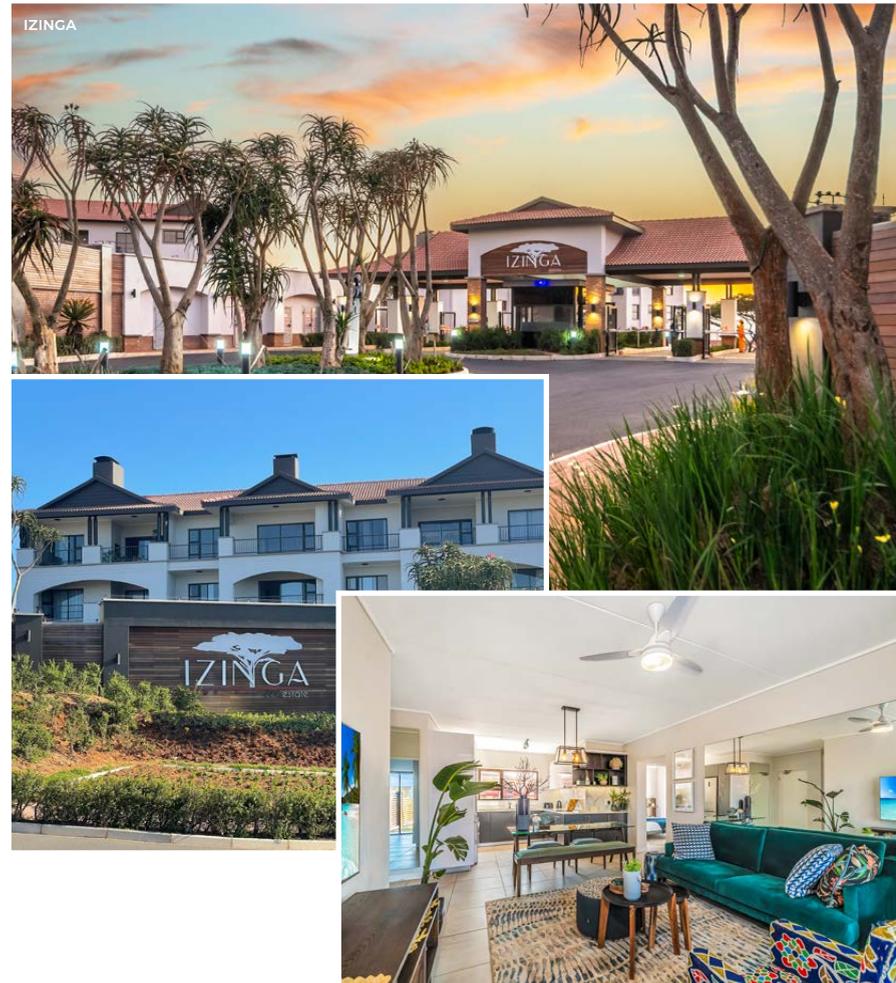
The Signature Collection recorded 200 apartments (H1 2022: 122) in revenue, being 15% (H1 2022: 9%) of the total number of apartments. This increase was driven by the early phases at Izinga Eco Estate in Umhlanga, KwaZulu-Natal. Paardevlei Lifestyle Estate, the Signature Collection development in the Western Cape region, made its final contribution to revenue in the current period with the handing over of the last 47 apartments in that development (H1 2022: 40 apartments).

The Green Collection remained steady at 31% of apartments recognised in revenue, materially the same as the 30% recorded in the prior period. The number of apartments from this collection, however, showed a healthy increase of 14%, from 373 apartments to 424 apartments due to improved interest in the Greenbay (Western Cape), Greenlee and Greenpark (both located in Johannesburg East).

Apartments recognised in revenue by Apartment Type



Demand for one and two-bedroom apartments remained steady and comprised an aggregated 80% of all apartments recognised in revenue (H1 2022: 80%), with one-bedroom apartments in particular showing strong growth of 14% in the number of apartments handed over, from 541 apartments in the prior period to 619 apartments in the current period. The balance of apartments handed over were the three-bedroom apartments, which made up 20% of all apartments handed over (H1 2022: 20%).



Commentary continued

ACHIEVEMENTS

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 six awards in the following categories:

- 🌿 Thaba Eco Village – award winner for Best Apartment in South Africa^(*)
- 🌿 Thaba Eco Village – award winner for Best Architecture Multiple Residence in South Africa^(*)
- 🌿 Greenbay – award winner for Best Social Housing in South Africa^(*)
- 🌿 Munyaka – award winner for Best Architecture in South Africa^(*)
- 🌿 Munyaka – award winner for Leisure Development in South Africa
- 🌿 Greenbay – award winner for Sustainable Residential Development in South Africa

^(*) Achieved 5-star gold award and therefore eligible for Best in Africa award.

Balwin has now received 38 international awards to date 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. This year Balwin has added another element to its commitment to sustainability both in its buildings and as a Group. In July 2022, Balwin became the first South African company to have a Science Based target and Net Zero commitment approved by the International Science based target initiative. This commits Balwin to reducing its carbon footprint in line with science-based models to limit global warming to 1.5 degree Celsius.

Balwin has continued with its commitment to target EDGE (Excellence in Design for Greater Efficiencies) Advanced ratings on all new developments. 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.

In the interim period ended 31 August 2022, Balwin received an additional 3 562 EDGE Advanced certifications from the International Finance Corporation (IFC). This brings Balwin's total certifications to a total of 19 784, with 12 126 being EDGE Advanced.

Balwin also currently holds nine Six-Star graded buildings, including the new Gauteng head office, with a further two Six-Star ratings targeted in the second half of this financial year at the to-be opened Lifestyle Centres at Thaba Eco Village (Johannesburg South) and Greenbay (Gordons' Bay, Western Cape).

As part of Balwin's drive to encourage all companies to embrace the ethos of sustainable building practices, Balwin will be sponsoring the development of the new Greenstar tool by the GBCSA.

Balwin's customers have continued to benefit from Green mortgages developed with Absa, First National Bank, Nedbank and Standard Bank. Through this initiative, Balwin's clients benefit financially by receiving a reduction in their mortgage interest rate to assist in unlocking investment potential of green infrastructure technologies and services while offering value to the client through improved affordability. In the interim period, 945 Green mortgages were approved providing a saving to clients of approximately R64 million over a 20-year mortgage period.



Commentary continued

FINANCIAL PERFORMANCE

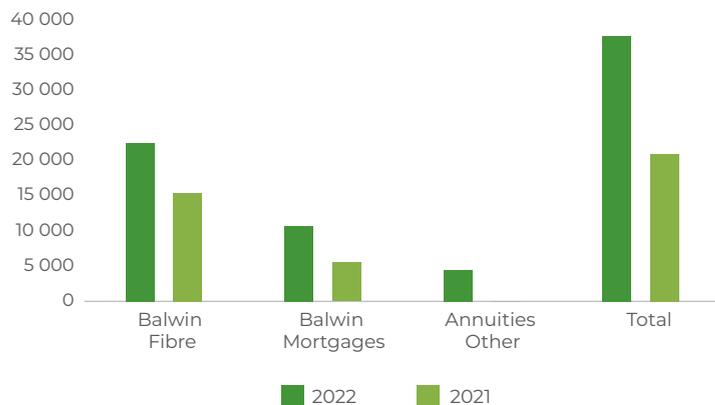
Revenue

The Group recorded revenue of R1.6 billion for the six months ended 31 August 2022 (H1 2022: R1.3 billion), an increase of 20% over the prior corresponding period. This was supported by an increase of 8% in the volume of apartments sold, from 1 261 apartments in the previous corresponding period to 1 360 apartments in the current period, together with an overall increase in selling prices.

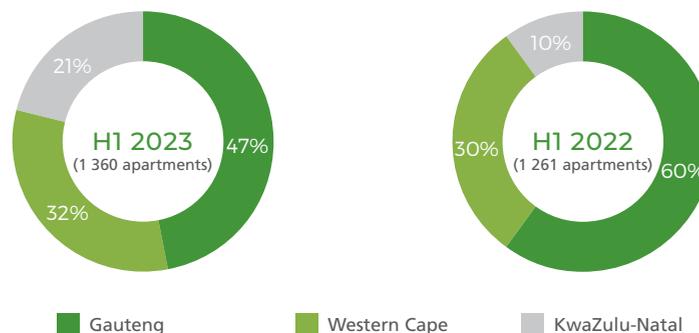
Selling prices for both the Classic and Green Collection developments grew by a weighted average of 11% from the prior year when measuring the total respective portfolios. It is noted that these averages are influenced by the mix of apartment sizes and configuration which return different selling prices due to the specific market dynamics within the region.

The contribution of revenue from the annuity businesses was increased to R37.9 million (H1 2022: R21.0 million), representing growth of 80%.

BALWIN ANNUITIES REVENUE
(R'000)



REVENUE BY REGION



The changes in revenue contribution from sale of apartments by region are consistent with the semigration theme referred to earlier, which have had a positive impact on both the number of apartments and selling prices achieved in the coastal regions. Revenue from Gauteng represented 47% of total revenue from sale of apartments (H1 2022: 60%), with the coastal regions now making up the balance of 53% (H1 2022: 40%). Similarly, the contribution from the KwaZulu-Natal region increased to 21% of total revenue (H1 2022: 10%), mostly as a result of apartments handed over at Izinga Eco Estate (Umhlanga, KwaZulu-Natal) for which no apartments had been handed over yet in the prior comparative period. The Western Cape made up the balance of 32% of total revenue from sale of apartments (H1 2022: 30%).

Commentary continued

REVENUE BY BRAND



The Classic Collection brand continued to contribute the majority of revenue from sale of apartments at 58%, but its contribution was reduced from 67% in the prior year. While the absolute number of apartments handed over remained largely consistent, the contribution to revenue was diluted by the stronger growth in the Signature Collection and Green Collection developments respectively. The Signature Collection growth was the strongest on the back of the introduction of Izinga Eco Estate, the first Signature Collection development in KwaZulu-Natal. This is further enhanced by the higher selling prices of the Signature Collection when compared to the selling prices achieved by the other Collections.

The Green Collection developments remained steady at 19% of revenue from sale of apartments (H1 2022: 18%), highlighting the continued demand of the Collection in the current economic environment owing to the affordability of the apartments and the quality of build.

Gross profit

The Group's gross profit margin improved to 26% in the first six months of the year, from 24% in the prior period. This welcomed improvement resulted from focused cost containment measures together with more robust pricing on the sale of early phase apartments. As communicated to the market, management amended its pricing strategy in an effort to flatten the yield curve between the first and final phase of each development under construction.

The improvement in the gross profit margin is a pleasing achievement, particularly on the back of the high-cost increases noted in the construction industry during the period. While the demand for the product has allowed for elasticity in the selling prices, management have also been able to mitigate a large portion of the cost increases experienced in the market through effective cost engineering, concentrated cost containment supported by the in-house procurement department and creative modifications to designs and specifications while not compromising on the commitment to quality and world leading environmental standards.

Operating expenses and net investment costs

Consolidated operating expenses incurred by the Group amounted to R174.4 million for the six months ended 31 August 2022, which was an increase of R22.6 million or 15% over the prior comparative period. Fixed costs for Balwin increased by an inflationary 6%, whereas variable costs such as sales commissions, marketing and other sales activity-related costs, which are linked to revenue volumes, increased by 24%, materially in line with the increase in revenue for the period.

Total operating costs to revenue reduced from the prior corresponding period to reflect 11.0% (H1 2022: 11.6%). The management and containment of overhead costs remains a focus area for the business. The operating cost to revenue ratio is expected to reduce further in the second half of the year in line with the seasonal trend of the business whereby increased revenue activity is noted in the second period. This dilutes the large component of fixed operating costs incurred evenly throughout the year.

Commentary continued

The table below contains further breakdown of the operating expenditure for the Group, split between Balwin and its annuities businesses.

	2022 R'000	2021 R'000	% Change
Balwin Properties	159 216	142 034	12%
Fixed expenditure	102 002	96 009	6%
Variable expenditure (Note 1)	57 214	46 025	24%
Balwin Annuities	15 578	11 223	39%
Other (Note 2)	399	(1 503)	
Total Operating Expenditure	174 395	151 754	15%

Note 1: Variable expenditure includes sales related costs such as sales commissions marketing and other sales activity-related costs.

Note 2: Other includes Balwin Foundation and consolidation adjustments.

Balwin Annuities consolidated operating expenditure increased by 39% from R11.2 million to R15.6 million as the business right sized on staff and other costs required to establish these businesses. The increase in operating costs was materially less than the 80% growth in revenue recorded in the annuity businesses and the net impact was accordingly accretive to the results of the Group.

Finance costs were lower despite an increase in overall debt and an increase in interest rates during the period, as the unsecured term funding was deployed into the developments over the period resulting in the interest being capitalised to the projects.

Investment income remained materially steady over the prior period, showing a marginal increase due to better returns on funds invested.

Profit for the year

Profit for the six month period ended 31 August 2022 for the Group increased by 48% to R173.0 million (H1 2022: R117.2 million), driven by higher sales volumes of apartments handed over and improved profit margins.

Earnings

Earnings per share for the six months ended 31 August 2022 increased by 48% to 36.88 cents while headline earnings per share increased by 47% to 36.63 cents. This was in line with the guidance provided in the trading statement on 14 September 2022.

Property, plant and equipment

Property, plant and equipment increased to R313.5 million (February 2022: R259.4 million) driven by an increase in investment in fibre assets in the subsidiary Balwin Fibre, as well as the costs of the new head office in Melrose, Johannesburg.

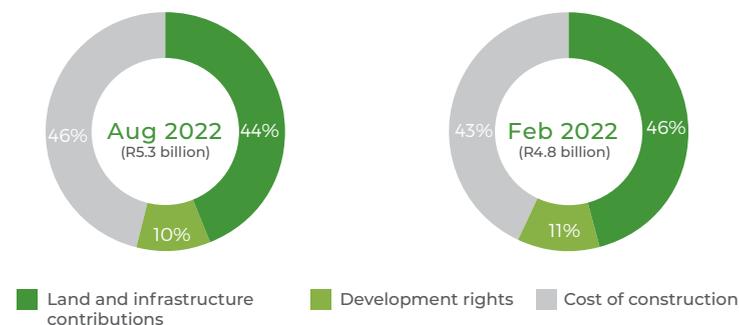
Developments under construction

Developments under construction, which includes the value of land, infrastructure costs, development rights and development costs, increased by R527.1 million to R5.3 billion (February 2022: R4.8 billion).

One of the key drivers behind this increase in developments under construction has been the continued investment at Munyaka, our flagship Classic Collection development in the Waterfall development node, with specific reference to the costs incurred on the Crystal Lagoon, the lifestyle centre and Lifestyle Centre apartments. The construction of the Crystal Lagoon together with the lifestyle centre is expected to be completed in December 2022 together with the development of 90 luxury apartments overlooking the lagoon.

In addition to this, and in pursuance of our development of the pipeline in Tshwane, we took registration of the final portion of land previously acquired at Mooikloof Smart City. Balwin has further invested in the infrastructure required to provide the necessary services in this node. Construction has commenced at the first development within this Smart City, with the first phase expected for handover in the 2024 financial year. Construction has also begun at Mooikloof Eco Estate, the first phase of which is due to handover in November 2022.

CONTRIBUTION OF TOTAL DEVELOPMENTS UNDER CONSTRUCTION (%)



Commentary continued

Capital management

LIQUIDITY

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 cash management, the Group is pleased with the cash position of R581.2 million at period-end. Although a decrease from the R738.8 million reported at the prior period end, the cash on hand is comfortably in excess of the minimum cash reserves as required by both the financial covenants as well as the Treasury Policy.

	As at 31 August 2022 R'000	As at 31 August 2021 R'000
Cash and cash equivalents	581 238	738 772
Restricted cash	51 086	9 536
Total cash	632 324	748 308
Minimum cash holding per financial covenants	200 000	200 000
Minimum cash holding per Treasury Policy (*)	473 710	393 176

(*) A cash reserve for time delay contingency equal to the greater of 1.5 times the average of the forecast next three-month total creditor payments as per the cash forecast schedule, or 1.5 times the average of the past three months of creditor payments shall be maintained at all times in cash or near cash per the Treasury Policy.

In managing Group liquidity, the relationship between the rate of construction and the rate of sale is paramount and ensuring the appropriate alignment of these factors is managed at an Executive level.

FUNDING

Balwin has commenced a process to migrate the traditional development funding model to a term-based funding model. The traditional funding model necessitates funding to be obtained on a phase-by-phase basis and is secured against the pre-sales of the specific phase being financed. Whilst retaining the existing security requirements, the Group is in the process of amending the funding from a phase-by-phase model to a term facility model in order to reduce associated funding costs and improve process efficiencies with the first term-based loan being approved in the period.

In addition to the traditional development finance, the Group has further secured R860 million loan facilities in order to broaden its funding base in a cost-effective manner.

The Board actively manages the debt exposure of the Group against the debt covenants and the Treasury Policy. The Group's debt position improved marginally during the period, with the loan-to-cost ratio reducing to 39.7% (H1 2022: 41.2%). It is noted that the Group's assets are measured at cost and there are no fair value adjustments to any asset category. The Group reported an interest cover ratio of 4.9 times, comfortably in excess of the requirement of 2x cover.

INTEREST RATE HEDGING

Balwin entered into a R350 million interest rate swap during the period in order to hedge a portion of the long-term interest rate exposure. The quantum of the hedge was determined subsequent to an analysis of the term of debt and an acceptable price elasticity allowance. No debt repayable within 12-month period was hedged. Accordingly, although the total interest-bearing debt hedged appears low, the Board is comfortable with the hedge position of the determined long-term exposure.

SHARE BUY-BACK PROGRAMME

Balwin concluded its share buy-back programme as previously communicated during the period and report below on the outcome thereof.

The following shares were acquired on the open market:

Volume trade: 7 112 000

Total value traded: R20 011 576

Average price: R2.81

Low price: R2.70

High price: R3.00

First trade date: 19 May 2022

Final trade date: 13 June 2022

Commentary continued

Dividend

Notice is hereby given that the board has declared an interim gross dividend of 9.9 cents per ordinary share (2021: 7.4 cents). The dividend is payable out of income reserves for the period ended 31 August 2022 to ordinary shareholders in accordance with the timetable below:

Declared	31 October 2022
Last day to trade (cum dividend)	6 December 2022
Ex dividend	7 December 2022
Record date	9 December 2022
Payment date	12 December 2022

Dividend tax amounting to 1.98 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 7.92 cents net of dividends tax. The company has 519 411 852 ordinary shares in issue. Balwin's income tax reference number is 9058216848. Share certificates may not be dematerialised or rematerialised between Wednesday, 7 December 2022 and Friday, 9 December 2022, both days inclusive.

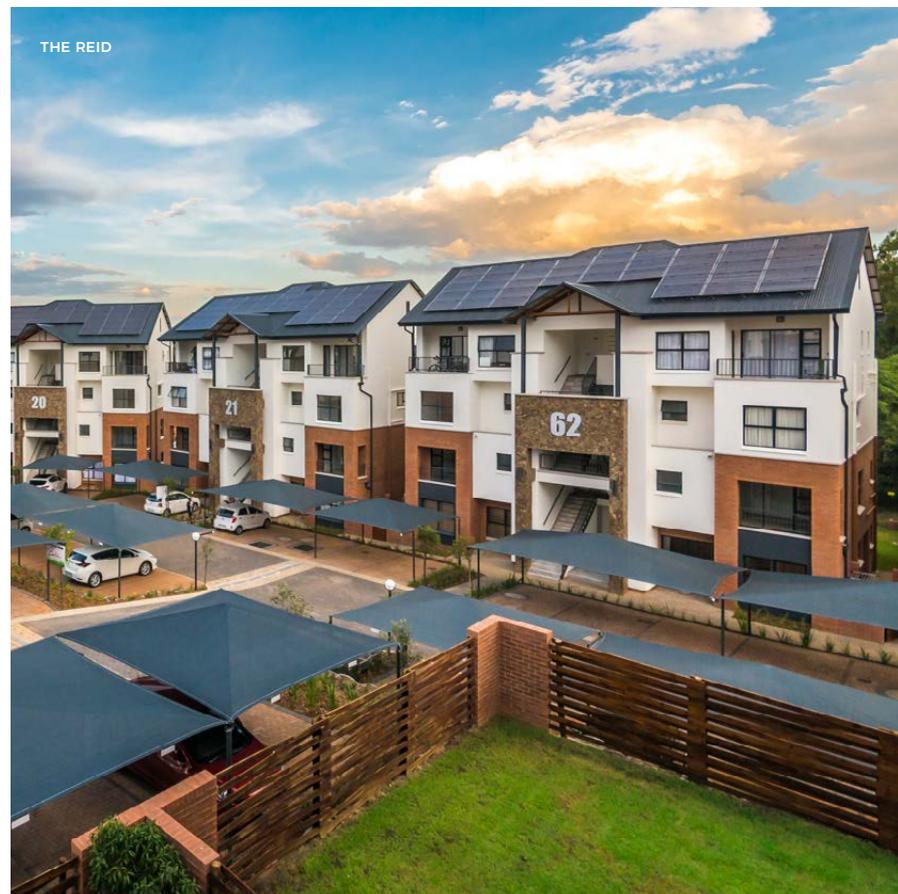
Prospects

The board remains positive about the prospects for the core business and leveraging Balwin's brand in the development of complementary, annuity-based revenue streams.

The Group will continue to develop the existing pipeline in the three primary nodes of Gauteng, Western Cape and KwaZulu-Natal. While other regions and territories are always being considered, the Board will continue to exercise caution given the size of the existing pipeline which provides a development horizon of approximately 15 years.

Whilst the group continues to maintain a healthy sales rate, The Board notes expected increasing macro-economic headwinds in the near-to-medium term, particularly with respect to cost price inflation and rising interest rates. Whilst these factors continue to be closely monitored and managed, it is expected to place moderate pressure on margins and the sales rate. The sales rate is however expected to be somewhat mitigated by the healthy pre-sales position of the group, with 1 551 apartments forward sold beyond the reporting period.

As consistently advised in recent communication to the shareholders, the board will continue to focus on appropriate cash management and cost containment throughout the business. Significant focus is placed on appropriate and cost-effective funding measures.



Commentary continued

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.

Through funds donated by Balwin from the registration of each apartment, the Foundation successfully trained more than 110 previously disadvantaged individuals in the current six month period. Additionally, the Foundation has funded bursaries for 15 scholars and 18 tertiary students which includes tuition, mentorship, development, life skills and practical work experience. 190 individuals are receiving swimming instruction and the water safety program has reached more than 5 000 children in townships and rural areas.

Apart from education and skills training initiatives, the Foundation supports various organisations in 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. By partnering with the Memesa Foundation, Civilian Secretariat for Police and the National Community Policing forum of Soweto, Balwin Foundation installed 17 alarm systems in schools and handed out 100 personal alarms to vulnerable community members. The foundation assisted the destitute after the flooding in KZN, supplying blankets and food parcels to 310 families, a further 300 blankets were handed out during the winter months in support of Nelson Mandela Day.



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	1 240	1 270	–	–	–
The Polofields	Signature Collection	Commenced	A	1 512	1 004	972	977	27	508	535
Munyaka	Classic Collection	Commenced	A	4 920	995	846	847	148	3 925	4 073
Total				7 702	3 269	3 058	3 094	175	4 433	4 608
Johannesburg East										
The Reid	Classic Collection	Commenced	A	1 300	868	796	796	72	432	504
The Klulee	Classic Collection	TBC	I	480	–	–	–	–	480	480
Greenlee	Green Collection	Commenced	A	1 908	685	627	636	49	1 223	1 272
Greenpark	Green Collection	Commenced	A	1 278	778	727	732	46	500	546
Eastlake (previously Westlake 2)	Classic Collection	TBC	I	156	–	–	–	–	156	156
Northview	Classic Collection	TBC	I	132	–	–	–	–	132	132
Total				5 254	2 331	2 150	2 164	167	2 923	3 090
Johannesburg North										
The Whisken	Classic Collection	Commenced	A	1 358	422	422	422	–	936	936
Total				1 358	422	422	422	–	936	936
Johannesburg South										
Majella Park	Classic Collection	TBC	I	280	–	–	–	–	280	280
Thaba Eco Village	Classic Collection	Commenced	A	1 512	351	280	301	50	1 161	1 211
Total				1 792	351	280	301	50	1 441	1 491
Kwa-Zulu Natal, Ballito										
Ballito Hills	Classic Collection	Commenced	A	1 320	818	730	775	43	502	545
Ballito Creek	Classic Collection	TBC	I	1 368	–	–	–	–	1 368	1 368
Total				2 688	818	730	775	43	1 870	1 913

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
Kwa-Zulu Natal, Umhlanga										
Izinga Eco Estate	Signature Collection	Commenced	A	3 069	338	81	122	216	2 731	2 947
Greenlake	Green Collection	TBC	I	1 420	–	–	–	–	1 420	1 420
Total				4 489	338	81	122	216	4 151	4 367
Tshwane East										
The Blyde	Classic Collection	Commenced	A	3 257	1 137	1 117	1 118	19	2 120	2 139
Greencreek	Green Collection	Commenced	A	3 612	552	516	520	32	3 060	3 092
Mooikloof Eco Estate	Classic Collection	Commenced	A	3 734	82	–	–	82	3 652	3 734
Greenkloof	Green Collection	Commenced	A	2 620	–	–	–	–	2 620	2 620
Mooikloof Smart City	Green Collection	Commenced	A	12 360	–	–	–	–	12 360	12 360
Total				25 583	1 771	1 633	1 638	133	23 812	23 945
Western Cape, Somerset West										
Paardevele Lifestyle Estate	Signature Collection	Commenced	C	388	388	388	388	–	–	–
The Huntsman	Classic Collection	Commenced	A	1 788	650	504	504	146	1 138	1 284
Greenbay	Green Collection	Commenced	A	1 772	597	470	472	125	1 175	1 300
Total				3 948	1 635	1 362	1 364	271	2 313	2 584
Western Cape, Milnerton										
De Aan-Zicht	Classic Collection	Commenced	A	1 354	545	182	182	363	809	1 172
Fynbos	Classic Collection	Commenced	A	1 116	787	693	696	91	329	420
Total				2 470	1 332	875	878	454	1 138	1 592
Western Cape, N1 Corridor										
De Kuile	Classic Collection	Commenced	A	885	42	–	–	42	843	885
Total				885	42	–	–	42	843	885
Grand Total				56 169	12 309	10 591	10 758	1 551	43 860	45 411

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

Reconciliation of Headline Earnings

For the six months ended 31 August 2022

		Unaudited six months ended 31 August 2022	Unaudited six months ended 31 August 2021	Audited year ended 28 February 2022
Basic and headline earnings per share				
Basic	(cents)	36.88	24.95	77.24
Headline	(cents)	36.63	24.95	75.88
Core headline earnings per share*	(cents)	36.63	24.95	83.15
Diluted earnings	(cents)	36.86	24.91	77.01
Diluted headline earnings	(cents)	36.61	24.91	75.65
Tangible net asset value per share**	(cents)	766.38	688.00	745.45
Net asset value per share***	(cents)	771.39	692.00	749.01
Weighted average number of shares in issue	('000)	467 854	469 123	469 412
Net asset value	(R'000)	3 608 958	3 246 684	3 515 923
Reconciliation of profit for the period to basic and headline earnings:				
Profit for the period/year attributable to equity holders	(R'000)	172 555	117 041	362 579
Basic earnings	(R'000)	172 555	117 041	362 579
Adjusted for:				
– Profit on disposal of property, plant and equipment and intangible assets	(R'000)	(1 527)	8	(8 300)
– Tax effect of above item	(R'000)	342	–	1 910
Headline earnings	(R'000)	171 370	117 049	356 189
Adjusted for:				
– IFRS 2 BEE charge	(R'000)	–	–	34 115
Core headline earnings	(R'000)	171 370	117 049	390 304
Weighted average number of shares				
Weighted average number of shares in issue	('000)	467 854	469 123	469 412
Potential dilutive impact of share options	('000)	236	812	1 405
Weighted average number of diluted shares in issue	('000)	468 090	469 935	470 817

* Core headline earnings is a non-IFRS measure calculated as headline earnings for the period excluding certain non-operating items. Headline earnings in the prior financial year was adjusted for a once-off IFRS 2 charge resulting from the BEE transaction to arrive at the core headline earnings figure.

** 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.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 August 2022

	Unaudited six months ended 31 August 2022 R'000	Unaudited six months ended 31 August 2021 R'000	Audited year ended 28 February 2022 R'000
Revenue	1 580 626	1 312 208	3 125 269
Cost of sales	(1 177 100)	(1 003 624)	(2 292 713)
Gross profit	403 526	308 584	832 556
Other income	4 630	1 788	16 236
IFRS 2 BEE charge	–	–	(34 115)
Operating expenses	(174 395)	(151 754)	(301 631)
Operating profit	233 761	158 618	513 046
Investment income	19 585	17 470	33 371
Finance costs	(11 580)	(14 209)	(31 077)
Share of profit of associate	332	716	3 505
Profit before taxation	242 098	162 595	518 845
Taxation	(69 135)	(45 362)	(155 721)
Profit for the period/year	172 963	117 233	363 124
Other comprehensive income net of income tax:	(2 318)		
Total comprehensive income for the period/year	170 645	117 233	363 124
Profit attributable to:			
Owners of the parent	172 555	117 041	362 579
Non-controlling interest	408	192	545
	172 963	117 233	363 124
Total comprehensive income attributable to:			
Owners of the parent	170 237	117 041	362 579
Non-controlling interest	408	192	545
	170 645	117 233	363 124
Basic and diluted earnings per share			
Basic	(cents) 36.88	24.95	77.24
Diluted	(cents) 36.86	24.91	77.01

Condensed Consolidated Statement of Financial Position

As at 31 August 2022

	Unaudited as at 31 August 2022 R'000	Unaudited as at 31 August 2021 R'000	Audited as at 28 February 2022 R'000
Assets			
Non-current assets			
Property, plant and equipment	313 487	223 542	259 397
Intangible assets	23 411	16 389	16 702
Investment in associate	5 655	2 784	5 572
Loans to external parties	10 264	11 658	10 264
	352 817	254 373	291 935
Current assets			
Developments under construction	5 346 592	4 701 145	4 819 472
Loans to related parties	32 115	14 112	14 112
Current tax receivable	4 574	17 618	–
Trade and other receivables	383 147	423 682	757 277
Developments loans receivable	7 535	14 277	20 402
Restricted cash	51 086	9 536	1 086
Cash and cash equivalents	581 238	738 772	665 636
	6 406 287	5 919 142	6 277 985
Non-current assets held for sale	26 061	–	26 061
Total assets	6 785 165	6 173 515	6 595 981
Equity and liabilities			
Equity			
Share capital	650 889	664 225	664 225
Share-based payment reserve	72 695	8 592	67 448
Cash flow hedge reserve	(2 318)	–	–
Retained income	2 886 780	2 573 716	2 783 746
Non-controlling interest	912	151	504
Total equity	3 608 958	3 246 684	3 515 923
Non-current liabilities			
Development loans and facilities	1 164 100	709 438	721 512
Lease liabilities	740	116 893	123 418
Interest rate swap liability	3 219	–	–
Deferred taxation	277 775	177 436	238 540
	1 445 834	1 003 767	1 083 470
Current liabilities			
Development loans and facilities	1 519 797	1 697 476	1 819 098
Lease liabilities	1 240	10 236	2 741
Trade and other payables	158 726	186 565	123 290
Current tax payable	–	–	15 236
Employee benefits	50 610	28 787	36 223
	1 730 373	1 923 064	1 996 588
Total liabilities	3 176 207	2 926 831	3 080 058
Total equity and liabilities	6 785 165	6 173 515	6 595 981

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 August 2022

	Unaudited six months ended 31 August 2022 R'000	Unaudited six months ended 31 August 2021 R'000	Audited year ended 28 February 2022 R'000
Cash flows from operating activities			
Cash generated from/(used in) operations	190 018	37 798	(10 243)
Interest received	19 585	17 053	33 371
Finance costs paid	(94 223)	(31 429)	(108 498)
Taxation paid	(45 425)	(39 339)	(55 739)
Net cash from/(used in) operating activities	69 955	(15 917)	(141 109)
Cash flows from investing activities			
Purchase of property, plant and equipment	(184 605)	(7 932)	(79 659)
Proceeds on disposal of property, plant and equipment	1 543	–	312
Purchase of intangible assets	(9 014)	(1 993)	(14 253)
Proceeds on disposal of other intangible assets	–	–	18 219
Loans advanced to external parties	(18 003)	–	–
Increase in investment in associate	–	(717)	–
Dividend received from associate	250	–	–
Net cash used in investing activities	(209 829)	(10 642)	(75 381)
Cash flows from financing activities			
Shares acquired	(20 112)	–	–
IFRS 2 BEE share option premium received	–	–	20 000
Receipt of BEE notional loan	7 093	–	–
Development loans repaid	(928 739)	(1 060 407)	(1 919 746)
Development loans raised and utilised	884 196	1 635 201	2 040 641
Investment loan and general banking facilities repaid	(375 162)	(263 064)	(544 006)
Investment loan and general banking facilities raised and utilised	562 992	193 695	1 062 232
Payment on lease liabilities	(5 271)	(498)	(1 891)
Dividends received from treasury shares	600	367	3 295
Dividends paid	(70 121)	(76 496)	(114 932)
Net cash generated from financial activities	55 476	428 798	545 593
Total cash and cash equivalents movement for the period/year	(84 398)	402 239	329 103
Cash and cash equivalents at the beginning of the period/year	665 636	336 533	336 533
Total cash and cash equivalents at the end of the period/year	581 238	738 772	665 636

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 August 2022

	Share capital R'000	Share-based payment reserve R'000	Cash-flow hedge reserve	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 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 charge	–	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
Profit for the period	–	–	–	245 538	245 538	353	245 891
Share-based payment charge	–	38 856	–	–	38 856	–	38 856
BEE share option premium received	–	20 000	–	–	20 000	–	20 000
Dividends received from treasury shares	–	–	–	2 928	2 928	–	2 928
Dividends paid	–	–	–	(38 436)	(38 436)	–	(38 436)
Balance at 28 February 2022 (Audited)	664 225	67 448	–	2 783 746	3 515 419	504	3 515 923
Total comprehensive income for the year	–	–	(2 318)	172 555	170 237	408	170 645
Profit for the year	–	–	–	172 555	172 555	408	172 963
Other comprehensive income	–	–	(2 318)	–	(2 318)	–	(2 318)
Share-based payment charge	–	12 023	–	–	12 023	–	12 023
Share-buy back	(20 112)	–	–	–	(20 112)	–	(20 112)
Issue of shares from treasury	6 776	(6 776)	–	–	–	–	–
Dividends received from treasury shares	–	–	–	600	600	–	600
Dividends paid	–	–	–	(70 121)	(70 121)	–	(70 121)
Balance at 31 August 2022 (Unaudited)	650 889	72 695	(2 318)	2 886 780	3 608 046	912	3 608 958

Notes to the Condensed Consolidated Statements

For the six months ended 31 August 2022

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 2022. 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 2022.

The interim unaudited condensed consolidated financial statements have been internally prepared under the supervision of JS Bigam, 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 2022 R'000	Unaudited six months ended 31 August 2021 R'000	Audited year ended 28 February 2022 R'000
2. REVENUE			
Revenue from contracts with customers			
Revenue from the sale of apartments	1 541 099	1 290 148	3 073 506
Bond commission	10 670	5 541	15 804
Rental of electronic communication	21 524	15 462	31 883
Revenue from other annuity businesses	5 669	–	–
	1 578 962	1 311 151	3 121 193
Revenue other than revenue from contracts with customers			
Donation income	1 664	1 057	4 076
	1 580 626	1 312 208	3 125 269

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.

Notes to the Condensed Consolidated Statements continued

For the six months ended 31 August 2022

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 2022 R'000	Unaudited six months ended 31 August 2021 R'000	Audited year ended 28 February 2022 R'000
Disclosure of disaggregated revenue from the sale of apartments by region:			
Johannesburg	594 993	623 760	1 561 133
Tshwane	132 781	151 099	290 448
Western Cape	484 890	389 121	896 259
KwaZulu-Natal	328 436	126 168	325 666
	1 541 099	1 290 148	3 073 506
Disclosure of disaggregated revenue from the sale of apartments by development brands:			
Green Collection	297 099	236 473	583 239
Classic Collection	895 166	865 809	1 992 279
Signature Collection	348 835	187 866	497 988
	1 541 099	1 290 148	3 073 506
	Unaudited as at 31 August 2022 R'000	Unaudited as at 31 August 2021 R'000	Audited as at 28 February 2022 R'000

3. DEVELOPMENTS UNDER CONSTRUCTION AND INVENTORIES

Developments under construction	5 346 592	4 701 145	4 819 472
Developments under construction includes the following:			
Cost of construction	2 486 618	2 166 904	2 093 496
Land and land contribution costs	2 343 995	1 984 314	2 203 439
Development rights	515 979	549 927	522 537
	5 346 592	4 701 145	4 819 472

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 R1 179.6 million (H1 2022: R1 003.6 million). The carrying amount of land which acts as security for development loans advanced is R1 575.3 million (February 2022: R1 520.7 million).

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

Notes to the Condensed Consolidated Statements continued

For the six months ended 31 August 2022

		Unaudited as at 31 August 2022	Unaudited as at 31 August 2021	Audited as at 28 February 2022
4. SHARE CAPITAL				
Authorised				
Ordinary shares	('000)	1 000 000	1 000 000	1 000 000
Issued and fully paid up				
Ordinary shares	(R'000)	670 206	672 848	670 206
BEE shares	(R'000)	171 878	–	171 878
Treasury shares	(R'000)	(191 195)	(8 623)	(177 859)
		650 889	664 225	664 225
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	('000)	469 822	469 255	469 255
Treasury shares converted form share scheme	('000)	1 959	586	567
Shares bought back and held in treasury	('000)	(7 112)	–	–
Closing balance		464 669	469 841	469 822
		Unaudited as at 31 August 2022 R'000	Unaudited as at 31 August 2021 R'000	Audited as at 28 February 2022 R'000
5. DEVELOPMENT LOANS				
Held at amortised cost				
Development loans		1 368 471	1 604 679	1 588 404
General banking facility		854 232	723 680	675 180
Investment loan facility		461 194	78 555	277 026
		2 683 897	2 406 914	2 540 610

Notes to the Condensed Consolidated Statements continued

For the six months ended 31 August 2022

5. DEVELOPMENT LOANS (continued)

Development Loans	Average nominal interest rates	Maturity date	Unaudited as at 31 August 2022
Non-current loans			
Century Property Developments Proprietary Limited	Prime	November 2027	150 304
			150 304
Current loans			
ABSA Bank Limited	Prime	Between September 2022 and August 2023	432 563
ABSA Bank Limited	Prime less 0.25%	Between September 2022 and August 2023	176 517
FNB	Prime	Between September 2022 and August 2023	51 203
Investec Bank Limited	Prime	Between September 2022 and August 2023	119 258
Investec Bank Limited	Prime less 0.25%	Between September 2022 and August 2023	47 202
Nedbank Limited	3 Month Jibar plus 2.89%	Between September 2022 and August 2023	45 193
Nedbank Limited	3 Month Jibar plus 2.94%	Between September 2022 and August 2023	40 560
Nedbank Limited	Prime	Between September 2022 and August 2023	124 097
Nedbank Limited	3 Month Jibar plus 2.97%	Between September 2022 and August 2023	55 111
Nedbank Limited	3 Month Jibar plus 2.878%	Between September 2022 and August 2023	7 114
Nedbank Limited	3 Month Jibar plus 2.84%	Between September 2022 and August 2023	2 537
Nedbank Limited	3 Month Jibar plus 2.847%	Between September 2022 and August 2023	10 733
Nedbank Limited	3 Month Jibar plus 3.35%	Between September 2022 and August 2023	9 442
Nedbank Limited	3 Month Jibar plus 2.97%	Between September 2022 and August 2023	14 053
National Housing Finance Corporation Limited	Prime	Between September 2022 and August 2023	48 614
Century Property Developments Proprietary Limited	Prime	Between September 2022 and August 2023	12 723
Portimix Proprietary Limited	8%	Between September 2022 and August 2023	21 247
			1 218 167
			1 368 471
Investment loans and General Banking facilities			
Non-current loans			
Stanlib Asset Management Proprietary Limited	3 Month Jibar plus 4.75%	April 2025	495 124
Ninety One SA Proprietary Limited	3 Month Jibar plus 4.75%	April 2025	298 190
Sanlam Investment Management Proprietary Limited	3 Month Jibar plus 4%	January 2025	60 918
Investec Bank Limited	Prime less 0.25%	June 2028	159 564
			1 013 796
Current loans			
Nedbank Limited	Prime	September 2022	121 030
ABSA Bank Limited	Prime	September 2022	110 600
ABSA Bank Limited	Prime less 1.45%	No fixed terms of repayment	70 000
			301 630
			1 315 426
Total			2 683 897

Notes to the Condensed Consolidated Statements continued

For the six months ended 31 August 2022

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 2021	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	JIBAR 1MTH +3.575%	Between September 2021 and August 2022	1 836
Nedbank Limited	JIBAR 1MTH +3.675%	Between September 2021 and August 2022	12 252
Nedbank Limited	JIBAR 1MTH +2.89%	Between September 2021 and August 2022	112 235
Nedbank Limited	JIBAR 1MTH +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
			1 393 920
			1 604 678
Investment loan and general banking facilities			
Non-current loans			
Stanlib Asset Management Proprietary Limited	3 Month Jibar plus 4.75%	July 2024	498 680
Current loans			
Nedbank Limited	Prime	September 2021	160 000
ABSA Bank Limited	Prime	September 2021	78 555
ABSA Bank Limited	Prime less 1.7%	No fixed terms of repayment	65 000
			303 555
Total			2 406 914

Notes to the Condensed Consolidated Statements continued

For the six months ended 31 August 2022

5. DEVELOPMENT 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
Total			2 540 610

Notes to the Condensed Consolidated Statements continued

For the six months ended 31 August 2022

5. DEVELOPMENT LOANS (continued)

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 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.

	Unaudited as at 31 August 2022 R'000	Unaudited as at 31 August 2021 R'000	Audited as at 28 February 2022 R'000
6. FINANCIAL INSTRUMENTS			
Financial assets at amortised cost			
Trade and other receivables	379 863	391 845	755 687
Cash and cash equivalents	581 238	738 772	665 636
Restricted cash	51 086	9 536	1 086
Development loans receivable	7 535	14 277	20 402
Loans to related parties	32 115	14 112	14 112
Loans to external parties	10 264	11 658	10 264
Financial liabilities at amortised cost			
Development loans	(2 683 897)	(2 406 914)	(2 540 610)
Trade and other payables	(75 422)	(113 301)	(93 959)

Notes to the Condensed Consolidated Statements continued

For the six months ended 31 August 2022

	Unaudited as at 31 August 2022 R'000	Unaudited as at 31 August 2021 R'000	Audited as at 28 February 2022 R'000
7. RELATED PARTY DISCLOSURE			
Related party balances			
Loan accounts and trade receivables owing by related parties:			
Balwin Rentals Proprietary Limited	32 115	14 112	14 112
Legaro Property Development Proprietary Limited***	–	20 722	19 012
Related party transactions			
Sale of apartments to related parties:			
Directors, prescribed officers and companies			
Lucille Properties Proprietary Limited*	69 068	23 947	45 537
Shelby Prop Investments Proprietary Limited**	16 045	3 304	3 304
Rental guarantee payments:			
Balwin Rentals Proprietary Limited	856	–	1 379
Property rental management fee received:			
Directors and prescribed officers			
RN Gray	62	73	143
J Weltman*****	–	2	5
U Gschnaidtner	6	8	15
SV Brookes	239	218	467
Rental paid to related parties:			
Directors, prescribed officers and companies			
Balwin Rentals Proprietary Limited	–	–	662
Volker Properties Proprietary Limited*	256	954	1 208
Lucille Properties Proprietary Limited*	492	19	386
Shelby Prop Investments Proprietary Limited**	235	640	912
J Weltman*****	–	–	2
M Brookes****	–	29	29
Compensation to directors and other key management:			
Directors emoluments	27 786	22 165	44 941

* 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.

***** Resigned with effect from 31 March 2022.

Notes to the Condensed Consolidated Statements continued

For the six months ended 31 August 2022

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

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

10. GOING CONCERN

The directors have reviewed the group cash flow forecasts up to the period ending October 2023 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.

Condensed Segmental Analysis

For the six months ended 31 August 2022

In order to provide information of relevance to investors, management have presented an analysis of the operational performance and financial position of the material entities within the Group. Comparative figures have been restated due to the first-time disclosure of the segmental analysis.

	Unaudited six months ended 31 August 2022 R'000	Unaudited six months ended 31 August 2021 R'000	Unaudited 12 months ended 28 February 2022 R'000
Revenue			
Balwin Properties Ltd	1 541 099	1 290 148	3 073 506
Balwin Fibre (Pty) Ltd	21 524	15 462	31 883
Balwin Mortgages (Pty) Ltd*	10 670	–	–
Other**	7 333	6 598	19 880
	1 580 626	1 312 208	3 125 269
Gross profit			
Balwin Properties Ltd	373 670	294 436	802 786
Balwin Fibre (Pty) Ltd	14 943	12 557	23 346
Balwin Mortgages (Pty) Ltd*	10 670	–	–
Other**	4 243	1 591	6 424
	403 526	308 584	832 556
Profit after tax			
Balwin Properties Ltd	165 920	115 091	357 693
Balwin Fibre (Pty) Ltd	4 083	1 923	5 451
Balwin Mortgages (Pty) Ltd*	4 604	–	–
Other**	(1 644)	219	(20)
	172 963	117 233	363 124

* Balwin Mortgages (Pty) Ltd began trading on 1 March 2022. Prior to this the operations of the mortgage business was included in the Company results.

** Other includes Balwin Foundation, non-material annuities entities and consolidation adjustments.

Condensed Segmental Analysis continued

As at 31 August 2022

	Unaudited as at 31 August 2022 R'000	Unaudited as at 31 August 2021 R'000	Unaudited as at 28 February 2022 R'000
Non-current assets	352 817	254 373	291 935
Balwin Properties Ltd	286 765	199 816	228 760
Balwin Fibre (Pty) Ltd	65 690	55 262	62 980
Balwin Mortgages (Pty) Ltd*	–	–	–
Other**	362	(705)	195
Current assets	6 432 348	5 919 142	6 304 046
Balwin Properties Ltd	6 391 715	5 885 282	6 290 329
Balwin Fibre (Pty) Ltd	16 584	11 610	12 317
Balwin Mortgages (Pty) Ltd*	7 420	–	–
Other**	16 630	22 250	1 400
Total assets	6 785 165	6 173 515	6 595 981
Liabilities			
Non-current liabilities	1 447 074	1 003 767	1 083 470
Balwin Properties Ltd	1 288 463	1 015 032	1 083 537
Balwin Fibre (Pty) Ltd	–	–	–
Balwin Mortgages (Pty) Ltd*	–	–	–
Other**	158 611	(11 265)	(67)
Current liabilities	1 729 133	1 923 064	1 996 588
Balwin Properties Ltd	1 640 509	1 828 214	1 754 098
Balwin Fibre (Pty) Ltd	75 233	66 693	72 338
Balwin Mortgages (Pty) Ltd*	2 815	–	–
Other**	10 576	28 157	170 152
Total liabilities	3 176 207	2 926 831	3 080 058

* Balwin Mortgages (Pty) Ltd began trading on 1 March 2022. Prior to this the operations of the mortgage business was included in the Company results.

** Other includes Balwin Foundation, non-material annuities entities and consolidation adjustments.

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 Bigham (Chief financial officer)

Non-executive

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

**Independent*

CONTACT DETAILS

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

REGISTERED ADDRESS

105 Corlett Drive
Melrose
2196

POSTAL ADDRESS

Private Bag X4, Gardenview, 2047
Johannesburg
Telephone: +27 (0)11 450 2818
Email: investorrelations@balwin.co.za

COMPANY SECRETARY

FluidRock Co Sec Proprietary Limited
Telephone: +27 (0)86 111 1010
Email: 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

