

Balwin Properties Limited
(Registration number 2003/028851/06)
Consolidated and Separate Financial Statements
for the year ended 28 February 2025

Balwin Properties Limited

(Registration number 2003/028851/06)

Consolidated And Separate Financial Statements for the year ended 28 February 2025

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Residential property development and sale of sectional title apartments, bond origination, information and communication technology services, rental of commercial property and other annuity based services provided to the residential developments
Directors	SV Brookes JS Bigham H Saven A Shapiro ARK Kukama T Mokgosi-Mwantembe O Amosun J Scher K Moloko
Prescribed officer	RN Gray
Business and registered office address	105 Corlett Drive Melrose Johannesburg Gauteng 2196
Auditor	BDO South Africa Inc. Registered Auditor
Company secretary	FluidRock Co Sec Proprietary Limited
Preparer	The consolidated and separate annual financial statements have been compiled under the supervision of: JS Bigham CA (SA) (Chief financial officer)
Date of approval of annual financial statements	12 May 2025

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Level of assurance

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

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Directors' responsibility statement and approval of consolidated and separate annual financial statements

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

The consolidated and separate annual financial statements have been consistently prepared in accordance with the Accounting Standards and IFRIC Interpretations adopted by the International Accounting Standards Board, the SA financial reporting requirements and the requirements of the Companies Act and the JSE Listings Requirements.

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

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

The directors have reviewed the group's cash flow forecast for the 12 months to May 2026 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the group's consolidated and separate financial statements. The consolidated and separate financial statements have been examined by the group's external auditor and their report is presented on pages 14 to 18.

The consolidated and separate annual financial statements set out on pages 11 to 13 and 19 to 82, which have been prepared on the going concern basis, were approved by the board on 12 May 2025 and were signed on their behalf by:



SV Brookes
Chief executive officer



JS Bigham
Chief financial officer

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Chief executive officer and chief financial officer responsibility statement

Each of the directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 11 to 13 and 19 to 82, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of the Accounting Standards;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with the primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have remediated the deficiencies; and
- we are not aware of any fraud involving directors.



SV Brookes
Chief executive officer

12 May 2025



JS Bigham
Chief financial officer

12 May 2025

Company secretary's certification

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



Caroline King
On behalf of: FluidRock Co Sec Proprietary Limited
12 May 2025

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Audit and risk committee report

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

The committee assists the board in meeting its responsibilities relating to the following:

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

The members confirm that the committee has performed all the duties required in terms of the Act.

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

Committee composition

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

The chief executive officer, chief financial officer, key finance management, the external auditor and the internal auditor attend meetings by invitation. The chairman of the board also attends the meetings by invitation but does not vote. The board is satisfied that the independence, experience and qualifications of each member enables them to fulfil the committee's mandate. In addition to the quarterly meetings, the committee meets at least once a year with the company's internal and external auditors, without management being present.

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

Director	Appointed	Experience	Meeting attendance
Tomi Amosun BBus Sci (Finance Hons), CA(SA)	May 2017	Chartered accountant with over 15 years of real estate, listed equity and private equity experience	4/4 meetings
Keneilwe Moloko NDip (Building Survey), BSc (QS), BCom, PGDA, CA(SA)	August 2022	Over 20 years experience in the construction industry, with both financial and quantity surveying qualifications	4/4 meetings
Arnold Shapiro BBus Sci (Finance Hons)	October 2016	Over 30 years of asset management, portfolio management and general management experience	4/4 meetings

There were no changes to the composition of the committee in the reporting period.

The committee collectively has the necessary financial knowledge, skills and experience to execute their duties effectively. The committee is pleased to report to shareholders on the progress against its key focus areas for the 2025 financial year.

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Audit and risk committee report (continued)

Focus areas of the committee

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

Focus area	Progress
Monitoring and management of financial reporting and governance	The committee reviews the group's financial reporting to ensure disclosures are in line with reporting frameworks. Furthermore, the committee reviews relevant governance policies on an annual basis in accordance with the committee work plan and ensures that the committee keeps abreast of legislative and regulatory changes. The committee continues to ensure that the recommendations provided by the internal auditors are implemented timeously.
Balance sheet management and financial sustainability in a challenging macroeconomic environment	The committee actively engaged with management to identify and monitor the key components of the balance sheet, financial ratios and covenant compliance. The group's risk tolerance thresholds were reviewed and prudently aligned with bank covenants. Management reported quarterly on its current covenants levels as well as provided covenant and cash forecasts which were thoroughly interrogated by the committee.
Embedding the combined assurance model and continued proactive engagement with the internal and external audit functions	The committee oversees the internal and external audit reviews. The committee tasks management with acting on the findings of these reviews and regular feedback is provided to the committee. In accordance with the committee's responsibilities as per section 3.84(g)(ii) of the JSE Listings Requirements, the committee reviews and considers the information reported by the external auditor in respect of all aspects impacting the quality of audit performed. the combined assurance model was reviewed by the committee to ensure optimisation of all assurance services and functions.
Continued overview on IT systems and policies	The committee provided oversights on the group's IT strategy and evaluated the performance of management relevant to its strategic objectives. IT risks and mitigating controls were reviewed, and various IT governance policies were approved. The committee further assessed the adequacy of the insurance for IT related risks as well as emphasised and provided oversight on the disaster recovery measures of the group.
Oversight of risk management	The committee oversees risk management. The committee reviewed the group's risk identification, mitigation plans and residual risk ratings with a particular focus on strategic and operational risks. In the current year, key risk indicators were added to the risk register to assist in the analysis of risk threshold which were reviewed by the committee. The committee further reviewed the quarterly legal risk register and the findings of the whistleblowing hotline while further providing oversight on the insurance coverage of the group.
Monitoring of treasury risks	The committee monitored the treasury risks as reported by the treasury committee. Oversight was provided with respect to cash flow forecasting, debt utilisation and gearing levels as well as covenant compliance.

Planned areas of focus for the 2026 financial year are as follows:

- Monitoring and management of the internal financial controls of the group;
- Continued oversight on IT systems, strategy and policies;
- Monitoring of the robustness of the group's balance sheet, liquidity and allocation of capital in the expected continued challenging market conditions;
- Compliance with lending covenants;
- Proactive engagement with the external and internal audit functions to ensure audit efficiencies and alignment in the combined assurance model;
- Implementation of the newly introduced group governance framework and alignment with the delegation of authority framework; and
- Oversight of group risk identification and enhancement to the risk ratings.

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Audit and risk committee report (continued)

Roles of the audit committee

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

The committee's duties include the following:

- fulfils the duties assigned by the Act and other legislation, including the statutory audit committee functions required for subsidiary companies;
- assists the board in overseeing the quality and integrity of the group's integrated reporting process, including the financial statements and announcements in respect of the financial results;
- ensures that an effective control environment is maintained in the group;
- reviewed and adopted a combined assurance model;
- provides the chief financial officer, external auditor and the internal auditor with unrestricted access to the committee and its chairman as is required in relation to any matter falling within the ambit of the committee;
- meets with the external auditor, senior management and executive directors as the committee may elect;
- meets separately with the internal and external auditors without other executive board members and the company's chief financial officer being present;
- reviews and recommends to the board the interim financial results and annual financial statements;
- oversees the activities of, and ensures coordination between, the activities of the internal and external auditors;
- reviews the annual consolidated financial statements and other related financial information to recommend for approval to the board;
- receives and deals with any complaints concerning accounting practices, internal audit or the content and audit of its financial statements or related matters;
- oversees and ensures the appropriateness of the delegation of authority of the business;
- conducts annual reviews of the committee's work plan and terms of reference;
- assesses the performance and effectiveness of the audit and risk committee and its members;
- monitors the results of the calls made to the fraud hotline, which is managed independently from management; and
- assesses the effectiveness of the finance department and skills and experience of the chief financial officer.

Execution of functions during the year

The committee is satisfied that, for the 2025 financial year, it has performed all the functions required to be performed by an audit and risk committee as set out in the Act and the committee's terms of reference.

External audit

The committee among other matters:

- reappointed BDO as the external auditor of the group;
- reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures and engaged on any adverse findings;
- obtained an annual confirmation from the auditor that their independence was not impaired;
- satisfied themselves with the quality of the external auditor;
- maintained a policy setting out the categories of non-audit services that the external auditor may provide;
- pre-approve and concur with external audit conclusions reached in relation to independence assessments of all non-assurance services to the group, including the application of safeguards and actions implemented, before the commencement of the non-audit service. No non-audit services were undertaken by BDO in the current year;
- approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, No. 26 of 2005; and
- considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment.

BDO has performed the external audit function for five years. The committee is satisfied that BDO is independent of the group after taking the following factors into account:

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

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Audit and risk committee report (continued)

Internal audit

The committee:

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

Adequacy and functioning of the group's internal controls

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

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

Financial reporting

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

The committee among other matters:

- confirmed the going concern as the basis of preparation of the interim and consolidated and separate annual financial statements;
- reviewed compliance with the financial conditions of loan covenants and determined that the capital of the company was adequate;
- examined and reviewed the interim results and the consolidated and separate annual financial statements, as well as all financial information disclosed prior to the submission to the board for their approval and then for disclosure to stakeholders;
- ensured that the consolidated and separate annual financial statements fairly present the financial position of the group and of the company as at the end of the financial year and the results of operations and cash flows for the financial year and considered the basis on which the company and the group was determined to be a going concern;
- reviewed the cash flow forecasting of the group and considered the consistency and appropriateness of the assumptions applied;
- considered the appropriateness of the disclosure included in the consolidated and separate annual financial statements;
- considered the impact of the JSE Proactive Monitoring report released in November 2024 on the disclosures of group and company financial statements to ensure they are adequate;
- considered the appropriateness of the accounting policies adopted;
- reviewed the external auditor's audit report and key audit matters included;
- reviewed the representation letter relating to the consolidated and separate annual financial statements which was signed by management;
- considered any concerns identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements; and
- considered accounting treatments, significant unusual transactions and accounting judgments.

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Audit and risk committee report (continued)

Significant areas of judgements and sources of estimation uncertainties

In compiling the consolidated and separate annual financial statements, there are many areas where judgement is applied. These are outlined in note 1.2 to the consolidated and separate annual financial statements. The committee has considered the quantum of the assets and liabilities on the statements of financial position and other items that require significant judgement and decided to note the following:

Assumptions and estimation uncertainties

- Recognition of cost of constructed residential apartments sold;
- Net realisable value of developments under construction;
- Preparation of cash flow forecasts;
- Fair value of investment properties; and
- Classification of investment properties.

Risk management and IT governance

The committee:

- reviewed the group's IT strategy;
- ensured that intellectual property contained in information systems is protected;
- ensured that adequate business arrangements are in place for disaster recovery;
- assessed and increased the insurance coverage for cyber liability risks;
- ensured that all personal information is treated by the company as an important business asset and is safeguarded as per the Protection of Personal Information Act;
- approved the IT governance framework; and
- reviewed the group's policies on risk assessment and risk management, including fraud risks and IT risks pertaining to financial reporting and the going concern assessment, and found them to be sound.

Legal and regulatory requirements

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

- reviewed legal matters that could have a material impact on the group and considered whether any provisions or disclosures are required under the International Accounting Standard 37: *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37");
- reviewed the adequacy and effectiveness of the group's procedures, including its risk management framework, to ensure compliance with legal and regulatory responsibilities;
- monitored complaints received via the group's whistleblowing service, although no complaints were reported for the financial year; and
- considered reports provided by management, internal audit and the external auditor regarding compliance with legal and regulatory requirements.

Expertise and experience of chief financial officer and the financial function

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

Election of committee members

Pursuant to the provisions of section 94(2) of the Companies Act, which requires a public company to elect an audit committee at each annual general meeting ("AGM"), the current committee members will be proposed to shareholders for election at the AGM in August 2025.

Evaluation of the committee

In accordance with the board charter, a formal evaluation of the board and its committees is conducted every second year. The evaluation was undertaken in the current financial year and concluded that the committee operated effectively and had successfully discharged its duties and responsibilities.

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Audit and risk committee report (continued)

Consolidated and separate annual financial statements

Following the review by the committee of the consolidated and separate annual financial statements of Balwin Properties Limited for the year ended 28 February 2025, the committee confirms that in all material aspects they comply with the relevant provisions of the Act and Accounting Standards and fairly present the consolidated and separate financial positions at that date and the results of operations and cash flows for the year then ended.



Tomi Amosun
Chairperson
Audit and risk committee
12 May 2025

Balwin Properties Limited

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Consolidated And Separate Financial Statements for the year ended 28 February 2025

Directors' report

The directors have pleasure in submitting their report on the activities of Balwin Properties Limited (referred to as "the company") and its subsidiaries (altogether referred to as "the group" or "consolidated") for the year ended 28 February 2025.

1. Review of financial results and activities

Balwin is a specialist, national large-scale residential property developer focused on turnkey development and sale of sectional title apartments. Annuity revenue is derived by the group from information and communication technology services, bond origination, rental of commercial property and other annuity based services provided to residential developments.

The group recorded total comprehensive income for the year ended 28 February 2025 of R234.5 million (2024: R218.8 million). Further details of the group's and company's results and activities are commented on in detail in the accompanying financial statements.

2. State of affairs

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

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

3. Share capital

	2025		2024	
	Number of shares		Number of shares	
Authorised				
Ordinary shares			1 000 000 000	1 000 000 000
	2025	2024	2025	2024
	R '000	R '000	Number of shares	Number of shares
Issued				
Accounting shares - ordinary shares	670 206	670 206	470 270 997	467 722 067
BEE shares	171 878	171 878	47 219 260	47 219 260
Treasury shares	(172 601)	(184 570)	1 921 595	4 470 525
Statutory shares	669 483	657 514	519 411 852	519 411 852

There have been no changes to the authorised share capital during the year under review. Treasury shares were issued in the current year in terms of the existing long-term incentive scheme. Refer to note 21 for details.

4. Major shareholders

Registered shareholders owning more than 5% of issued shares:

	2025		2024	
	Number of shares held	Percentage of issued shares	Number of shares held	Percentage of issued shares
Volker Holdings Proprietary Limited*	171 751 457	33.1 %	171 751 457	33.1 %
Rodna Investments Proprietary Limited**	48 557 350	9.4 %	48 241 519	9.3 %
Tatovect Proprietary Limited***	47 219 260	9.1 %	47 219 260	9.1 %
GRE Africa Limited	39 357 225	7.6 %	39 357 225	7.6 %
Lord Trust	28 929 009	5.6 %	-	-
Nedbank Group	28 500 000	5.5 %	28 500 000	5.5 %
Non-public shareholders	270 315 053	52.0 %	282 160 943	54.3 %
Public shareholders	249 096 799	48.0 %	237 250 909	45.7 %

As at 28 February 2025 there were 27 670 (2024: 28 166) public shareholders.

* The entity is controlled by SV Brookes

** The entity is controlled by RN Gray

*** The entity is controlled by ARK Kukama

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Directors' report (continued)

5. Directorate

The directors in office during the year were as follows:

Directors	Designation	Changes
SV Brookes	Chief executive officer	
JS Bigham	Chief financial officer	
ARK Kukama	Non-executive director	
H Saven	Independent non-executive director	
O Amosun	Independent non-executive director	
T Mokgosi-Mwantembe	Independent non-executive director	
A Shapiro	Independent non-executive director	
J Scher	Independent non-executive director	
K Moloko	Independent non-executive director	
Prescribed officer		
RN Gray	Managing director	
U Gschnaidtner	Chief projects officer	Resigned 1 February 2024*

* Ulrich Gschnaidtner resigned from his position as chief projects officer to pursue emigration to Australia. He needed to serve a six-month notice period.

6. Dividends

No dividend was paid during the 2025 financial year (2024: R73.2 million).

7. Independent auditor

BDO South Africa Inc. continued in office as the auditor for the group and company for the financial year ended 28 February 2025.

At the annual general meeting, the shareholders will be requested to reappoint BDO South Africa, together with Vianca Pretorius as the designated auditor, as the external audit firm of the company for the 2026 financial year.

8. Company secretary

The company secretary is FluidRock Co Sec Proprietary Limited.

Business address: Block 5, Suite 201
Monument Office Park
Pretoria
0181

The Board gave due consideration to the competence, professional experience, and qualifications of the Company Secretary in the discharge of their duties.

9. Directors interest

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

10. Going concern

The directors have reviewed the group and company's cash flow forecasts up to the period ending May 2026 and, in light of this review and the current financial position, the directors believe that the group and company has adequate financial resources to continue in operation for the foreseeable future. Accordingly, the consolidated and separate financial statements have been prepared on a going concern basis.

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Directors' report (continued)

10. Going concern (continued)

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. The cash flow forecast is based upon the development programme of the business as approved by the executives. The development programme guides the potential for cash inflows from the sale and registration of apartments and drives the construction related costs incurred in order to deliver the apartments to the market. It is this relationship between the rate of construction and the rate of sales that is paramount to the success of the business model and the ability of the group to effectively manage its cash resources. Accordingly, the cash flow forecasting of the group is dynamic and is actively managed to ensure optimum cash management.

The group has forward sold 814 apartments beyond the current reporting period. These apartments will be recognised in revenue and the resulting cash realised in future years.

The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group and company.

11. Events after the reporting period

Subsequent to the reporting date, the group secured a short-term extension of its investment loan of R500 million. The existing facility matured in April 2025, however was extended in order to facilitate the finalisation of a refinancing transaction with funds managed by Ninety One SA Proprietary Limited, one of the original capital providers. Term sheets have been agreed on terms similar to the initial loan and accordingly there is no material financial impact on the group.

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

12. Date of authorisation for issue of financial statements

The consolidated and separate annual financial statements have been authorised for issue by the directors on 12 May 2025.

Independent Auditor's Report

To the Shareholders of

Balwin Properties Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Balwin Properties Limited and its subsidiaries (the group and company) set out on pages 19 to 82, which comprise the consolidated and separate statements of financial position as at 28 February 2025, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Balwin Properties Limited and its subsidiaries as at 28 February 2025, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final Materiality

Group Materiality amounted to R 80 840 000, which represents 1% of Total Assets to the Group.

Company materiality amounted to R 75 330 000, which represents 1% of Total Assets to the Company.

Total assets have been recognised as an appropriate benchmark for assessing materiality for both the group and the company, as the entities' activities are intrinsically linked to the assets held.

Group Audit Scope

Our group audit was scoped by obtaining an understanding of the group and its environment, including the structure and organisation of the group, and assessing the risks of material misstatement at the group level. Components were selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement.

We also considered the organisation, location and business operations of each entity in the group and changes in the business environment when we formed our view as to the grouping of each component which assisted us in assessing the level of work to be performed at each component.

Our process focused on identifying and assessing the risk of material misstatements of the consolidated and separate financial statements as a whole, in order to assist us in forming our approach to the group audit. This process has assisted us in determining the audit work that needed to be undertaken at each of the components. We identified 24 components and applied the following scoping:

- One full scope component was selected based on the risk in that component and for which we therefore performed procedures as necessary to address the risk of material misstatement of the consolidated financial statements;
- Five specific scope components, where the extent of our testing was based on our assessment of the risk of material misstatement arising from certain specific financial balances and/or processes at those locations; and
- Analytical review procedures were performed over the remaining components that were considered inconsequential to the group

Key Audit Matters

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

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

Key Audit Matter	How our audit addressed the key audit matter
<p>Recognition of cost of constructed residential apartments sold (Consolidated and separate financial Statements) (Refer note 1.1)</p> <p>The group and company use certain assumptions and key factors in the management and reporting of the recognition of the cost of constructed residential apartments sold. The assumptions are significant and relate to the estimation of the forecasted total project cost of the respective developments. These assessments include a degree of inherent uncertainty when estimating these costs. These costs are allocated to the apartments on a participation quotient methodology upon recognising the revenue upon the sale. The estimation of the total project cost is performed by in-house qualified quantity surveyors and are subject to monthly reviews and sign-off by management's external head independent quantity surveyor. All project forecasts are presented to the executive directors for approval at regular intervals throughout the year.</p> <p>Due to the significance of the balance to the financial statements, combined with the judgements and assumptions associated with determining the forecasted costs, the recognition of cost of constructed residential apartments sold was considered to be a matter of most significance during our current year audit of the consolidated and separate financial statements.</p>	<p>Our audit procedures incorporated a combination of substantive procedures as well as tests of the group and company's controls relating to the forecasting of the costs necessary to complete the developments.</p> <p>Our procedures included the following, among others:</p> <ul style="list-style-type: none"> • We assessed the design, implementation and operating effectiveness of relevant controls relating to the forecasting of the total costs per development. Our work in this regard included: <ul style="list-style-type: none"> ◦ Obtaining and inspecting minutes of meetings relating to the property budget meetings which took place throughout the year. We confirmed that the forecasts per development are discussed and approved by the directors at the meetings; • We performed an assessment of management's expert to evaluate his competence, capabilities, objectivity, and ability to forecast costs appropriately. We obtained an independence confirmation from management's expert to confirm his independence; • We performed an assessment of the auditor's external quantity surveyor expert in order to evaluate their competence, capabilities and objectivity, and ability to measure development plans appropriately. We obtained an independence confirmation from the auditor's expert to confirm his independence; • On a sample basis and with the assistance of our quantity surveyor expertise, we assessed the significant assumptions included in the forecasts used to determine the total cost to complete each development under construction. In this regard, we assessed whether the correct quantities were included in the system based on the development plans, and whether they were included at the correct costs based on inspection of external supplier invoices;

- We created an independent expectation of cost of sales in the current year based on prior year cost of sales recognised per square meter and compared this to actual cost of sales recognised in the current year per development;
- We recalculated the cost of sales for the year in total per development by utilising the forecast costs and square metres sold;
- We performed a number of substantive analytical procedures in order to assess the reasonability of the forecasted cost, as well as of the cost of sales recognised during the year;
- We performed reasonability tests on the forecasted costs based on the percentage of units sold and compared this to the total cost of sales recognised for that development during the year; and
- We inspected the total actual development costs for developments that concluded during the year and compared the initial forecasted development costs to assess the group and company's forecasting ability.

Based on the procedures performed over our assessment of the recognition of cost of constructed residential apartments sold, we did not identify any significant matters requiring further consideration in concluding on our procedures.

Net realisable value of developments under construction (Consolidated and separate financial Statements) (Refer note 1.1)

The group and company conduct regular reviews of the net realisable value of its developments under construction in alignment with IAS 2: Inventories. This approach involves measuring inventories at the lower of cost and net realisable value.

The reviews were conducted on a development-by-development basis, using methodologies that incorporate projected revenues and development costs, and based on management's assessment of market conditions existing at the date of review.

Due to the significance of the balance to the financial statements, combined with the judgements and assumptions associated with determining the projected revenue and forecasted costs, the assessment of net realisable value of developments under construction was considered to be a matter of most significance during our current year audit of the consolidated and separate financial statements.

Our audit procedures incorporated a combination of substantive procedures, as well as tests of the group and company's controls relating to the forecasting of the costs necessary to complete the developments and included the following, among others:

- We assessed the design, implementation and operating effectiveness of relevant controls relating to the forecasting of the total costs per development utilised in the net realisable value calculation. Our work in this regard included:
 - Obtaining and inspecting minutes of meetings relating to the property budget meetings which took place throughout the year. We confirmed that the forecasts per development are discussed and approved by the directors at the meetings;
 - We performed an assessment of the auditor's expert to evaluate his competence, capabilities, objectivity, and ability to measure net realisable value. An independence confirmation was obtained from the auditor's expert to confirm his independence;
 - The auditor's property expert was engaged to reassess and evaluate the net realisable value of all developments. Each development was subdivided into its relevant components, which together constitute the net realisable value per development. Each component was evaluated based on relevant evidence, reflecting entity-specific information about the net amount expected to be realised from the sale of inventory in the ordinary course of business;
 - We performed net realisable value testing on all developments under construction, including items
-

with negative gross profit percentages and large fluctuations in gross profit percentages were identified and reasons and corroborative evidence for these discrepancies were obtained; and

- We obtained feasibility reports at year-end for all developments to ascertain the total forecast costs expected for each development. This information was utilised as part of our auditor's expert work for determining the net realisable value of developments under construction.

Based on the procedures performed over our assessment of the net realisable value of developments under construction, we did not identify any significant matters requiring further consideration in concluding on our procedures.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Balwin Properties Limited Integrated Report 28 February 2025" and in the document titled "Balwin Properties Limited Consolidated and Separate Financial Statements for the year ended 28 February 2025", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's reports thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

Audit Tenure

In terms of the IRBA Rule published in Government Gazette No. 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Balwin Properties Limited for 5 years.

BDO South Africa Inc.

BDO South Africa Incorporated

Registered Auditors

Vianca Pretorius

Director

Registered Auditor

12 May 2025

Wanderers Office Park

52 Corlett Drive

Illovo, 2196

Balwin Properties Limited

(Registration number 2003/028851/06)

Consolidated And Separate Financial Statements for the year ended 28 February 2025

Statements of financial position as at 28 February 2025

		Group		Company	
	Note	2025 R '000	2024 R '000	2025 R '000	2024 R '000
Assets					
Non-Current Assets					
Property, plant and equipment	3	421 579	381 826	189 097	224 173
Investment property	4	325 149	220 375	-	-
Intangible assets	5	21 898	22 126	20 306	20 772
Investments in subsidiaries	6	-	-	86 283	5 655
Loans to external parties	7	3 131	8 664	3 131	8 664
Other financial assets	8	1 909	1 267	1 909	1 267
Deferred taxation	9	6 360	11 413	-	-
		780 026	645 671	300 726	260 531
Current Assets					
Developments under construction	10	6 679 202	6 342 225	6 670 933	6 349 730
Loans to related parties	11	-	-	18 754	116 648
Trade and other receivables	12	366 016	349 709	299 519	289 162
Development loans receivable	13	3 128	1 840	3 128	1 840
Current tax receivable		1 274	1 316	-	1 008
Cash and cash equivalents	14	254 812	289 586	240 774	272 865
		7 304 432	6 984 676	7 233 108	7 031 253
Total Assets		8 084 458	7 630 347	7 533 834	7 291 784
Equity and Liabilities					
Equity					
Share capital	15	669 483	657 514	669 483	657 514
Reserves		86 036	83 222	86 036	83 222
Retained income		3 497 697	3 265 019	3 413 363	3 220 064
		4 253 216	4 005 755	4 168 882	3 960 800
Non-controlling interest		4 641	3 295	-	-
		4 257 857	4 009 050	4 168 882	3 960 800
Liabilities					
Non-Current Liabilities					
Development loans and facilities	16	938 331	1 113 695	677 945	815 029
Lease liabilities	17	204	-	138 163	138 988
Deferred taxation	9	356 912	348 079	344 602	327 412
		1 295 447	1 461 774	1 160 710	1 281 429
Current Liabilities					
Development loans and facilities	16	2 313 379	1 959 202	2 061 037	1 881 122
Lease liabilities	17	1 247	192	2 532	192
Trade and other payables	18	180 165	175 848	102 213	145 942
Loans from group companies	11	-	-	7 546	-
Current tax payable		16 158	-	12 340	-
Employee benefits	19	20 205	24 281	18 574	22 299
		2 531 154	2 159 523	2 204 242	2 049 555
Total Liabilities		3 826 601	3 621 297	3 364 952	3 330 984
Total Equity and Liabilities		8 084 458	7 630 347	7 533 834	7 291 784

Balwin Properties Limited

(Registration number 2003/028851/06)

Consolidated And Separate Financial Statements for the year ended 28 February 2025

Statements of profit or loss and other comprehensive income for the year ended 28 February 2025

	Note	Group		Company	
		2025 R '000	2024 R '000	2025 R '000	2024 R '000
Revenue	20	2 220 918	2 356 284	2 042 999	2 222 136
Cost of sales		(1 548 753)	(1 690 629)	(1 529 407)	(1 681 262)
Gross profit		672 165	665 655	513 592	540 874
Other income / (expenses)	22	25 779	16 336	1 405	(6 206)
Operating expenses		(350 949)	(351 177)	(248 073)	(266 220)
Operating profit	23	346 995	330 814	266 924	268 448
Investment income	24	17 616	30 061	17 334	29 947
Finance costs	25	(50 341)	(50 619)	(14 590)	(19 274)
Profit before taxation		314 270	310 256	269 668	279 121
Taxation	26	(80 246)	(92 884)	(76 369)	(83 190)
Profit for the year		234 024	217 372	193 299	195 931
Other comprehensive income net of income tax:					
Items that will not subsequently be reclassified to profit or loss:					
Profit on cash flow hedges		642	1 951	642	1 951
Taxation relating to items that will not be reclassified		(173)	(534)	(173)	(534)
Other comprehensive income for the year net of taxation		469	1 417	469	1 417
Total comprehensive income for the year		234 493	218 789	193 768	197 348
Total profit attributable to:					
Owners of the parent		232 678	215 668	193 299	195 931
Non-controlling interest		1 346	1 704	-	-
		234 024	217 372	193 299	195 931
Total comprehensive income attributable to:					
Owners of the parent		233 147	217 085	193 768	197 348
Non-controlling interest		1 346	1 704	-	-
		234 493	218 789	193 768	197 348
Basic and diluted earnings per share					
Basic (cents)	33	49.74	46.18		
Diluted (cents)	33	48.20	46.18		

Balwin Properties Limited

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Consolidated And Separate Financial Statements for the year ended 28 February 2025

Statements of changes in equity for the year ended 28 February 2025

	Share capital	Cash flow hedge reserve	Share based payment reserve	Retained income	Total attributable to equity holders of the group	Non-controlling interest	Total equity
	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Group							
Balance at 1 March 2023	650 973	(492)	71 548	3 112 898	3 834 927	1 591	3 836 518
Profit for the year	-	-	-	215 668	215 668	1 704	217 372
Other comprehensive income	-	1 417	-	-	1 417	-	1 417
Total comprehensive income for the year	-	1 417	-	215 668	217 085	1 704	218 789
Issue of shares from treasury to settle long-term incentives	6 541	-	(6 541)	-	-	-	-
Share based payment	-	-	17 290	-	17 290	-	17 290
Dividend paid	-	-	-	(73 237)	(73 237)	-	(73 237)
Dividend received from treasury shares	-	-	-	9 690	9 690	-	9 690
Balance at 1 March 2024	657 514	925	82 297	3 265 019	4 005 755	3 295	4 009 050
Profit for the year	-	-	-	232 678	232 678	1 346	234 024
Other comprehensive income	-	469	-	-	469	-	469
Total comprehensive income for the year	-	469	-	232 678	233 147	1 346	234 493
Issue of shares from treasury to settle long-term incentives	11 969	-	(11 969)	-	-	-	-
Share based payment	-	-	14 314	-	14 314	-	14 314
Balance at 28 February 2025	669 483	1 394	84 642	3 497 697	4 253 216	4 641	4 257 857
Note	15		21				

Balwin Properties Limited

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Consolidated And Separate Financial Statements for the year ended 28 February 2025

Statements of changes in equity for the year ended 28 February 2025

	Share capital	Cash flow hedge reserve	Share based payment reserve	Retained income	Total equity
	R'000	R'000	R'000	R'000	R'000
Company					
Balance at 1 March 2023	650 973	(492)	71 548	3 087 680	3 809 709
Profit for the year	-	-	-	195 931	195 931
Other comprehensive loss	-	1 417	-	-	1 417
Total comprehensive income for the year	-	1 417	-	195 931	197 348
Issue of shares from treasury to settle long-term incentives	6 541	-	(6 541)	-	-
Share based payment	-	-	17 290	-	17 290
Dividend paid	-	-	-	(73 237)	(73 237)
Dividend received from treasury shares	-	-	-	9 690	9 690
Balance at 1 March 2024	657 514	925	82 297	3 220 064	3 960 800
Profit for the year	-	-	-	193 299	193 299
Other comprehensive income	-	469	-	-	469
Total comprehensive income for the year	-	469	-	193 299	193 768
Issue of shares from treasury to settle long-term incentives	11 969	-	(11 969)	-	-
Share based payment	-	-	14 314	-	14 314
Balance at 28 February 2025	669 483	1 394	84 642	3 413 363	4 168 882
Note	15		21		

Balwin Properties Limited

(Registration number 2003/028851/06)

Consolidated And Separate Financial Statements for the year ended 28 February 2025

Statements of cash flows for the year ended 28 February 2025

		Group		Company	
	Note(s)	2025 R '000	2024 R '000	2025 R '000	2024 R '000
Cash flows from operating activities					
Cash generated from / (used in) operations	27	116 900	5 078	39 955	(18 634)
Interest received		17 616	30 061	17 334	29 947
Finance costs paid	25	(295 644)	(296 316)	(261 239)	(270 627)
Taxation paid	29	(50 333)	(46 738)	(46 004)	(41 821)
Net cash used in operating activities		(211 461)	(307 915)	(249 954)	(301 135)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(66 487)	(48 427)	(2 464)	(14 833)
Proceeds from disposal of property, plant and equipment		30 258	-	1 508	4
Purchases of investment property	4	(35 351)	(67 355)	-	-
Proceeds on disposal of non-current assets held for sale		-	19 000	-	19 000
Purchases of intangible assets	5	(7 043)	(12 507)	(6 207)	(12 069)
Proceeds from disposal of intangible assets		20	6 682	20	6 682
Loans granted to related parties	11	-	-	(18 754)	(100 045)
Loans to related parties repaid	11	-	-	116 648	25 966
Decrease in restricted cash		-	164 376	-	164 376
Loans granted to external parties	7	(2 121)	-	(2 121)	-
Net cash (used in) / generated from investing activities		(80 724)	61 769	88 630	89 081
Cash flows from financing activities					
Development loans raised and utilised	28	2 392 989	1 965 438	2 392 989	1 965 438
Development loans repaid	28	(2 176 697)	(1 424 661)	(2 176 697)	(1 424 661)
Investment loans and general banking facilities repaid	28	(251 278)	(679 269)	(245 162)	(667 568)
Investment loans and general banking facilities raised and utilised	28	293 435	131 496	151 339	99 713
Payment on lease liabilities	28	(1 038)	(1 074)	(782)	(516)
Loans from related parties raised		-	-	7 546	-
Dividend paid		-	(73 237)	-	(73 237)
Dividend received from treasury		-	9 690	-	9 690
Net cash generated from / (used in) financing activities		257 411	(71 617)	129 233	(91 141)
Total cash and cash equivalents movement for the year		(34 774)	(317 763)	(32 091)	(303 195)
Cash and cash equivalents at the beginning of the year		289 586	607 349	272 865	576 060
Cash and cash equivalents at the end of the year	14	254 812	289 586	240 774	272 865

Balwin Properties Limited

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Consolidated And Separate Financial Statements for the year ended 28 February 2025

Accounting policies

1. Presentation of consolidated and separate financial statements

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

The material accounting policies, set out below have been applied consistently for all periods presented in the financial statements and have been consistently applied by the group, refer to note 2 for information on new or revised standards or interpretations adopted during the year.

The consolidated and separate financial statements have been consistently prepared in accordance with IFRS Accounting Standards ("Accounting Standards") and IFRIC Interpretations adopted by the International Accounting Standards Board, the SA financial reporting requirements and the requirements of the Companies Act and the JSE Listings Requirements.

The consolidated and separate financial statements have been prepared on the historic cost convention, except for investment property carried at fair value through profit and loss and derivatives carried at fair value through other comprehensive income, and incorporate the principal accounting policies set out below. They are presented in South African Rands, which is also the functional currency of the company, and are rounded to the nearest R'000.

This report was internally compiled under the supervision of Jonathan Bigham CA(SA), the Chief Financial Officer. These financial statements have been audited in compliance with all applicable requirements of the Companies Act and were authorised for issue on 12 May 2025.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. There is no use of significant judgement in the preparation of the financial statements. Significant sources of estimation uncertainty include:

Assumptions and estimation uncertainties

Recognition of cost of constructed residential apartments sold

The group uses certain assumptions and key factors in the management of, and reporting for, the recognition of the cost of constructed residential apartments sold. The assumptions are material and relate to the estimation of the forecasted total project cost of the respective developments. These assessments include a degree of inherent uncertainty when estimating these costs. These costs are allocated to the apartments on a participation quotient methodology upon recognising the revenue upon the sale. The estimation of the total project cost is performed by an in-house qualified quantity surveyors and are subject to monthly review. All project forecasts are presented to the executive directors for approval at regular intervals throughout the year.

Net realisable value of developments under construction

The group conducts regular reviews of the net realisable value of its developments under construction. The reviews were conducted on a development by development basis, using methodologies that incorporate project revenues and development costs, and based on management's assessment of market conditions existing at the date of review.

Preparation of cash flow forecasts

The application of judgement is inherent in the preparation of cash flow forecasts which are used by the group in support of the going concern assumption.

The forecasts are based on the expected cash flows arising from the approved development programme of the company which is approved by the executive directors. The apartments included in the cash flow forecasts are included on a stepped inclusionary basis per each phase of each development. The inclusion rates are based on a balance of historic information and current sales trends and are applied specifically to the relevant phase. The construction related costs are forecasted by the inhouse qualified quantity surveyors. Funding is based on existing and forecasted bank terms based on the existing funding principles of the group and according to the construction timelines per the development schedule. All funding and land repayments are forecasted per the terms of the respective agreements.

Balwin Properties Limited

(Registration number 2003/028851/06)

Consolidated And Separate Financial Statements for the year ended 28 February 2025

Accounting policies (continued)

1.1 Significant judgements and sources of estimation uncertainty (continued)

The 12 month cash flows are presented to the board for approval quarterly.

Fair value of investment properties

The group applies judgement in the determination of the fair value of its investment property at each reporting date. The fair value of investment property is determined at the end of each reporting period either through an external valuation performed by an independent accredited property valuer or by the executive directors. An external valuation is performed on each item of investment property once every three years at minimum. Management has assessed the risk associated with the range of possible outcomes and is of the opinion that the risk relating to estimation has been mitigated. The calculation of the market value of the rental portfolio, both residential and commercial has been based on the income capitalisation method. This is the fundamental basis on which income producing properties are traded in the South African market. This is also due to there being strong supporting evidence of open market rental rates and capitalisation rates which are evidenced by sales in the market. Key assumptions used in the valuation include the expected net operating income, the capitalisation rate applied, growth rate in the form of rental escalations and a vacancy and bad debt factor. The hotel was valued on a market comparable sale methodology. The hotel rooms are sectional title units and can therefore be sold individually. Considering the current market appetite in the short term letting space, the best value obtainable is a comparable sale. Refer to note 4 for further details.

Classification of investment properties

Investment properties include land and buildings that are held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

In determining the classification of the properties as investment properties, management considered its exposure to the risks of running the hotel business.

Management took the following factors into account:

- Intention to hold land and buildings for rental income and capital appreciation and its role as a passive investor.
- The duration of the right-of-use agreement; and
- Control over the decision-making powers of the relevant hotel operations.

1.2 Property, plant and equipment

It is the group's policy to hold property, plant and equipment at cost less accumulated depreciation, subject to the requirement to test assets for impairment. Depreciation on property, plant and equipment is provided using the straight line method to write off the cost less any estimated residual value, over the estimated useful lives on the following basis:

Item	Depreciation method	Average useful life
Land	Not applicable	Indefinite
Buildings	Straight line	Up to 40 years
Plant and machinery	Straight line	4 years
Furniture and fittings	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	3 - 5 years
Leasehold improvements	Straight line	Over the lease term
Solar assets	Straight line	20 years

The useful lives are for the current and comparative period.

The right of use asset is depreciated over the shorter of its useful life or the term of the lease. Accordingly, the lease of the Western Cape office building is depreciated over 5 years. Whilst the lease relating to the new Johannesburg head office is depreciated over 15 years in the books of the company, which represents the useful life of the underlying asset. The useful life takes into account the renewal and purchase option within the lease.

No depreciation is provided on freehold land that is not used for development purposes. All land that is held for the purposes of development is accounted for as developments under construction. Refer to note 1.10 for further detail. The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Balwin Properties Limited

(Registration number 2003/028851/06)

Consolidated And Separate Financial Statements for the year ended 28 February 2025

Accounting policies (continued)

1.2 Property, plant and equipment (continued)

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

An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. Any reversal of a previous impairment is limited so that the increased value does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Any gain or loss arising from the disposal of an item of property, plant and equipment is included in profit or loss when the item is derecognised.

1.3 Investment property

Investment property consists of property fully developed by the group for the generation of rental income purposes.

Investment property is recognised as an asset when it has been determined to be probable that future economic benefits associated with the property will flow to the entity and when the cost of the investment property can be reliably measured.

Investment property is initially measured at its cost of development including any other directly attributable expenditure. Investment property is subsequently measured at fair value and all movements in fair value are recognised in the statement of profit or loss and other comprehensive income. The fair value of investment property is determined at the end of each reporting period either through an external valuation performed by an independent accredited property valuer or by the executive directors. An external valuation is performed on each item of investment property once every three years at minimum.

Subsequent expenditure incurred in relation to the investment property is capitalised to the asset's carrying amount if it is probable that future economic benefits will flow to the group and the cost can be measured reliably. Costs of day-to-day servicing of the property are recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

Investment property under development is measured at the cost during the development period. Upon practical completion of the development, the cost is subsequently measured at fair value. No investment property under development was completed during the year.

1.4 Intangible assets

Intangible assets are initially recognised at cost and are subsequently measured at cost less any accumulated amortisation and any impairment losses. Intangible assets are amortised on a straight line basis over their useful life and subjected to an annual assessment of impairment, or more regularly should an indicator of impairment exist during the year.

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

Item	Depreciation method	Average useful life
Licences	Straight line	10 years
Solar infrastructure contributions	Straight line	15 years
Computer software	Straight line	3 years

1.5 Leases

Group and company as lessee

The company has leases in place which relate to the Western Cape Office Building and the Gauteng Office building.

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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Accounting policies (continued)

1.5 Leases (continued)

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist). There are no non-lease components.

However as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the group is a lessee are presented in note 17 Lease liabilities (group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives; and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; and
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the Statements of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 25).

Right-of-use assets

Right-of-use assets are presented within property, plant and equipment and classified within assets of the same category.

Lease payments included in the measurement of the right-of-use asset comprise the following:

- the initial amount of the corresponding lease liability; and
- any lease payments made at or before the commencement date.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives (note 1.2).

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

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.6 Investments in subsidiaries

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

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Accounting policies (continued)

1.7 Financial instruments

Classification of financial assets and financial liabilities

Financial assets

The group classifies its financial assets on the basis of its business model for managing the financial assets and their contractual cash flow characteristics. The group's financial assets are measured at amortised cost.

Financial liabilities

The group classifies their financial liabilities at amortised cost.

Initial recognition and measurement of financial instruments

Financial instruments are recognised when the group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are measured at fair value on initial recognition.

For financial assets and financial liabilities that are not at fair value through profit or loss, transactions costs are included in the initial measurement of the instrument. Transaction costs are amortised using the effective interest method.

Subsequent measurement

Financial assets and financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition

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

Financial liabilities are derecognised when their contractual obligation is discharged or cancelled, or expire. Financial liabilities are also derecognised when their terms are modified and the cash flows of the modified liabilities are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Impairment of financial assets

The group applies the simplified approach to determine the expected credit losses (ECL) for trade receivables and therefore assesses impairment using a lifetime approach for these assets adjusted for forward looking factors specific to the debtors and the economic environment.

In particular, the following information is taken into account in the determination of the expected credit loss based on a provisional matrix.

- country credit risk - country credit risk was assessed using the Coface Credit risk assessment map and by applying a risk rating based on the country rating;
- customer default risk - each financial asset is assessed by considering the risk of default or liquidation by reference to available financial information including budgets and forecasts where possible or from information obtained either internally or from external sources that provides an indication of liquidity concerns of the customer;
- customer risk - customer risk is assessed on an individual basis by considering payment history and relationships with customers;
- government institution exposure - due to the nature of the operations, the group has to incur costs in terms of contributions made for bulk services on behalf of local municipalities which gives rise to exposure to credit from government institutions. Contributions relating to bulk services is managed very carefully and incorporates the assistance of independent external professionals and thus based on its profile, a separate risk rating has been applied to these financial assets; and
- size of financial asset - The value of each financial asset in relation to the total value of financial assets is considered in terms of a risk rating matrix. The risk rating matrix applies a bigger risk rating to the larger value financial assets.

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Accounting policies (continued)

1.7 Financial instruments (continued)

Based on the nature of the group's operations whereby the apartments are either sold for a cash consideration or where pre-approved bank finance is in place, there is limited judgement applied in determining any expected credit loss with respect to trade receivables.

The group applies the general approach to determine the expected credit loss for loans to related parties, loans to external parties, other receivables and development loans receivable. In applying the general approach, the group takes into account whether there has been a significant increase in credit risk since the initial recognition of the loan. Expected credit losses under the general approach are updated at each reporting date utilising a three-stage model to evaluate for impairment based on changes in credit quality and risk since initial recognition.

In applying stage one of the ECL model, 12-month expected credit losses are recognised on financial assets that have a low credit risk at the reporting date. The 12-month ECL represents the portion of the lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where there has been a significant increase in credit risk since initial recognition, the group recognises lifetime expected credit losses per stage two of the ECL model. In assessing whether the credit risk on loans to related parties, loans to external parties, other receivables and development loans receivable have increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Procedures include, but are not limited to, understanding any previous event of default or amendments made in the period to payment terms, analysing the solvency and liquidity of the credit party based on available financial information and reviewing forecasts where available to identify any increased risk of default.

At each reporting date, an assessment is performed to determine whether financial assets subject to impairment are credit-impaired. The groups financial assets are assessed to be credit-impaired in the event that there is observable evidence that that one or more events with a detrimental effect on the estimated future cash flows have occurred. Such events are, but not limited to, significant financial difficulty of the counterparty or the likely occurrence of bankruptcy. Where the counterparty is assessed to be credit-impaired, the related asset is disclosed in stage three.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. The group recognises a loss allowance for expected credit losses on instruments that are measured at amortised cost. The amount of expected credit losses ("ECL") is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Expected credit losses are based on the difference between the contracted cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate.

Write-off

The gross carrying amount of a financial asset is directly reduced (that is, written off) when the entity has no reasonable expectations of recovering it in its entirety, or a portion thereof. The corresponding impairment allowance is also reduced. This reduction occurs when the asset is a stage three financial asset as per the ECL model. A write-off constitutes a derecognition event for accounting purposes. Depending on the nature of the account, balances are written off when it is no longer economically viable to keep the debt on the statement of financial position. Indicators which suggest that an account is not economically viable to retain on the statement of financial position include (but do not represent an exhaustive list):

- The exposure is unsecured, i.e., there is no tangible security the group can claim against (excluding suretyships);
- The debt has prescribed;
- The exposure would attract reputational risk should the group pursue further legal action due to the valuation/exposure ratio;
- Where the cost to recover is high in relation to the valuation of the asset.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

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Accounting policies (continued)

1.7 Financial instruments (continued)

Loan to external parties

Loans to external parties are initially recognised at their face value which is deemed to approximate their fair value due to the impact of financing being immaterial. The loans are subsequently measured at amortised cost using the effective interest method.

Loans to related parties

The loans to the related parties are recognised initially at fair value plus direct transactional costs and are subsequently measured at amortised cost using the effective interest method.

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Development loans and facilities

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

1.8 Hedge accounting

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the group will adjust the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

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Consolidated And Separate Financial Statements for the year ended 28 February 2025

Accounting policies (continued)

1.8 Hedge accounting (continued)

Cash flow hedges

Other financial liabilities comprises of an interest rate swap. The Group uses a derivative financial instrument to partially hedge its exposure to variable interest rate risks arising from long term financing activities in accordance with its treasury policy. The hedge relationship of the derivative is designated as a hedge for Accounting Standards purposes and is accounted for as fair value through OCI. Derivative financial instruments are recognised initially at fair value at the date the derivative contracts are entered into. Subsequent to initial recognition, derivative financial instruments are measured at fair value, and changes therein are accounted for through OCI. The fair value of derivatives is the estimated amount that the Group would receive or pay to terminate the derivative at the reporting date.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to developments under construction in the periods when the hedged item incurs a cash flow.

1.9 Tax

Current tax assets and liabilities

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

Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. These reductions are reversed when the probability of future taxable profits improves.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Tax expenses

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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Accounting policies (continued)

1.10 Developments under construction

Developments under construction comprise the cost of the land, development rights and construction related expenditure which comprises direct materials, labour costs, site overheads, associated professional charges and other attributable overheads. Developments under construction are stated at the lower of cost and net realisable value.

Cost includes all of the expenditure which is directly attributable to the acquisition of the land or construction of residential estates/apartments, including the capitalisation of borrowing costs that are incurred on the development loans. The construction of residential estates/apartments is a qualifying asset in terms of IAS 23, *Borrowing costs*, and accordingly borrowing costs are capitalised to the extent that they are directly attributable to the acquisition and construction of the estate/apartment. Refer to the accounting policy in note 1.17 for further detail on borrowing costs.

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

1.11 Impairment of non-financial assets

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

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

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

1.12 Share capital and equity

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

Ordinary shares

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

Treasury shares

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

The group treats shares issued as part of the BEE transaction as treasury shares. This is due to the risk and rewards associated with the ownership of the shares not yet transferred, and thus being treated as the grant of an in-substance option.

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Accounting policies (continued)

1.13 Employee benefits

Short-term employee benefits

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

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

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

1.14 Revenue

Revenue from contracts with customers

The group recognises revenue from the following major sources:

- Revenue from the sale of developed residential apartments;
- Revenue from the sale of undeveloped land;
- Bond commission;
- Rental of electronic communication.

Other revenue

The group recognises other revenue from:

- Rental income;
- Rendering of services to residential developments; and
- Donation income.

Rental income comprises of rental and other income received, excluding Value Added Tax. Rental income from investment property is recognised as revenue over the rental period. The majority of rental agreements cover a period of less than 12 months and accordingly the impact of straight lining is not material.

Rendering of services to residential developments comprises of commission received from financial service provider for policies sold to clients, membership income and other income generated from the rental of facilities with the Balwin Lifestyle centres, service fee receivable from body corporates where Balwin maintained and services security infrastructure and reselling of electricity and other income from residents living in the developments.

Donation income is recognised in profit or loss when the group's right to receive payment has been established. This represents the date on which control is transferred. Donations are received by The Balwin Foundation NPC.

Revenue is recognised at a point in time on the following basis:

- Given the nature of the core operations of the company, revenue from the sale of apartments is based on a contract with the customer. The only performance obligation pertains to the successful handover of the apartment to the buyer which will only take place provided that financial guarantees are in place or the registration of the apartment in the deeds office. This represents the date on which control of the apartment transfers to the customer. Payment is due to the company upon the registration of the apartment, or, if earlier, the handover date. The transaction price is defined per the sales agreement.
- From time to time, the company disposes of land on which it does not intend to develop. Revenue on the sale of land is recognised on the transfer of the property. The transaction price is stipulated per the sales agreement. There has been a sale of undeveloped land in the current year.
- The group earns bond commission from contractual commission arrangements with bond granters based on the underlying value of the funding procured. Balwin has an in-house bond origination department that co-ordinates and facilitates mortgages on behalf of financial institutions. The performance obligation is satisfied upon the registration of the bond, which represents the timing of the transfer of control.

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Consolidated And Separate Financial Statements for the year ended 28 February 2025

Accounting policies (continued)

1.14 Revenue (continued)

Revenue is recognised over time on the following basis:

- Revenue derived from the rental of electronic communication is determined on a contractual basis between Balwin Fibre Proprietary Limited and the respective internet service provider. The contracts between Balwin Fibre Proprietary Limited and the internet service providers are on a month-to-month basis and can be terminated by either party by giving one months' notice. Revenue is recognised over time as the services are provided. A fixed fee is charged to the internet service provider for each fibre line used. The group applies the practical expedient to recognise revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the group's performance completed to date.

IFRS 15 uses the terms "contract asset" and "contract liability" to describe what might more commonly be known as "accrued revenue" and "deferred revenue". The group only has contract liabilities as the group's rights to considerations due are unconditional.

The group shall present the contract as a contract liability when it receives a pre-payment from a customer subject to all performance obligations being fulfilled. A contract liability is the group's obligation to transfer the apartment to a customer for which the group has received consideration.

Revenue is recognised at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

The group has determined that its contracts with customers do not contain a significant financing component.

1.15 Other income

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

1.16 Occupational interest

Occupational interest represents money collected from apartments handed over but not yet registered. Refer to note 24.

1.17 Borrowing costs

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

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

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

1.18 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction and translated at the end of the reporting period at the appropriate rate of conversion. Any exchange differences are recognised in profit or loss in the period in which they arise.

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Accounting policies (continued)

1.19 Share based payments

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

1.20 Segmental reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the groups other components. An operating segment's operating results are reviewed regularly by the group's executive committee.

The group's executive committee acts as the chief operating decision maker (CODM) and is responsible to make key operating decisions, allocation of resources to the segment and assess performance, and for which distinct financial information is available. Refer to note 37 for further details.

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Consolidated And Separate Financial Statements for the year ended 28 February 2025

Notes to the financial statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 1 January 2024.

The group has adopted the amendment for the first time in the 2025 consolidated and separate financial statements.

The impact of the amendment is not material.

Non-current liabilities with covenants - amendments to IAS 1

The amendment applies to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non-current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period.

The effective date of the amendment is for years beginning on or after 1 January 2024.

The group has adopted the amendment for the first time in the 2025 consolidated and separate financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2025 or later periods:

IFRS 18 Presentation and Disclosure in Financial Statements

This is a new standard which replaces IAS 1 Presentation of Financial Statements and introduces several new presentation requirements. The first relates to categories and subtotals in the statement of financial performance. Income and expenses will be categorised into operating, investing, financing, income taxes and discontinued operations categories, with two new subtotals, namely "operating profit" and "profit before financing and income taxes" also being required. These categories and sub totals are defined in IFRS 18 for comparability and consistency across entities. The next set of changes requires disclosures about management-defined performance measures in a single note to the financial statements. These include reconciliations of the performance measures to the IFRS defined subtotals, as well as a description of how they are calculated, their purpose and any changes. The third set of requirements enhance the guidance on grouping of information (aggregation and disaggregation) to prevent the obscuring of information.

The effective date of the amendment is for years beginning on or after 1 January 2027.

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Notes to the financial statements

2. New Standards and Interpretations (continued)

The group expects to adopt the amendment for the first time in the 2028 consolidated and separate financial statements.

The impact of this amendment is currently being assessed.

Amendments to IFRS 7 Financial Instruments: Disclosures

Annual Improvements to IFRS Accounting Standards - Volume 11 - Gain or loss on derecognition - Amendment to delete an obsolete reference that remained in IFRS 7 after the publication of IFRS 13 Fair Value Measurement, as well as to improve consistency of wording of the requirements of IFRS 7 with IFRS 13 concepts regarding disclosure of a gain or loss on derecognition.

The effective date of the amendment is for years beginning on or after 1 January 2026.

The group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Amendments to IFRS 9 Financial Instruments

Annual Improvements to IFRS Accounting Standards - Volume 11 - Derecognition of lease liabilities. The amendment clarifies that if a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss in profit or loss.

The effective date of the amendment is for years beginning on or after 1 January 2026.

The group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Amendments to IFRS 9 Financial Instruments

Annual Improvements to IFRS Accounting Standards - Volume 11 - Transaction price. The amendment clarifies that trade receivables must be measured initially, in accordance with IFRS 9, at the amount determined by applying IFRS 15 Revenue from Contracts with Customers.

The effective date of the amendment is for years beginning on or after 1 January 2026.

The group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Amendments to IFRS 10 Consolidated Financial Statements

Annual Improvements to IFRS Accounting Standards - Volume 11 - Determination of a 'de facto agent'. The amendment is to clarify whether a party acts as a de facto agent in assessing control of an investee.

The effective date of the amendment is for years beginning on or after 1 January 2026.

The group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

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Notes to the financial statements

2. New Standards and Interpretations (continued)

Amendments to IAS 7 Statement of Cash flows

Annual Improvements to IFRS Accounting Standards - Volume 11 - Cost method - Amendment to replace the term 'cost method' with 'at cost' following the earlier removal of the definition of cost method from IFRS Accounting Standards.

The effective date of the amendment is for years beginning on or after 1 January 2026.

The group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments.

The amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features, as such features could affect whether the assets are measured at amortised cost or fair value. The amendment also clarifies the date on which a financial asset or financial liability is derecognised in cases where liabilities are settled through electronic payment systems.

The effective date of the amendment is for years beginning on or after 1 January 2026.

The group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

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Notes to the financial statements

3. Property, plant and equipment

Group	2025			2024		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Land and buildings	256 033	(18 231)	237 802	263 661	(12 600)	251 061
Plant and machinery	172 147	(54 979)	117 168	122 988	(39 127)	83 861
Furniture and fixtures	8 264	(5 792)	2 472	8 652	(5 434)	3 218
Motor vehicles	18 709	(15 606)	3 103	20 122	(14 485)	5 637
Office equipment	4 291	(3 445)	846	4 335	(3 349)	986
Computer equipment	20 608	(13 660)	6 948	21 333	(13 685)	7 648
Solar assets	57 588	(5 813)	51 775	31 628	(2 346)	29 282
Right-of-use asset - office buildings	2 198	(733)	1 465	3 977	(3 844)	133
Total	539 838	(118 259)	421 579	476 696	(94 870)	381 826

Company	2025			2024		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Land and buildings	9 037	(3 238)	5 799	9 037	(2 786)	6 251
Leasehold improvements	65 566	(10 987)	54 579	65 566	(6 613)	58 953
Plant and machinery	833	(730)	103	2 653	(2 443)	210
Furniture and fixtures	7 306	(5 353)	1 953	7 694	(5 115)	2 579
Motor vehicles	17 581	(14 757)	2 824	18 994	(13 777)	5 217
Office equipment	4 281	(3 435)	846	4 335	(3 349)	986
Computer equipment	20 085	(13 338)	6 747	20 963	(13 452)	7 511
Solar assets	-	-	-	21 164	(2 036)	19 128
Right-of-use asset - office buildings	139 640	(23 394)	116 246	141 419	(18 081)	123 338
Total	264 329	(75 232)	189 097	291 825	(67 652)	224 173

Reconciliation of property, plant and equipment

Group	2025						
	Opening balance	Additions	Disposals	Transfers [^]	Lease modification [#]	Depreciation	Closing balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land and buildings	251 061	5 000	(12 629)	-	-	(5 630)	237 802
Plant and machinery	83 861	50 869	-	-	-	(17 562)	117 168
Furniture and fixtures	3 218	29	-	-	-	(775)	2 472
Motor vehicles	5 637	414	(934)	-	-	(2 014)	3 103
Office equipment	986	163	-	-	-	(303)	846
Computer equipment	7 648	2 126	(6)	-	-	(2 820)	6 948
Solar assets	29 282	7 886	-	17 216	-	(2 609)	51 775
Right-of-use asset - office buildings	133	-	-	-	2 066	(734)	1 465
Total	381 826	66 487	(13 569)	17 216	2 066	(32 447)	421 579

[#] Refer to note 17 for further details on the lease modification.

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Notes to the financial statements

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment (continued)

<u>Group (continued)</u>	2024					
	Opening balance R'000	Additions R'000	Disposals R'000	Transfers* R'000	Depreciation R'000	Closing balance R'000
Land and buildings	240 669	12 220	-	3 803	(5 631)	251 061
Plant and machinery	71 747	20 549	-	1 783	(10 218)	83 861
Furniture and fixtures	3 413	1 360	(616)	-	(939)	3 218
Motor vehicles	7 904	568	(345)	-	(2 490)	5 637
Office equipment	253	1 035	-	-	(302)	986
Computer equipment	3 499	7 233	(65)	-	(3 019)	7 648
Solar assets	-	5 462	-	25 940	(2 120)	29 282
Right-of-use asset - office buildings	928	-	-	-	(795)	133
	328 413	48 427	(1 026)	31 526	(25 514)	381 826

* Transfers of R31.5 million were made from development under construction to property, plant and equipment.

<u>Company</u>	2025						
	Opening balance R'000	Additions R'000	Disposals R'000	Lease modification# R'000	Transfers^ R'000	Depreciation R'000	Closing balance R'000
Land and buildings	6 251	-	-	-	-	(452)	5 799
Leasehold improvements	58 953	-	-	-	-	(4 374)	54 579
Plant and machinery	210	-	-	-	-	(107)	103
Furniture and fixtures	2 579	10	-	-	-	(636)	1 953
Motor vehicles	5 217	414	(934)	-	-	(1 873)	2 824
Office equipment	986	163	-	-	-	(303)	846
Computer equipment	7 511	1 877	(6)	-	-	(2 635)	6 747
Solar assets	19 128	-	-	-	(19 128)	-	-
Right-of-use asset - office buildings	123 338	-	-	2 198	-	(9 290)	116 246
	224 173	2 464	(940)	2 198	(19 128)	(19 670)	189 097

<u>Company</u>	2024						
	Opening balance R'000	Additions R'000	Disposals R'000	Lease modification R'000	Transfers R'000	Depreciation R'000	Closing balance R'000
Land and buildings	6 703	-	-	-	-	(452)	6 251
Leasehold improvements	63 327	-	-	-	-	(4 374)	58 953
Plant and machinery	399	20	-	-	-	(209)	210
Furniture and fixtures	2 623	780	(28)	-	-	(796)	2 579
Motor vehicles	7 241	396	(132)	-	-	(2 288)	5 217
Office equipment	252	1 035	-	-	-	(301)	986
Computer equipment	3 343	7 140	(33)	-	-	(2 939)	7 511
Solar assets	-	5 462	-	-	15 702	(2 036)	19 128
Right-of-use asset - office buildings	142 702	-	-	(9 411)	-	(9 953)	123 338
	226 590	14 833	(193)	(9 411)	15 702	(23 348)	224 173

Refer to note 17 for further details on the lease modification.

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Notes to the financial statements

	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000

3. Property, plant and equipment (continued)

^ The company transferred solar assets to the value of R36.3 million to its subsidiary, Green Living Proprietary Limited in the current year as part of an internal restructuring initiative to streamline operations and align asset ownership with business functions. Solar assets of R19.1 million which were held as property, plant and equipment in the company were transferred at carrying value. Additionally, the company held solar assets as developments under construction to the value of R17.2 million. These assets were reclassified as property, plant and equipment in the company and subsequently transferred to Green Living Proprietary Limited as part of the group restructuring initiative to commercialise the assets. Further refer to note 6.

The depreciation charge on items of property, plant and equipment that are directly attributable to the construction of residential apartments are capitalised to developments under construction. In the current year, R0.1 million was capitalised (2024: R0.2 million).

Details of properties

Property 1

105 Corlett Drive, Erf 108, Birnam, Gauteng

- Purchase price: 24 August 2022

- Additions since purchase

125 803	125 803	-	-
121 193	121 193	-	-
246 996	246 996	-	-

Property 2

Unit 5 and 6 Corporate Park, 11 Senembe

Crescent, La Lucia Ridge

- Purchase price: 13 June 2017

9 037	9 037	9 037	9 037
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Property 3*

Erf 14 Ballitoville, KwaZulu Natal

- Purchase price: 1 March 2022

-	7 629	-	-
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* The property was disposed of during the current year for gross proceeds amounting to R10 million.

The company sold land situated at Thaba Eco Village to Balwin Lifestyle Propco Proprietary Limited, a wholly owned subsidiary of the company. The land was held as property, plant and equipment. The land was subsequently sold by the subsidiary to an external party for R20 million.

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company. A mortgage is registered over 105 Corlett Drive, Erf 108, Birnam. No other item of property, plant and equipment acts as security.

4. Investment property

The group holds the following investment property:

- 215 apartments in its Greenpark development held by Balwin Rentals Proprietary Limited;
- 61 room hotel at its Blyde development held by Balwin Hotel - The Blyde Proprietary Limited;
- 28 apartments in The Eastlake development held by Balwin Rentals Proprietary Limited; and
- Thaba Lifestyle Centre at Thaba Eco-Village development, a 1 690m² commercial facility through Balwin Lifestyle Operations Proprietary Limited.

The company does not hold any investment property as all apartments are developed for the purpose of sale.

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Notes to the financial statements

4. Investment property (continued)

Group	2025			2024		
	Cost / Fair value	Accumulated fair value adjustments	Carrying value	Cost / Fair value	Accumulated fair value adjustments	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Investment property	255 647	9 927	265 574	211 363	3 268	214 631
Investment property under development	59 575	-	59 575	5 744	-	5 744
Total	315 222	9 927	325 149	217 107	3 268	220 375

Reconciliation of investment property and investment property under development

Group	2025				
	Opening balance	Additions	Transfers*	Fair value adjustments	Closing balance
	R'000	R'000	R'000	R'000	R'000
Investment property	214 631	-	44 284	6 659	265 574
Investment property under development	5 744	53 831	-	-	59 575
	220 375	53 831	44 284	6 659	325 149

Group	2024			
	Opening balance	Additions	Fair value adjustments	Closing balance
	R'000	R'000	R'000	R'000
Investment property	153 020	61 611	-	214 631
Investment property under development	-	5 744	-	5 744
	153 020	67 355	-	220 375

* The Thaba Lifestyle Centre was transferred from Balwin Properties Limited (the Company) to Balwin Lifestyle Operations Proprietary Limited, a wholly owned subsidiary of Balwin Properties Limited. Refer to note 6 for further detail.

Group		Company	
2025	2024	2025	2024
R '000	R '000	R '000	R '000

Pledged as security

Carrying value of assets pledged as security:

Greenpark - residential	153 020	153 020	-	-
The Blyde - hotel	61 611	-	-	-
The Eastlake - residential	105 000	-	-	-
	319 631	153 020	-	-

The investment property has been mortgaged to secure borrowings. Refer to note 16.

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Notes to the financial statements

	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000
4. Investment property (continued)				
Details of property				
Greenpark - residential				
Sectional title scheme, Greenpark, Boksburg, Johannesburg, Gauteng				
- Cost	149 752	149 752	-	-
- Accumulated fair value adjustment	4 538	3 268	-	-
	154 290	153 020	-	-
Mint Resorts The Blyde - hotel				
Sectional title scheme, The Blyde, Willow Park Manor, Pretoria, Gauteng				
- Cost	61 611	61 611	-	-
- Accumulated fair value adjustment	5 389	-	-	-
	67 000	61 611	-	-
Thaba Lifestyle Centre - commercial				
Thaba Lifestyle Centre, Erf 488 Aspen Hills Extension 6 Township				
- Fair value	44 283	-	-	-
Investment property under development				
The Eastlake - residential				
Freehold, The Eastlake, Linbro Park, Johannesburg, Gauteng				
- Cost	53 832	-	-	-
Education development				
- Cost	5 744	5 744	-	-

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

A fair value gain of R6.7 million was recognised in the current year in relation to investment property (2024: Rnil).

Details of valuation

The fair value of investment property is determined at the end of each reporting period either through an external valuation performed by an independent accredited property valuer or by the executive directors. An external valuation is performed on each item of investment property once every three years at minimum. The fair value of all investment property measured on this basis was determined by making use of generally acceptable valuation principles and techniques which are compliant with the international valuation standards and IFRS 13 - Fair value measurement.

Greenpark – residential

The rental portfolio was valued by an external valuer - Reality Arena (2024: internal valuation by management). The method used to value the property are unobservable inputs to reflect the rental income, vacancy rates and other assumptions that market participants would make use of when pricing the investment property under current market conditions.

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Notes to the financial statements

4. Investment property (continued)

The fair value of the rental portfolio was determined by making use of the income capitalisation approach. This is the fundamental basis on which income producing properties are traded in the South African market. This is also due to there being strong supporting evidence of open market rental rates, vacancy rates and capitalisation rates which are evidenced by market activity. The group's rental rates have been compared to that of comparable rental companies and has been concluded to be charged at market rate.

Expected annual net operating income - R12.3 million (2024: R12.2 million)

Capitalisation rate applied – 8% (2024: 8%)

The capitalisation rate is derived from market comparable sales, adjusting for property related risks together with property specific aspects such as vacancy rate, geographic location, economic climate, stability of tenants, length of lease and cost of placements. Rental rates are charged at market comparable rates.

At year end, there was no evidence that future-looking information would require a change in the valuation assumptions of the portfolio. Occupancies and collections remained strong for the 2025 financial year amidst a difficult economic climate.

Mint Resorts The Blyde – hotel

The hotel was valued by management (2024: internal valuation by management).

In line with IFRS 13 – Fair Value Measurement, the fair value of the property has not been determined using the traditional income capitalization method typically applied to hotel operations. Instead, the fair value has been determined based on the highest and best use of the property, as required by IFRS 13, which states that "a fair value measurement shall consider a market participant's ability to generate economic benefits by using the asset in its highest and best use."

Although the hotel has shown strong initial operational growth and increasing occupancy levels, management has assessed that the current highest and best use of the property is not as a single income-generating asset, but rather as a sectionalised real estate investment. Each hotel room has been legally sectionalised and can be sold individually as a sectional title apartment, with the aggregated value of individual unit sales exceeding that of the property as a whole under an income-based approach. The intention however remains to operate the property as a hotel. However, owing to the ability to convert the hotel to sectionalised apartments, the fair value of the hotel was determined by management using the comparable sales model based on the expected value to be realised on the sale of the apartment less any costs of conversion.

The highest and best use assessment is considered temporary in nature. It is anticipated that future fair value assessments may revert to an income-based method once the hotel achieves a stabilized level of trading and long-term occupancy performance.

Expected annual net operating income – R6.0 million (2024: R172 201)

Thaba Eco Village Lifestyle Centre - commercial

The lifestyle centre situated at Thaba Eco Village was transferred from the company to Balwin Lifestyle Operations Proprietary Limited in the current year. Management performed an internal valuation of the commercial property.

The fair value of the lifestyle centre was determined by making use of the discounted cashflow approach. This is the fundamental basis on which income producing properties are traded in the South African market. This is also due to there being strong supporting evidence of open market rental rates and capitalisation rates which are evidenced by market activity.

The following were used:

- Pre-tax discount rate of 14.66% (WACC);
- Exit capitalisation rate of 7.0%;
- Growth rate of 15.0%; and
- Long term growth rate of 7.0%.

Expected annual net operating income – R3.8 million

The capitalisation rate applied is derived from market comparable sales, adjusting for property related risks together with property specific aspects such as geographic location, economic climate and additional amenities and services offered. Commercial rental rates are charged at market comparable rates.

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4. Investment property (continued)

At year end, there was no evidence that future-looking information would require a change in the valuation assumptions of the portfolio.

The Eastlake – residential

As the development of The Eastlake is still in progress, the development under construction has been measured at cost. To date, 28 apartments (out of the 154 apartment development) were available for occupation. Considering that the majority of apartments still need to be developed, the fair value of the development cannot be reliably measured. Development is anticipated to be complete in the upcoming financial year and accordingly the rental portfolio will be subsequently measured at fair value on completion.

Fair value hierarchy

The fair value of investment property has been determined by both an external valuer and management using the income capitalisation method and the comparable sales method.

The level in the fair value hierarchy within which the fair value measurement is categorised shall be determined on the basis of the lowest level input that is significant to the fair value measurement. The table below analyses investment property carried at fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical financial assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Investment properties are valued using a level 3 model.

Amounts recognised in profit and loss for the year

	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000
Rental income from investment property	26 929	18 720	-	-
Direct operating expenses from rental generating property	(20 514)	(9 634)	-	-
	6 415	9 086	-	-

All investment properties generated rental income during the financial year.

Fair value sensitivity analysis

The valuations of investment properties are sensitive to changes in the unobservable inputs used in such valuations. Changes to one of the unobservable inputs, while holding the other inputs constant, would have the following effects on the fair value of the investment property and fair value adjustments in the statement of profit or loss and other comprehensive income. Management has performed a sensitivity analysis on these valuation inputs to illustrate that changes may result in a significantly higher or lower fair value measurement. The effect of changes in those measurements on profit or loss and fair value are as follows:

Assets valued using the capitalisation rate method

Greenpark - residential

Increase in income + 100bps	1 543	1 516	-	-
Decrease in income - 100bps	(1 543)	(1 516)	-	-
	302	296	-	-

Increase in capitalisation rates + 25bps
Decrease in capitalisation rates - 25bps

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	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000

4. Investment property (continued)

Assets using the discounted cashflow method

Thaba Eco Village Lifestyle Centre - commercial

Increase in income + 100bps	443	-	-	-
Decrease in income - 100bps	(443)	-	-	-
Increase in discount rate + 25bps	(1 343)	-	-	-
Decrease in discount rate - 25bps	1 429	-	-	-
	86	-	-	-

Assets using the comparable sales method

Mint Resorts The Blyde - hotel

Increase in square meter price + 10%	6 700	6 161	-	-
Decrease in square meter price - 10%	(6 700)	(6 161)	-	-

5. Intangible assets

Group	2025			2024		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Licenses	31	(21)	10	31	(18)	13
Computer software	27 424	(17 582)	9 842	20 433	(11 405)	9 028
Solar infrastructure contributions	15 573	(3 527)	12 046	15 573	(2 488)	13 085
Total	43 028	(21 130)	21 898	36 037	(13 911)	22 126

Company	2025			2024		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Licenses	31	(21)	10	31	(18)	13
Computer software	23 425	(15 175)	8 250	17 240	(9 566)	7 674
Solar infrastructure contributions	15 573	(3 527)	12 046	15 573	(2 488)	13 085
Total	39 029	(18 723)	20 306	32 844	(12 072)	20 772

Reconciliation of intangible assets

Group	2025				
	Opening balance	Additions	Disposals	Amortisation	Closing balance
	R'000	R'000	R'000	R'000	R'000
Licenses	13	-	-	(3)	10
Computer software	9 028	7 043	(20)	(6 209)	9 842
Solar infrastructure contributions	13 085	-	-	(1 039)	12 046
	22 126	7 043	(20)	(7 251)	21 898

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Notes to the financial statements

5. Intangible assets (continued)

<u>Group</u>	2024				
	Opening balance R'000	Additions R'000	Disposals R'000	Amortisation R'000	Closing balance R'000
Licenses	16	-	-	(3)	13
Computer software	9 384	5 472	-	(5 828)	9 028
Solar infrastructure contributions	13 881	7 035	(6 800)	(1 031)	13 085
	23 281	12 507	(6 800)	(6 862)	22 126

<u>Company</u>	2025				
	Opening balance R'000	Additions R'000	Disposals R'000	Amortisation R'000	Closing balance R'000
Licenses	13	-	-	(3)	10
Computer software	7 674	6 207	(20)	(5 611)	8 250
Solar infrastructure contributions	13 085	-	-	(1 039)	12 046
	20 772	6 207	(20)	(6 653)	20 306

<u>Company</u>	2024				
	Opening balance R'000	Additions R'000	Disposals R'000	Amortisation R'000	Closing balance R'000
Licenses	16	-	-	(3)	13
Computer software	7 658	5 034	-	(5 018)	7 674
Solar infrastructure contributions	13 881	235	-	(1 031)	13 085
	21 555	5 269	-	(6 052)	20 772

Balwin Properties Limited holds a licence allowing for the provision of electronic communication services. The licence fee is amortised over the period of the licence. The licence has a useful life of 10 years and can be renewed at the end of the period. The remaining useful life of the licences is 3 years (2024: 4 years) at year end. The licence has been granted to Balwin Properties Limited, however, the terms of the licence allow the subsidiaries of Balwin Properties Limited to provide all or any services together with all or any other rights granted to it under the licence.

The company contributes to the capital solar infrastructure costs of Smart PV Proprietary Limited, a company engaged in the installation of solar which generates renewable energy. Balwin have contractual rights to participate in 33% of the net revenue of this company. Despite its net revenue share in Smart PV Proprietary Limited, Balwin neither holds equity instruments in nor has any Board representation on Smart PV Proprietary Limited. The purpose of the capital contributions enables Balwin to procure exclusive right of solar power in the respective developments for the duration of the contract. The capital contributions are amortised over the shorter of the useful life of the infrastructure or the term of the contract period being 15 years. Accordingly, the solar infrastructure contributions are amortised over the useful life of the infrastructure. The remaining useful life of the solar infrastructure contributions is 11 years (2024: 12 years) at year end.

The computer software balance consists of software development costs incurred by the group for external and internal software. The average remaining useful life of computer software is 1.26 years (2024: 1.33 years) at year end.

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Notes to the financial statements

6. Investments in subsidiaries

Balwin Properties Limited holds the following investments in subsidiaries either directly or indirectly:

Company	% Holding 2025	% Holding 2024	Carrying amount 2025 R'000	Carrying amount 2024 R'000
Name of company				
Directly				
Balwin Annuity Proprietary Limited	100 %	100 %	86 283	5 655
Balwin International Limited [^]	100 %	- %	*	*
Unlocked Properties 16 Proprietary Limited	- %	100 %	*	*
Indirectly through Balwin Annuity Proprietary Limited				
Balwin Fibre Proprietary Limited	90 %	90 %	*	*
Balwin Signage and Towers Proprietary Limited	100 %	100 %	*	*
Balwin Hotel - The Blyde Proprietary Limited	100 %	100 %	*	*
Balwin Rentals Proprietary Limited	100 %	100 %	*	*
Balwin Technik Proprietary Limited**	50 %	50 %	*	*
Balwin Mortgages Proprietary Limited	100 %	100 %	*	*
Balwin Financial Services Proprietary Limited	100 %	100 %	*	*
Balwin Education Propco (NPC)	100 %	100 %	*	*
LeaseLogic Proprietary Limited (formerly Balwin Regional Office KZN Proprietary Limited)	100 %	100 %	*	*
Balwin Padel Enterprises Proprietary Limited (formerly Balwin Regional Office WC Proprietary Limited)	100 %	100 %	*	*
Balwin Maintenance Proprietary Limited	100 %	100 %	*	*
Balwin Green Living Proprietary Limited	100 %	100 %	*	*
Balwin Padel ECommerce Proprietary Limited (formerly Balwin Padel Proprietary Limited)	100 %	100 %	*	*
Balwin Approved Proprietary Limited	100 %	100 %	*	*
Balwin Connect Proprietary Limited	100 %	100 %	*	*
Balwin Education Operations Proprietary Limited	100 %	100 %	*	*
Balwin Commercial Proprietary Limited	100 %	100 %	*	*
Balwin Head Office Jhb Proprietary Limited	100 %	100 %	*	*
Balwin Lifestyle Proprietary Limited	100 %	100 %	*	*
Balwin Lifestyle Operations Proprietary Limited	100 %	100 %	*	*
Balwin Lifestyle Propco Proprietary Limited	100 %	100 %	*	*
			86 283	5 655

* denotes a value of less than R1 000.

[^] Balwin International Limited was incorporated in the current year.

** Balwin Annuity has full control of the company through its ability to direct the relevant activities of Balwin Technik and controls the decision making process of the company.

Unlocked Properties 16 Proprietary Limited was a dormant company and was deregistered in the current year.

All the subsidiaries have a February year end and are incorporated in South Africa except for Balwin International Limited which is incorporated in Mauritius.

Major transaction during the year:

A) Transfer of Thaba lifestyle centre

During the financial year, the Group transferred the Thaba Lifestyle centre (held as developments under construction) with a carrying value of R44.2 million from the Company to a wholly owned subsidiary. The commercial viability and the strategic value of the centre resulted in management decision to retain ownership of the asset in the long term. The transfer was executed at fair value in line with the Group's policy for investment properties.

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Notes to the financial statements

6. Investments in subsidiaries (continued)

In accordance with IAS 40 – Investment Property, the property is classified as an investment property within the consolidated financial statements and remains measured at fair value. As the subsidiary is fully consolidated, the internal transfer had no impact on the Group's profit or loss or total assets.

The transaction qualifies as a related party transaction under IAS 24 – Related Party Disclosures, and has been disclosed accordingly. No gain or loss was recognised at Group level.

The fair value at the date of transfer was supported by a management valuation performed in accordance with IFRS 13 – Fair Value Measurement, and categorized as a Level 3 input due to the use of unobservable valuation assumptions.

B) Transfer of solar assets

Related Party Transactions – Internal transfers of property, plant and equipment

During the financial year, solar assets of R36.3 million, included in property, plant and equipment were transferred between the Company and Balwin Green Living Proprietary Limited, a wholly owned subsidiary of the Group as part of an internal restructuring initiative to streamline operations and align asset ownership with business functions.

The transactions were conducted at carrying amounts. In accordance with IAS 16 – Property, Plant and Equipment, the assets retained their historical carrying values in the group consolidated financial statements, and no gain or loss was recognised.

As the transactions occurred between related entities, they qualify as related party transactions in terms of IAS 24 – Related Party Disclosures. Accordingly, the nature of the relationship and transaction details are disclosed, although there is no impact on the consolidated financial results of the Group.

These transactions were settled through intercompany equity accounts with no cash consideration exchanged. All terms were transferred at carrying value.

There were no outstanding balances or commitments relating to these transactions as at the reporting date.

Nature of business of subsidiaries

Subsidiary / Cluster name	Nature of services
Balwin Annuity	Investment holding company
Balwin International	Exploration of development opportunities in Mauritius
Balwin Fibre	Fibre infrastructure, internet services provision and access control technology
Balwin Mortgages	Source and facilitate mortgage bonds
Green Living	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 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
Balwin Connect	Internet service provider
Balwin Padel ECommerce	Sport equipment e-commerce
Balwin Maintenance	Provide maintenance services to body corporates
Balwin Approved	Resale of previously owned Balwin Apartments
Balwin Hotel - The Blyde	Leisure short-term property rental
LeaseLogic	Rental administration services
Balwin Head Office property investment	Commercial property investment
Balwin Padel Enterprises	Sports activities
Balwin Education Propco	Dormant

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Notes to the financial statements

6. Investments in subsidiaries (continued)

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

There are no significant restrictions on the ability to access assets and or settle the liabilities of the subsidiaries.

Subsidiaries with non-controlling interests

2025

Summarised statement of financial position	% Holding	Non current assets	Current assets	Non current liabilities	Current liabilities	Net asset value	Carrying amount of non-controlling interest
		R'000	R'000	R'000	R'000	R'000	R'000
Balwin Fibre	90%	184 078	15 544	348	166 874	32 400	3 240
Balwin Technik	50%	484	6 997	1 058	3 622	2 801	1 401
Total		184 562	22 541	1 406	170 496	35 201	4 641

Summarised statement of profit or loss and other comprehensive income	% Holding	Revenue	Profit before tax	Tax expense	Profit	Profit allocated to non-controlling interest
		R'000	R'000	R'000	R'000	R'000
Balwin Fibre	90%	64 188	17 408	(4 700)	12 708	1 271
Balwin Technik	50%	14 814	207	(56)	151	75
Total		79 002	17 615	(4 756)	12 859	1 346

Summarised statement of cash flows	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Net decrease in cash flow
	R'000	R'000	R'000	R'000
Balwin Fibre	23 367	(116 240)	91 828	(1 045)
Balwin Technik	(84)	(374)	(64)	(522)
Total	23 283	(116 614)	91 764	(1 567)

2024

Summarised statement of financial position	% Holding	Non current assets	Current assets	Non current liabilities	Current liabilities	Net asset value	Carrying amount of non-controlling interest
		R'000	R'000	R'000	R'000	R'000	R'000
Balwin Fibre	90%	77 654	15 351	101	73 211	19 693	1 970
Balwin Technik	50%	47	6 460	-	3 857	2 650	1 325
Total		77 701	21 811	101	77 068	22 343	3 295

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Notes to the financial statements

6. Investments in subsidiaries (continued)

Summarised statement of profit or loss and other comprehensive income	% Holding	Revenue	Profit before tax	Tax expense	Profit	Profit allocated to non-controlling interest
		R'000	R'000	R'000	R'000	R'000
Balwin Fibre	90%	53 311	12 145	(3 279)	8 866	887
Balwin Technik	50%	12 639	2 237	(604)	1 633	817
Total		65 950	14 382	(3 883)	10 499	1 704

Summarised statement of cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Net in cash flow
	R'000	R'000	R'000	R'000
Balwin Fibre	14 480	(15 941)	-	(1 461)
Balwin Technik	1 171	548	(1 890)	(171)
Total	15 651	(15 393)	(1 890)	(1 632)

Balwin Fibre and Balwin Technik paid no dividends to the non-controlling shareholders during the year (2024: Rnil). The non-controlling shareholders' share of equity amounted to R4.6 million (2024: R3.3 million) at the reporting date and its share of profit for the year amounted to R1.3 million (2024: R1.7 million).

Group		Company	
2025	2024	2025	2024
R '000	R '000	R '000	R '000

7. Loans to external parties

Enterprise development loans	3 131	8 664	3 131	8 664
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The group has granted enterprise development loans to selected external parties. The loans are repayable five years from the initial advance of the funding and do not bear interest. The directors consider the carrying amounts of the loans to approximate their fair values. Management has quantified the discounting of the loans as well as the expected credit loss allowance and has concluded it to be immaterial.

8. Other financial assets

Hedging derivatives

Interest rate swap	1 909	1 267	1 909	1 267
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The group measured its derivative financial instruments which relate to interest rate swaps at fair value at year end. The fair value is based on a Level 2 fair value measurement hierarchy, measured with reference to models with observable market inputs, such as benchmark interest rates, yield or swap curves rates based on mid-market levels. Interest rate swaps are calculated using the net present value that the group would pay or receive from the swap counterparty based on current interest rates. Interest rate swaps have been entered into in order to mitigate against the effect of changes in interest rates. Refer to note 32 for further details.

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Notes to the financial statements

	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000
9. Deferred taxation				
Deferred tax asset				
Deferred taxation on deferred revenue	142	10	-	-
Deferred taxation on employee benefits and allowances	6 863	7 876	6 224	7 857
Deferred taxation on lease liabilities	392	448	37 782	38 073
Deferred taxation on available taxation losses	18 332	11 413	-	-
Consolidation adjustments to deferred taxation	-	577	-	-
Total deferred tax asset	25 729	20 324	44 006	45 930
Deferred taxation liability				
Deferred taxation on deferred revenue	(10)	-	-	-
Deferred taxation on developments under construction allowance	(329 701)	(312 101)	(329 701)	(312 101)
Deferred taxation on capital allowances	(34 216)	(43 765)	(28 091)	(28 091)
Deferred taxation on interest rate swap	(516)	(343)	(516)	(343)
Deferred taxation on accrued income	(6 205)	(781)	-	-
Deferred taxation on right-of-use assets	(410)	-	(30 300)	(32 807)
Deferred taxation on fair value adjustments	(5 223)	-	-	-
Total deferred taxation liability	(376 281)	(356 990)	(388 608)	(373 342)
As per IAS 12:				
Deferred tax asset	6 360	11 413	-	-
Deferred tax liability	(356 912)	(348 079)	(344 602)	(327 412)
Total net deferred tax liability	(350 552)	(336 666)	(344 602)	(327 412)
Reconciliation of deferred taxation liability				
At beginning of year	(336 666)	(266 586)	(327 412)	(261 272)
Deferred taxation on deferred revenue	122	-	-	-
Deferred taxation on employee benefits and allowances	(1 013)	(13 594)	(1 633)	(12 799)
Deferred taxation on developments under construction allowance	(17 600)	(44 474)	(17 600)	(44 474)
Deferred taxation on capital allowances	9 549	(16 075)	-	(10 992)
Deferred taxation on interest rate swap	(173)	(534)	(173)	(534)
Deferred taxation on accrued income	(5 424)	(50)	-	-
Deferred taxation on right-of-use assets	(410)	-	2 508	2 687
Deferred taxation on lease liabilities	(56)	197	(292)	157
Deferred taxation on available taxation losses	6 919	4 635	-	-
Deferred taxation on fair value adjustments	(5 223)	-	-	-
Consolidation adjustments to deferred taxation	(577)	(185)	-	(185)
At the end of the year	(350 552)	(336 666)	(344 602)	(327 412)

Deferred taxation has been calculated at the standard corporate taxation rate as at the reporting date as management expect to recover the carrying value of assets through use. Deferred taxation assets are raised after due consideration of future taxable income.

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	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000
10. Developments under construction				
Developments under construction	<u>6 679 202</u>	<u>6 342 225</u>	<u>6 670 933</u>	<u>6 349 730</u>
Developments under construction include the following:				
Cost of construction	3 803 123	3 388 468	3 799 978	3 395 973
Land and contribution costs	2 416 002	2 466 736	2 410 878	2 466 736
Development rights	<u>460 077</u>	<u>487 021</u>	<u>460 077</u>	<u>487 021</u>
	<u>6 679 202</u>	<u>6 342 225</u>	<u>6 670 933</u>	<u>6 349 730</u>

Development rights pertains to the rights assigned to Balwin, including all the rights to use the Polofields and Waterfall Fields properties in Johannesburg 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 495.1 million (2024: R1 681.3 million). Costs previously capitalised to developments under construction written off in the current year amount to R0.3 million (2024: R1.9 million). The carrying amount of land which acts as security for development loans advanced is R1 714.1 million (2024: R1 434.5 million). Cash flows of R1.6 million generated by the hedged item during the year were reclassified to developments under construction. Refer to note 25 for disclosure on the borrowing costs incurred and capitalised to developments under construction for the year.

A mortgage bond is in place over certain portions of land which acts as security for the development loans advanced (refer to note 16).

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Notes to the financial statements

10. Developments under construction (continued)

At year end, the following mortgage bonds were registered:

Land	Value of mortgage bond	
	2025 R'000	2024 R'000
Remainder of Erf 3440 Umhlanga Rocks	200 000	200 000
Erf 749 and Erf 750 Oakdene Extension 19 Township Registration Division IR, Province of Gauteng in extent 52739 and 69982	-	25 000
Real Right of Extension in relation to Zwartkoppies Extension 45 Township, Real Right of Extension in relation to Zwartkoppies Extension 46 Township and Real Right of Extension in relation to Zwartkoppies Extension 47	65 000	65 000
Remainder of Erf 4484, Ballitoville, Registration Division FU, Kwa-Zulu Natal	500 000	500 000
Portion 1 of Erf 4656 Ballitoville, Kwadukuza	190 579	190 579
Portion 21 of Erf 27, Cornubia, Registration Division FU, Kwa-Zulu Natal	300 000	300 000
Portion 1 of Holding 20, Holdings 21, 22, 23, 24, 25, 26, 27; Holding 34, Linbro Park Agricultural Holdings	224 385	224 385
Remaining Extent of Portion 241 (a portion of portion 6) of the Farm Zwartkoppies 364	330 000	330 000
Erf 10092 Macassar	220 000	220 000
Retention of a first covering notarial deed of lease over Portion 822 (a portion of portion 62) of the Farm Waterval	400 000	400 000
Erf 1714, 1749, 1750 and 2113 Sitari, City of Cape Town	150 000	150 000
Remaining Extent of Erf 1 Sandown	-	300 000
Proposed portion 10, 11, 12, 62, 82 & 117 of the Farm Saxenburg No 419 Stellenbosch	210 000	210 000
Erf 1737 Zwartkoppies Extension 45 in extent 531653 hectares	300 000	300 000
Remaining extent of Portion 6 of the Farm Firland 959, Remaining of Portion 43, Portion 184 (a Portion of Portion 43) and Remaining extent of Portion 185 of the Farm Gustrouw No 918, City of Cape Town. Portion 360 (a Portion of Portion 198) of the Farm Firland 959, City of Cape Town	150 000	150 000
Portions 3, 4 and 6 of Erf 3465, Proposed RE of Erf 3457, Proposed RE of Erf 3434 and Erf 3456 of Umhlanga Rocks	400 000	400 000
Holding 92, 102, 103, 104, 105 and 106 Crowthorne Agricultural Holdings	187 256	187 256
Erf 140, 141, 149 and Linbro Park , Extension 169, City of Johannesburg	100 000	100 000
Remaining Extent of Portion 1077 of the Farm Rietfontein 375	200 000	200 000
The lease area over portion 865 (a portion of portion 1) of Farm Waterval 5, Registration Division I.R., Gauteng	500 000	500 000
Erf 17 40 Zwartkoppies Extension 46, Erf 17 45 Zwartkoppies Extension 47 and Remaining Extent of Portion 241 (a portion of portion 6) of the Farm Zwartkoppies 364	300 000	300 000
Portion 1046 of the Farm Rietfontein 375 J.R. Pretoria	210 000	210 000
Portion 62 (Portion of Portion 1) of the farm Rietfontein 375	218 000	218 000
Holdings 103 to 105 Linbro Park & Portion 250 (Portion of Portion 13) of the farm Modderfontein 35	300 000	300 000
Erf 5123 Strand, corner Gustrouw Road and Sir Lowry's Pass Road, in the City of Cape Town, Province of the Western Cape	180 000	180 000
Portion 133 of the Farm Rietvlei 101, Registration Division IR, Gauteng	250 000	250 000
Erf 587 & 588 Lilianton Ext 10 and Erven 589 & 590 Lilianton Ext 11	100 000	100 000
Erf 92 Atlantic Hills	275 000	275 000
Erven 71 and 81 Atlantic Hills	275 000	275 000
Ptn 1140, 1141 & 1142 (a Ptn of Erf 1) Burgundy	120 000	-
Erf 1057 Ptn of Erf 1056 Sandown	300 000	-
	7 155 220	7 060 220

Refer to note 16 for the development loans and facilities.

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	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000

11. Loans to (from) related parties

Balwin Foundation NPC	-	-	13 630	-
Balwin International Limited	-	-	5 124	-
Balwin Annuity Proprietary Limited	-	-	(7 546)	116 648
	<u>-</u>	<u>-</u>	<u>11 208</u>	<u>116 648</u>

Split between non-current and current portions

Current assets	-	-	18 754	116 648
Current liabilities	-	-	(7 546)	-
	<u>-</u>	<u>-</u>	<u>11 208</u>	<u>116 648</u>

The loans are unsecured, interest free and have no fixed repayment terms. The intention is to call on the asset loans within the next 12 months and therefore disclosed as current. Management reviews the financial results and management accounts of the entities monthly. The entities do not have a history defaulting on its external and internal intercompany loans. Management expects the companies to continue performing, and therefore, no expected credit losses have been recognised. Management have also considered macro-economic forward looking factors relating to these loans which are included in the respective cash flow and operational forecasts of the group entities, however the expected credit loss remains negligible. Forward looking factors are specific to the respective related party company and include cash flow forecasts based on access to donations and potential grant funding in the Foundation relative to its committed cost base and the financial feasibility of the Mauritius development to be developed by Balwin International.

The loans to related parties are assessed on a regular basis and careful consideration is given to the forecasts of the business.

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

12. Trade and other receivables

Financial instruments:

Trade receivables	275 084	238 214	253 720	209 298
Accrued income	20 438	14 183	-	-
Allowance for estimated credit losses	(4 277)	(9 247)	(4 035)	(8 637)
Trade receivables at amortised cost	<u>291 245</u>	<u>243 150</u>	<u>249 685</u>	<u>200 661</u>
Amounts due from transferring attorneys	5 940	3 052	108	3 052
Amounts due from body corporates	27 049	27 543	27 049	27 543
Amounts due from councils and municipalities	-	29 339	-	29 339
Other receivables	12 430	14 068	6 512	7 556
Deposits	13 698	14 069	13 536	13 907

Non-financial instruments:

Value added taxation receivable	11 765	9 984	-	-
Prepayments	3 889	8 504	2 629	7 104
Total trade and other receivables	<u>366 016</u>	<u>349 709</u>	<u>299 519</u>	<u>289 162</u>

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	350 362	331 221	296 890	282 058
Non-financial instruments	15 654	18 488	2 629	7 104
	<u>366 016</u>	<u>349 709</u>	<u>299 519</u>	<u>289 162</u>

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	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000

12. Trade and other receivables (continued)

Trade receivables in the company relates to sales where registration of the apartment has not yet occurred, however, revenue has been recognised as the apartment has been handed over to the purchaser and the financial guarantees are in place for the full purchase price.

Amounts owing from transferring attorneys relate to the proceeds and releases that become due to the company upon the registration of apartments. These amounts are settled by the transferring attorney on registration and the balance represents the registrations that take place on the final days of the financial year.

Amounts due from body corporates pertains to financial assistance provided by the company to support the liquidity of the body corporate. During the current year R26.9 million related to the installation of generators (2024: R24.6 million). The amounts are repayable to the group when the body corporate is able to settle the obligation giving consideration to its own solvency and liquidity position. Balwin continues to provide financial oversight to the body corporate to ensure this position is attained in order for the loan to be settled. No interest is levied on the amount due, unless the body corporate is deemed to be in a position to settle the debt and does not do so. Interest levied to body corporates in the current and prior years is insignificant.

Amounts due from councils and municipalities pertain to costs incurred for contributions made for bulk services on behalf of the local municipality. The contributions are settled in full by council upon the performance by the developer of specified development related activities.

Trade and other receivables are assessed on a regular basis and provided for based on the expected credit loss categories as identified in note 1.7. Based on the nature of the operations of the group the credit risk associated with trade and other receivables is remote.

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

13. Development loans receivable

Development loans receivable are presented at amortised cost, which is net of any loss allowance. There was no loss allowance recognised in the current year (2024: Rnil).

Development loans	3 128	1 840	3 128	1 840
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The development loans represents the oversettlement of the development loan liability to the financial institution by the transferring attorney upon the registration of the apartments which acted as security for the development loan obligation. The development loans bear interest at prime linked rates and are expected to be repaid within a short time period and are therefore classified as current. Refer to note 16 for detail on the development loan obligation.

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

The directors consider the carrying amount of other financial assets to approximate their fair value. Due to the nature of the financial asset, the exposure to estimated credit losses is insignificant.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	379	2	-	2
Bank balances	254 433	289 584	240 774	272 863
	254 812	289 586	240 774	272 865

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	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000

14. Cash and cash equivalents (continued)

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

Guarantees and facilities in place on 28 February 2025:

(a) Letters of guarantee: R10 840 284

Guarantees and facilities in place on 29 February 2024:

(a) Letters of guarantee: R46 082 429

15. Share capital

Authorised

Ordinary shares ('000)	1 000 000	1 000 000	1 000 000	1 000 000
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Reconciliation of number of shares issued:

Opening balance	467 722 067	465 209 430	467 722 067	465 209 430
Treasury shares issued to settle long-term incentive scheme	2 856 500	2 512 637	2 856 500	2 512 637
Total shares issued	470 578 567	467 722 067	470 578 567	467 722 067
Treasury shares	1 921 595	4 470 525	1 921 595	4 470 525
Adjustment to issued shares	(307 570)	-	(307 570)	-
BEE shares*	47 219 260	47 219 260	47 219 260	47 219 260
Total shares in issue	519 411 852	519 411 852	519 411 852	519 411 852

* On 6 September 2021, the shareholders approved the BEE transaction in which the group issued 10% of its shares to a BEE SPV. The BEE SPV subscribed for 47,219,260 ordinary shares in the issued share capital of the company. The subscription price payable for the subscription shares was the volume weighted average price ("VWAP") of the company's ordinary shares on the exchange operated by the JSE less 20%, for the 30 trading days immediately preceding the date on which the last of the conditions precedent was fulfilled (6 September 2021).

The issue of shares to the BEE SPV was 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 was R57.9 million. The Black-Scholes model was used to determine the fair value of the option, based on appropriate assumptions which included:

- Term of the options
- Current/ spot price
- Exercise/ strike price
- Risk-free rate
- Volatility; and
- Dividend yield

The subscription price paid by the BEE SPV of R20 million was a premium paid by the BEE SPV to acquire the in-substance option. The premium reduced the IFRS 2 expense recognised. These shares have been treated as treasury shares. Further details of the transaction can be found on the circular issued on 26 July 2021.

Issued

Ordinary shares	670 206	670 206	670 206	670 206
BEE shares	171 878	171 878	171 878	171 878
Treasury shares	(172 601)	(184 570)	(172 601)	(184 570)
	669 483	657 514	669 483	657 514

The unissued shares are under the control of the directors until the next annual general meeting. The shares have no par value.

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	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000
16. Development loans and facilities				
Development loans	2 286 557	2 034 294	2 172 805	2 034 294
General banking facility	566 177	661 857	566 177	661 857
Investment loan facility	398 976	376 746	-	-
	3 251 710	3 072 897	2 738 982	2 696 151

2025

Development loans

	Average nominal interest rate	Maturity date	Group R'000	Company R'000
Non-current				
International Finance Corporation	JIBAR 3 MTH plus 2.7%	January 2032	677 945	677 945
First National Bank Limited	Prime less 0.25%	December 2026	33 752	-
ABSA Bank Limited	Prime less 1.0%	March 2027	71 200	-
			782 897	677 945
Current				
ABSA Bank Limited	Prime less 0.25%	Between March 2025 and February 2026	558 221	558 221
ABSA Bank Limited	Prime less 1.00%	Between March 2025 and February 2026	8 800	-
First National Bank Limited	Prime	Between March 2025 and February 2026	25 700	25 700
First National Bank Limited	Prime plus 0.25%	Between March 2025 and February 2026	42 886	42 886
Investec Bank Limited	Prime	Between March 2025 and February 2026	155 511	155 511
Investec Bank Limited	Prime less 0.25%	Between March 2025 and February 2026	80 316	80 316
Nedbank Limited	JIBAR 3MTH plus 3.076%	Between March 2025 and February 2026	32 348	32 348
Nedbank Limited	JIBAR 3MTH plus 3.291%	Between March 2025 and February 2026	71 372	71 372
Nedbank Limited	JIBAR 3MTH plus 3.344%	Between March 2025 and February 2026	14 322	14 322
Nedbank Limited	JIBAR 3MTH plus 3.51	June 2025	37 863	37 863
Nedbank Limited	JIBAR 3MTH plus 3.344%	Between March 2025 and February 2026	57 288	57 288
National Housing Finance Corporation Limited	Prime	Between March 2025 and February 2026	1 129	1 129
Futuregrowth Asset Management Proprietary Limited	JIBAR 3MTH plus 3.75%	Between March 2025 and February 2026	54 027	54 027
Futuregrowth Asset Management Proprietary Limited	JIBAR 1MTH plus 3.35%	Between March 2025 and February 2026	300 390	300 390
Futuregrowth Asset Management Proprietary Limited	JIBAR 1MTH plus 3.10%	Between March 2025 and February 2026	63 487	63 487
			1 503 660	1 494 860
Total development loans			2 286 557	2 172 805

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16. Development loans and facilities (continued)

Investment loans and general banking facilities	Average nominal interest rate	Maturity date	Group R'000	Company R'000
Non-current loans				
Investec Bank Limited	Prime less 1.0%	June 2028	155 434	-
			155 434	-
Current loans				
Ninety One SA Proprietary Limited	JIBAR 3MTH plus 4.50%	April 2025	182 979	182 979
Stanlib Asset Management Proprietary Limited	JIBAR 3MTH plus 4.75%	April 2025	299 658	299 658
Nedbank Limited	Prime	March 2025	50 000	50 000
Sanlam Investment Management Proprietary Limited	JIBAR 3MTH plus 4%	April 2025	33 540	33 540
ABSA Bank Limited	Prime less 1.45%	No fixed terms of repayment	100 733	-
Nedbank Limited	JIBAR 3MTH + 2.476%	December 2025	101 942	-
Investec Bank Limited	Prime less 0.25%	December 2025	30 598	-
Investec Bank Limited	Prime less 1.0%	February 2026	10 269	-
			809 719	566 177
Total investment loans and general banking facilities			965 153	566 177
Total development loans and facilities			3 251 710	2 738 982

2024

Development loans

Non-current

Century Property Developments Proprietary Limited	Prime	November 2027	203 205	203 205
			203 205	203 205

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16. Development loans and facilities (continued)

Current loans	Average nominal interest rate %	Maturity date	Group R'000	Company R'000
ABSA Bank Limited	Prime less 0.25%	Between March 2024 and February 2025	675 991	675 991
ABSA Bank Limited	Prime less 1.00%	Between March 2024 and February 2025	39 996	39 996
ABSA Bank Limited	Prime	Between March 2024 and February 2025	395 592	395 592
Century Property Developments Proprietary Limited	Prime	February 2025	2 992	2 992
First National Bank Limited	Prime	Between March 2024 and February 2025	59 822	59 822
First National Bank Limited	Prime less 0.50%	Between March 2024 and February 2025	168	168
Futuregrowth Asset Management Proprietary Limited	JIBAR 3MTH plus 3.75%	Between March 2024 and February 2025	47 040	47 040
Futuregrowth Asset Management Proprietary Limited	JIBAR 1MTH plus 4%	Between March 2024 and February 2025	259 539	259 539
Investec Bank Limited	Prime less 0.25%	Between March 2024 and February 2025	96 576	96 576
Investec Bank Limited	Prime	Between March 2024 and February 2025	100 068	100 068
National Housing Finance Corporation Limited	Prime	Between March 2024 and February 2025	15 166	15 166
Nedbank Limited	Prime	Between March 2024 and February 2025	45	45
Nedbank Limited	JIBAR 3MTH plus 3.053%	Between March 2024 and February 2025	35	35
Nedbank Limited	JIBAR 3MTH plus 3.069%	Between March 2024 and February 2025	947	947
Nedbank Limited	JIBAR 3MTH plus 3.291%	Between March 2024 and February 2025	89 117	89 117
Nedbank Limited	JIBAR 3MTH plus 3.35%	Between March 2024 and February 2025	14 322	14 322
Nedbank Limited	JIBAR 3MTH plus 3.076%	Between March 2024 and February 2025	33 673	33 673
			1 831 089	1 831 089
Total development loans			2 034 294	2 034 294
Investment loans and general banking facilities				
Non-current				
Ninety One SA Proprietary Limited	JIBAR 3MTH plus 4.5%	April 2025	221 824	221 824
Stanlib Asset Management Proprietary Limited	JIBAR 3MTH plus 4.75%	April 2025	349 810	349 810
Sanlam Investment Management Proprietary Limited	JIBAR 3MTH plus 4%	April 2025	40 190	40 190
Investec Bank Limited	Prime less 0.25%	December 2025	30 625	-
Investec Bank Limited	Prime less 1.0%	June 2028	166 100	-
Nedbank Limited	JIBAR 3MTH plus 2.476%	December 2025	101 941	-
			910 490	611 824
Current loans				
Nedbank Limited	Prime	March 2024	50 033	50 033
ABSA Bank Limited	Prime less 1.45%	No fixed terms of repayment	70 000	-
Investec Bank Limited	Prime less 1.0%	June 2024	8 080	-
			128 113	50 033
Total investment loans and general banking facilities			1 038 603	661 857
Total development loans and facilities			3 072 897	2 696 151

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16. Development loans and facilities (continued)

Please refer to note 32 for the maturity groupings of the financial liabilities of the group.

	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000
Split between non-current and current portions				
Non-current liabilities	938 331	1 113 695	677 945	815 029
Current liabilities	2 313 379	1 959 202	2 061 037	1 881 122
	3 251 710	3 072 897	2 738 982	2 696 151

Development loans include funding provided for top-structure funding as well as land and infrastructure 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 and infrastructure loans are secured by bonds registered over the land. Development loans are settled through the registration of the apartments that act as security.

The development loans payable to International Finance Corporation ("IFC") have long-term repayment term, maturing in January 2032. The loan features an interest-only period until April 2028, after which fixed contractual repayments are made.

Investment loans and general banking facilities pertain to asset backed lending, short-term bridging loan facilities secured by completed apartments not yet registered and long-term unsecured funding.

The carrying amount of development loans and facilities approximate their fair value. Refer to note 10 for disclosure of the mortgage bonds registered over the land acting as security for the loans. No breaches or funding or default on payments were incurred during the year.

The South African Reserve Bank (SARB) has indicated their intention to move away from JIBAR and to create ZARONIA a reference rate for South Africa, however there is currently no indication of when the designated successor rate will become effective.

17. Lease liabilities

The Johannesburg head office lease is eliminated at a group level as the building is considered to be owner occupied. The lease agreement for the Western Cape office was extended in the current year by a further 12-months resulting in a modification to the lease (refer to note 3 - property, plant and equipment for details on the right-of-use assets).

Management uses the incremental borrowing rate in calculating the right-of-use asset and lease liability at initial recognition. The lease term for each lease takes into account any renewal option to the extent that management believes the option will be exercised.

The maturity analysis of lease liabilities is as follows:

Within one year	1 247	194	14 429	12 399
Two to five years	316	-	64 467	59 399
More than five years	-	-	161 232	178 584
	1 563	194	240 128	250 382
Less finance charges component	(112)	(2)	(99 433)	(111 202)
	1 451	192	140 695	139 180
Non-current liabilities	204	-	138 163	138 988
Current liabilities	1 247	192	2 532	192
	1 451	192	140 695	139 180

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	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000
17. Lease liabilities (continued)				
Reconciliation of lease liabilities				
Opening balance	192	1 266	139 180	149 020
Interest accrued	158	77	12 031	11 882
Lease modification	2 297	-	2 297	(9 324)
Payment of capital portion	(1 038)	(1 074)	(782)	(516)
Payment of interest	(158)	(77)	(12 031)	(11 882)
Closing balance	1 451	192	140 695	139 180
Amount recognised in profit or loss				
Interest on lease liabilities	158	77	12 031	11 882
Depreciation on right-of-use asset - office building	733	795	9 290	9 953
Short term leases	935	2 155	915	2 111
	1 826	3 027	22 236	23 946
18. Trade and other payables				
Financial instruments:				
Trade payables	87 901	72 305	74 889	57 339
Development related accruals	3 594	43 820	3 594	34 633
Commission and incentive accruals	7 743	7 719	7 743	7 719
Deposits received	2 757	2 256	-	-
Other accruals	125	-	-	-
Non-financial instruments:				
Funds received in advance	61 096	-	-	-
Payroll accruals	7 770	7 615	7 607	7 532
Value added taxation payable	9 179	42 133	8 380	38 719
	180 165	175 848	102 213	145 942

As at 28 February 2025, the Group had received R61.1 million from a minority shareholder of Balwin Fibre Proprietary Limited relating to a planned issuance of ordinary shares scheduled to occur in the subsequent financial year.

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

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	102 120	126 100	86 226	99 691
Non-financial instruments	78 045	49 748	15 987	46 251
	180 165	175 848	102 213	145 942

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19. Employee benefits

Reconciliation of employee benefits

Group	2025			
	Opening balance	Additions	Utilised / reversed during the year	Closing balance
	R'000	R'000	R'000	R'000
Leave pay	10 063	15 546	(18 104)	7 505
Bonus	14 218	12 067	(13 585)	12 700
	24 281	27 613	(31 689)	20 205
	2024			
	Opening balance	Additions	Utilised / reversed during the year	Closing balance
	R'000	R'000	R'000	R'000
Leave pay	8 849	17 005	(15 791)	10 063
Bonus	52 676	5 926	(44 384)	14 218
	61 525	22 931	(60 175)	24 281
Company	2025			
	Opening balance	Additions	Utilised / reversed during the year	Closing balance
	R'000	R'000	R'000	R'000
Leave pay	9 266	15 345	(18 104)	6 507
Bonus	13 033	12 067	(13 033)	12 067
	22 299	27 412	(31 137)	18 574
	2024			
	Opening balance	Additions	Utilised / reversed during the year	Closing balance
	R'000	R'000	R'000	R'000
Leave pay	8 394	16 460	(15 588)	9 266
Bonus	50 026	3 530	(40 523)	13 033
	58 420	19 990	(56 111)	22 299

The leave pay accrual is based on the number of leave days due calculated at the employees cost to company.

The bonus accrual relates to a bonus payable to employees based on the approved short term incentive scheme of the group.

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	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000
20. Revenue				
Revenue from contracts with customers				
Revenue from sale of apartments	1 997 196	2 222 136	1 997 196	2 222 136
Revenue from sale of land	45 803	-	45 803	-
Supply of electronic communication services	99 985	77 946	-	-
Bond commission	12 372	12 489	-	-
Rendering of services to residential developments	28 472	15 881	-	-
	2 183 828	2 328 452	2 042 999	2 222 136
Revenue other than from contracts with customers				
Rental income	34 973	26 227	-	-
Donation income	2 117	1 605	-	-
	37 090	27 832	-	-
	2 220 918	2 356 284	2 042 999	2 222 136
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. Revenue from the sale of apartments is recorded net of any sales incentives. There is no significant judgement applied in determining revenue from contracts with customers.				
Revenue from the sale of apartments is disaggregated on a regional basis as well per each development brand. The disaggregation is shown below:				
Disclosure of disaggregated revenue from sale of apartments by region				
Gauteng	945 129	812 763	945 129	812 763
Western Cape	889 851	1 034 156	889 851	1 034 156
KwaZulu-Natal	162 216	375 217	162 216	375 217
	1 997 196	2 222 136	1 997 196	2 222 136
Disclosure of disaggregated revenue from sale of apartments by collection				
Classic Collection	1 362 920	1 525 722	1 362 920	1 525 722
Green Collection	432 576	381 357	432 576	381 357
Signature Collection	201 700	315 057	201 700	315 057
	1 997 196	2 222 136	1 997 196	2 222 136
Disclosure of timing of revenue recognition				
At a point in time				
Revenue from sale of apartments	1 997 196	2 222 136	1 997 196	2 222 136
Revenue from sale of land	45 803	-	45 803	-
Bond commission	12 372	12 489	-	-
Rendering of services to residential developments	6 100	3 911	-	-
	2 061 471	2 238 536	2 042 999	2 222 136
Over time				
Supply of electronic communication services	99 985	77 946	-	-
Rendering of services to residential developments	22 372	11 970	-	-
	122 357	89 916	-	-
Total revenue from contracts with customers	2 183 828	2 328 452	2 042 999	2 222 136

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21. Share based payments

In terms of the rules of Balwin's Conditional Share Plan ("the Share Plan"), as approved by the shareholders at the annual general meeting, allowance is made for the offer of rights in the form of bonus shares, performance shares and/or retention shares under the following allocation conditions:

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

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

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

Total expenses of R14.3 million (2024: R17.3 million) related to share based payments transactions that were recognised in the year. The following equity-settled share based payment arrangements relating to the bonus share scheme, which is the only active scheme in existence during the current year:

Share options (Bonus shares)	Number of shares*	Award Date	Vesting Date	Fair value at award date
Bonus shares - 2021	3 522 329	1 July 2021	30 June 2024	R4.23
Bonus shares - 2022	6 963 155	1 July 2022	30 June 2025	R2.88
Bonus shares - 2023	12 004 575	1 July 2023	30 June 2026	R2.73
	22 490 059			

* reflects the gross shares granted on the date of the award.

No bonus shares were issued in 2024 on the basis of no STI being awarded.

Reconciliation of number of share options outstanding:

Opening balance	21 959 617	12 540 889	21 959 617	12 540 889
Shares awarded during the year	-	12 004 575	-	12 004 575
Shares forfeited during the year	(3 991 993)	(73 210)	(3 991 993)	(73 210)
Shares exercised during the year*	(2 856 500)	(2 512 637)	(2 856 500)	(2 512 637)
Closing balance	15 111 124	21 959 617	15 111 124	21 959 617

Reconciliation of share based payment reserve: R'000

Opening balance	82 297	71 548	82 297	71 548
Share based payment charge	14 314	17 520	14 314	17 520
Shares forfeited during the year	-	(230)	-	(230)
Shares exercised during the year	(11 969)	(6 541)	(11 969)	(6 541)
Closing balance	84 642	82 297	84 642	82 297

* The weighted average share price at the exercise date for the 2021 vested scheme amounted to R1.80 (2024: R2.60 for the 2020 share scheme)

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	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000
22. Other income / (expenses)				
Lifestyle recoveries	-	11 115	-	-
Solar and management fee income	1 156	1 286	777	1 286
Municipal recoveries	60	7 529	60	151
Profit (loss) on sale of property, plant and equipment	16 689	(1 026)	568	(189)
Loss on sale of intangible assets	-	(118)	-	(118)
Loss on sale of non-current assets held for sale	-	(7 061)	-	(7 061)
Income from advertising and other recoveries	-	1 021	-	-
Fair value gain on investment property	6 659	-	-	-
Other income (expenses)	1 215	3 590	-	(275)
	25 779	16 336	1 405	(6 206)
23. Operating profit				
Operating profit for the year is stated after charging (crediting) the following, amongst others:				
Expenses by nature				
Employee costs	88 840	89 100	71 500	69 704
Depreciation and amortisation	39 698	32 204	26 323	29 228
Consulting fees	17 637	14 738	16 582	13 770
Share based payment expense	14 314	17 290	14 314	17 290
Sales and internal commission	25 973	31 132	25 973	31 132
	186 462	184 464	154 692	161 124
Auditor's remuneration - external				
Audit fees	2 914	2 821	1 722	1 403
Non-audit services	-	1	-	-
	2 914	2 822	1 722	1 403
Auditor's remuneration - internal	1 656	1 124	1 656	1 124
24. Investment income				
Bank	10 266	21 467	10 107	21 353
Occupational interest	5 546	7 838	5 546	7 838
Other investment income	1 804	756	1 681	756
Total interest income	17 616	30 061	17 334	29 947
25. Finance costs				
Development loans	246 509	319 675	246 509	319 675
Lease liability interest	158	77	12 031	11 882
Investment and general banking facilities	49 882	50 248	2 258	7 098
Other	301	294	301	294
Capitalised interest on developments under construction	(246 509)	(319 675)	(246 509)	(319 675)
Total finance costs	50 341	50 619	14 590	19 274

Finance cost paid includes interest on development loans of R257.2 million (2024: R251.4 million) which was paid during the year in both the group and the company.

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	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000
25. Finance costs (continued)				
Finance costs paid per the consolidated statements of cash flows				
Finance costs charge per the statement of profit or loss and other comprehensive income	(50 341)	(50 619)	(14 590)	(19 274)
Interest paid on development loans	(257 161)	(251 353)	(257 161)	(251 353)
Interest accrued on development loans and investment and general banking facilities but not yet paid	11 858	5 656	10 512	-
Finance costs paid	(295 644)	(296 316)	(261 239)	(270 627)
26. Taxation				
Major components of the tax expense				
Current				
Current taxation - current year	66 533	23 714	59 352	17 958
Current taxation - prior period over provision	-	(191)	-	(191)
	66 533	23 523	59 352	17 767
Deferred				
Deferred taxation - current year	13 713	69 361	17 017	65 423
	80 246	92 884	76 369	83 190
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	27.00 %	27.00 %	27.00 %	27.00 %
Solar asset allowance	(0.23)%	(0.29)%	- %	(0.13)%
Disallowable charges - Share-based payment	1.32 %	2.62 %	1.32 %	2.24 %
Disallowable charges - Accounting loss on sale of fixed assets	- %	0.63 %	- %	0.71 %
Non-taxable portion of capital gain	(0.04)%	- %	- %	- %
Non-taxable income - Fair value gain on investment property	(0.34)%	- %	- %	- %
Deferred taxation not recognised	(2.18)%	- %	- %	- %
Prior year overprovision	- %	(0.02)%	- %	(0.02)%
	25.53 %	29.94 %	28.32 %	29.80 %

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	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000
27. Cash generated from / (used in) operations				
Profit before taxation	314 270	310 256	269 668	279 121
Adjustments for non-cash items:				
Depreciation and amortisation	39 698	32 376	26 323	29 400
(Profit) loss on disposal of property, plant and equipment, intangible assets	(16 689)	8 205	(568)	7 368
Fair value gain on investment property	(6 659)	-	-	-
Movements in employee benefits	(4 076)	(37 244)	(3 725)	(36 121)
Lease modification	231	-	99	87
Enterprise development loans converted to grants	7 654	-	7 654	-
Share based payment	14 314	17 290	14 314	17 290
Other non-cash items	-	185	-	183
Adjust for items which are presented separately:				
Investment income	(17 616)	(30 061)	(17 334)	(29 947)
Finance costs	50 341	50 619	14 590	19 274
Changes in working capital:				
Increase in developments under construction	(251 290)	(270 298)	(215 692)	(255 313)
Increase in trade and other receivables	(16 307)	(130 807)	(10 357)	(70 000)
Increase (decrease) in trade and other payables	4 317	29 376	(43 729)	(5 157)
(Increase) decrease in development loans receivable	(1 288)	25 181	(1 288)	25 181
	116 900	5 078	39 955	(18 634)

28. Reconciliation of changes in liabilities arising from financing activities

	Group		Company	
2025	Development loans and facilities R'000	Lease liabilities R'000	Development loans and facilities R'000	Lease liabilities R'000
Balance at 1 March 2024	3 072 897	192	2 696 151	139 180
Development loans raised and utilised	2 392 989	-	2 392 989	-
Development loans repaid	(2 176 697)	-	(2 176 697)	-
Investment loans and general facilities raised and utilised	293 435	-	151 339	-
Investment loans and general facilities repaid	(251 278)	-	(245 161)	-
Loan reduction on early settlement	(79 638)	-	(79 638)	-
Interest accrued	295 187	158	248 906	12 031
Payment of interest	(295 185)	(158)	(248 907)	(12 031)
Payment of lease liabilities	-	(1 038)	-	(782)
Lease modification	-	2 297	-	2 297
Balance at 28 February 2025	3 251 710	1 451	2 738 982	140 695

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28. Reconciliation of changes in liabilities arising from financing activities (continued)

2024	Group		Company	
	Development loans and facilities R'000	Lease liabilities R'000	Development loans and facilities R'000	Lease liabilities R'000
Balance at 1 March 2023	2 956 519	1 266	2 604 856	149 020
Development loans raised and utilised	1 965 438	-	1 965 438	-
Development loans repaid	(1 424 661)	-	(1 424 661)	-
Investment loans and general facilities raised and utilised	131 496	-	99 713	-
Investment loans and general banking facilities repaid	(679 269)	-	(667 568)	-
Interest accrued	374 727	77	369 726	11 882
Payment of interest	(251 353)	(77)	(251 353)	(11 882)
Payment of lease liabilities	-	(1 074)	-	(516)
Lease modification	-	-	-	(9 324)
Balance at 29 February 2024	3 072 897	192	2 696 151	139 180
	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000

29. Taxation paid

Balance at beginning of the year	1 316	(21 899)	1 008	(23 046)
Current tax recognised in profit or loss	(66 533)	(23 523)	(59 352)	(17 767)
Balance at end of the year	14 884	(1 316)	12 340	(1 008)
	(50 333)	(46 738)	(46 004)	(41 821)

30. Related parties

Relationships	
Subsidiaries	Refer to note 6
Members of key management	Refer to director's report for a list of directors and prescribed officers

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

Related party balances

Loan accounts - Owing (to) by related parties

Subsidiary and other related parties

Balwin Annuity Proprietary Limited	-	-	(7 546)	116 648
Balwin International Proprietary Limited	-	-	5 124	-
Balwin Foundation NPC	-	-	13 630	-

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	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000

30. Related parties (continued)

Amounts included in trade payables regarding related parties

Subsidiary

Balwin Annuity Proprietary Limited	-	-	-	3 504
Balwin Padel Enterprises Proprietary Limited	-	-	110	-
Balwin Lifestyle Operations Proprietary Limited	-	-	144	-
Balwin Green Living Proprietary Limited	-	-	333	-
Balwin Fibre Proprietary Limited	-	-	1 500	-

Amounts included in trade receivable from related party

Subsidiary

Balwin Annuity Proprietary Limited	-	-	5 645	3 556
Balwin Fibre Proprietary Limited	-	-	-	863
Balwin Green Living Proprietary Limited	-	-	-	273
Balwin Approved Proprietary Limited	-	-	27	-
Balwin Technik Proprietary Limited	-	-	12	-
Balwin Head Office Jhb Proprietary Limited	-	-	14	-
Balwin Lifestyle Propco Proprietary Limited	-	-	89	-
Balwin Lifestyle Operations Proprietary Limited	-	-	1 490	-
Balwin Rentals Proprietary Limited	-	-	242	-

Related party transactions

Sale of apartments to related parties

Directors

ZN Brookes	1 122	-	1 122	-
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Sale of land to related parties

Subsidiary

Balwin Rentals Proprietary Limited	-	-	15 652	-
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Property rental management fee received

Directors and prescribed officers

RN Gray	78	135	78	135
U Gschnaidtner	-	13	-	13
Essence Real Estate Proprietary Limited**	6	-	6	-
SV Brookes	250	364	250	364

A property rental management fee is paid by key management of Balwin for the management of their property investment portfolio. The fee charged is on an arms length basis and the underlying agreement is approved by the board annually.

Right-of-use asset rental

Subsidiary

Balwin Head Office Jhb Proprietary Limited	-	-	8 878	8 962
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	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000

30. Related parties (continued)

Rentals paid to related parties

Directors, prescribed officers and companies

Volker Properties Proprietary Limited *	304	454	304	454
Lucille Properties Proprietary Limited *	-	71	-	71
Shelby Prop Investments Proprietary Limited **	155	356	155	356

Rental is paid to related parties for the use of apartments owned by them. The apartments are mostly used by the group for marketing purposes for use as show apartments.

Donations paid to related party

Subsidiary

Balwin Foundation NPC	-	-	3 477	7 489
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Other expenses paid to related parties

Subsidiaries

Balwin Foundation NPC	-	-	13 630	-
Balwin Head Office Jhb Proprietary Limited	-	-	6 426	4 216
Balwin Fibre Proprietary Limited	-	-	485	1 492
Balwin Connect Proprietary Limited	-	-	-	41
Balwin Maintenance Proprietary Limited	-	-	-	81

Other income received from related parties

Subsidiaries

Balwin Rentals Proprietary Limited	-	-	388	263
Balwin Lifestyle Operations Proprietary Limited	-	-	15 088	427
Balwin Green Living Proprietary Limited	-	-	-	800
Balwin Head Office Jhb Proprietary Limited	-	-	-	178
Balwin Mortgages Proprietary Limited	-	-	125	2 404
Balwin Lifestyle Propco Proprietary Limited	-	-	89	-
Balwin Technik Proprietary Limited	-	-	12	-

Management fees received from related parties

Subsidiaries

Balwin Annuity Proprietary Limited	-	-	29 683	13 532
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Compensation to directors and other key management

Short-term employee benefits	24 237	25 795	24 237	25 795
Post-employment benefits	1 194	1 252	1 194	1 252
Share based payment	10 391	11 411	10 391	11 411
	35 822	38 458	35 822	38 458

* The entity is controlled by SV Brookes

** The entity is controlled by RN Gray

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31. Directors' and prescribed officer's emoluments

Executive

2025

	Basic salary	Benefits	Long and short-term incentive expense*	Total
	R'000	R'000	R'000	R'000
SV Brookes	6 890	800	5 782	13 472
JS Bigham	3 616	607	2 196	6 419
	10 506	1 407	7 978	19 891

2024

	Basic salary	Benefits	Long-term incentive expense*	Total
	R'000	R'000	R'000	R'000
SV Brookes	6 560	730	4 426	11 716
JS Bigham	3 440	565	669	4 674
	10 000	1 295	5 095	16 390

* The long and short-term incentive expense reflects the cost that has been expensed by the company

Non-executive

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

	2025 R'000	2024 R'000
H Saven	1 330	1 266
R Zekry (resigned 24 August 2023)	-	317
A Shapiro	786	749
O Amosun	791	664
T Mkgosi-Mwantembe	602	573
J Scher	396	377
ARK Kukama	558	532
K Moloko	602	573
	5 065	5 051

Prescribed officers

2025

	Basic salary	Benefits	Long and short-term incentive expense*	Total
	R'000	R'000	R'000	R'000
U Gschnaidtner #	2 699	301	1 434	4 434
RN Gray	6 000	774	4 809	11 583
	8 699	1 075	6 243	16 017

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31. Directors' and prescribed officer's emoluments (continued)

2024

	Basic salary	Bonus and variable remuneration [^]	Benefits	Long-term incentive expense*	Total
	R'000	R'000	R'000	R'000	R'000
U Gschnaidtner	5 224	3 530	563	2 758	12 075
RN Gray	5 712	-	723	3 558	9 993
	10 936	3 530	1 286	6 316	22 068

Resigned 1 February 2024, however was serving a six-month notice period.

[^] The variable remuneration is based upon the employment contract which includes a contractual profit share.

* The long-term incentive expense reflects the cost that has been expensed by the company in the period and not the value of options settled in the year.

Directors' interest

	2025		2024	
	Number of shares	% holding	Number of shares	% holding
SV Brookes	171 751 457	33.1 %	171 751 457	33.1 %
RN Gray	48 962 208	9.4 %	48 646 377	9.4 %
ARK Kukama	47 219 260	9.1 %	47 219 260	9.1 %
U Gschnaidtner*	-	- %	10 150 788	2.0 %
R Zekry**	-	- %	3 633 269	0.7 %
JS Bigham	247 143	- %	121 028	- %
A Shapiro	204 000	- %	204 000	- %
O Amosun	9 390	- %	9 390	- %
	268 393 458	51.6 %	281 735 569	54.3 %

* The director resigned on 31 August 2024.

** The director resigned on 24 August 2023.

All shares held by the directors are for direct beneficial interest. There have been no changes to the directors' interest between the end of the financial year and the date of the approval of the financial statements. All of the shares of SV Brookes are pledged as security for financing purposes.

Directors' share options

Bonus shares were awarded to the directors and prescribed officer in terms of the group's Conditional Share Plan in the prior year, refer to Note 21. These awards are linked to short term incentive performance and have no prospective performance conditions or strike prices attached. These awards are subject to continued employment only.

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

2025	Opening balance	Granted during the year	Settled during the year	Lapsed during the year	Closing balance
SV Brookes	4 892 018	-	(773 248)	-	4 118 770
RN Gray	3 971 670	-	(590 338)	-	3 381 332
U Gschnaidtner (resigned 31 August 2024)	3 072 369	-	(462 236)	(2 610 133)	-
JS Bigham	1 502 312	-	(133 801)	-	1 368 511
	13 438 369	-	(1 959 623)	(2 610 133)	8 868 613

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31. Directors' and prescribed officer's emoluments (continued)

2024	Opening balance	Granted during the year	Settled/lapsed during the year	Closing balance
SV Brookes	3 251 959	2 402 130	(762 071)	4 892 018
RN Gray	2 583 834	1 972 356	(584 520)	3 971 670
U Gschnaidtner (resigned 31 August 2024)	2 009 869	1 522 309	(459 809)	3 072 369
JS Bigham	508 063	1 053 238	(58 989)	1 502 312
	8 353 725	6 950 033	(1 865 389)	13 438 369
	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000

32. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Financial assets at amortised cost

Development loans receivable	3 128	1 840	3 128	1 840
Loans to related parties	-	-	18 754	116 648
Loans to external parties	3 131	8 664	3 131	8 664
Trade and other receivables	350 362	331 221	296 890	282 058
Cash and cash equivalents	254 812	289 586	240 774	272 865
	611 433	631 311	562 677	682 075

Financial assets at fair value through other comprehensive income

Other financial assets	1 909	1 267	1 909	1 267
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Categories of financial liabilities

Financial liabilities at amortised cost

Development loans and facilities	(3 251 710)	(3 072 897)	(2 738 982)	(2 696 151)
Loans from related parties	-	-	(7 546)	-
Trade and other payables	(102 120)	(126 100)	(86 226)	(99 691)
	(3 353 830)	(3 198 997)	(2 832 754)	(2 795 842)

Capital risk management

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

The capital structure of the group consists of debt, which includes the development finance disclosed in Note 16, cash and cash equivalents disclosed in note 14, and equity as disclosed in the statement of financial position. Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio.

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32. Financial instruments and risk management (continued)

Financial risk management

Overview

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

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Given the nature of the operations of the group, credit risk on the sale of apartments not yet registered is mitigated through the fact that the financial guarantees are in place in full prior to the handover of the apartment. As such, credit risk arises principally from the group's receivables from loans, amounts due from body corporates and transferring attorneys, municipal debtors, development loans due from financial institutions, restricted cash and cash and cash equivalents.

Credit risk is managed on a group basis.

Development loans receivables

Development loans represents over settlement of the development loan facility by the transferring attorney to the financial institution. The loans are expected to be recovered from the respective financial institution within 12 months after year end and have been classified as current. The group considers the development loans receivable to be subject to a minimal exposure to credit risk due to funding on the development loans facilities being acquired from major banks and financial institutions which are rated AA+ based on the Fitch ratings.

Loans to related parties

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

Furthermore, the group monitors changes in credit risk by tracking the financial statements of the related party and assessing liquidity and solvency of the respective entity. There is no increase in credit risk.

Loans to external parties

Loans to external parties comprise of enterprise development loans made to external parties. The group monitors changes in credit risk by inspecting the financial results of the external parties after each six-month period. Where results indicate that the liquidity and solvency position of the external party has deteriorated since the previous six-month period, the group considers credit risk to have increased from the prior year in terms of the default and recognises lifetime expected credit losses.

Trade and other receivables

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

The group uses the simplified approach and recognises lifetime expected credit losses on its trade and other receivables.

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32. Financial instruments and risk management (continued)

Cash and cash equivalents

Cash and cash equivalents are held with major banks and financial institutions which are rated AA+ based on the Fitch ratings. The group considers cash and cash equivalents to be subject to a limited exposure to credit risk.

There has been no write-off of any financial assets in the current year (2024: Rnil) other than the expected credit loss allowance raised.

The maximum exposure to credit risk is presented in the table below:

	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000
Financial instruments				
Development loans receivable	3 128	1 840	3 128	1 840
Loans to related parties	-	-	18 754	116 648
Loans to external parties	3 131	8 664	3 131	8 664
Trade and other receivables	350 362	331 221	296 890	282 058
Cash and cash equivalents	254 812	289 586	240 774	272 865
	611 433	631 311	562 677	682 075

The movement in the expected credit loss allowance relating to trade and other receivables:

Balance at the beginning of the year	(9 247)	(9 943)	(8 637)	(4 778)
Lifetime loss allowance recognised in the current year (trade and other receivables) - refer to note 12	(3 052)	(3 893)	(3 052)	(3 893)
Lifetime loss allowance reversed in the current year	8 022	4 589	7 654	34
Balance at the end of the year	(4 277)	(9 247)	(4 035)	(8 637)

Liquidity risk

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

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

Development finance is obtained from major financial institutions based on secured pre-sales of residential apartment on a phase-by-phase basis. Development finance is repaid upon registration of a specific phase being financed. The phase-by-phase approach to funding reduces the risk of accumulating excessive debt which impacts liquidity. The business operates within pre-defined risk tolerance levels set by funders covenants and board thresholds. Quarterly, the board reviews the group's compliance with the covenants.

The following covenants listed below are applicable to the group:

Covenant	Covenant requirement	Measurement at 28 February 2025
Interest Coverage Ratio	$\geq 2.0x$	2.1x
Loan to Value	$< 50\%$	40.4%
Net Asset Value	\geq R2 billion	R4.3 billion
Minimum Cash	R200 million post dividend	R254.8 million (no dividend declared)
Current Ratio	$\geq 2.0x$	2.9x
CAD Ratio	$\geq 1.7x$	2.2x
Debt to EBITDA Ratio	$< 5.5x$	$< 5.0x$
Assets of the company as % of consolidated assets of the group	$\geq 80\%$	$\geq 80\%$

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32. Financial instruments and risk management (continued)

All covenants have been fully complied with and the board is satisfied that appropriate headroom exists with respect to covenant compliance.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group - 2025

	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Trade and other payables	102 120	-	-	-	102 120	102 120
Development loans	1 844 371	150 599	472 442	450 131	2 917 543	2 286 557
Facilities	752 185	26 429	188 743	-	967 357	965 153
	2 698 676	177 028	661 185	450 131	3 987 020	3 353 830

Group - 2024

Trade and other payables	126 100	-	-	-	126 100	126 100
Development loans	2 043 519	10 355	253 599	-	2 307 473	2 034 294
Facilities	395 895	631 218	61 668	-	1 088 781	1 038 603
	2 565 514	641 573	315 267	-	3 522 354	3 198 997

Company - 2025

Trade and other payables	86 226	-	-	-	86 226	86 226
Loans from group companies	7 546	-	-	-	7 546	7 546
Development loans	1 724 338	72 279	472 442	450 131	2 719 190	2 172 805
Facilities	582 614	-	-	-	582 614	566 177
	2 400 724	72 279	472 442	450 131	3 395 576	2 832 754

Company - 2024

Trade and other payables	99 691	-	-	-	99 691	99 691
Development loans	2 043 519	10 355	253 599	-	2 307 473	2 034 294
Facilities	174 265	549 811	61 668	-	785 744	661 857
	2 317 475	560 166	315 267	-	3 192 908	2 795 842

Interest rate risk

The group's interest rate risk arises from long and short-term borrowings, cash and cash equivalents and development loans receivable. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. The Group uses an interest rate swap to partially hedge its exposure to variable interest rate risks arising from long term financing activities in accordance with its treasury policy.

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

The scenarios are run only for financial instruments that represent the major interest-bearing positions. Based on the simulations performed, the impact on post-tax profit of a 1% movement would be a maximum increase and opposite decrease of R29.9 million (2024: R27.8 million) for the group and R25.1 million (2024: R24.2 million) for the company. The sensitivity analysis is prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

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32. Financial instruments and risk management (continued)

Interest rate swaps

Certain interest rate swaps have been entered into in order to mitigate against the effect of changes in interest rates. The below interest rate swap was entered into in the prior years. No interest rate swaps or other similar instruments were entered into in the current year.

	Swap maturity	Nominal amount R'000	Average swap rate %	Fair value R'000
Interest rate swap	June 2027	350 000	7.25	1 909

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate of 100bps which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	Group		Company	
	2025 R '000	2024 R '000	2025 R '000	2024 R '000
Interest-bearing instruments comprise:				
Development loans receivable	3 128	1 840	3 128	1 840
Cash and cash equivalents	254 812	289 586	240 774	272 865
Development loans payable	(3 251 710)	(3 072 897)	(2 738 982)	(2 696 151)
	(2 993 770)	(2 781 471)	(2 495 080)	(2 421 446)
Impact on equity:				
Development loans receivable	31	18	31	18
Cash and cash equivalents	2 548	2 896	2 408	2 729
Development loans payable	(32 517)	(30 729)	(27 390)	(26 962)
	(29 938)	(27 815)	(24 951)	(24 215)
	Group		Company	
	2025	2024	2025	2024

33. Basic, headline and diluted earnings per share

Basic (cents)	49.74	46.18		
Headline (cents)	45.95	47.94		
Diluted earnings (cents)	48.20	46.18		
Diluted headline earnings (cents)	44.54	47.94		
Tangible net asset value per share (cents) *	905.52	853.75	886.84	843.71
Net asset value per share (cents) **	910.20	858.49	891.18	848.15
Weighted average shares in issue	467 793 505	466 990 900	467 793 505	466 990 900
Net asset value (R'000)	4 257 857	4 009 050	4 168 882	3 960 800
Tangible net asset value (R'000)	4 235 959	3 986 924	4 148 576	3 940 028

* 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.

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33. Basic, headline and diluted earnings per share (continued)

	Group			
	Gross 2025 R '000	Net 2025 R '000	Gross 2024 R '000	Net 2024 R '000
Reconciliation of profit for the year to headline earnings (R'000)				
Basic earnings	232 678	232 678	215 668	215 668
Net (profit) loss on disposal of property, plant and equipment and intangible assets	(16 689)	(12 183)	8 205	8 205
Fair value gain on investment property	(6 659)	(5 521)	-	-
Headline earnings	209 330	214 974	223 873	223 873
	Group		Company	
	2025	2024	2025	2024
Weighted average number of shares				
Weighted average number of shares in issue	467 793 505	466 990 900	467 793 505	466 990 900
Potential dilutive impact of share options	14 910 844	-	14 910 844	-
Weighted average diluted shares in issue	482 704 349	466 990 900	482 704 349	466 990 900

34. Dividends per share

Total dividend paid	-	73 237 071	-	73 237 071
Shares in issue*	-	466 990 900	-	466 990 900
Dividend per share (cents)	-	15.68	-	15.68

* The shares in issue represent the accounting shares in issue and excludes the shares held by the BEE SPV as well as the shares held in treasury. When including the above mentioned shares, the total ordinary shares in issue is 519 411 852 and accordingly the dividend paid per share amounts to 14.10 cents.

No dividend was declared and paid during the current year.

35. Contingent liabilities

The group had no contingent liabilities at 28 February 2025 (2024: RNil).

36. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Land (Conditional)	301 000	311 000	301 000	311 000
• Infrastructure (Unconditional)	4 726	5 114	4 726	5 114

This committed expenditure relates to land purchased for development and committed infrastructure costs that have been funded. The land commitments will be financed by available retained profits, external funding and existing cash resources.

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37. Segmental reporting

The operating segments within the group have been identified based on the nature of their operations.

Nature of operations

- Sale of apartments
- Provision of services to Balwin residential estates
- Bond commission
- Residential and commercial property rental
- Balwin Foundation

	Sale of apartments	Provision of services to residential estates	Bond commission	Property rentals	Balwin Foundation	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Segmental reporting for statement of financial position for the year ended 28 February 2025						
Non-current assets	99 663	172 659	153	507 489	62	780 026
Current assets	7 226 539	29 288	2 706	42 045	3 854	7 304 432
Total assets	7 326 202	201 947	2 859	549 534	3 916	8 084 458
Non-current liabilities	1 016 359	70 039	-	208 786	263	1 295 447
Current liabilities	2 198 002	182 112	1 165	135 782	14 093	2 531 154
Total liabilities	3 214 361	252 151	1 165	344 568	14 356	3 826 601

Segmental reporting for statement of financial position for the year ended 29 February 2024

Non-current assets	128 487	102 789	276	413 989	130	645 671
Current assets	6 920 590	53 816	2 570	5 090	2 610	6 984 676
Total assets	7 049 077	156 605	2 846	419 079	2 740	7 630 347
Non-current liabilities	1 141 107	13 520	64	307 083	-	1 461 774
Current liabilities	2 061 012	93 096	1 042	4 286	87	2 159 523
Total liabilities	3 202 119	106 616	1 106	311 369	87	3 621 297

Segmental reporting for statement of profit or loss and other comprehensive income for the year ended 28 February 2025

Revenue	2 042 999	107 006	12 372	56 424	2 117	2 220 918
Cost of sales	(1 529 407)	(3 999)	(10)	-	(15 337)	(1 548 753)
Gross profit	513 592	103 008	12 361	56 424	(13 220)	672 165
Operating expenses	(236 893)	(67 368)	(7 168)	(36 353)	(3 167)	(350 949)
Depreciation	(18 565)	(19 486)	(122)	(1 456)	(68)	(39 697)
Staff cost and management fees	(71 500)	(29 740)	(5 879)	(10 328)	(2 253)	(119 700)
Other	(146 829)	(18 141)	(1 166)	(24 569)	(846)	(191 551)
Finance costs	(2 717)	(15 174)	-	(32 450)	-	(50 341)
Taxation	(81 655)	3 787	(1 447)	(931)	-	(80 246)
Profit for the year	211 533	24 332	3 912	10 550	(16 303)	234 024

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37. Segmental reporting (continued)

Segmental reporting for statement of profit or loss and other comprehensive income for the year ended 29 February 2024

	Sale of apartments	Provision of services to residential estates	Bond commission	Property rentals	Balwin Foundation	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	2 222 136	93 827	12 489	26 227	1 605	2 356 284
Cost of sales	(1 681 262)	(1 590)	-	-	(7 777)	(1 690 629)
Gross profit	540 874	92 240	12 489	26 227	(6 175)	665 655
Operating expenses	(250 962)	(78 081)	(7 851)	(13 963)	(320)	(351 177)
Depreciation	(20 868)	(10 466)	(87)	(683)	(98)	(32 202)
Staff cost and management fees	(69 704)	(9 196)	(5 873)	(5 346)	(2 199)	(92 318)
Other	(160 390)	(24 348)	(1 891)	(7 934)	1 977	(192 586)
Finance costs	(7 477)	(10 222)	-	(32 920)	-	(50 619)
Taxation	(88 603)	(5 569)	(1 621)	1 856	-	(93 937)
Profit for the year	214 678	14 315	3 385	(8 646)	(6 360)	217 372

These operating segments, other than the segment relating to sale of apartments, are not reportable segments in terms of the definition in IFRS 8. All figures are presented net of consolidation adjustments.

The segmental reporting disclosure has been extended and the comparative updated in line with the IFRIC agenda decision.

38. Fair value information

Fair value hierarchy

Financial assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The valuation techniques used in deriving level 2 fair values are consistent with valuing comparable hedging instruments (interest rate swaps). The primary input into these valuations are prevailing interest rates which are derived from external sources of information. Please refer to note 8.

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The valuation techniques used in deriving level 3 fair values are the income capitalisation approach of the investment property. This information is based on unobservable market data, and adjusted for based on management's experience and knowledge of the investment. Please refer to note 4.

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

39. Events after the reporting period

Subsequent to the reporting date, the group secured a short-term extension of its investment loan of R500 million. The existing facility matured in April 2025, however was extended in order to facilitate the finalisation of a refinancing transaction with funds managed by Ninety One SA Proprietary Limited, one of the original capital providers. Term sheets have been agreed on terms similar to the initial loan and accordingly there is no material financial impact on the group.

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

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40. Going concern

The directors have reviewed the group and company's cash flow forecasts up to the period ending May 2026 and, in light of this review and the current financial position, the directors believe that the group and company has adequate financial resources to continue in operation for the foreseeable future. Accordingly, the consolidated and separate financial statements 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. The cash flow forecast is based upon the development programme of the business as approved by the executives. The development programme guides the potential for cash inflows from the sale and registration of apartments and drives the construction related costs incurred in order to deliver the apartments to the market. It is this relationship between the rate of construction and the rate of sales that is paramount to the success of the business model and the ability of the group to effectively manage its cash resources. Accordingly, the cash flow forecasting of the group is dynamic and is actively managed to ensure optimum cash management.

The group has forward sold 814 apartments beyond the current reporting period. These apartments will be recognised in revenue and the resulting cash realised in future years.

The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group and company.