

# 2024

# INTEGRATED REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2024



IT'S  
ABOUT  
THE  
*Lifestyle*



*Balwin*  
PROPERTIES®



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### NAVIGATING THE INTEGRATED REPORT

This is an interactive report which allows for ease of navigation using the buttons in the top right corner of each page as well as accessing specific reports and online references. The following tools will assist in navigating the report:

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# 01 INTRODUCING OUR 2024 INTEGRATED REPORT

The myriad of economic challenges that has beset South Africa in recent years continued to prevail throughout the 2024 financial year and were not positive for property investment. High borrowing costs and severe pressure on consumer spending were compounded by record levels of loadshedding which adversely impacted consumer sentiment, housing demand and loan affordability.

Our 2024 integrated report aims to present a balanced view of how the group has responded to the macro-economic challenges to preserve value for our shareholders and other key stakeholders.

## REPORTING SCOPE AND BOUNDARY

The integrated report covers material information on the group's business model, strategy, material risks and mitigation plans, governance, sustainability and performance for the period 1 March 2023 to 29 February 2024. There have been no changes in the reporting scope and boundary over the past year.

Audited summary financial statements have again been published in the integrated report, with the audited consolidated and separate annual financial statements available at [www.balwin.co.za](http://www.balwin.co.za)



The principle of materiality has been applied in preparing the report. Materiality is determined by the board and focuses on internal and external issues that could affect the group's ability to create and protect value and that are likely to have a material impact on strategy, revenue and profitability.

## GOVERNANCE AND REPORTING COMPLIANCE

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

Our reporting complies with IFRS Accounting Standards, the Companies Act of South Africa and the JSE Listings Requirements. The King IV Report on Corporate Governance (King IV) has been applied throughout the 2024 financial year and the directors confirm that the group has in all material respects applied the principles of the code. A schedule outlining the group's application of King IV is available on our website.

## CAPITALS OF VALUE CREATION

The guiding principles of the Integrated Reporting Framework of the IFRS Foundation have been applied in preparing this report.

The framework recommends reporting to shareholders in terms of the six capital resources applied in the creation, preservation or erosion of value which are as follows:



**Financial capital** relates to the funding received from providers of capital and the financial resources deployed by the group.



**Manufactured capital** is the construction and development of estates, apartments and lifestyle offerings.



**Human capital** covers talent management and retention including board, management and employees.



**Intellectual capital** focuses on the knowledge in the business, systems, processes, intellectual property and brands.



**Social and relationship capital** addresses stakeholder relationships and engagement, corporate reputation and values.



**Natural capital** deals with environmental resources applied and utilised.

These capitals are either increased, decreased or transformed through the activities of the business and should ultimately lead to value creation. For ease of understanding and navigation of the report, visual icons have been included throughout the report to indicate where these capitals are addressed in the commentary.

INTRODUCING OUR 2024 INTEGRATED REPORT continued

**ASSURANCE**

Reporting	Assurance process
<b>Financial statements</b>	The group’s external auditor, BDO South Africa Inc. (BDO), has provided assurance on the financial statements and expressed an unmodified audit opinion.
<b>Integrated report</b>	Reviewed by the directors and management and has not been independently assured. BDO has reviewed the accuracy of the financial information extracted from the annual financial statements that appears in the integrated report.
<b>Non-financial information</b>	<p>The sustainability information disclosed in the report has been approved by the board’s social, ethics and transformation committee. Independent, accredited service providers have verified selected non-financial indicators as follows:</p> <p><b>B-BBEE rating:</b> Reviewed and verified by GLP BBEE</p> <p><b>EDGE certification:</b> International Finance Corporation</p> <p><b>Green Star building certification:</b> Green Building Council of South Africa</p> <p><b>Greenhouse gas (GHG) emissions:</b> Promethium Carbon</p> <p>Management has verified the processes for measuring all other non-financial information.</p>

**FORWARD-LOOKING STATEMENTS**

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

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

**DIRECTORS’ APPROVAL**

The board acknowledges its responsibility to ensure the integrity of the integrated annual report. The directors have collectively reviewed the content and confirm that the report accurately reflects the group’s material issues, strategy, performance and prospects.

The audit and risk committee has oversight responsibility for integrated reporting and recommended the report for approval by the board of directors. The 2024 integrated report was unanimously approved by the board for release to shareholders on 20 May 2024.

*Hilton Saven*  
**Hilton Saven**  
Chairman

*Stephen Brookes*  
**Stephen Brookes**  
Chief executive officer

*Jonathan Bigham*  
**Jonathan Bigham**  
Chief financial officer

**Tomi Amosun**

*Reginald Kukama*  
**Reginald Kukama**

*Thoko Mokgosi-Mwantembe*  
**Thoko Mokgosi-Mwantembe**

*Keneilwe Moloko*  
**Keneilwe Moloko**

*Julian Scher*  
**Julian Scher**

*Arnold Shapiro*  
**Arnold Shapiro**

## 01

# INTRODUCING BALWIN PROPERTIES

Balwin is South Africa's leading residential property developer of large-scale, sectional title estates with a focus on high quality, environmentally efficient and affordable apartments with an innovative lifestyle offering for residents.

Listed in the Real Estate Investment and Services sector on the JSE since 2015, and on A2X since 2023, the group is based in Johannesburg. Regional offices in Somerset West (Western Cape) and Umhlanga (KwaZulu-Natal) service the expanding development portfolio.

Founded in 1996 by Steve Brookes, the current CEO and largest shareholder, Balwin completed its first sectional title development later that year in Johannesburg South. The first large-scale estate development was undertaken in 2007 in Johannesburg east, with the business expanding into the Western Cape in 2011, Tshwane in 2014 and KwaZulu-Natal in 2017.

Balwin is the proud recipient of 45 international property awards, recognising the quality of the developments and the creative design of the apartments. In the past year the group won seven categories in the Africa and Arabia Property Awards.

## LARGE-SCALE RESIDENTIAL ESTATES

Balwin's residential estates are located in high-density, high-growth nodes of Johannesburg, Tshwane, the Western Cape and KwaZulu-Natal. Estates typically consist of between 1 000 and 3 500 sectional title residential apartments. Larger estates are developed based on market demand. An increasing number of larger-scale developments are being introduced into Balwin's portfolio, particularly in the Green

Collection brand where the economies of scale allow for the desired affordability of the apartments.

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

Balwin estates offer secure and conveniently located, one-, two- and three-bedroom apartments designed to appeal to a wide range of home buyers and investors with a strong emphasis of lifestyle offerings. Apartments include modern fitted kitchens, prepaid water and solar assisted electricity, eco-friendly fittings and appliances, and are all fibre enabled through Balwin's subsidiary fibre business.

## LIFESTYLE, LEISURE AND LAGOONS

Lifestyle centres are an integral part of Balwin's developments and offer all-inclusive value-added facilities and services. These lifestyle centres generally include a wellness spa, restaurant, gym, squash court, running track, action sports field, games room, cinema room, swimming pools, playgrounds, laundromat and concierge services. The lifestyle offering has been extended with the addition of padel courts at five of the developments with plans to increase this over time.

The Blyde development in Tshwane East was the first in South Africa to incorporate an innovative Crystal-clear lagoon built in a beach setting, with the second lagoon completed in 2023 at Munyaka Lifestyle Centre in Waterfall City.

## ENVIRONMENTALLY SUSTAINABLE BUILDING

Sustainable building is core to the development process. All apartments are built to global environmental standards aimed at obtaining the EDGE (Excellence in Design for Greater Efficiencies) Advanced certification from the International Finance Corporation. A total of 23 273 Balwin apartments have been EDGE certified, including 15 833 receiving the EDGE Advanced certification.

Lifestyle centres are constructed to Six-Star Green rating and Net Zero Carbon emission standards as certified by the Green Building Council of South Africa (GBCSA). The Greenbay Greenbarn (Gordon's Bay, Western Cape) received a Six-Star Green rating during the year, bringing the total Six-Star ratings in the Balwin portfolio to 10.

The commitment to environmentally sustainable building allows for significant savings for customers through reduced

utility costs as well as potential savings on mortgage bonds through green bonds which offer clients reduced interest rates.

Through the investment in green innovation, Balwin strives to provide energy security for residents, with solutions ranging from solar energy at developments in progress to the installation of generators or battery backup solutions at other developments.

Balwin also aims to minimise the use and waste of potable water both during construction and the ongoing running of developments. Wastewater treatment plants have been included at several developments to provide water for toilets and irrigation during construction. This reduces the volume of potable water consumption and also lessens the sewer output by a development, reducing the pressure on surrounding infrastructure.

## GROWING ANNUITY REVENUE

A range of value adding products and services are offered through Balwin Annuity which aims to enhance the client experience and make living at Balwin developments more convenient and cost effective. These services generate annuity revenue and diversify the group's sources of income.

Balwin Annuity has a portfolio of diverse businesses, with the largest contribution to annuity revenue being from the longer established businesses of Balwin Fibre, Balwin Rentals, Balwin Mortgages and Balwin Green Living (solar energy).

## SOCIAL IMPACT THROUGH THE BALWIN FOUNDATION

As an invested corporate citizen, the group's commitment to creating a sustainable, equitable and prosperous society is embodied in the role played by The Balwin Foundation NPC. The Foundation supports and empowers the younger generation and previously disadvantaged South Africans to gain greater knowledge and skills through technical education and training.

Through funds donated by Balwin from the registration of each apartment, the Foundation trained 114 previously disadvantaged individuals in the past year and funded bursaries for 17 scholars and 8 tertiary students. The national water safety programme undertaken through the Foundation has reached more than 5 500 children in townships and rural areas.

## INTRODUCING BALWIN PROPERTIES continued

### DEVELOPMENT BRANDS

Balwin operates a build-to-sell model, currently developing and selling approximately 2 000 to 3 000 sectional title residential apartments each year. Developments comprise three distinctive collections:

#### THE CLASSIC COLLECTION

The Classic Collection is Balwin’s core development model comprising four-storey, walk-up apartments. The apartments are targeted at the country’s growing middle income market with prices ranging from R764 910 to R3 249 900 and offer secure, affordable, high quality and environmentally friendly developments, with a focus on lifestyle offerings to residents.



#### THE GREEN COLLECTION

Targeting lower income consumers than the Classic Collection, Green-branded developments have distinctive architecture and high quality standards which are synonymous with Balwin, also offering residents access to traditional lifestyle facilities. Apartments are priced from R599 900 to R1 519 900.



#### THE *Signature* COLLECTION

The Signature Collection comprises three developments: The Polofields, Munyaka Lifestyle Centre (both located in Waterfall City, Johannesburg) and Izinga Eco-Estate (Umhlanga, KwaZulu-Natal). Apartments in the Signature Collection are built to higher specifications with luxurious finishes and are priced from R899 900 to R10 999 900.



Estates are developed on a phase-by-phase basis and the dynamic nature of the product enables Balwin to control the pace of its developments or change the block design configuration in response to changing market conditions and customer demands. Balwin benefits from economies of scale, in-house construction management while retaining flexibility throughout individual phases of large developments.

**BALWIN'S  
SECURED  
PIPELINE**



**41 581**  
APARTMENTS

ACROSS  
**29**  
DEVELOPMENTS

OVER  
**15**  
YEARS

# 01 2024 IN REVIEW

**R2.4bn**

REVENUE  
29% LOWER

**47.94c**

HEADLINE EARNINGS PER SHARE  
48% LOWER

**46.18c**

EARNINGS PER SHARE  
51% LOWER

**858.49c**

NET ASSET VALUE PER SHARE

**R290m**

CASH POSITION AT YEAR-END

**28%**

GROSS PROFIT MARGIN

**70%**

INCREASE IN REVENUE FROM ANNUITIES BUSINESS

**74**

COMMUNITY BASED CONTRACTORS APPOINTED

**OVER 340ML**

TREATED WATER PRODUCED

**OVER 5 600**

INDIVIDUALS BENEFITED FROM THE BALWIN FOUNDATION'S PROGRAMMES

**1 892**

APARTMENTS SOLD AND RECOGNISED IN REVENUE

**23 273**

APARTMENTS WITH INTERNATIONAL EDGE CERTIFICATION

**529**

APARTMENTS PRE-SOLD FOR FUTURE YEARS

**8%**

REDUCTION IN SCOPE 1 AND 2 CARBON EMISSIONS

**40.5%**

LOAN-TO-VALUE RATIO

**7**

INTERNATIONAL AWARDS AT THE AFRICA AND ARABIA PROPERTY AWARDS

**R16m**

IN SAVINGS FOR CUSTOMERS FROM LOWER UTILITY COSTS AND GREEN BONDS

**10 SIX-STAR GREEN RATED**

BUILDINGS ACROSS THE PORTFOLIO

**3 878 MWh**

OF RENEWABLE ENERGY PRODUCED

**LEVEL 4**

B-BBEE CONTRIBUTOR STATUS MAINTAINED

# 01 BUSINESS MODEL

“Balwin aims to create sustainable long-term shareholder value by developing large-scale, sectional title residential estates in major growth nodes for South Africa’s expanding low-to-middle income population.”

## INPUTS >

### FINANCIAL CAPITAL



Relates to the funding received from providers of capital and the financial resources deployed by the group.

### MANUFACTURED CAPITAL



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

### HUMAN CAPITAL



Covers talent management and retention, including board, management and employees.

### INTELLECTUAL CAPITAL



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

### SOCIAL AND RELATIONSHIP CAPITAL



Addresses stakeholder relationships and engagement, corporate reputation and values

### NATURAL CAPITAL



Deals with environmental resources applied and utilised.

## CONSISTENT DEVELOPMENT FORMULA >



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

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



### ADOPT A PHASED APPROACH TO DEVELOPMENT AND FINANCING TO LIMIT GEARING

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



### UTILISE LOCAL SUPPLIERS AND MAINLY LOCALLY PRODUCED CONSTRUCTION MATERIAL

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

BUSINESS MODEL continued

OPERATING ENVIRONMENT

- Weak economic environment with consumers under severe financial pressure
- Increasing inflationary pressures compounded by rising interest rates
- Extensive electricity load shedding impacting businesses and consumers
- Growing focus on the environment, sustainability and renewable energy

OUR OPERATING MODEL

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

- Build quality, affordable one, two and three-bedroom sectional title apartments
- Focus on sustainable building practices with the achievement of EDGE Advanced certification for all apartments developed
- Ensure construction is scalable and adaptable to market conditions
- Alignment of rate of construction to the rate of sale experienced at the respective developments
- Expand into new and growing residential nodes in major metropolitan areas and reduce risk of regional exposure

DRIVE EFFICIENCIES THROUGH A TURNKEY APPROACH TO DEVELOPMENT

LAND ACQUISITION

- Land sourcing, acquisition and financing

PROJECT PLANNING

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

MARKETING AND SALES

- Marketing and pre-sales
- Bond origination

CONSTRUCTION MANAGEMENT

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

TRANSFER AND ESTATE MANAGEMENT

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

Stakeholder value created in 2024

OUTCOMES

FINANCIAL CAPITAL



- Marginal reduction in group loan-to-value ratio to 40.5%
- Cash position of R290 million exceeding the funding covenants and thresholds set by the board

MANUFACTURED CAPITAL



- 1 892 apartments sold and recognised in revenue
- 19 active developments nationally

HUMAN CAPITAL



- Formal succession planning for key executives
- Retention and attraction of top talent

INTELLECTUAL CAPITAL



- Received a further seven international industry awards
- Six-Star Green rating for Greenbay lifestyle centre (Gordon's Bay)

SOCIAL AND RELATIONSHIP CAPITAL



- Maintained level 4 B-BBEE rating

NATURAL CAPITAL



- EDGE certification increased to over 23 200 apartments
- Installed more than 1 MWp of additional embedded generation, resulting in 3 878 MWh of renewable energy produced

# 01 MATERIAL RISKS



## RISK 1. CHALLENGING MACROECONOMIC ENVIRONMENT

### Why material?

The group's operations, profitability and cash flow may be materially impacted by prevailing macroeconomic factors, in particular higher interest rates and inflation.

### Risks

- Higher interest rates impact negatively on the consumer's ability to secure funding to purchase or invest in property.
- Higher interest rates could impact on the group's ability to secure funding as banks adopt an increasingly conservative approach to lending.
- Increased cost of borrowing could negatively impact financial performance and place pressure on compliance with funding covenants linked to finance cost ratios.
- Higher inflation reduces the affordability of apartments for consumers.
- Disruptive economic or socio-political events could impact on the group's ability to meet its financial and operational targets.
- Lower global growth prospects could result in a recessionary environment locally which would impact negatively on profitability and liquidity.
- Input costs such as raw materials and fuel may increase sharply as a result of inflationary pressures.
- Social unrest may damage property and cause uncertainty and negative investor sentiment.

### Mitigation plans

- Handover schedule and resulting construction activities are adaptable and reviewed by management frequently in relation to market conditions.
- Cashflows and cash flow planning is performed regularly and reviewed by the Treasury committee and the board.
- In extreme circumstances, material assets could be liquidated to generate cash flows to reduce debt, including disposal of non-developed land, sub-division of large land parcels, sale of established annuity businesses or sale of material annuity assets.
- Healthy margins allow a degree of flexibility on selling prices or the introduction of sales incentives, allowing the business to reduce prices in order to stimulate sales while remaining profitable.
- Revenue forecasts and development cost budgets are performed regularly to improve planning and respond quickly to a change in market conditions.
- An independent external sales demand analysis is prepared for all new developments to determine the demand for the product and the configuration of the build.
- Entrenched relationships with a broad base of funding institutions to ensure liquidity.
- Affordability of the apartments and the levies provides positive yields for investment purposes.

## MATERIAL RISKS continued

### RISK 2. CASH FLOW AND CAPITAL MANAGEMENT

#### Why material?

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

#### Risks

- Planned revenues and resulting cash flows may not materialise due to lower than expected pre-sales or delays in the registration of apartments.
- Inefficient cash flow management may result in insufficient cash being available to fund working capital requirements.
- Inappropriate funding of long-term development costs may result in repayment being required before revenues and resulting cash flows are realised.
- Excessive gearing of long-term assets (land and infrastructure) may result in higher finance cost commitments and an inability to deploy cash to other capital allocation opportunities
- Breach of existing debt covenants could result in a withdrawal of funding.
- Long-term lock up of capital in assets that are not generating the required return, especially land and infrastructure
- Investment in non-strategic or value diluting assets could negatively impact shareholder value and market reputation.

#### Mitigation plans

- Treasury Committee provides oversight on capital structure, cash flows, debt management and allocation of capital.
- Dedicated land and infrastructure funding is secured to fund development and structured to allow for repayment from the realised profits of the development.
- Development funding is obtained on a phase-by-phase basis and is secured against pre-sold apartments. The funding is only repayable once the cash is realised upon the registration of the secured apartments.
- Building schedules are adaptable to align construction to the rate of sales and funding resources and enforced through the construction control policy which ensures sufficient sales are in place prior to commencement of construction
- Prudent minimum cash reserve levels are set by the board.
- The group has established funding relationships with a wide range of funding partners.
- Conservative debt and cash flow covenants are set by the board and monitored regularly
- Defined governance process for approvals of material investment decisions including delegation of authorities, executive committee, Transaction Committee and board.

### RISK 3. DELAYS IN TOWN PLANNING AND LOCAL AUTHORITY APPROVALS OR CHANGES IN GOVERNMENT POLICIES

#### Why material?

Delays in obtaining town planning and regulatory approvals could have a significant impact on cash flows, sales and profitability. The legislation framework and regulatory universe is complex, onerous and constantly changing which makes compliance challenging.

#### Risks

- Delays or inefficiencies in obtaining local authority approvals may result in the registration of apartments being delayed which impacts cash flow, financial performance and may cause reputational damage.
- Postponement of handover of apartments due to delays in the construction results in reputational damage from affected customers.
- Lack of effective internal processes to identify changes to legislation timeously could lead to financial penalties, reputational damage or poor stakeholder relationships.
- Uncertainty on government's medium to long-term position on land and social issues may deter investment or curtail demand for apartments.
- Changes to government policy, political interference and increased political activism and radicalism may lead to policy uncertainty which curtails business investment, particularly in long term development projects. It could also result in social instability such as land expropriation without compensation, land invasions and social unrest.

#### Mitigation plans

- Independent professionals employed to ensure compliance with all town planning as well as local government processes.
- Comprehensive legislative universe together with a ranking of the existing legal universe and mitigation plans for key risks.
- Formalised regulatory compliance policy, manual and monitoring guidelines are in place
- Closely monitoring government communication and co-operative professional relationships with key government leaders ensures pro-active engagement and planning for the future.

MATERIAL RISKS continued

**RISK 4. INJURIES AND FATALITIES ON CONSTRUCTION SITES**

**Why material?**

In addition to the devastating human impact, serious injury or death on construction sites could result in criminal prosecution, financial penalties and reputational damage.

**Risks**

- Serious injury or death could result in criminal prosecution, financial penalties and reputational damage.
- Inadequate systems to manage health and safety at an operational level may result in non-compliance with health and safety rules, invasions and social unrest.

**Mitigation plans**

- Balwin uses the services of outsourced subcontractors. All construction contractors are required to have a formal health and safety policy before commencing projects for Balwin. In addition, Balwin has a health and safety policy which all staff and subcontractors are required to adhere to.
- The business has achieved ISO 45001 certifications which confirms compliance with the necessary health and safety standards.
- On-site employees undergo periodic health and safety training.
- Regular sub-contractor audits are conducted on site in addition to daily site inspections. Any sub-contractors found to be non-compliant are subject to the approved non-conformance procedures.
- External audits are conducted on all sites on a monthly basis and subcontractor audits are carried out weekly to ensure compliance with Balwin's strict SHEQ policies.
- A dedicated, accredited Balwin safety officer is allocated to each development.



**RISK 5. FAILURE TO COMPLY WITH B-BBEE LEGISLATION OR LOSS OF B-BBEE STATUS**

**Why material?**

Compliance with complex and multi-layered legislation and codes is imperative in the South African business environment to ensure the sustainability of the group.

**Risks**

- Non-compliance with B-BBEE legislation may result in loss of existing business, loss of business opportunities or inability to obtain regulatory approvals.

**Mitigation plans**

- B-BBEE strategy implemented across the group and external B-BBEE rating undertaken annually.
- The group has a significant BEE equity partner, with board representation.
- Introduced supplier development and enterprise development programmes.
- Active engagement with suppliers and sub-contractors to assist these companies to obtain an acceptable B-BBEE rating which directly impacts the group's scorecard.
- Formal employment equity plan adopted with progress tracked by the Diversity and Employment Equity Committee



MATERIAL RISKS continued

**RISK 6. RELIANCE ON KEY SUPPLIERS AND CONTRACTORS, AND ATTRACTION AND RETENTION OF SKILLED STAFF**

**Why material?**

The sustained performance of the group is dependent on several key stakeholders, including sourcing suppliers and contractors to provide the appropriate volume and quality of goods and services timeously, as well as its ability to attract and retain scarce and experienced construction industry talent..

**Risks**

*Suppliers and contractors*

- Inability of suppliers and contractors to deliver goods and services timeously could hamper construction activities.
- Poor quality goods and services supplied may result in increased costs, delayed handover of apartments or reputational damage.

*Staff*

- Organisational structure or company culture not conducive to retaining key staff and delivering on the business objectives.
- Inability to replace or recruit people timeously and with the required skills.

**Mitigation plans**

*Suppliers and contractors*

- National procurement department ensures appropriate allocation of suppliers and contractors and continuously identifies alternate vendors in accordance with the group’s approved procurement policy.
- Reliance on particular suppliers or contractors is limited through existing relationships with different entities across the regions and developments.
- Constructive and often long-standing relationships with suppliers and contractors facilitates positive and constant interaction to ensure they work with Balwin.

*Staff*

- Identify and train skilled and experienced managers as succession candidates for senior positions.
- Key management positions within the newly created annuity business structure have been filled with experienced staff while the group oversight function ensures consistency of policies and governance.
- Formal succession planning for key executive positions.
- Offer remuneration packages and incentive schemes to remain competitive in the job market and to motivate and retain top talent.

**RISK 7. INFORMATION TECHNOLOGY SECURITY AND BUSINESS CONTINUITY**

**Why material?**

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

**Risks**

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

**Mitigation plans**

- Implemented extensive security systems, including firewalls, endpoint protection, email filtering and a security information and event system.
- Off-site backups are maintained and tested quarterly.
- Disaster recovery system operational and tested quarterly.
- Production systems are located externally for power and connectivity redundancy.
- Cyber security insurance is in place and policy technical requirements are met.
- Regular technology security tests are conducted.



MATERIAL RISKS continued

RISK 8. REPUTATIONAL RISK

Why material?

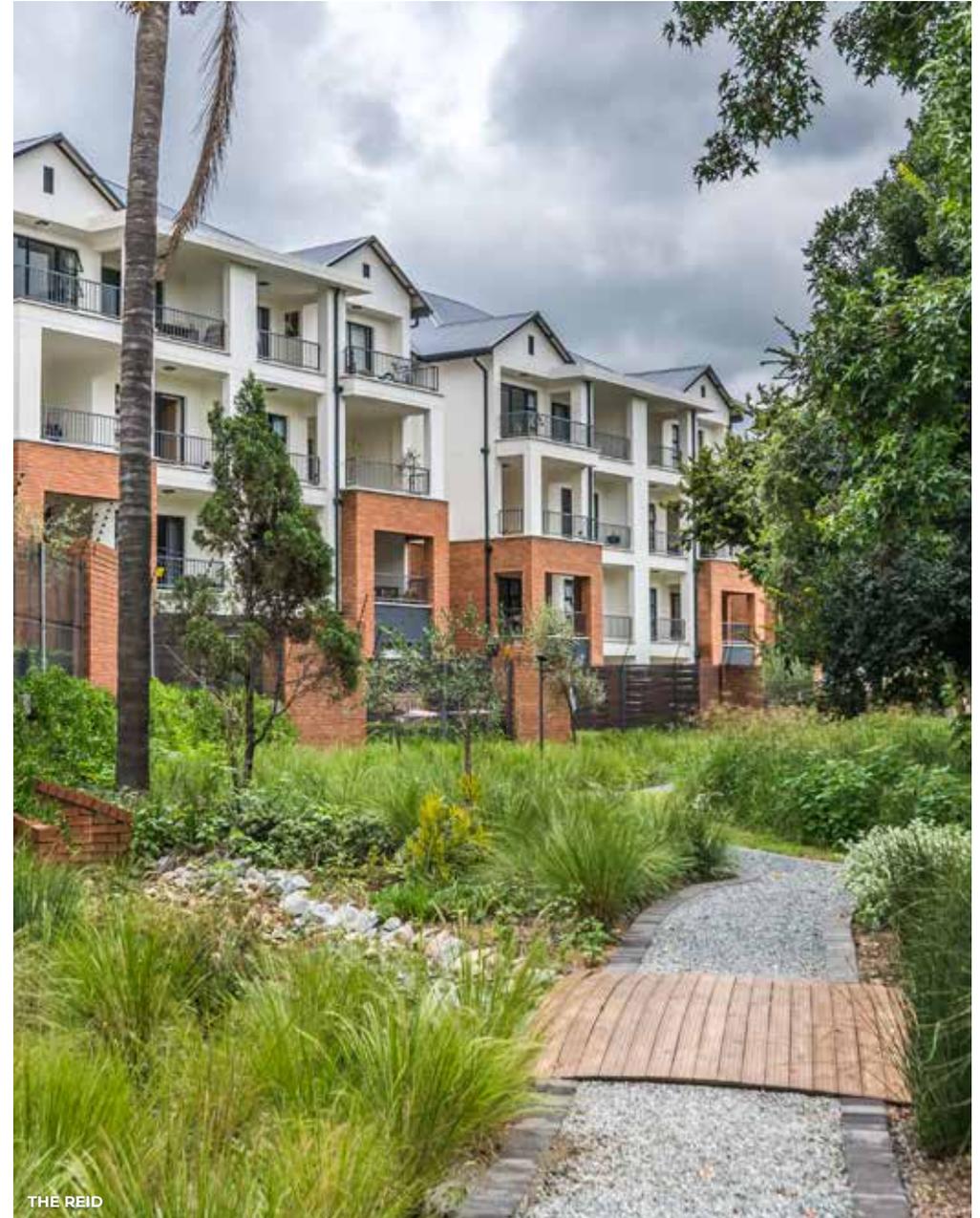
Failure to meet stakeholder expectations due to any event, behaviour, action or inaction may result in stakeholders forming a negative view on Balwin and loss of trust in the brand which could have an adverse financial impact on the group.

Risks

- Unfavourable relationships with clients may negatively impact on general consumer sentiment and result in a loss of sales.
- Adverse relationships with stakeholders resulting in brand damage.
- Potential distrust in the group resulting in the loss of support of key stakeholders.

Mitigation plans

- Stakeholder engagement policy directs positive and proactive engagement with stakeholders.
- Regular engagement and alignment of stakeholder communication strategy with independent investor relations team.
- Constant review of social media and news platforms to identify negative press or sentiment and a swift but measured response.



# 01

## STAKEHOLDER ENGAGEMENT

Balwin remains committed to actively engaging and addressing the perceptions and viewpoints of all key stakeholders, thereby proactively managing reputational risks and fostering goodwill while maintaining stakeholders' confidence. The group's stakeholder engagement strategy is fundamentally aimed at ensuring the sustainable advancement of the business.

Management has identified seven primary stakeholder groups whose influence significantly impacts the group's ability to deliver long-term value:

- 🌱 Shareholders, including the wider investor community
- 🌱 Lending institutions
- 🌱 Owners and tenants
- 🌱 Suppliers and contractors
- 🌱 Government bodies and industry regulators
- 🌱 Employees
- 🌱 Communities

Moreover, the group recognises the pivotal role played by the communities wherein Balwin operates, as well as the broader societal context, underlining the significance of active engagement with these stakeholders.

This report covers the primary engagement issues encountered by each stakeholder group during the reporting period, along with the group's responses.

### SHAREHOLDERS

Local and international institutional and private investors, fund managers and sell-side analysts.

#### Rationale for engaging:

Shareholders are the group's primary providers of financial capital and effective engagement ensures continued access to capital.

#### Key engagement issues in 2024

- Capital allocation
- The development pipeline and the continued investment in working capital
- Quantum and cost of debt
- The impact of high interest rates on financial and operational performance
- The impact and contingencies around load shedding and potential reputational damage
- Strategy and performance of the annuity businesses

#### Addressing engagement needs, expectations and concerns

Balwin's executive team engages both formally and informally with this constituency through relevant SENS announcements, including voluntary operational updates and financial results announcements, presentations, and virtual roadshows as well as one-on-one meetings. Balwin further hosts site visits for local and international investors on an ad hoc basis. Balwin also contracted two sell-side brokerages to initiate sponsored coverage on the group, to further assist with providing perspective on the group, its financial position and prospects.

### LENDING INSTITUTIONS

Financial institutions which provide debt funding to the group.

#### Rationale for engaging:

Building strong partnerships with funding institutions is crucial to ensure continuous financial support on competitive terms.

#### Key engagement issues in 2024

- The impact of the high interest rates on financial and operational performance
- Overall debt position of the group and capital structure strategy
- Impact of the economy on covenant compliance

#### Addressing engagement needs, expectations and concerns

The board actively manages the group's debt exposure against covenants and the treasury policy. The loan-to-value ratio reduced marginally to 40.5% (2023: 40.7%).

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

Prioritising debt reduction is a key medium-term objective for the board, emphasising cash management and capital structure optimisation.

STAKEHOLDER ENGAGEMENT continued

**OWNERS AND TENANTS**

Homeowners and tenants of apartments at Balwin developments.

**Rationale for engaging:**

Clients constitute the primary revenue stream for the group, primarily through apartment purchases and payment for services as residents within developments.

**Key engagement issues in 2024**

- Affordability of apartments
- Communication around power and water supply
- Communication around utility charges and the billing process
- Enhanced lifestyle offerings through Balwin Sport

**Addressing engagement needs, expectations and concerns**

Balwin's lifestyle offering is an important differentiator that impacts purchase decisions. To augment this, several incentive programmes have been launched, especially around the Rugby World Cup and Black Friday. In addition, Balwin has launched Balwin Sport, as the title sponsor of several iconic road running events around the country and padel tournaments to engage with potential buyers in a de-stressed environment.

The group's dedicated smartphone application (app) has been further refined and ensures residents receive relevant updates in real time. This, and more regular communication, has had a marked impact on residents' perceptions.

Communication and education around utility billings are transparent and involve the relevant service provider where necessary. In addition to communication through the app, Balwin and its suppliers will meet residents in person as required.

Loadshedding has been largely negated through generator back-up and solar installations.

**SUPPLIERS AND CONTRACTORS**

Suppliers of services and materials, including outsourced contractors at developments.

**Rationale for engaging:**

Establishing and nurturing positive relationships with suppliers, contractors, and vendors is paramount to ensure the security of supply, efficient service delivery, and favourable trading terms.

**Key engagement issues in 2024**

- Consistency of supply considering lower sales volumes due to the high interest rate environment
- Health and safety standards on all sites

**Addressing engagement needs, expectations and concerns**

The group's scalable development model enables contractors to rotate across different construction sites based on the stage of development. The rate of construction has slowed down to match the rate of sales, which is impacting contractors. Balwin remains cognisant of the importance of skills retention during this protracted period of high interest rates.

Using local suppliers and mainly locally produced construction materials also limits the impact of supply chain constraints and import cost fluctuations.

All staff and construction contractors are required to comply with Balwin's health and safety policy, with a dedicated safety officer at each site.

During the period four Department of Employment and Labour audits and 47 environmental authority inspections were conducted. Five contraventions were noted which were all remedied during the reporting period.

No fatalities were reported on any of the development sites during the year under review.



## STAKEHOLDER ENGAGEMENT continued

### GOVERNMENT AND INDUSTRY REGULATORS

FSCA, JSE, SARS, municipalities across areas of operation, National government and industry regulatory bodies. As a listed company, the JSE Limited is the primary regulator.

#### Rationale for engaging:

Facilitate efficient approval processes and limit delays which can adversely impact sales and profitability.

Regulatory compliance ensures the group's licence to trade.

#### Key engagement issues in 2024

- Collaboration with local municipalities and provincial governments to obtain necessary development approvals.
- Engagement with environmental authorities to ensure compliance with regulations and obtain necessary approvals.
- Interaction with national government regarding Strategic Integrated Projects, particularly those identified at Greencreek and Mooikloof Smart City in Tshwane East, about the installation of bulk services.
- No issues of regulatory non-compliance were identified during the reporting period.

#### Addressing engagement needs, expectations and concerns

Balwin maintains proactive engagement with local, provincial and national government entities to secure development approvals in relevant areas.

As a responsible developer, Balwin regularly liaises with environmental departments at all government levels to ensure environmentally sound and sustainable development practices.

In the reporting period, Balwin secured 13 environmental approvals, including authorisations and water use licenses.

Significant funds were used to provide infrastructure and services to developments, mostly concentrated within Tshwane East. These funds are committed by government through the Strategic Integrated Projects in the region. Management continues to engage with government to recoup the costs.

Management remains informed of regulatory changes to ensure compliance and effective adoption.



### EMPLOYEES

All permanent and part-time employees across the group.

#### Rationale for engaging:

Balwin's performance is contingent upon the collective contribution of employee talent, skills, experience, and their level of engagement.

#### Key engagement issues in 2024

- Promoting employment equity and diversity
- Employment security

#### Addressing engagement needs, expectations and concerns

Low staff turnover and a moratorium on recruitment impacted Balwin's ability to significantly progress employment equity and diversity during the review year.

The Diversity and Employment Equity Committee meets regularly to verify the group's progress against targets in terms of its equity plan as approved by the Department of Employment and Labour. They report their findings to the board's social, ethics and transformation committee.

The staff framework was reviewed during the reporting period, and some structures were consolidated to streamline delivery.

### COMMUNITIES

Communities in which Balwin operates and develops estates.

#### Rationale for engaging:

Positive community engagement creates confidence and trust in the Balwin brand and provides a source of potential employment for members of the community.

#### Key engagement issues in 2024

- Provision of skills training and SME development to community businesses.

#### Addressing engagement needs, expectations and concerns

Donations to vulnerable communities from the Balwin Foundation, including blankets, food parcels, solar panels, vegetable gardens, trees and stationary packs. Balwin and Balwin Foundation supported food relief drives and national Mandela Day.

Over 5 600 community members benefited from Balwin training and skills development programmes in the past financial year.

# 01 GROUP STRATEGY



## Deliver quality and affordable apartments

Develop quality residential apartments through consistency and excellence in the building process, supported by focused and creative cost engineering to ensure the affordability of the apartments and the lifestyle offerings both within or near the estates.



### Progress in 2024:

- Renewed International Organisation for Standardisation (ISO) certification following independent audits by accredited experts appointed by the Green Building Council of South Africa.
- Completion and hand over of the initial phases at Greenkloof, Tshwane East, to expand the Green Collection developments which are priced at a lower selling price.
- Continued to proactively engage with body corporates and managing agents at all developments to ensure that living in a Balwin development remains affordable.
- Continued engagement with funding institutions to ensure the continued support and roll out of green bonds to enable clients to receive an interest rate concession.
- Introduced enticing sales incentives for home buyers and investors to encourage the sale of apartments and related services offered within the Balwin eco system.



### Plans for 2025:

- Enhance the building process to improve on the existing high quality apartments, with increased focus on construction processes and quality assurance measures ultimately reducing the number of building related snags as well as a continuous review and refinement of costing to ensure cost-effective development.
- Maintain ISO certification to ensure consistency in the construction process to internationally recognised levels of excellence.
- Proactively manage selling prices to maintain and stimulate demand in the high interest rate economic environment, supported by the continuation of sales incentives offered to clients to drive value, specifically through the CEO incentive programme and the first time home owners incentive.
- Implementation of alternative energy generation solutions, including solar installations, at the developments to improve the affordability of electricity costs for clients as well as reduce the impact of power outages on the developments.
- Construction of water treatment plants at selected developments to reduce municipal water consumption, ultimately leading to savings for residents.
- Maintain a high proportion of one- and two-bedroom apartments in the current block configuration to target a market based on affordability.
- Continue to offer green bond home loans to enhance the affordability of apartments through a reduction in interest rates to customers resulting from the EDGE Advanced certification achieved in the design and construction of the apartments, while further engaging with financial institutions to enhance the benefit and cost savings offered to clients through the green bonds.

## GROUP STRATEGY continued

## Capitalise on annuity revenue opportunities

Balwin is positioned to generate ancillary annuity revenue streams by leveraging the existing asset and client base of the group and enhancing the Balwin brand.



### Progress in 2024:

- Expanded the business offerings within the annuity group with several new initiatives launched in the current reporting period including Balwin Connect (internet service provider), Balwin Maintenance (maintenance advisory services to sectional title schemes), Balwin Signage (digital and static advertising) and Balwin Approved (trade-in of residential property)
- Commenced trading within Balwin Lifestyle by retaining ownership and management of the Thaba Eco Village lifestyle centre as well as the lifestyle centres and Crystal Lagoons at The Blyde and Munyaka respectively, to ensure these assets are properly maintained for the benefit of clients while generating a membership fee.
- Enhanced the structure and strategy of the Balwin Annuity business and centralised certain financial and operational functions within the group to ensure consistency and drive efficiencies.
- Included the annuity business within the group risk management and governance frameworks to enhance the board oversight.
- Continued growth of the Balwin Fibre annuity business with a total client base of 9 324 subscribers representing 72% of total homes installed. A further 1 649 homes were installed in the period with a total of 12 926 homes installed to date.
- Established Balwin Approved, a world-first concept enabling clients to trade in apartments for another Balwin apartment.
- Annuity businesses generated revenue of R132.5 million, an increase of 70% over the prior year with the annuity group contributing R54.9 million to operating profit.



### Plans for 2025:

- Commence development of sites which are purpose built for rental to expand the portfolio of Balwin Rentals.
- Continue roll-out of solar power energy generation solutions and black water treatment plants at selected Balwin developments to monetise these assets and save costs for clients.
- Expand downstream services for Balwin Fibre by establishing an end-user internet service provider offering through Balwin Connect.

## Enhance product and customer experience

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



### Progress in 2024:

- Awarded a further seven international property awards at the Africa and Arabia Property Awards, recognising the creative design and excellence of the Balwin product.
- Opened the Munyaka lagoon, the first Crystal Lagoon in Johannesburg.
- Launched the Thaba Eco Estate lifestyle centre, the first Balwin lifestyle centre to open to the general public and offer a membership model.
- Introduced the Thaba Eco Village sports village, including padel, basketball, skate boarding and action soccer facilities while also adding numerous walking and cycle tracks.
- Further developed the Balwin app to include new features to improve client communications, access control and service offerings.
- Retained ownership and management of lifestyle centres and security installations within developments to ensure these assets are properly maintained for the benefit of clients while monetising the assets to generate returns.
- Installed generators at many developments to mitigate the impact of load shedding while also continuing the installation of solar at all developments through Balwin Energy.



### Plans for 2025:

- Establish Balwin Maintenance to ensure that the developments are correctly maintained and that the quality of the development is upheld.
- Launch the new Balwin website and integrate it into the sales and marketing processes.
- Construct a further four padel courts at Thaba Eco Estate to accommodate increased demand from residents and public.
- Commence construction on indoor padel facilities within Munyaka, Waterfall City and Izinga Eco-Estate, KwaZulu-Natal.

## GROUP STRATEGY continued

## Efficient cash management and capital allocation

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



## Progress in 2024:

- Continued proactive engagement with funding partners.
- Complied with financial covenants in a challenging trading environment.
- Maintained the loan-to-value ratio (LTV) between the targeted 35% to 45% range.
- Refinanced the development projects within Riverwalk in Tshwane east by introducing Futuregrowth as the funding partner at an improved cost of debt.
- Evaluated alternative funding sources and models to continue to grow the business and fund working capital in a more cost-effective manner.
- Prudent and responsible management of cash planning.



## Plans for 2025:

- Engagement with government to ensure delivery on the commitment to the installation of infrastructure for developments gazetted as Strategic Integrated Projects by government.
- Prudent management of overhead costs to preserve cash flow of the business.
- Continued alignment of the rate of construction of apartments to match the sales demand to effectively manage liquidity.
- Reduce the group's debt by focusing on inactive capital employed and unlocking value from the existing investment in developments under construction.
- Continued positive engagement with funding partners to ensure the most cost-effective funding for the group.
- Prudent management of capital in a continued challenging market.

## Offer complementary brands in targeted high growth nodes

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



## Progress in 2024:

- Continued roll-out of development pipeline to ensure a balanced offering across the Green, Classic and Signature Collection brands.
- Leveraged the semigration trend with continued strong revenue and profit contributions from the coastal regions, specifically the Western Cape.
- Handed over the first apartments at Greenkloof in Tshwane, a Green Collection development consisting of approximately 2 400 apartments and the first development within the Mooikloof Smart City node.
- Handover of the first apartments at De Kuile, a Classic Collection development consisting of 885 apartments in the Western Cape.



## Plans for 2025:

- Evaluate further potential development nodes, with specific focus on expansion to Mbombela.
- Separate Balwin's Gauteng operations into the two nodes of Johannesburg and Tshwane, with management and staffing structures to maximise returns from the nodes.
- Consider international expansion through Mauritius and explore other African markets for viability of the Balwin product.
- Review the development opportunities in the Western Cape to enhance the pipeline in this high demand node by contracting further land.
- Expand the rental portfolio through the construction of purpose developed rental estates.
- Continue the handover of apartments at The Whiskey in Kyalami, Johannesburg following the successful resolution of town planning matters.



## GROUP STRATEGY continued

## Ensure sustainable business practices

Reducing the environmental impact of construction activities through innovation in design and building techniques is key to the development process. Balwin's ESG strategy not only aims to minimise the environmental impact but also to positively impact the environment and communities surrounding developments.



## Progress in 2024:

- Formalised ESG focus areas and metrics, which were approved by the board.
- Reduced scope 1 and 2 emissions to 3 654tCO<sub>2</sub>e in line with Balwin's science based target.
- Generated 5 586 tCO<sub>2</sub> savings through energy efficiencies and renewable energy measures on developments.
- Increased the renewable energy capacity through the installation of more than 1MWp of additional embedded generation, resulting in 3 878 MWh of renewable energy being produced.
- Reduced potable water usage by 109ML, excluding usable treated water produced by on site water treatment plants.
- Produced 353.7ML of human contact safe treated water through on-site wastewater treatment plants.
- Achieved EDGE Advanced certification for all new apartments developed during the period and a Six-Star Green rating for the Greenbarn at Greenbay, Gordon's Bay.
- Continued implementation of recycling measures on construction sites and achieved net zero waste certification on the Johannesburg head office.
- Saved more than R16 million for clients through reduced interest rates on green bonds and lower water and energy usage.
- Achieved a further reduction in the overall health and safety incident rate for the second consecutive year.
- Continued support for The Balwin Foundation.
- Maintained level 4 B-BBEE rating.



## Plans for 2025:

- Achieve science based target goal of a further reduction in scope 1 and 2 emissions to less than 3 497 tCO<sub>2</sub>e.
- Continue the rollout of onsite embedded renewable energy with the planned installation of an additional 750kWp.
- Reduce potable water consumption and increase the production of treated water at selected developments through the black water treatment plants.
- Achieve EDGE Advanced certification for all apartments developed and Six-Star Green ratings for all lifestyle centres developed.
- Reduce waste going to landfill across all developments.
- Continued focus on safety of staff and contractors and reduction in overall incident rate.
- Maintain level 4 B-BBEE rating.
- Continued financial and other support for The Balwin Foundation.

## Balwin Sport

Utilise sport as a primary medium to market the Balwin brand by promoting a healthy lifestyle among clients, staff and all South Africans, with the ultimate aim of reducing the marketing cost associated with the brand and selling apartments and ancillary products and services.



## Progress in 2024:

- Hosted high profile padel tournaments, including the highest cash prize amateur padel event held in Africa as well as an international tournament which included coaching clinics to upskill the local padel community.
- Concluded ambassador deals with the top male and female padel players in South Africa to represent the Balwin brand on the local and international circuit.
- Secured the services of two-time world padel champion Willy Lahoz and established the Willy Lahoz Balwin Padel Academy to upskill the local padel community and to extend padel into less affluent communities.
- Secured the sponsorship of four renowned road running races to form the Balwin Marathon series, with one race in each region in which Balwin operates.
- Hosted the Gauteng, South African and African XCO mountain biking events at Thaba Eco Lifestyle Estate.
- Introduced the Ultimate Athlete Fitness Challenge at the Training Science gyms in the various developments.
- Focused on staff health with participation in road and trail races, weekly staff walks and runs at Balwin's regional offices.



## Plans for 2025:

- Expand Balwin padel facilities at strategic sites adjacent or close to developments, to drive engagement with the Balwin brand.
- Launch an e-commerce website to sell padel equipment, accessories and Balwin branded apparel.
- Host new padel tournaments around the country to extend the reach of the Balwin padel brand.
- Expand the Wild Joburg trail running race to other regions.
- Expand the relationship with Cycling South Africa to various national events around South Africa.
- Introduce soccer coaching for residents in certain Balwin developments.
- Activate new rugby sevens partnerships, focusing on schools.

# 01 INVESTMENT CASE

“Balwin offers investors exposure to residential property development targeting South Africa’s growing low-to-middle income population. While property development is under pressure owing to challenging macro-economic conditions prevailing in the country, the group’s investment case remains robust.”

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



## 1 MARKET LEADING DEVELOPER OF LARGE-SCALE RESIDENTIAL ESTATES

- Balwin is an established, recognised and trusted brand among homeowners, investors and financial institutions, with a portfolio of 100 active and completed residential developments.
- Excellence in creativity, design and delivery of product is reflected in the group receiving 45 international property industry awards
- Three distinctive development brands aim to meet the needs of a broad target market of owners and investors

## 2 WELL POSITIONED TO ADDRESS THE UNDERSUPPLY OF HOUSING

- Ongoing demand for quality, affordable and conveniently located housing in secure environments close to amenities
- Sustained growth in South Africa’s low-to-middle income population and continuing trend to urbanisation supporting housing demand

## 3 LONG-TERM DEVELOPMENT PIPELINE IN KEY LOCATIONS

- Pipeline of 41 581 residential apartments to be constructed over the next 15 years in well located developments in major metropolitan areas
- Land secured in key nodes for future development

## 4 PROVEN BUSINESS MODEL FOR LARGE-SCALE DEVELOPMENTS

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

## 5 SUSTAINABLE MARGINS SUPPORTED BY HIGH LEVEL OF PRE-SALES

- Balwin has a high margin for a listed residential property developer due to construction management and sales being managed in-house
- Healthy profit margins allow the flexibility to increase marketing campaigns to drive sales when necessary, dependent on market conditions
- Pre-sales enable development finance to be secured which is undertaken on a phase-by-phase basis, providing protection against adverse economic conditions
- At year-end, 529 apartments were pre-sold for future financial years

INVESTMENT CASE continued

**6 SIGNIFICANT BARRIERS TO ENTRY INTO THE MARKET**

- The extensive initial capital outlays required for developments prevent competitors from easily entering the market
- Balwin has a proven track-record and the support of a broad range of major banks and financial institutions; funding is not easily accessible to new entrants

**7 ACHIEVING INTERNATIONAL ENVIRONMENTAL BUILDING STANDARDS**

- Environmental building standards reflected in 10 buildings receiving the Six-Star Green rating
- Over 23 000 apartments obtained the Excellence in Design for Greater Efficiencies (EDGE) certification from the International Finance Corporation
- All new apartments are built to EDGE specifications

**8 GROWING ANNUITY REVENUE STREAM**

- Value add products and services offered to clients which generate annuity income and diversify the group's sources of revenue
- Strategies of annuity businesses aligned with the group's strategy
- Good growth potential anticipated in annuity businesses in the medium term

**9 EXPERIENCED MANAGEMENT TEAM WITH EXTENSIVE MARKET KNOWLEDGE**

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



GREENKLOOF



THE POLOFIELDS



IZINGA ECO-ESTATE



DE KUILE

# 02

## CHAIRMAN'S LETTER TO STAKEHOLDERS

“Balwin remains well positioned to address the undersupply of housing in South Africa through its pipeline of over 41 000 apartments, backed by the proven business model applied in approximately 100 large-scale developments down the years. CEO Steve Brookes has led the business for over 25 years and together with his team has encountered and overcome several economic downturns.”



### DEAR STAKEHOLDERS

The sustained pressure on economic growth and consumer spending over the past few years, starting as far back as the Covid-19 pandemic and national lockdowns, has culminated in the property development sector coming under extreme pressure. Higher debt servicing costs and an expected 'higher for longer' interest rate environment, together with rising fuel, energy and general living costs, has severely impacted housing demand.

This is reflected in the slowdown in Balwin's apartment sales over the past year and the resultant 29% decline in group revenue. Headline earnings were 48% lower at 47.94 cents per share. The board has resolved not to declare a dividend owing to the uncertain trading environment and available cash will be applied to reducing the group's debt levels.

A critical issue weighing on the country's prospects, and further dampening homebuyers' confidence, is the political uncertainty in both the build-up and expected in the aftermath of the country's national elections in May 2024. Political and social stability over the election period will be essential for rebuilding confidence and stimulating growth.

Despite the macro-economic headwinds, we believe there are signs of an improving outlook in the months ahead. Interest rates are predicted to start a long-awaited decline late in calendar year 2024, inflationary pressures are likely to moderate and consumer spending will benefit in the short term when the two-pot retirement system is implemented in September this year.

Balwin remains well positioned to address the undersupply of housing in South Africa through its pipeline of over 41 000 apartments, backed by the proven business model applied in approximately 100 large-scale developments down the years. CEO Steve Brookes has led the business for over 25 years and together with his team has encountered and overcome several economic downturns.



THE POLOFIELDS

## CHAIRMAN'S LETTER TO STAKEHOLDERS continued

Management's strategy to develop alternate, annuity-based revenue sources is starting to yield results and the diversification is increasingly relevant at a time when the group's core business is under pressure. Balwin Annuity has a portfolio of diverse businesses, with the largest contribution to revenue from the mortgages, rentals, fibre and energy businesses, while several new annuity businesses have been launched. This fledgling business unit experienced strong growth off a low base in the past year, more than doubling its contribution to group revenue to 5.6%, and has promising prospects for the medium term.

Over the past year the group has elevated its focus on broader environmental, social and governance (ESG) disciplines, formalising its focus areas and defining performance metrics. The ESG framework is founded on three pillars: 'building smart' for a sustainable future, 'building inclusive' for an enriched South Africa and 'building excellence' through assurance. Our sustainability focus areas are aligned with specific Sustainable Development Goals of the United Nations. Refer to the Building a sustainable future report on page 86 for further details.

Balwin has long been at the forefront of incorporating environmental practices into its developments and is acknowledged as a leader in green, sustainable building in South Africa's residential property development market. Developments are rated in terms of the highest global standards in sustainable design and construction, with all apartments targeting the EDGE Advanced certification awarded by the International Finance Corporation. Lifestyle centres at the developments target Six-Star Green Star and Net Zero Carbon ratings from the Green Building Council of South Africa, demonstrating international leadership in innovation, social responsibility and environmental stewardship.

On the social pillar of our ESG strategy, the group improved its B-BBEE score while maintaining its level 4 rating, with encouraging progress in the procurement, enterprise and supplier development component of the scorecard. The Balwin Foundation is the heartbeat of our socio-economic upliftment programme and over 5 600 people have benefited from The Foundation's training and skills development programmes in the past year alone.

Governance policies and practices are continually reviewed as the board strives to achieve an effective balance between meeting its oversight responsibilities while maintaining the entrepreneurial spirit on which Balwin was founded.

Our diversity policy is aimed at promoting broader diversity at board level, including gender, race, culture, age, skills and experience. The diversity of the directors ensures that the board considers the interests of all stakeholder groups. Currently 44% of the board are black and 22% female, in line with our voluntary target for 20% female and 30% black representation on the board.

We said farewell to independent non-executive director Ronen Zekry who resigned in August 2023 to focus on personal business opportunities. Ronen was one of our longest serving directors who was appointed shortly before the group's JSE listing in 2015. His association with Balwin goes back to 2011 and he was integrally involved in the transition of Balwin to a listed company. We thank him for his immense contribution to board and committee affairs and for sharing his wealth of knowledge of property investments.

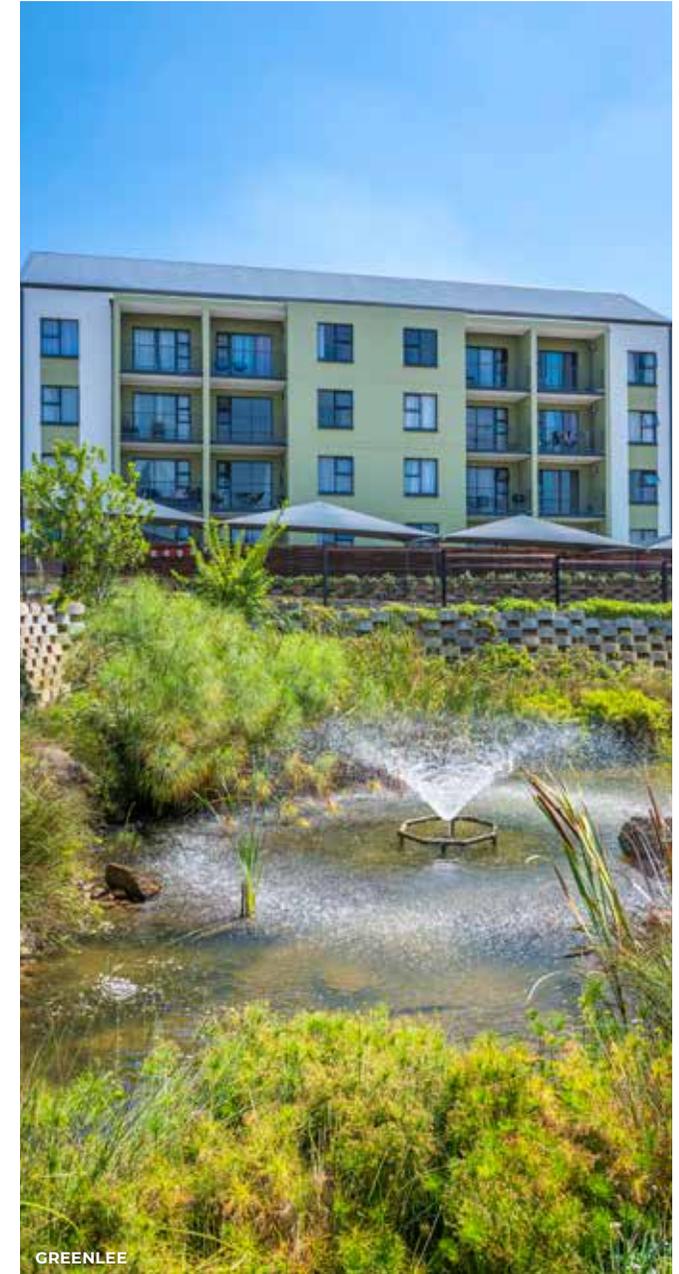
Following Ronen's resignation, the directors decided not to fill the vacancy on the board in the short term as we believe that the board currently has the relevant capacity, knowledge and skills to fulfil its oversight functions and responsibilities.

In closing, I thank Steve Brookes and his executive team for their resilience and determination in leading the group through the most demanding trading conditions. The board has full confidence in the management team to steer the business successfully through these challenging times. Thank you to my fellow non-executive directors for their oversight, guidance and counsel, and active participation in board affairs. To our shareholders, thank you for your continued support of the Balwin investment case.

Sincerely

**Hilton Saven**

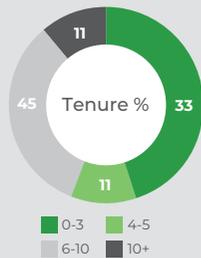
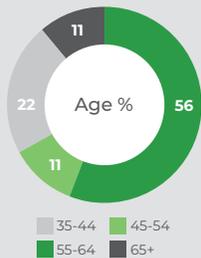
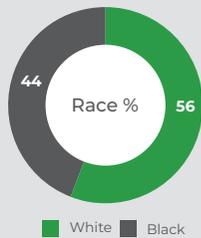
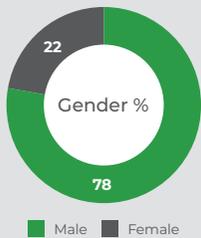
*Independent non-executive chairman*



# 02 BOARD OF DIRECTORS



## BOARD PROFILE



### Tomi Amosun (42)

*BBus Sci (Finance Hons), CA(SA)*  
**Independent non-executive director**

Appointed in 2017

Tomi is the managing partner, head of investments and a founding member of Summit Africa, a black-owned and managed alternative investment manager focusing on unlisted equity, social infrastructure and unlisted real estate investments in Southern Africa. Tomi is a Financial Advisory and Intermediary Services key individual and has extensive experience and a proven track record in governance, capital raising, mergers and acquisitions, portfolio management and strategy, as an adviser to large listed and unlisted companies in South Africa and Africa.

### Jonathan Bigham (39)

*BCom (Hons), CA(SA)*  
**Chief financial officer**

Appointed in 2022

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

### Stephen Volker (Steve) Brookes (59)

*National Higher Diploma Civil Engineering*  
**Chief executive officer**

Appointed in 2003

Steve is the founder of Balwin, with approximately 25 years of experience in the position of chief executive officer at the company. Steve has been instrumental in growing the company from a start-up to a successful listed company today. His passion for environmentally responsible building practices is the driving force behind Balwin's approach to minimising its environmental impact by achieving green building ratings at its developments, including Six-Star Green ratings from the Green Building Council of South Africa (GBCSA) for its lifestyle centres and net zero certification.

Prior to founding Balwin in 1996, Steve completed four years as a civil engineer at Eskom and three years as a project manager at Matrix projects. Steve is a member of the GBCSA and the chairman of the Balwin Foundation, a non-profit company established in 2016 aimed at making a social difference in education, training and funding.

### Reginald (Reggie) Kukama (54)

*BAS, B Arch (Hons) cum laude, MSc in Building and Urban Design in Development (University of London)*  
**Non-executive director**

Appointed in 2021

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



### Keneilwe Moloko (55)

National Diploma in Building Surveying, BSc Quantity Surveying, Bcom, PGDA, CA(SA)

**Independent non-executive director**

Appointed in 2022

Keneilwe is a chartered accountant and a quantity surveyor. She started her career with Grinaker Building, Dawson & Frazer and CP De Leeuw Quantity Surveyors. She then completed articles at KPMG in the financial services and tax divisions and thereafter worked as development executive at Spearhead Properties and as a fixed interest credit analyst and a member of the credit committee of Coronation Fund Managers. Keneilwe is a non-executive director of Bidcorp Limited and previous directorships include Attacq Limited, Fairvest Property Holdings Limited, Brimstone investments and Long4Life Limited.



### Thoko Mokgosi- Mwantembe (62)

BSc and diploma in teaching (Swaziland), MSc (Medicinal Chemistry UK), executive courses at Harvard (USA) and IMD (Switzerland)

**Independent non-executive director**

Appointed in 2017

Thoko is the chief executive officer and a founding member of the Kutana Group. She has held executive positions in global pharmaceutical and ICT companies, including the CEO of Alcatel SA and Hewlett Packard SA. She is currently a non-executive director of Old Mutual, Omnia Group and Oceana. She was the South African Businesswoman of the Year in 2007, IT businesswoman of the year and voted second most influential woman in Africa for IT, media and telecommunications.



### Hilton Saven (71)

BCom, CA(SA)

**Independent non-executive chairman**

Appointed in 2015

Hilton is the former chairman of Mazars South Africa, an international firm of accountants and Praxity, an international alliance of accounting firms. He has extensive experience in listed and unlisted entities in the areas of finance, governance, strategy and general management. Hilton is the non-executive chairman of Truworths International Limited and Lewis Group Limited.



### Arnold Shapiro (61)

BBus Sci (Finance Hons), English Literature Studies (UNISA)

**Independent non-executive director**

Appointed in 2016

Arnold has a particular interest in computer technology and software and started his career as a software programmer before moving into the financial sector. He was involved in investment analysis, fund management and general management at Old Mutual and Brait. Since 2005, he has been the chief executive officer of Trematon Capital, a JSE listed, closed-end investment fund with investments that have included the purchase and development of leisure, commercial and residential property, the establishment and management of schools (pre-school to tertiary), and a broad range of local and offshore equity investments. He has served as an executive and non-executive on the boards of JSE listed companies.



### Julian Scher (61)

BCom, LLB

**Independent non-executive director**

Appointed in 2019

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

## 02

EXECUTIVE  
MANAGEMENT**Kyle Gallagher (35)***BSc Construction Management***General manager | KwaZulu-Natal**

Kyle joined Balwin in 2013 as a foreman and subsequently held the position of contracts manager and regional contracts manager before being promoted to his current role. Kyle has more than 10 years' experience in the construction and property development industry focusing on the planning and implementation of high-density residential developments. Prior to joining the executive committee, Kyle was a member of the management committee.

**Rodney Gray (55)***National Higher Diploma  
Mechanical Engineering***Managing director**

Rodney is the managing director of Balwin with 25 years' experience in the position. Prior to joining Balwin, Rodney was the director of a project management company Nostrum, which managed one of Balwin's developments at the time and was appointed in 1997 as a partner to Steve Brookes.

**Ulrich Gschnaidtner (57)***T4 Architecture***Chief projects officer**

Ulrich is the chief projects officer of Balwin and has been with the group since 1997. Ulrich held management positions at Spie Batignolles and Bovis Southern Africa before joining Balwin as a partner to Steve Brookes and Rodney Gray. Ulrich manages all construction related activities at Balwin. Ulrich has resigned from the group with effect from 30 August 2024.



### Clare Harrison (56)

General manager | Western Cape

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



### Amber Heywood (52)

Conveyancing Secretarial Dip  
National properties manager

Amber joined Balwin in 2001 to head up the sales, marketing and mortgage divisions. She has 30 years' experience in the property and mortgages industries. Prior to joining Balwin, Amber was employed at Murray & Roberts Housing division and Seeff Projects where she was the sales, marketing and conveyancing manager as well as heading up sectional title management. Amber was a member of the management committee prior to her appointment to the executive committee.



### Raaziq Ismail (33)

BCom Law cum laude; LLB cum laude  
Head of Legal/ Head of Annuity

Raaziq is an attorney and notary public and joined the group in 2017. Raaziq has extensive experience in property law with specific focus on sectional title development as well as financial markets regulatory law, property development, project finance and consumer legislation. As the head of Balwin Annuity he has obtained a vast range of business experience in different sectors such as residential construction, renewable energy, fibre infrastructure, mortgage origination, cell towers, digital and static signage, commercial leasing, management of retail centres and fuel site establishment.

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



### Jaco Strydom (46)

BSc QS, PrQS, PMAQS, MBA  
General manager | Gauteng

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

## 02

# CHIEF EXECUTIVE OFFICER'S REPORT

“Operating in a challenging economic environment has become the new normal in our industry. As a management team we are under no illusions as to what lies ahead in the new financial year and are well-equipped to address these challenges.”



Stephen Brookes

## Q & A WITH STEPHEN BROOKES

- Q It has been another challenging year for the country and the residential property market has come under extreme pressure from macro-economic headwinds. How has this impacted on demand for Balwin apartments?**
- A Our business is highly interest rate sensitive and there has been no respite in borrowing costs, which were expected to start declining from the first half of the 2024 calendar year. The pressure on consumer spending from sustained high interest rates and above-inflationary living cost increases has translated into reduced demand for apartments, owing to the lack of affordability of loans. Consequently, the number of apartments recognised in revenue declined by 32% over last year, to 1 892 apartments.
- The largest sales decline was experienced in Gauteng, where revenue declined by 47%. Gauteng has traditionally been our flagship region, while this year the contribution reduced from 48% to 39% of total apartments handed over. However, we are optimistic on the long-term sustained demand within Gauteng, which is expected to gradually improve as the market recovers.
- Despite the current consumer sentiment, Balwin has continued to differentiate itself in the market through the development and construction of high quality, affordable apartments in well-located environmentally sustainable residential estates with modern lifestyle centres and facilities.



THABA- LIFESTYLE

## CHIEF EXECUTIVE OFFICER'S REPORT continued

### Q Importantly for shareholders, how has Balwin responded to the slowdown in market demand and apartment sales?

A The first point to note is that our business model is flexible, which enables us to adjust the rate of construction of apartments to match the rate of sales, ensuring we preserve cash flows. We are also able to adjust the configuration of our apartment blocks should there be higher demand for the lower-priced one- and two-bedroom apartments. It goes without saying that management is highly focused on construction cost engineering and reducing operating expenditure at a time like this.

On the demand side, we have offered innovative sales incentives to stimulate apartment sales by both home buyers and investors. These include a CEO loyalty programme, first-time home owners incentive, referral fees, and we also launched Balwin Approved, allowing owners to trade-in an existing apartment for a new Balwin apartment. This is an industry first trade-in opportunity for sectional apartments and initial interest has been most encouraging.

### Q Balwin is recognised for its world-class residential developments. How do you benchmark developments and apartments to global building standards?

A We believe that external endorsement measured according to global standards is the ultimate benchmark of success in our industry.

Balwin has received 45 international awards recognising the quality, design, innovation and excellence of the developments over the past 15 years. At the 2023 Africa and Arabia Property Awards we received seven awards, with Munyaka (Waterfall City, Johannesburg) being recognised as the best leisure development in South African and Greenkloof being voted as the best

sustainable residential development in the country. At the International Property Awards which celebrate the best in the world, Munyaka won the award for the best leisure development in Africa. The awards are judged by an esteemed panel and attended by the world leaders in property. It is truly humbling to be included in the calibre of the nominees and to win the awards is an incredible honour.

In addition, over 23 273 apartments have been certified according to the Excellence in Design for Greater Efficiency (EDGE) standards of the International Finance Corporation.

### Q Balwin is synonymous with green building. What has the group achieved in the past year to entrench its green building credentials?

A Balwin has continued to make significant progress in reducing its environmental impact through sustainable property development. In the past year we have installed a further one megawatt peak solar power, reduced scope 1 and 2 carbon emissions by 8%, saved 174ML of water and produced over 340ML of treated water, created in excess of 60 000m<sup>2</sup> of green space in developments and rehabilitated more than 18 000m<sup>2</sup> of conservation area.

All our new developments target EDGE Advanced certification and lifestyle centres target Six-Star Green Star and Net Zero Carbon ratings. These ratings represent global best practice in sustainable design and construction.

The Greenbay Greenbarn (Gordon's Bay, Western Cape) received a Six-Star Green rating during the year, bringing the total number of Six-Star buildings in the Balwin portfolio to 10.

### Q How do owners of apartments and residents in the developments benefit from these environmentally sustainable building practices?

A Our commitment to environmentally sustainable building has saved our customers close to R16 million in the past year alone. This includes lower utility costs through water efficiency, recycling measures and generating renewable energy, as well as reduced bond repayments owing to lower interest rates on green mortgage bonds.

EDGE Advanced certification requires our apartments to realise a minimum 40% energy saving and 20% water saving, with our residents benefiting from these utility savings.

Green bonds developed with major financial institutions offer reduced interest rates which further supports the affordability of living in a Balwin estate. The green mortgages approved in the past year will save clients approximately R80 million over a 20-year mortgage term.

### Q South Africa's energy crisis is unlikely to be resolved in the short- to medium-term. How is Balwin addressing this inconsistent electricity supply to make its developments more sustainable?

A Energy security is a national priority. Balwin is implementing green energy solutions, not only to reduce our dependency on the national grid, but also to mitigate rising utility costs for our homeowners. We believe this is a competitive advantage.

Our solutions range from solar energy to the installation of generators and battery backup solutions. In the past year the group increased its renewable energy capacity through the installation of more than one megawatt peak (MWp) solar energy. This brings the total embedded power generation deployed by the group to over 4.5MWp, resulting in 3 878 MWh of renewable energy being produced.

## CHIEF EXECUTIVE OFFICER'S REPORT continued

**Q Balwin's annuity business has further expanded its range of services in the past year. What are the growth drivers of this annuity business and what is the potential for expansion?**

A It is important to remind shareholders that our annuity revenue strategy not only aims to diversify our sources of income, but also make living in a Balwin development more cost effective for homeowners.

The largest source of annuity revenue is currently from the installation and supply of fibre networks, where Balwin Fibre has grown its subscriber base to more than 12 900 households. We also had strong revenue contributions from commercial and residential rental assets, lifestyle assets, renewable energy and mortgage bond origination, where Balwin Mortgages has secured over 2 800 bonds over the past two years.

New, innovative annuity businesses launched during the year included Balwin Connect (internet service provider), Balwin Maintenance (maintenance advisory services to sectional title schemes), Balwin Signage (digital and static advertising) and Balwin Approved (trade-in of residential property).

Collectively, the annuity businesses increased revenue by 70% to R132.5 million, more than doubling the contribution to group revenue to 5.6%. We believe we can sustain this growth momentum, given management's proven ability to identify, develop, fund and grow a portfolio of innovative, value-adding businesses.

**Q It is interesting that Balwin has aligned its marketing and sponsorship programme with sport. How does sport relate to a property developer and what is the group aiming to achieve through its connection with sport?**

A Balwin Sport is integral to our marketing strategy to promote our brand and ultimately sell apartments and services. Through Balwin Sport we are embracing sport to promote a healthy and sustainable lifestyle for our clients, employees and all South Africans. We aim to achieve this, firstly, through the use of the sports facilities in our developments and, secondly, by creating partnerships and supporting events.

Our initial focus is on running, padel, football and mountain biking. We launched the Balwin Sport Marathon Series this year, sponsoring prominent road running races in the four nodes across the country in which we develop. The Marathon series was a huge success and showcased the Balwin brand to more than 20 000 participants and even more supporters.

Another key focus is the fast-growing sport of padel. We currently have padel courts at five developments, with several more indoor and outdoor courts being built in the months ahead. We established the Willy Lahoz Balwin Padel Academy in partnership with the two-time world padel champion, and sponsor numerous tournaments.

Fundamental to our support of sport is our commitment to providing access to future sports stars from previously disadvantaged communities.

**Q South Africa's economy will remain constrained in the year ahead. How is Balwin positioned to mitigate the economic pressures facing the country and consumers?**

A Operating in a challenging economic environment has become the new normal in our industry. As a management team we are under no illusions as to what lies ahead in the new financial year and are well-equipped to address these challenges.

Management's priorities in this environment are to protect and grow the group's gross profit margin through cost control and efficiencies as well as cash management, including the optimisation of funding structures.

We remain optimistic on the prospects of our core business and our ability to leverage the brand in generating complementary annuity-based revenue streams. In the near term, our pre-sales of 529 apartments provides a base to start the 2025 financial year, while our investment in land and our long-term development pipeline of 41 581 apartments supports the group's organic growth prospects.

Thank you to all our stakeholders, including my fellow directors, executive colleagues and our people, who have ensured that Balwin maintains its market leading position, and we look forward to your ongoing support and commitment.

**Stephen Brookes**  
Chief executive officer



MOOIKLOOF ECO-ESTATE

## 02

# CHIEF FINANCIAL OFFICER'S REPORT

“The financial results reflect the macro-economic headwinds faced by the residential property market. Despite this, the group managed to protect gross profit margins through the continued momentum of the annuity business and ensured that all liquidity and solvency ratios exceeded those required by the covenants and thresholds set by the board.”



**Jonathan Bigham**

## INTRODUCTION

Trading conditions in the residential property development market deteriorated as the year progressed, with high borrowing costs, severe pressure on consumer spending adversely impacting housing demand, loan affordability and consumer confidence. These factors contributed to the group recognising 1 892 apartments in revenue, 896 fewer than in the prior year.

Management responded to these macro-economic headwinds by reducing apartment construction rates in line with the lower sales rates, focusing on construction cost engineering to manage building costs, implementing sales incentives to stimulate home buyer and investor demand, and reducing operating expenses by streamlining overhead structures.

It is pleasing to report that the group's annuity revenue strategy is gaining momentum, with the annuity businesses more than doubling their contribution to group revenue at 5.6%.

The group's loan-to-value ratio reduced marginally to 40.5% from 40.7%, with debt levels at the financial year-end being comfortably within the board and lenders' thresholds within the targeted 35% - 45% range.

After assessing the current and expected trading conditions and considering the current market uncertainty in which the group is operating, the board resolved not to declare a dividend for the 2024 financial year. The board will reconsider declaring a dividend for the 2025 financial year.

The board's primary objective in the current environment is to apply capital to reducing debt exposure as part of its focus on appropriate cash management and optimising the group's capital structure.

## FINANCIAL REVIEW

The following review of the financial performance for the year ended 29 February 2024 should be read together with the group's consolidated annual financial statements which are available on our website <https://balwin.co.za/investor-relations#annual>. This review covers the key line items of the statements of comprehensive income, financial position and cash flows, which management consider material to the group's performance.

## CHIEF FINANCIAL OFFICER’S REPORT continued

### STATEMENT OF COMPREHENSIVE INCOME

#### Revenue

Group revenue declined by 29% to R2.4 billion (2023: R3.3 billion), reflecting the challenging conditions in the residential housing market.

Revenue earned by the group was generated from the following sources:

	February 2024 (R'000)	February 2023 (R'000)
Disaggregation of revenue by source:		
Revenue from the sale of apartments	2 222 136	3 243 815
Revenue from Balwin Annuities	132 543	77 999
Donation income from Balwin Foundation	1 605	5 094
	<b>2 356 284</b>	<b>3 326 908</b>

The reduction in group revenue was largely attributable to the decline in apartment sales, which contracted by 31% to R2.2 billion due to the lower number of apartments handed over. Sales price growth was stagnant over the financial year, with the gains realised in apartment sales in the coastal regions offset by price reductions in Gauteng.

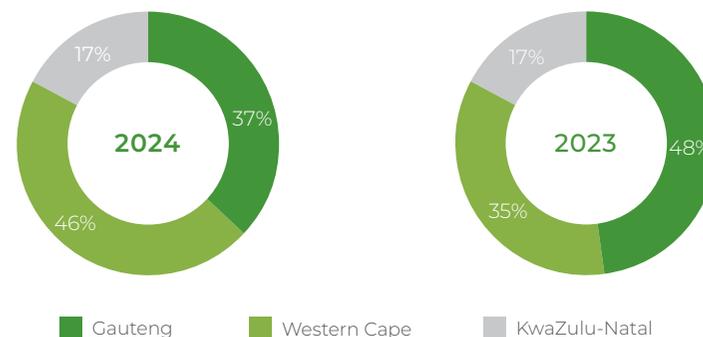
The annuity business portfolio grew strongly off a low base and increased revenue to R132.5 million, contributing 5.6% (2023: 2.3%) to the total group revenue.



### Analysis of revenue from the sale of apartments

#### Revenue from sale of apartments by region

Region	February 2024 (R'000)	February 2023 (R'000)
Western Cape	1 034 156	1 135 322
Gauteng	812 763	1 542 544
KwaZulu-Natal	375 217	565 949
	<b>2 222 136</b>	<b>3 243 815</b>

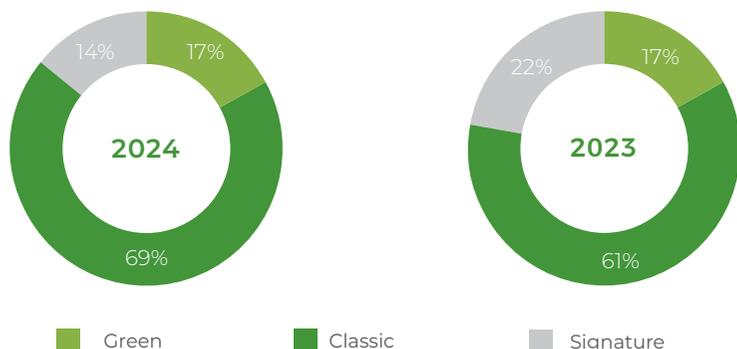


The Western Cape surpassed Gauteng as Balwin's largest revenue contributor for the first time, accounting for 46% (2023: 35%) of revenue recognised. KwaZulu-Natal recorded a 34% decrease in revenue owing to delays in town planning approval at Izinga Eco-Estate which significantly restricted the delivery of apartments. However, the region maintained its contribution of apartments handed over at 17% (2023: 17%). The largest sales decline was experienced in Gauteng where revenue reduced by 47% from the prior year, with the region's contribution to revenue consequently declining to 37% (2023: 48%).

## CHIEF FINANCIAL OFFICER’S REPORT continued

### Revenue from sale of apartments by Collection

Collection	February 2024 (R'000)	February 2023 (R'000)
Classic	1 525 722	1 987 145
Green	381 357	548 332
Signature	315 057	708 338
	<b>2 222 136</b>	<b>3 243 815</b>



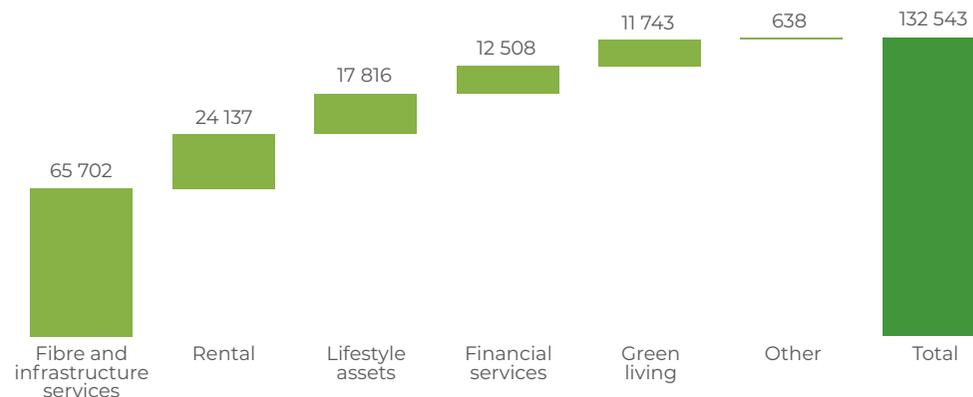
The Classic Collection increased its revenue contribution to 69% (2023: 61%) following the strong performance of the Classic Collection developments in the Western Cape. The Green Collection developments remained consistent at 17% of the revenue contribution. The reduction in revenue from the existing Green Collection developments was offset by 144 apartments being handed over in Greenkloof, the first development within the Mooikloof Smart City node. The Signature Collection reduced to 14% (2023: 22%) of revenue recorded by the group.

For further information on the Classic, Green and Signature Collections refer to Introducing Balwin Properties on page 1 and the Development Showcase on pages 50 to 85.

### Analysis of revenue from annuity businesses

Balwin Annuities increased revenue by 70% to R132.5 million (2023: R78.0 million).

The largest contribution to annuity revenue was from fibre and infrastructure services which accounts for 50% of the total annuity revenue. The other businesses contributing to annuity revenue are the commercial and residential rental assets, lifestyle assets, financial services (mortgage bond origination and insurance) and green living (renewable energy).



### Gross profit

The gross profit margin reduced slightly to 28% (2023: 29%).

	February 2024 (R'000)	February 2023 (R'000)
<b>Gross profit</b>	<b>665 655</b>	960 150
Gross profit from sale of apartments	540 874	884 349
Gross profit from Balwin Annuities	130 956	72 329
Gross (loss)/profit from the Balwin Foundation	(6 175)	3 472
<b>Gross profit margin</b>	<b>28%</b>	29%
Gross profit margin from sale of apartments	24%	27%
Gross profit from Balwin Annuities	99%	100%

The gross profit margin from the sale of apartments came under pressure due to the challenging trading environment and reduced to 24% (2023: 27%). The Gauteng region was most impacted by pricing pressures and the major contributor to the margin contraction. The Western Cape recorded healthy margin growth over the prior year.

## CHIEF FINANCIAL OFFICER'S REPORT continued

While the group's investment in sales incentives for both home buyers and investors assisted in supporting sales, it contributed to the dilution in the gross margin.

Increased contributions from the annuity businesses supported the gross margin. Due to the nature of these businesses, a different accounting methodology applies than to the sale of apartments. The only annuity businesses to recognise cost of sales are Balwin Connect and Balwin Technik. The remaining annuity businesses do not record any cost of sale but rather the costs incurred in these businesses are administrative in nature and are therefore accounted for as operating expenses.

The Balwin Foundation recorded a gross loss in the period. Management ensured that irrespective of the economic conditions, commitments to the foundation beneficiaries were honoured throughout the year and were funded through cash reserves of the foundation.

### Operating expenses and net investment costs

Operating expenditure totalled R351.2 million, a reduction of 11% from the prior year.

	February 2024 (R'000)	February 2023 (R'000)	Change
Balwin Properties (the company)	250 961	323 150	(22%)
Fixed expenditure	157 563	161 195	(2%)
Depreciation and amortisation	20 068	14 497	38%
Performance linked expenditure	–	33 653	(100%)
Variable expenditure*	73 330	113 805	(36%)
Balwin Annuities (including Foundation)	100 216	69 618	44%
<b>Total operating expenditure</b>	<b>351 177</b>	<b>392 768</b>	<b>(11%)</b>
<b>Operating expenditure to revenue ratio</b>	<b>14.9%</b>	<b>11.8%</b>	

\* Includes sales related costs such as sales commissions, marketing and other sales activity related costs.

At the company level, total operating expenditure reduced by 22% to R251.0 million as the company actively managed its cost base in response to the reduction in sales activity. A significant focus was placed on cost containment as management streamlined the overhead structures of the business. The operating expenditure to revenue ratio for the company was 11.3% for the year (2023: 10.0%).

Fixed expenditure decreased by 2% from the prior year, with inflationary increases offset by focused cost cutting. Variable expenditure decreased by 36%, exceeding the reduction in the group's revenue. Depreciation and amortisation increased mainly due to the Johannesburg head office attracting depreciation for the full financial year compared to six months in the prior year when the property registered.

No performance linked incentives were accrued as the minimum targeted performance was not achieved.

Operating costs in the annuities business grew by 44% to R100.2 million due to increased operational activity reflected by the 70% growth in revenue. As noted, these businesses do not record cost of sales and all costs are disclosed as operating costs as the expenses incurred in these businesses are considered to be administrative in nature.

The annuity businesses recorded an operating profit of R54.9 million with a 41% operating profit margin.

### Group profit and earnings

Profit after taxation decreased by 50% to R217.4 million. Earnings per share and headline earnings per share decreased by 51% and 48% respectively to 46.18 cents and 47.94 cents.

## STATEMENT OF FINANCIAL POSITION

### Property, plant and equipment and investment property

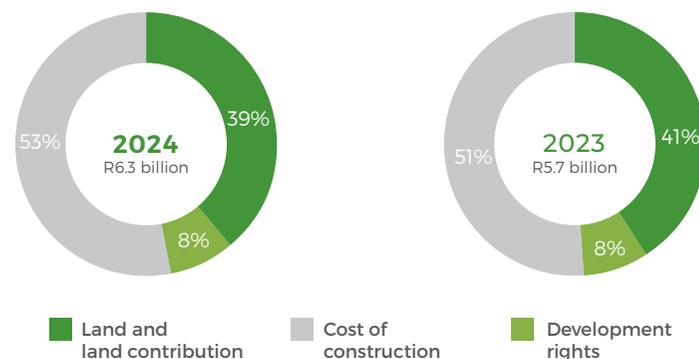
Property, plant and equipment increased to R381.8 million (2023: R328.4 million) mainly due to the investment in solar assets (R31.4 million), the continued roll out of fibre infrastructure (R15.0 million) and the final costs for the fit-out of the Johannesburg head office.

The group held R220.4 million (2023: R153.0 million) of investment property at year end. The major component is the investment in the rental portfolio owned by Balwin Rentals Proprietary Limited, with the subsidiary owning 215 apartments at Greenpark (Boksburg, Gauteng). The apartments are held at fair value of R153.0 million and there was no change in the valuation during the year. During the reporting period, the group constructed a 61-room hotel at The Blyde (Tshwane East, Gauteng) at cost of R61.6 million.

## CHIEF FINANCIAL OFFICER'S REPORT continued

### Developments under construction

Developments under construction, which include the value of land and infrastructure costs, development rights and construction costs, increased by R607.8 million to R6.3 billion. This increase was driven predominantly by construction and development costs as opposed to additional investment in land, reflecting Balwin's focus on developing the existing pipeline of projects.



Cost of construction accounts for 53% (2023: 51%) of developments under construction with land and land infrastructure reducing to 39% (2023: 41%) of the total.

The major drivers of construction costs in Gauteng relate to Munyaka (Waterfall City, Gauteng) and Thaba Eco Village (Johannesburg South, Gauteng) as well as investment in infrastructure in the Tshwane node. This includes the completion of the lifestyle apartments at Munyaka, with two penthouse apartments and a villa. The lifestyle centre at Thaba Eco Village, the first lifestyle centre situated outside of a development and open to the public, was completed during the review period. These projects collectively accounted for R210.0 million of the investment in work in progress.

A significant component of the costs incurred in Tshwane related to investment in infrastructure. These costs were necessary to secure council approval for the registration of the initial phases of apartments at Greenkloof, the first development within the Mooikloof Smart City node. The first four phases were completed during the financial year, with 144 apartments recognised in revenue.

The only land registered to the group was a parcel identified for a potential rental development in Somerset West, Western Cape. The land was acquired for R21.7 million with capacity to develop an estimated 1 020 apartments. Subsequent to the financial year end, the group acquired land for the Suikerbos development located in Milnerton, Western Cape. The project is in close proximity to Fynbos which sold out shortly after period end and is therefore a natural succession project in a node that continues to benefit from strong demand. Suikerbos is expected to comprise 1 046 apartments on completion.

### CAPITAL MANAGEMENT

#### Liquidity

Cash management and utilisation remain a priority for the group and management continues to engage with funding partners to ensure that appropriate facilities and financial support remain in place.

The extensive investment in working capital in the form of the developments under construction as well as the development of the hotel at The Blyde resulted in an outflow of cash from operating activities of R307.9 million. This necessitated an increase in debt levels to ensure appropriate cash resources on hand. A significant portion of the cash utilised related to the infrastructure costs in Tshwane East, being costs committed by government through the Strategic Integrated Projects in the region. Management continues to engage with government to recover the costs incurred to date to provide the required services for basic living conditions to our clients.

The group closed the period with a cash balance of R289.6 million.

	February 2024 (R'000)	February 2023 (R'000)
Cash and cash equivalents	289 586	607 349
Restricted cash	–	164 376
Total cash	289 586	771 725

The cash and cash equivalents on hand exceeds funding covenants and thresholds set by the board.

Restricted cash reflects cash required to be held in a ring-fenced debt service reserve account, a previous covenant from the club loan facility. The funds were not available for utilisation in the operations of the business and accordingly were classified as restricted. During the reporting period, Balwin successfully negotiated with the lenders to settle this cash holding to avoid the negative finance cost drag resulting from the differential of the return generated and the cost of holding the cash. The parameters of the debt service reserve account were replaced with an amortised repayment profile of the club loan facility. During the financial year, the club loan was reduced by R241.1 million.

In managing group liquidity, the relationship between the rate of construction and the rate of sales is paramount and the alignment of these factors is managed at an executive level.

## CHIEF FINANCIAL OFFICER'S REPORT continued

### Funding

The board actively manages the group's debt exposure relative to debt covenants and the treasury policy. The group's loan-to-value ratio reduced marginally to 40.5% (2023: 40.7%). It is noted that the only assets that are fair valued are the residential property portfolio and the hotel at The Blyde which are held as investment property. These assets constitute 3% of the group's asset base. Accordingly, 97% of the group's assets, including the material developments under construction, are measured at cost with no fair value adjustments. The group complied with all lender covenants at financial year end.

Debt reduction is a key medium-term objective of the board as part of its focus on appropriate cash management and capital structure optimisation.

### APPRECIATION

Thank you to our shareholders for your constructive engagement with management over the past year and for your continued investment in the group. We also thank our funding partners for your ongoing support of Balwin. I extend my appreciation to the board and our executive management for your support of the group's finance function and thank the Balwin finance team for their commitment and dedication to quality reporting to our stakeholders.



**Jonathan Bigham**  
Chief financial officer

MUNYAKA



# 03

## DEVELOPMENT PORTFOLIO

Balwin Properties operates in three main regions within South Africa: Gauteng, the Western Cape and KwaZulu-Natal. Balwin’s residential estates are located in high-density, high-growth areas within these regions.



GAUTENG

**JOHANNESBURG EAST**

- The Reid
- The Klulee\*
- Greenlee
- Greenpark
- Eastlake\*
- Northview\*

**JOHANNESBURG NORTH**

- The Whisken

**JOHANNESBURG SOUTH**

- Thaba-Eco Village
- Majella Park\*

**TSHWANE EAST**

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

**WATERFALL CITY**

- The Polofields
- Munyaka
- Munyaka Lifestyle Centre



KWAZULU-NATAL

**BALLITO**

- Ballito Hills
- Ballito Creek

**UMHLANGA**

- Izinga Eco-Estate
- Greenlake



WESTERN CAPE

**SOMERSET WEST**

- The Huntsman
- Greenbay
- Greenspruit\*

**MILNERTON**

- De Aan-Zicht
- Fynbos
- Suikerbos

**NI CORRIDOR**

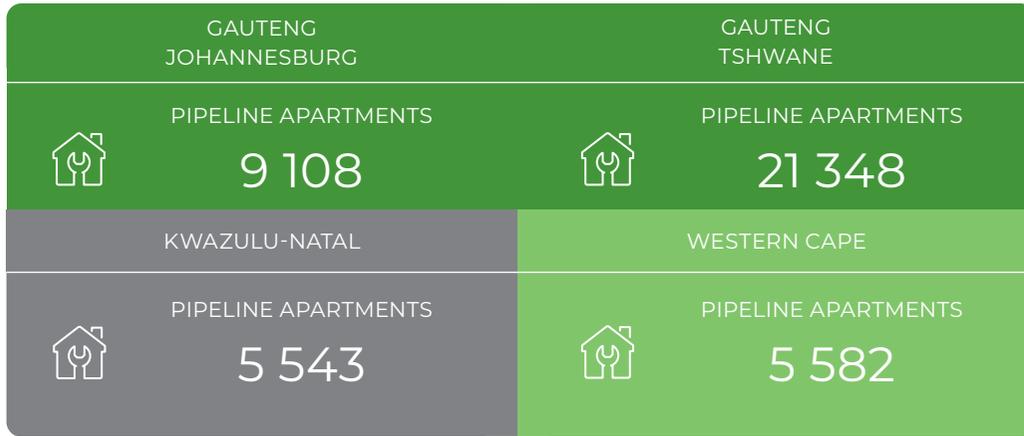
- De Kuile



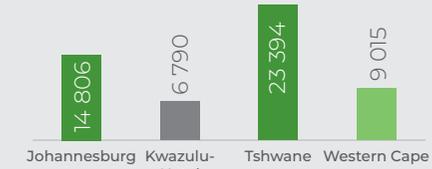
\* Identified for the purposes of development by Balwin Rental Proprietary Limited

DEVELOPMENT PORTFOLIO continued

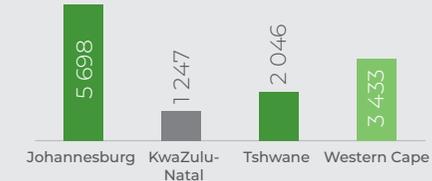
PRIME LOCATIONS IN HIGH GROWTH NODES



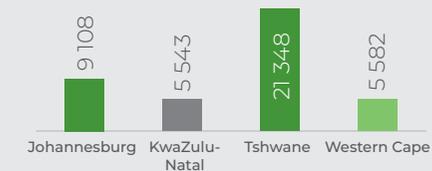
TOTAL NUMBER OF APARTMENTS IN DEVELOPMENT



TOTAL NUMBER OF APARTMENTS RECOGNISED IN REVENUE



BALWIN PIPELINE



Lifestyle Centres

- Restaurant
- Gym
- Squash court
- Padel court
- Outdoor action sports field
- Playgrounds
- Games room
- Cinema room
- Swimming pool
- Crystal- clear lagoon
- Wellness spa
- Laundromat
- Concierge services
- Conference rooms
- Convenience store
- Car wash facilities
- Free wi-fi

The restaurants, wellness centres and gyms at the lifestyle centres are outsourced to specialist providers to ensure consistent quality and standards across all Balwin developments.

## 03

## DEVELOPMENT PIPELINE

Development	Balwin Brand	Expected commencement date of construction	Status (*)	Total apartments in development	Total apartments sold	Total apartments registered	Total apartments recognised in revenue	Total apartments sold but not recognised in revenue	Total unsold apartments	Balwin pipeline
<b>Johannesburg, Waterfall City</b>										
The Polofields	Signature Collection	Commenced	A	1 512	1 077	1 064	1 064	13	435	448
Munyaka Lifestyle Centre	Signature Collection	Commenced	A	92	69	63	63	6	23	29
Munyaka	Classic Collection	Commenced	A	4 776	1 113	1 087	1 088	25	3 663	3 688
<b>Total</b>				<b>6 380</b>	<b>2 259</b>	<b>2 214</b>	<b>2 215</b>	<b>44</b>	<b>4 121</b>	<b>4 165</b>
<b>Johannesburg East</b>										
The Reid	Classic Collection	Commenced	A	1 334	971	958	967	4	363	367
The Klulee (**)	Classic Collection	TBC	I	478	–	–	–	–	478	478
Greenlee	Green Collection	Commenced	A	1 796	829	798	799	30	967	997
Greenpark	Green Collection	Commenced	A	1 262	841	835	837	4	421	425
Eastlake (**)	Classic Collection	TBC	I	154	–	–	–	–	154	154
Northview (**)	Classic Collection	TBC	I	132	–	–	–	–	132	132
<b>Total</b>				<b>5 156</b>	<b>2 641</b>	<b>2 591</b>	<b>2 603</b>	<b>38</b>	<b>2 515</b>	<b>2 553</b>
<b>Johannesburg North</b>										
The Whisken	Classic Collection	Commenced	A	1 346	439	422	422	17	907	924
<b>Total</b>				<b>1 346</b>	<b>439</b>	<b>422</b>	<b>422</b>	<b>17</b>	<b>907</b>	<b>924</b>
<b>Johannesburg South</b>										
Majella Park (**)	Classic Collection	TBC	I	280	–	–	–	–	280	280
Thaba Eco Village	Classic Collection	Commenced	A	1 644	473	455	458	15	1 171	1 186
<b>Total</b>				<b>1 924</b>	<b>473</b>	<b>455</b>	<b>458</b>	<b>15</b>	<b>1 451</b>	<b>1 466</b>
<b>Kwa-Zulu Natal, Ballito</b>										
Ballito Hills	Classic Collection	Commenced	A	1 320	947	910	924	23	373	396
Ballito Creek	Classic Collection	TBC	I	1 722	–	–	–	–	1 722	1 722
<b>Total</b>				<b>3 042</b>	<b>947</b>	<b>910</b>	<b>924</b>	<b>23</b>	<b>2 095</b>	<b>2 118</b>

## DEVELOPMENT PIPELINE continued

Development	Balwin Brand	Expected commencement date of construction	Status (*)	Total apartments in development	Total apartments sold	Total apartments registered	Total apartments recognised in revenue	Total apartments sold but not recognised in revenue	Total unsold apartments	Balwin pipeline
<b>Kwa-Zulu Natal, Umhlanga</b>										
Izinga Eco-Estate	Signature Collection	Commenced	A	2 328	348	323	323	25	1 980	2 005
Greenlake	Green Collection	TBC	I	1 420	–	–	–	–	1 420	1 420
<b>Total</b>				<b>3 748</b>	<b>348</b>	<b>323</b>	<b>323</b>	<b>25</b>	<b>3 400</b>	<b>3 425</b>
<b>Tshwane East</b>										
The Blyde	Classic Collection	Commenced	A	3 514	1 217	1 188	1 195	22	2 297	2 319
Greencreek	Green Collection	Commenced	A	3 512	621	606	607	14	2 891	2 905
Mooikloof Eco-Estate	Classic Collection	Commenced	A	3 734	105	100	100	5	3 629	3 634
Greenkloof	Green Collection	Commenced	A	2 400	169	–	144	25	2 231	2 256
Mooikloof Smart City	Green Collection	TBC	I	4 900	–	–	–	–	4 900	4 900
Mooikloof Smart City	Classic Collection	TBC	I	5 334	–	–	–	–	5 334	5 334
<b>Total</b>				<b>23 394</b>	<b>2 112</b>	<b>1 894</b>	<b>2 046</b>	<b>66</b>	<b>21 282</b>	<b>21 348</b>
<b>Western Cape, Somerset West</b>										
The Huntsman	Classic Collection	Commenced	A	1 824	936	883	886	50	888	938
Greenbay	Green Collection	Commenced	A	1 772	850	793	794	56	922	978
Greenspruit (**)	Green Collection	TBC	I	1 020	–	–	–	–	1 020	1 020
<b>Total</b>				<b>4 616</b>	<b>1 786</b>	<b>1 676</b>	<b>1 680</b>	<b>106</b>	<b>2 830</b>	<b>2 936</b>
<b>Western Cape, Milnerton</b>										
De Aan-Zicht	Classic Collection	Commenced	A	1 352	747	658	658	89	605	694
Fynbos	Classic Collection	Commenced	A	1 116	1 101	1 019	1 020	81	15	96
Suikerbos	Classic Collection	TBC	I	1 046	–	–	–	–	1 046	1 046
<b>Total</b>				<b>3 514</b>	<b>1 848</b>	<b>1 677</b>	<b>1 678</b>	<b>170</b>	<b>1 666</b>	<b>1 836</b>
<b>Western Cape, N1 Corridor</b>										
De Kuile	Classic Collection	Commenced	A	885	100	75	75	25	785	810
<b>Total</b>				<b>885</b>	<b>100</b>	<b>75</b>	<b>75</b>	<b>25</b>	<b>785</b>	<b>810</b>
<b>Grand Total</b>				<b>54 005</b>	<b>12 953</b>	<b>12 237</b>	<b>12 424</b>	<b>529</b>	<b>41 052</b>	<b>41 581</b>

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

(\*\*) Identified for purposes of development by Balwin Rentals Proprietary Limited



# INTERNATIONAL AWARDS

The quality of Balwin's developments was again recognised at the Africa and Arabia Property Awards 2023 where Balwin received six awards, increasing the number of awards won by the group to 45.



# INTERNATIONAL AWARDS continued



  
**AFRICAN PROPERTY AWARDS**  
DEVELOPMENT  
**LAUFEN**  
BEST LEISURE DEVELOPMENT AFRICA  
Munyaka, Waterfall City by Balwin Properties  
2023-2024



  
**AFRICAN PROPERTY AWARDS**  
ARCHITECTURE  
**LAUFEN**  
★★★★★  
BEST LEISURE ARCHITECTURE SOUTH AFRICA  
De Kuile by Balwin Properties  
2023-2024



  
**AFRICAN PROPERTY AWARDS**  
ARCHITECTURE  
**LAUFEN**  
★★★★★  
BEST ARCHITECTURE MULTIPLE RESIDENCE SOUTH AFRICA  
Thaba-Eco Village by Balwin Properties  
2023-2024



## INTERNATIONAL AWARDS continued

# DE AAN-ZICHT



**AFRICAN  
PROPERTY  
AWARDS**  
DEVELOPMENT

**LAUFEN**

★★★★★

BEST RESIDENTIAL  
PROPERTY  
SOUTH AFRICA  
De Aan-Zicht  
by Balwin Properties

2023-2024



## INTERNATIONAL AWARDS continued



**AFRICAN PROPERTY AWARDS DEVELOPMENT**  
**LAUFEN**  
★★★★★  
BEST SUSTAINABLE RESIDENTIAL DEVELOPMENT SOUTH AFRICA  
Green-Kloof by Balwin Properties  
2023-2024



**AFRICAN PROPERTY AWARDS DEVELOPMENT**  
**LAUFEN**  
★★★★★  
BEST LEISURE DEVELOPMENT SOUTH AFRICA  
Munyaka, Waterfall City by Balwin Properties  
2023-2024



# BALWIN LIFESTYLE





# BALWIN LIFESTYLE



BALLITO HILLS



BALLITO HILLS



THE POLOFIELDS



MUNYAKA



MUNYAKA



THE MINT HOTEL ( THE BLYDE)



GREENBAY



BALLITO HILLS



THE POLOFIELDS



GREENLEE

# 03

## DEVELOPMENT SHOWCASE

THE  GREENCOLLECTION

 **GREENPARK**  
BOKSBURG

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

### Greenpark

Boksburg's eco-friendly Greenpark Estate has all the convenience, comfort and healthy lifestyle benefits today's families need to grow and prosper. Greenpark features a Six-Star Green rated Lifestyle Centre with an outdoor gym, mini soccer pitch, restaurant and laundromat. The beautifully designed 1-, 2- and 3-bedroom, open-plan apartments come with high-speed fibre connectivity, prepaid electricity and water meters. 24/7 security ensures resident peace of mind.

 Further information can be found at [www.balwin.co.za](http://www.balwin.co.za)



TOTAL APARTMENTS IN DEVELOPMENT  
**1 262 UNITS**



GEOGRAPHIC LOCATION  
**JOHANNESBURG EAST**



ELECTRICITY USED  
**2 464 487 kWh**



WATER USED  
**70 326 KI**



SOLAR POWER GENERATED  
**322 122 kWh**



ELECTRICITY SAVINGS  
**1 846 743 kWh**



WATER SAVINGS  
**99 921 KI**



CO<sub>2</sub>E EMISSION AVOIDED  
**334 tCO<sub>2</sub>e**





THE **GREEN** COLLECTION



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

Award-winning Greenbay has something for everyone with the superb features and amenities for which Balwin developments are renowned. A top-quality, secure, and ultra-modern home surrounded by natural beauty. Greenbay's 1-, 2- and 3-bedroom apartments flow seamlessly to the beautifully landscaped outdoor area. Its communal core features a Six-Star Green rated Lifestyle Centre with an indoor gym, green café, multi-purpose sports field and more.



TOTAL APARTMENTS IN DEVELOPMENT  
**1 772 UNITS**



GEOGRAPHIC LOCATION  
**WESTERN CAPE SOMERSET WEST**



ELECTRICITY USED  
**1 676 664 kWh**



WATER USED  
**50 251 KI**



SOLAR POWER GENERATED  
**391 015 kWh**



ELECTRICITY SAVINGS  
**2 303 716 kWh**



WATER SAVINGS  
**106 931 KI**



CO<sub>2</sub>E EMISSION AVOIDED  
**405 tCO<sub>2</sub>e**





THE GREENCOLLECTION

GREENCREEK  
HAZELDEAN - TSHWANE

Beautifully designed 1-, 2- and 3-bedroom apartments within a super secure, ultra-modern lifestyle estate. That's what's waiting for you and your family at Greencreek, Tshwane East.

Greencreek boasts all the fabulous features that make eco-friendly living such a pleasure, including a Barn Lifestyle Centre with a swimming pool, laundromat, indoor gym, plus so much more!



TOTAL APARTMENTS IN DEVELOPMENT  
**3 512 UNITS**



GEOGRAPHIC LOCATION  
**TSHWANE EAST**



ELECTRICITY USED  
**1 441 490 kWh**



WATER USED  
**49 020 KI**



SOLAR POWER GENERATED  
**168 598 kWh**



ELECTRICITY SAVINGS  
**1 637 960 kWh**



WATER SAVINGS  
**72 585 KI**



CO<sub>2</sub>E EMISSION AVOIDED  
**175 tCO<sub>2</sub>e**





# THE GREENCOLLECTION



TOTAL APARTMENTS IN DEVELOPMENT  
**2 400 UNITS**



GEOGRAPHIC LOCATION  
**TSHWANE EAST**



Situated in the rapidly expanding suburbs East of Tshwane, Greenkloof is a unique development. Allowing you to enjoy almost every leisure available in the development and surrounding area, Woodhill Country Club and Golf Course, Vineyard Mountain biking, Moreleta Kloof Hiking Trail, Summit Skybar & Grill Parkview and so much more.

With its prime location, Greenkloof is situated perfectly with easy access to the N4, top education facilities and schools' minutes away, various Preschools, Primary and High Schools. For entertainment outside the development, you don't need to look far, top restaurants and fast-food outlets are conveniently close by. Also minutes away from shopping centres with supermarkets and popular retail stores.

 Further information can be found at [www.balwin.co.za](http://www.balwin.co.za)





THE  GREENCOLLECTION



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

Situated in Johannesburg, near highways and the Marlboro Gautrain station, Greenlee is perfect for modern living, with 24/7 security and 1-, 2 and 3-bedroom apartments amid beautifully landscaped surrounds. Onsite jogging tracks, sports fields and a fully functional Six-Star Green rated Lifestyle Centre promote healthy indoor and outdoor living. Wi-Fi ready apartments include solar-supplemented electricity and pre-paid electricity.



TOTAL APARTMENTS IN DEVELOPMENT  
**1 796 UNITS**



GEOGRAPHIC LOCATION  
**JOHANNESBURG EAST**



ELECTRICITY USED  
**1 824 844 kWh**



WATER USED  
**58 764 KI**



SOLAR POWER GENERATED  
**463 146 kWh**



ELECTRICITY SAVINGS  
**2 231 886 kWh**



WATER SAVINGS  
**101 433 KI**



CO<sub>2</sub>E EMISSION AVOIDED  
**480 tCO<sub>2</sub>e**





THE CLASSIC COLLECTION



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

Beach living comes to Waterfall City. Each stunningly designed 1, 2 and 3 bedroom Munyaka apartments are mere metres from an inviting, crystal-clear lagoon, is fibre-ready, includes stylish modern kitchens, free eco-friendly DEFY appliances, a balcony or patio for outdoor entertaining plus pre-paid water and electricity meters. There is also generator back-up power. Residents experience worldclass security plus a Lifestyle Centre which boast impressive health and leisure facilities.

TOTAL APARTMENTS IN DEVELOPMENT  
**4 776 UNITS**

GEOGRAPHIC LOCATION  
**JOHANNESBURG WATERFALL CITY**

ELECTRICITY USED  
**4 191 313 kWh**

WATER USED  
**177 065 KI**

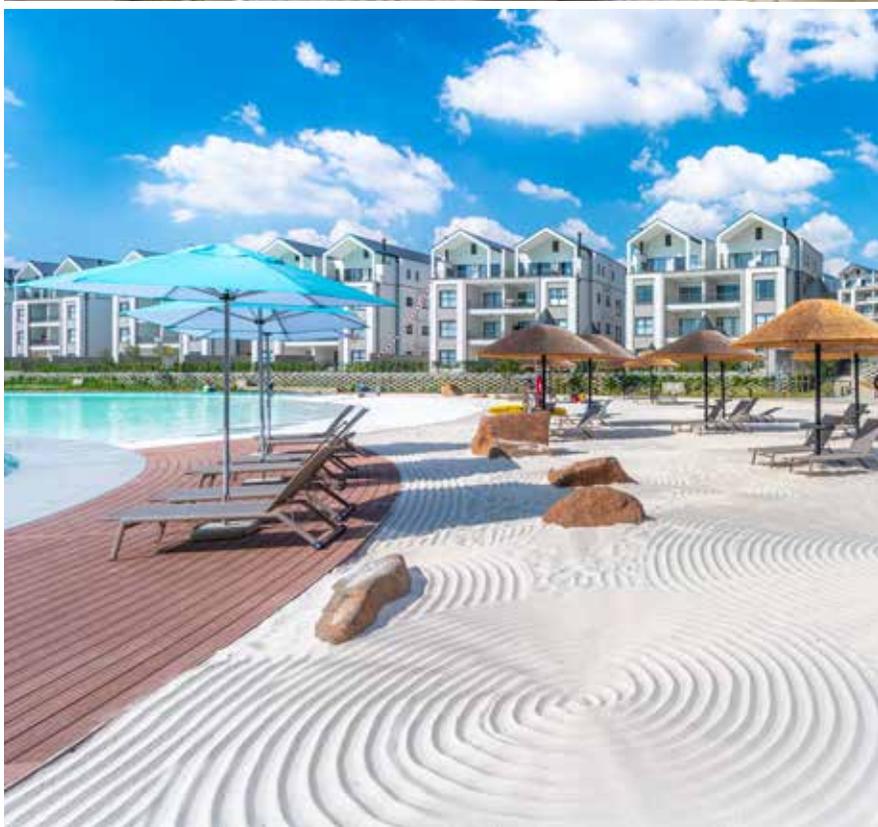
SOLAR POWER GENERATED  
**640 163 kWh**

ELECTRICITY SAVINGS  
**1 672 367 kWh**

WATER SAVINGS  
**54 487 KI**

CO<sub>2</sub>E EMISSION AVOIDED  
**664 tCO<sub>2</sub>e**





THE CLASSIC COLLECTION



Ballito Hills... The benchmark of aspiration.

Ballito Hills is more than a home, it's a luxury lifestyle on the east coast of KwaZulu-Natal.

Fitness, entertainment and play areas extend your living space, so you get privacy and exclusivity as well as communal and social spaces with safety, freedom, and peace of mind. The latest in design, aesthetics, functionality, and security within every apartment are complemented by cutting edge amenities including an indoor gym, outdoor fitness area, multi-purpose sports field, squash courts, swimming pool, wellness spa, restaurant, children's play area, cinema room, games room, entertainment area, meeting and conference rooms, laundromat and is also pet-friendly.

  
TOTAL APARTMENTS IN DEVELOPMENT  
**1 320 UNITS**

  
GEOGRAPHIC LOCATION  
**BALLITO**

  
ELECTRICITY USED  
**2 877 552 kWh**

  
WATER USED  
**118 410 KI**

  
SOLAR POWER GENERATED  
**93 658 kWh**

  
ELECTRICITY SAVINGS  
**1 789 978 kWh**

  
WATER SAVINGS  
**65 907 KI**

  
CO<sub>2</sub>E EMISSION AVOIDED  
**97 tCO<sub>2</sub>e**





THE CLASSIC COLLECTION

DE AAN-ZICHT

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

De Aan-Zicht is conveniently located 19 minutes out of Cape Town’s CBD and perfectly showcases the best of the Cape’s natural beauty – from spectacular views of Table Mountain to the tranquility of the natural Cape indigenous garden. The luxury apartments are Wi-Fi-ready and come with free eco-friendly appliances, while the Lifestyle Centre will offer world-class facilities tailored for rest and relaxation.



TOTAL APARTMENTS IN DEVELOPMENT  
**1 352 UNITS**



GEOGRAPHIC LOCATION  
**WESTERN CAPE MILNERTON**



ELECTRICITY USED  
**1 619 755 kWh**



WATER USED  
**52 056 KI**



SOLAR POWER GENERATED  
**216 145 kWh**



ELECTRICITY SAVINGS  
**1 789 978 kWh**



WATER SAVINGS  
**1 439 335 KI**



CO<sub>2</sub>E EMISSION AVOIDED  
**224 tCO<sub>2</sub>e**





# THE CLASSIC COLLECTION



TOTAL APARTMENTS IN DEVELOPMENT  
**885 UNITS**



GEOGRAPHIC LOCATION  
**WESTERN CAPE NI CORRIDOR**

# De Kuile

ZEVENWACHT - CAPE TOWN

De Kuile in Kuils River, Cape Town has so much to offer! This secure estate will boast ultra-modern 1-, 2- and 3- bedroom apartments within beautifully landscaped surrounds, plus a world-class Lifestyle Centre.

De Kuile lifestyle estate will soon be adding value to the hamlet of Kuils River near Cape Town. Close to schools, malls, nature reserves, wine estates and more, De Kuile is ideal for family living. This secure estate will boast ultra modern apartments within beautifully landscaped surrounds, plus a world-class Lifestyle Centre that will satisfy your every lifestyle and leisure need.

📄 Further information can be found at [www.balwin.co.za](http://www.balwin.co.za)





THE CLASSIC COLLECTION

FYNBOS SANDOWN - CAPE TOWN

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

The Fynbos lifestyle estate is on the MyCiti Bus route, close to Big Bay, the beachfront, and top private schools. This Estate is ideal for buyers who prioritise convenient, modern living. Each 1-, 2- or 3-bedroom apartment is fibre ready, with prepaid electricity and water meters. Fynbos has 24/7 security and a fabulous Lifestyle Centre with facilities encouraging a healthy lifestyle, including a gym, padel court and swimming pool.



TOTAL APARTMENTS IN DEVELOPMENT  
1 116 UNITS



GEOGRAPHIC LOCATION  
WESTERN CAPE MILNERTON



ELECTRICITY USED  
2 870 609 kWh



WATER USED  
95 967 KI



SOLAR POWER GENERATED  
488 210 kWh



ELECTRICITY SAVINGS  
2 188 851 kWh



WATER SAVINGS  
103 827 KI



CO<sub>2</sub>E EMISSION AVOIDED  
506 tCO<sub>2</sub>e





# THE CLASSIC COLLECTION



Moving your lifestyle to a greener one. Unique Living.

Mooikloof Eco-Estate is not only a new lifestyle, it is a green eco-friendly one too.

The Lifestyle Centre with cutting edge amenities including a gym, a spa, games room, restaurant, pool, playground and even a convenience store. Mooikloof Eco-Estate has something for everyone.

The apartments come standard with free appliances, prepaid utilities and the quality finishes that Balwin is renowned for. All this with state-of-the-art security offering safety, freedom, and peace of mind.

Further information can be found at [www.balwin.co.za](http://www.balwin.co.za)



TOTAL APARTMENTS IN DEVELOPMENT  
**3 734 UNITS**



GEOGRAPHIC LOCATION  
**TSHWANE EAST**



ELECTRICITY USED  
**232 642 kWh**



WATER USED  
**9 270 KI**



SOLAR POWER GENERATED  
**82 525 kWh**



ELECTRICITY SAVINGS  
**271 268 kWh**



WATER SAVINGS  
**10 629 KI**



CO<sub>2</sub>E EMISSION AVOIDED  
**86 tCO<sub>2</sub>e**





THE CLASSIC COLLECTION



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

First time homebuyers, young couples, small families, or rental investors – The Huntsman will add lasting value to your lives. Besides quality apartments with eco-friendly appliances, modern finishes and cutting-edge 24/7 security, you'll enjoy the estate's proximity to shopping centres, schools and convenient amenities. The Huntsman is modern living at its best within the tranquil surrounds of the Somerset West mountains.



TOTAL APARTMENTS IN DEVELOPMENT  
**1 824 UNITS**



GEOGRAPHIC LOCATION  
**WESTERN CAPE SOMERSET WEST**



ELECTRICITY USED  
**2 191 915 kWh**



WATER USED  
**73 653 KI**



SOLAR POWER GENERATED  
**296 816 kWh**



ELECTRICITY SAVINGS  
**2 104 045 kWh**



WATER SAVINGS  
**95 991 KI**



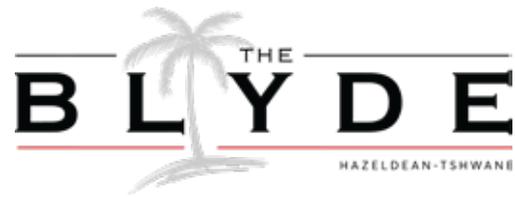
CO<sub>2</sub>E EMISSION AVOIDED  
**308 tCO<sub>2</sub>e**

Further information can be found at [www.balwin.co.za](http://www.balwin.co.za)





THE CLASSIC COLLECTION



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

A water-lover's paradise in Pretoria East, The Blyde is a one-of-a-kind lifestyle estate with a crystal-clear sustainable lagoon for swimming, kayaking and paddle-boarding. The onsite classic Lifestyle Centre has something for everyone, including a laundromat, restaurant, gym and spa. The apartments come standard with free appliances, prepaid utilities and quality finishes. All this, with state-of-the-art security too.



TOTAL APARTMENTS IN DEVELOPMENT  
**3 514 UNITS**



GEOGRAPHIC LOCATION  
**TSHWANE EAST**



ELECTRICITY USED  
**3 091 591 kWh**



WATER USED  
**106 927 KI**



SOLAR POWER GENERATED  
**414 047 kWh**



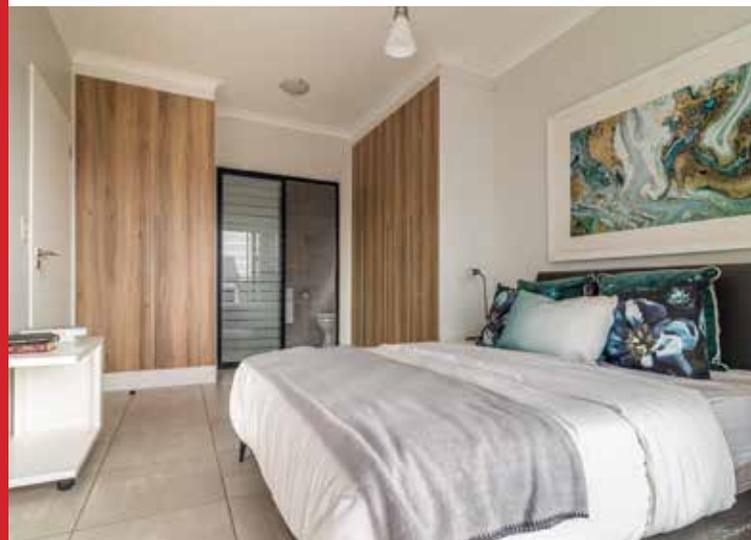
ELECTRICITY SAVINGS  
**2 985 869 kWh**



WATER SAVINGS  
**133 067 KI**



CO<sub>2</sub>E EMISSION AVOIDED  
**429 tCO<sub>2</sub>e**





THE CLASSIC COLLECTION



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

Located in Johannesburg, The Reid lifestyle estate is conveniently located near highways and the Marlboro Gautrain station, surrounded by natural beauty.

The Reid offers residents scenic walking and running trails. The ultra modern 1-, 2- and 3-bedroom apartments are Wi-Fi ready and include free eco-friendly appliances. The classic Six-Star Green rated Lifestyle Centre features cutting-edge facilities, including Balwin's first padel court.



TOTAL APARTMENTS IN DEVELOPMENT  
**1 334 UNITS**



GEOGRAPHIC LOCATION  
**JOHANNESBURG EAST**



ELECTRICITY USED  
**2 564 553 kWh**



WATER USED  
**85 252 KI**



SOLAR POWER GENERATED  
**301 477 kWh**



ELECTRICITY SAVINGS  
**2 362 567 kWh**



WATER SAVINGS  
**109 316 KI**



CO<sub>2</sub>e EMISSION AVOIDED  
**313 tCO<sub>2</sub>e**





THE CLASSIC COLLECTION



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

Situated in the South of Johannesburg, the top quality, green Thaba-Eco Village has all the fabulous features and benefits Balwin developments are renowned for. These spacious, impressive, beautifully designed apartments are perfect for investors, couples young and old, or families alike. A world-class Lifestyle Centre is coming soon with a gym, swimming pool, mini sports field, kiddies' jungle gym, restaurant, laundromat and more.



TOTAL APARTMENTS IN DEVELOPMENT  
**1 644 UNITS**



GEOGRAPHIC LOCATION  
**JOHANNESBURG SOUTH**



ELECTRICITY USED  
**786 468 kWh**



WATER USED  
**55 743 KI**



SOLAR POWER GENERATED  
**148 075 kWh**



ELECTRICITY SAVINGS  
**1 524 392 kWh**



WATER SAVINGS  
**35 511 KI**



CO<sub>2</sub>E EMISSION AVOIDED  
**154 tCO<sub>2</sub>e**





THE *Signature* COLLECTION



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

Location, location, lifestyle! Izinga Eco-Estate is located in Umhlanga, one of South Africa's most popular beach resort locations, and will soon offer residents a wide range of leisure, sport and entertainment facilities at its Signature Lifestyle Centre. This secure estate's 2- and 3-bedroom apartments are Wi-Fi ready and include free eco-friendly appliances and prepaid utility meters, with ultra-modern finishes.

  
TOTAL APARTMENTS IN DEVELOPMENT  
**2 328 UNITS**

  
GEOGRAPHIC LOCATION  
**KWAZULU-NATAL  
UMHLANGA**

  
ELECTRICITY USED  
**1 073 060 kWh**

  
WATER USED  
**29 240 KI**

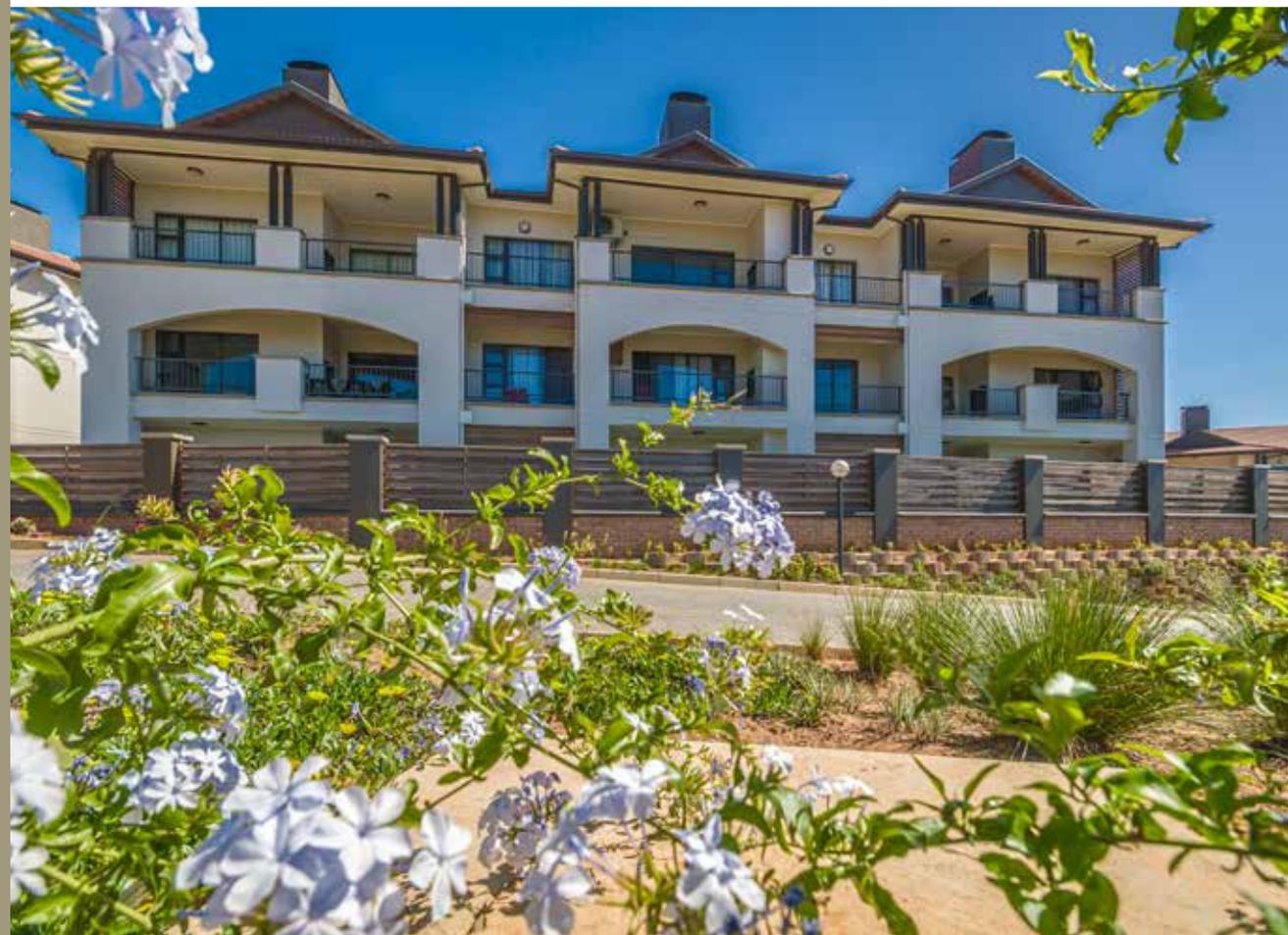
  
SOLAR POWER GENERATED  
**249 169 kWh**

  
ELECTRICITY SAVINGS  
**571 010 kWh**

  
WATER SAVINGS  
**35 683 KI**

  
CO<sub>2</sub>E EMISSION AVOIDED  
**258 tCO<sub>2</sub>e**





THE *Signature* COLLECTION



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

Beach living comes to Waterfall City. The exclusive Signature apartments offer 1, 2 and 3 bedroom apartments and Uber penthouse apartments with 6 bedrooms and 6 bathrooms. The apartments are mere metres from an inviting, crystal-clear lagoon, fully furnished, aircon, elevator access and generator back-up power, fibre-ready, includes stylish modern kitchens, free eco-friendly SMEG appliances, a balcony or patio for outdoor entertaining plus pre-paid water and electricity meters. Residents experience worldclass security plus a Lifestyle Centre which boast impressive health and leisure facilities.

Further information can be found at [www.balwin.co.za](http://www.balwin.co.za)



TOTAL APARTMENTS IN DEVELOPMENT  
**92 UNITS**



GEOGRAPHIC LOCATION  
**JOHANNESBURG WATERFALL CITY**



ELECTRICITY USED  
**4 191 313 kWh**



WATER USED  
**177 065 KI**



SOLAR POWER GENERATED  
**640 163 kWh**



ELECTRICITY SAVINGS  
**1 672 367 kWh**



WATER SAVINGS  
**54 487 KI**



CO<sub>2</sub>E EMISSION AVOIDED  
**664 tCO<sub>2</sub>e**





THE *Signature* COLLECTION



A Way of Life. Five Star living at The Polofields.

The Polofields is more than a home, it's a lifestyle.

Fitness, entertainment and play areas extend your living space, so you get privacy and exclusivity as well as communal and social spaces with safety, freedom and peace of mind. The latest in design, aesthetics, functionality, and security within every unit are complemented by cutting edge amenities including an indoor and outdoor gym, a spa, cinema and games room, restaurant, pool, playground, a convenience store and even an Early Childhood Development Facility inside the development, Little Hills Montessori school now open. We have thought of everything, so you don't have to.



TOTAL APARTMENTS IN DEVELOPMENT  
**1 512 UNITS**



GEOGRAPHIC LOCATION  
**JOHANNESBURG WATERFALL CITY**



ELECTRICITY USED  
**2 742 807 kWh**



WATER USED  
**136 037 KI**



SOLAR POWER GENERATED  
**39 717 kWh**



ELECTRICITY SAVINGS  
**2 672 953 kWh**



WATER SAVINGS  
**77 827 KI**



CO<sub>2</sub>E EMISSION AVOIDED  
**41 tCO<sub>2</sub>e**





## 04

# BUILDING A SUSTAINABLE FUTURE

Balwin is a market leader in environmentally sustainable property development and applies innovative design and building techniques to reduce its impact and generate significant savings for customers while meeting demanding global sustainability standards.

This commitment to environmentally sustainable building resulted in savings of more than R15.9 million being realised for customers in the reporting period, mainly through lower water and energy costs and reduced interest rates on green mortgage bonds.

All new Balwin developments target Excellence in Design for Greater Efficiency (EDGE) Advanced certification for all apartments. All lifestyle centres target Six-Star Green Star and Net Zero Carbon ratings from the Green Building Council of South Africa (GBCSA).

These ratings represent global best practice in sustainable design and construction.

Balwin actively participates in the green building sector through its GBCSA membership and the CEO, Steve Brookes, serves on the board of the council. As part of Balwin's drive to encourage other companies to embrace sustainable building practices, the company is the primary sponsor of the new GBCSA Green Star rating tool.

Balwin was the first South African company to make both a near term 1.5°C commitment as well as a 2050 net zero undertaking with the international Science Based Target initiative (SBTi), using the science based tool to set targets for carbon emissions reductions each year. Through the SBTi, Balwin is committed to reducing its carbon footprint in line with science based models to limit global warming by 1.5°C in the near term and net zero by 2050. In the 2024 financial year, the group further reduced scope 1 and scope 2 emissions in line with the science based target.

## SUSTAINABILITY REPORTING AND GOVERNANCE

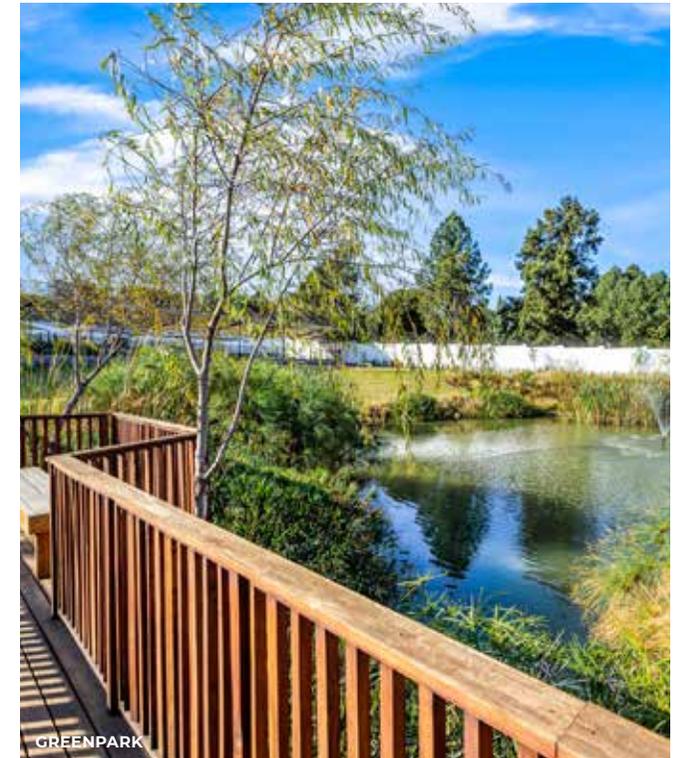
Management recognises that sustainable development is an essential element of the value creation process and is committed to responsible environmental, social and governance (ESG) practices. Confirming this commitment, ESG metrics have been formalised and approved by the board, and the group is reporting performance against these metrics for the 2024 financial year.

Sustainability reporting has been aligned with the strategic framework contained in the group's ESG policy. The

framework is centred around three primary goals that are aligned with the United Nations Sustainable Development Goals (SDGs).

Responsibility for the oversight of sustainability-related issues is delegated by the board to the social, ethics and transformation committee. The committee aims to ensure that the group's activities support its role as a responsible corporate citizen and assist the board in creating an appropriate environment for an ethical organisational culture.

The committee's primary responsibilities are social, environmental and economic development and sustainability, promoting transformation, supporting good corporate citizenship, overseeing the contribution to community development and maintaining health and safety, and governance of stakeholder relationships.



BUILDING A SUSTAINABLE FUTURE continued

STRATEGIC SUSTAINABILITY FRAMEWORK

The sustainability strategy is aimed at enhancing the group’s positive impact by striving to achieve three primary goals which are purpose-led, differentiated and development oriented.



Aligned with selected Sustainable Development Goals



Protecting enterprise value through foundations which address key ESG risk factors across the lifecycle

Good governance

- Responsibility
- Stakeholder responsiveness
- Ethics

Digital capability

- Privacy and data security
- Effective communications
- Scalable solutions

Innovative people

- Health and safety
- Diversity
- Learning



GREENBAY

BUILDING A SUSTAINABLE FUTURE continued



ENVIRONMENTAL PERFORMANCE

Metric	SDG	Measure	Baseline	2024
Water savings	6 CLEAN WATER AND SANITATION, 11 SUSTAINABLE CITIES AND COMMUNITIES	Calculated kL based on EDGE	321 091 kL	<b>174 188 kL</b>
Water recycling	6 CLEAN WATER AND SANITATION, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Measured kL treated	*	<b>344 664kL</b>
Carbon emissions	13 CLIMATE ACTION	Scope 1 and 2 emissions	3 934 tCO <sub>2</sub> e	<b>3 638 tCO<sub>2</sub>e</b>
Renewable energy produced	7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION	Measured kWh	3 409 256 kWh	<b>3 877 852 kWh</b>
EDGE and Green Star certification	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 17 PARTNERSHIPS FOR THE GOALS	Percentage of current portfolio	60%	<b>99%</b>
Green spaces created within developments*	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 15 LIFE ON LAND	Square metres	*	<b>61 412m<sup>2</sup></b>
Conservation area under rehabilitation*	11 SUSTAINABLE CITIES AND COMMUNITIES, 15 LIFE ON LAND	Square metres	*	<b>18 209m<sup>2</sup></b>
Waste recycling at construction sites*	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	kg/tonne	81 tonne	<b>100 tonne</b>

\* Metric being reported for the first time and accordingly no baseline measure can be reported

**BUILDING A SUSTAINABLE FUTURE** continued

**WATER SAVINGS**

Balwin continues to implement water savings measures at its developments. This includes water efficient toilets, shower heads, faucets in kitchens and bathrooms and drip irrigation in common areas. Similar water efficiency measures have been applied at the group’s head office as well as storm water harvesting for irrigation. Potable water usage was reduced by 109ML, excluding usable water from treatment plants on sites. The lower total water savings recorded for 2024 results from the 32% decline in the number of apartments handed over during the year.



DE AAN ZICHT

**WATER RECYCLING**

Balwin also aims to minimise the use and waste of potable water both during construction and the ongoing running of developments. Balwin has four wastewater treatment plants operational at developments which have produced over 344ML of treated water in the past year.

At Munyaka (Waterfall City, Johannesburg), water is used for the replenishment of the Crystal Lagoon, making the lagoon a truly sustainable water system. This water is treated to very high standards and is better quality than drinking water. At the Mooikloof Eco-Estate (Tshwane East) and De Aan-Zicht (Milnerton, Western Cape) developments, water is used for construction, toilets and irrigation while at De Kuile (N1 Corridor, Western Cape), the wastewater plant treats a sewer from the development which reduces the pressure on surrounding municipal infrastructure.

**REDUCING CARBON EMISSIONS**

The group further reduced scope 1 and 2 emissions to 3 638tCO<sub>2</sub>e, in line with the science based target. The main driver of emissions reductions was minimising the use of generators on site as well as reducing the number of vehicles on site. The implementation of PV and battery systems on all site offices removed the need for generators and minimised grid electricity consumption.

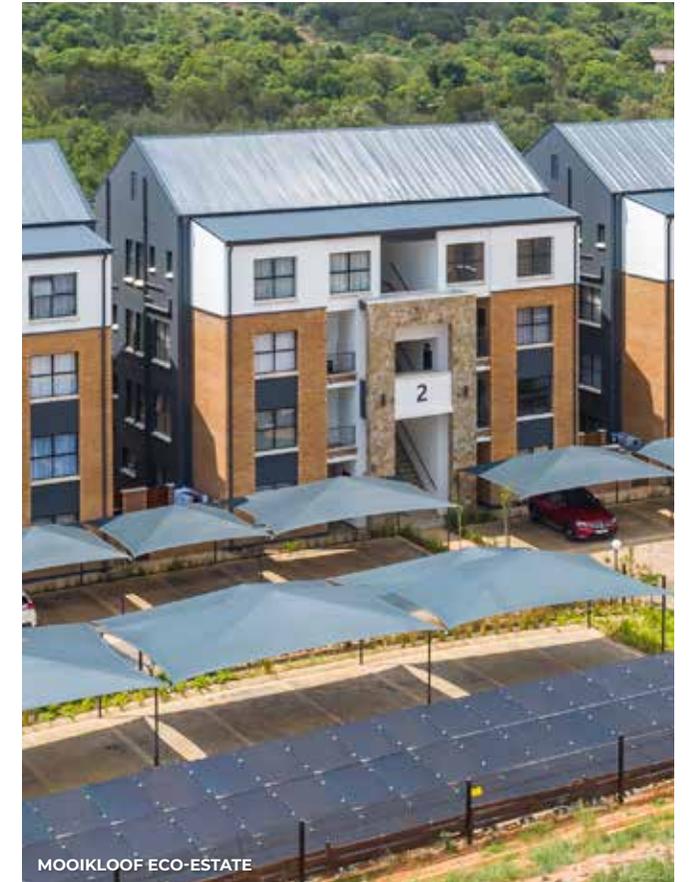


THE REID

**GENERATING RENEWABLE ENERGY**

Through the investment in green innovation, Balwin strives to provide energy security for residents, with solutions ranging from solar energy at developments in progress to the installation of generators or battery backup solutions at other developments.

The group increased the renewable energy capacity over the past year through the installation of more than 1MWp of solar PV, bringing the total embedded generation deployed by the group to over 4.5MWp, resulting in 3 878 MWh of renewable energy being produced.



MOOIKLOOF ECO-ESTATE

**BUILDING A SUSTAINABLE FUTURE** continued

**SUSTAINABLE BUILDING**

Balwin demonstrated its continued commitment to sustainable building through developing all apartments in the period to the International Finance Corporation (IFC) EDGE Advanced certification.

EDGE Advanced certification requires apartments to be designed and built to be at least 40% more energy efficient, generate 20% more savings in water and be 20% more efficient concerning materials and their embodied energy.

A total of 23 273 apartments have been EDGE certified, with 15 833 receiving the EDGE Advanced certification. The group has also commenced post-construction EDGE certification on several developments within the portfolio.



**GREEN STAR RATINGS**

Lifestyle centres are constructed to Six-Star Green ratings and Net Zero Carbon emission standards as certified by the GBCSA.

The Greenbay Greenbarn (Gordon's Bay, Western Cape) received a Six-Star Green rating during the year. This brings the total Six-Star ratings in the Balwin portfolio to 10, including the group's head office in Melrose, Johannesburg.

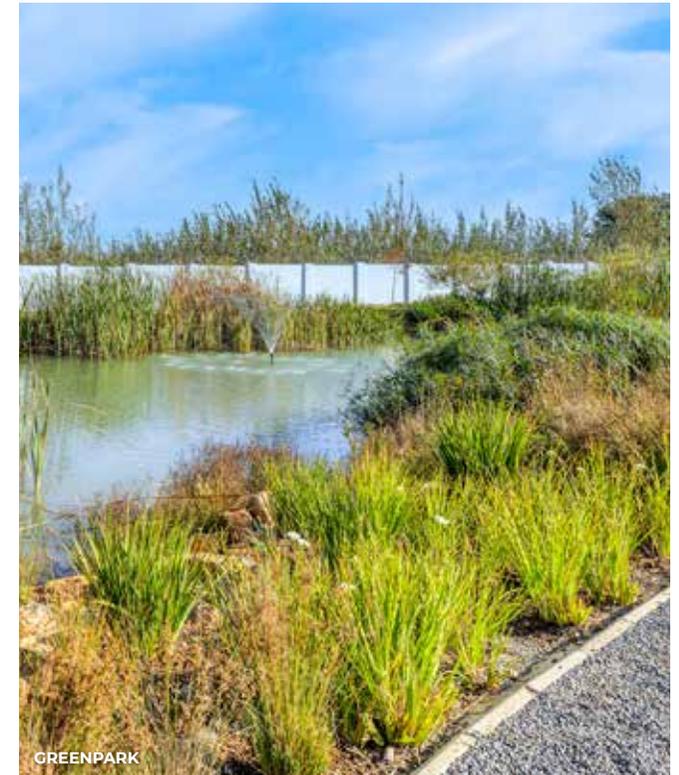
Six-Star Green rated buildings demonstrate innovation, social responsibility and environmental stewardship as well as world leadership in sustainable building and design.

Lifestyle centres are an integral part of Balwin's developments which inspire a more sustainable, healthier lifestyle in addition to providing opportunities for green building excellence.

**CREATING GREEN SPACES**

While Balwin has been incorporating green spaces in its developments for several years, management has now started to measure the green space being created in developments. This is linked to the commitment to creating sustainable environments with the use of indigenous trees and encouraging bird life on the estates. The green space in developments, both natural and built parks, totals approximately 200 000m<sup>2</sup>.

This focus on sustainable environments extends to the rehabilitation of conservation areas, with the group supporting the Thaba Eco-Village nature reserve and the rehabilitation of the botanical sensitive area at De Aan-Zicht.



**BUILDING A SUSTAINABLE FUTURE** continued



**WASTE RECYCLING**

Balwin received a net zero waste certification for the Corlett Drive head office, the first certification of its kind for a commercial building in South Africa. The certification is awarded for ensuring zero waste was sent to landfill during the recent renovation of the building. Recycling measures have continued to be implemented on construction sites, with rubble being reused and separation skips being provided on sites to encourage recycling and maximise the amount of waste diverted from landfill.

**SUSTAINABLE BUILDING AWARDS**

The Greenkloof development (Tshwane East, Gauteng) was recognised as the Best Sustainable Residential Development in South Africa at the Africa and Arabia Property Awards.

In the previous financial year, Greenbay (Gordon’s Bay, Western Cape) won the categories for Best Social Housing in South Africa and the Best Sustainable Residential Development in South Africa at these awards while also being acknowledged as the Best International Social Housing at the International Property Awards.



**SUSTAINABILITY LINKED LOAN**

Sustainability benefits even extend to the group’s funding. Balwin has a three-year R375 million loan from Ninety One SA which reduces the cost of funding based on the achievement of three sustainability key performance indicators (KPIs), with potential financial benefits for the company and customers alike.

The KPIs are linked to the EDGE certification awarded on Balwin apartments and focus on reducing carbon emissions, saving water and reducing the cost of living for clients. All the KPIs align with Balwin’s ESG framework.

The loan has a mechanism ratchet based on achieving the KPIs over the three-year term. Each year the interest rate can increase, decrease or remain the same depending on the performance relative to the KPIs, with a total possible reduction of 75bps over the term of the loan.

The group achieved the three sustainability KPIs in the reporting period and benefited from the first 25bps reduction in the interest rate.

BUILDING A SUSTAINABLE FUTURE continued



SOCIAL PERFORMANCE

Metric	SDG	Measure	Baseline	2024
Cost savings to homeowners from green bonds		Rand value	R4.4 million	<b>R2.9 million</b>
First time homeowners*		Number	*	<b>270</b>
Supplier development*		Rand value spend	*	<b>R1 681 270</b>
Appointment of community based contractors*		Number	*	<b>74</b>
Employee health and wellness*		Number of initiatives	*	<b>12</b>
CSI programme / social partnerships*		Rand value	*	<b>R4 934 846</b>

\* Metric being reported for the first time and accordingly no baseline measure can be reported

GREEN BONDS

The commitment to sustainable building allows clients to save on mortgages through green bonds which offer reduced interest rates.

Balwin's customers benefit from green mortgages developed with Absa, First National Bank, Nedbank and Standard Bank. These innovative financial products recognise the benefits of properties with green infrastructure and services and provide value to homeowners through improved affordability.

Green bonds offer Balwin customers a reduction in the mortgage interest rate of 0.25% to 0.75%. In the reporting period 1 220 green mortgages were approved, providing a saving to clients of approximately R79.2 million over a 20-year mortgage period.

First time homeowners accounted for 22% of the bonds secured.

## BUILDING A SUSTAINABLE FUTURE continued

### TRANSFORMATION

Transformation is fundamental to sustainability and building inclusion in the South African context. The group's transformation and broad-based black economic empowerment (B-BBEE) programme is ultimately aimed at 'building a better Balwin'.

GLP BBBEE, an independent South African National Accreditation System (SANAS) accredited verification agent, conducted a review of the group's B-BBEE credentials in accordance with the property sector charter on black economic empowerment. The scorecard is for the financial year ended February 2023 which is valid until August 2024.

The group maintained its level 4 B-BBEE rating, with the score improving to 83.22 (2022: 81.42) and on an adjusted basis to 88.59. Equity ownership accounted for 19.03 points (maximum score 30.00), with the group's black equity ownership at 13.97% of the issued shares and black female ownership at 4.66%.

Elements	Maximum score	2022 score	2023 score
Equity ownership	30.00	19.21	<b>19.03</b>
Management control	9.00	3.56	<b>3.56</b>
Employment equity	13.00	2.93	<b>3.28</b>
Skills development	19.00	14.74	<b>15.22</b>
Enterprise and supplier development	39.00	38.98	<b>40.13</b>
Socio-economic development	2.00	2.00	<b>2.00</b>
<b>Total points</b>	112.00	81.42	<b>83.22</b>
<b>Adjusted points</b>			<b>88.59</b>

### Employment equity

The group's one-year employment equity plan concluded during the reporting period and a new five-year plan is being prepared for approval by the Department of Employment and Labour.

Progress against the employment equity targets has been adversely impacted by the constrained economic environment and the pressure on the residential property sector, with limited new appointments and few vacancies being filled following resignations.

Employment equity candidates accounted for 63% of appointments during the year. Further education is being provided to employees on diversity, inclusion and creating a sense of belonging.

### Procurement, enterprise and supplier development

The positive economic impact on B-BBEE suppliers and SMEs is reflected in the group's score of 40.13 out of a maximum score of 39.00 for the procurement, enterprise and supplier development component of the scorecard. The group received bonus points for graduating an enterprise development beneficiary to a supplier within Balwin, hence the total of 40.13 points.

Balwin has made great strides in improving its overall procurement chain by supporting its largest suppliers to transform their businesses to a level where they are B-BBEE compliant. Many of Balwin's largest suppliers have concluded ownership transactions and appointed their own consultants to assist with their transformation process. This highlights the impact that Balwin has had in ensuring sustainable transformation along its supply chain.

Balwin conducts enterprise and supplier development initiatives annually and accelerated the initiative by providing supplier and enterprise development loans. Eleven B-BBEE level 1 companies have been granted loans to fund business growth. The funding was used to expand teams, purchase equipment and make the businesses more competitive in bidding for contracts.

Five of these businesses are now suppliers to Balwin. One of the businesses, an established brick company, was engaged for more meaningful development. The Balwin loan partially funded a second clay brick kiln that increased the company's brick manufacturing capacity as well as employment creation in the business. It also assisted Balwin to procure bricks at a more competitive rate.

Certain of the supplier loans were converted to grants. The rationale for providing loans instead of grants is to teach small businesses how to manage their cash flows and budget accurately. However, Balwin understands the barriers to entry which new businesses face and are lenient with the repayment terms to assist these businesses to succeed.

### Socio-economic development

As an invested corporate citizen, the group's commitment to creating a sustainable, equitable and prosperous society for all is embodied in the role played by The Balwin Foundation NPC in supporting and empowering the younger generation and previously disadvantaged individuals to gain greater knowledge and skills through technical vocational education and training.

Through funds donated by Balwin from the registration of each apartment, over 5 600 people including youth, elderly, employees of small businesses, unemployed and Balwin employees and family members, have benefited from The Foundation's training and skills development programmes in the past year. The upliftment of women, girls and the disabled is a key area of focus.

The Foundation has supported 8 scholars and funded bursaries for 16 tertiary students which includes tuition, mentorship, development, life skills and practical work experience. In addition, the Foundation provides their students with a monthly allowance and also covers the cost of accommodation which has dramatically changed the lives of these students and their families. The Foundation supports various organisations in feeding the poor and homeless and works with environmental organisations on the education of youth and the unemployed in agriculture and environmental sectors, including establishing vegetable gardens and organic waste management systems along with funding community food kitchens.

The Balwin Foundation remains committed to supporting and empowering communities through projects focused on education, nutrition, entrepreneurship and personal development, and will continue to make a meaningful contribution towards building sustainable and prosperous societies.

BUILDING A SUSTAINABLE FUTURE continued

# COMMUNITY SUPPORT IN 2024



**69 HOMELESS INDIVIDUALS**  
TRAINED IN AGRIPRENEURIAL SKILLS



**4 046 CHILDREN**  
ATTENDED WATER SAFETY TRAINING



**44 SCHOLARS TUTORED**  
IN MATHEMATICS, SCIENCE AND ENGLISH



**7 097 FOOD PARCELS**  
PROVIDED TO EARLY LEARNING DEVELOPMENT CENTRES



**200 STUDENTS**  
TRAINED IN AGRIPRENEURIAL SKILLS



**1 558 MENSTRUAL KITS DISTRIBUTED**



**222 CHRISTMAS HAMPERS**  
DISTRIBUTED TO THE ELDERLY AND ORPHANS



**93 WOMEN EMPOWERED**  
THROUGH A WOMEN'S DAY FUNCTION



**10 SMMES UPSKILLED**  
WITH ENTREPRENEURIAL TRAINING



**551 INDIVIDUALS**  
ATTENDED SWIMMING LESSONS

## BUILDING A SUSTAINABLE FUTURE continued

### BALWIN SPORT

Balwin Sport aims to utilise the power of sport to promote a healthy and sustainable lifestyle for clients, employees and all South Africans. This is achieved through the use of the sports facilities in the developments and by creating events and partnerships to develop sporting codes. Core to the Balwin philosophy is to provide access to future sports stars from previously disadvantaged communities.

Activities and sponsorships over the past year have focused primarily on padel, road and trail running, cycling, soccer, rugby and swimming.

This included hosting high profile padel tournaments, including the richest amateur padel event held in Africa with prize money of R375 000 as well as an international tournament which included coaching clinics to upskill the local padel community. The Willy Lahoz Balwin Padel Academy, in partnership with the two-time world padel champion, focuses on the development of padel across all age and demographic groups. Balwin currently has padel courts at five developments and is building a further four courts at Thaba Eco Estate as well as courts at the largest shopping centre in Africa, Mall of Africa. Indoor courts are being built at Munyaka and Izinga Eco-Estate.



Balwin secured the sponsorship of four established road running races to form the Balwin Sport Marathon series, with races in each region in which Balwin has a development presence. Balwin hosted the Gauteng, South African and African XCO mountain biking events at Thaba Eco Estate, introduced the Ultimate Athlete Fitness Challenge at the Training Science gyms in the various developments and upgraded the facilities at the Roodeplaas Dam in Gauteng for the World Rowing Masters Regatta, a facility that is used for the development of rowing both in Gauteng and on a national level.

Employee health is a priority for Balwin Sport, with staff participation encouraged in road and trail races, weekly staff walks and runs at Balwin's regional offices as well as padel lessons and mini internal tournaments.

Plans for 2025 include expanding the Balwin padel facilities at strategic sites adjacent or close to developments and launching new padel tournaments around the country. The Wild Joburg trail running race will be extended to other regions and the relationship with Cycling South Africa will be expanded to various national events around South Africa. Soccer coaching is planned to be introduced for residents in certain Balwin developments.



### EMPLOYEE WELLBEING

The annual employee engagement survey undertaken in October 2023 indicated that employees are well engaged and committed to Balwin. Feedback from the survey has been incorporated into the human resources plan for the 2025 financial year.

Employee wellbeing has focused on the theme of resilience. Training sessions have been provided to staff on adapting and adjusting to challenges in the current challenging economic environment, with 90% participation in these sessions. The walking, running and padel sessions offered through Balwin Sport has been integral to the employee wellbeing programme.



BUILDING A SUSTAINABLE FUTURE continued



GOVERNANCE

Metric	SDG	Measure/ Baseline	2024
Code of ethics		Approved policy	<b>Achieved</b>
Regulatory reporting compliance		Approved by company secretary	<b>Achieved</b>
ISO certification (9001, 45000, 14001)		Valid certification	<b>Certification renewed</b>
Enterprise risk management*		Approved risk registers	<b>Achieved</b>
Whistle-blowing process*		Service provider appointed	<b>Achieved</b>

\* Metric being reported for the first time

Detail on the group’s governance policies and practices is covered in corporate governance report on pages 97 to 102.

## 05

CORPORATE  
GOVERNANCE  
REPORT**COMMITMENT TO CORPORATE  
GOVERNANCE**

Balwin is committed to applying high standards of corporate governance and ethical principles and practice to ensure the effective performance, success and sustainability of the business and to contribute to long-term value creation for stakeholders. In this way, Balwin is committed to following the principles of fairness, accountability and transparency as espoused by the King IV Report on Corporate Governance (King IV).

The board is the custodian of corporate governance and is accountable to shareholders in conducting the business in accordance with best practice corporate governance standards. Management aims to promote ethical business practices across its operations while the board's social, ethics and transformation committee has oversight for monitoring ethics practices.

**APPLICATION OF KING IV**

The directors confirm that the group has in all material respects applied the philosophy of ethical and effective leadership and the principles of King IV throughout the 2024 financial year. The group's application of the King IV principles is detailed on the website [www.balwin.co.za](http://www.balwin.co.za).

**ROLE OF THE BOARD**

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

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

- Ensure effective risk management and internal controls.
- Monitor legislative, regulatory and governance compliance.
- Approve significant accounting policies and the annual financial statements.
- Oversee director selection and appointment.
- Ensure effective remuneration policies and practices.
- Oversee transformation, diversity, empowerment and a culture of inclusivity.
- Ensure timeous and transparent communication with stakeholders.
- Promote values and ethical standards.

The board charter is reviewed at least annually to ensure that all regulatory updates and best practices are incorporated and implemented in accordance with the board work plan.

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

The roles of the board chairman, Hilton Saven, and the CEO, Stephen Brookes, are separate and clearly defined. This division of responsibilities ensures a balance of authority and power, with no individual having unrestricted decision-making powers.

Authority has been delegated by the board to the CEO and executive management for the implementation of the strategy and the ongoing management and performance of the business, with reporting to the board at least quarterly.

Directors are entitled to seek independent professional advice at the company's expense after consultation with the chairman of the board. No directors exercised this right during the year. Directors have unrestricted access to all company information.

## CORPORATE GOVERNANCE REPORT continued

### BOARD FOCUS AREAS

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

- Supporting the group's strategy and approving the annual budget including setting of and monitoring progress against detailed key performance indicators in accordance with the development of the corporate scorecard, which is aligned to the strategy.
- Focus on monitoring the performance and increasing contributions from the annuity income businesses in accordance with the group strategy.
- Supporting the diversified funding strategy with the consideration of feasible funding models and broadened funding base of the company, to sustain the current business model and to respond appropriately to the changes in the business requirements as well as the prevailing economic context.
- Continued oversight of cash flow, capital allocation, debt management and risk thresholds through the execution of the treasury policy and implementation of the treasury function, with the additional oversight of the treasury committee and audit and risk committee.
- Ongoing enhancements of corporate governance processes and practices by updating and improving policies and ensuring alignment with recommended practices of King IV, changes in the JSE Listings Requirements and applicable legislation.
- Overseeing the continuous improvements in the implementation of information and communications technology to enhance the efficiency of business processes and safeguard critical information, particularly through digital transformation in terms of quality management systems, business continuity, upgraded technology infrastructure, sound cybersecurity measures, and customer-facing platforms to improve client service.
- Appointing new members to the treasury committee.

### FOCUS AREAS FOR 2025 FINANCIAL YEAR

- Continued oversight of financial governance through financial targets and margins, cash management, capital allocation and appropriate debt reduction strategy, risk thresholds, funding covenants and going concern principles, through the implementation of the treasury function.
- Through the continued oversight of financial governance, support the sustainability of the business, minimise risk and optimise returns for the group and stakeholders, through challenging and evolving macro-economic contexts.
- Continued focus on innovative initiatives and viable commercial transactions through the implementation of the existing business model and annuity income businesses.
- Ensure that employee wellbeing remains a priority.
- Drive improved transformation throughout the group, with a specific focus on improving the overall Broad-Based Black Economic Empowerment (B-BBEE) rating and progress against B-BBEE pillars in accordance with the B-BBEE strategy and initiatives.
- Ongoing focus on effective stakeholder engagement and ensuring that stakeholders are well informed of the initiatives and achievements of the group.
- Ensure the continued implementation of environmental, social and governance (ESG) priorities through the ESG roadmap, strategic framework and policy towards ESG integration into the company's activities and businesses.
- Keeping abreast of advancements and developments relevant to governance, legislation and the business through continuous training and briefings to ensure the board continues to fulfil its governance and compliance responsibilities and mandate.
- Support the implementation of the governance framework, which ensures the integration and coordination of governance activities across the group towards effective performance.

### BOARD COMPOSITION

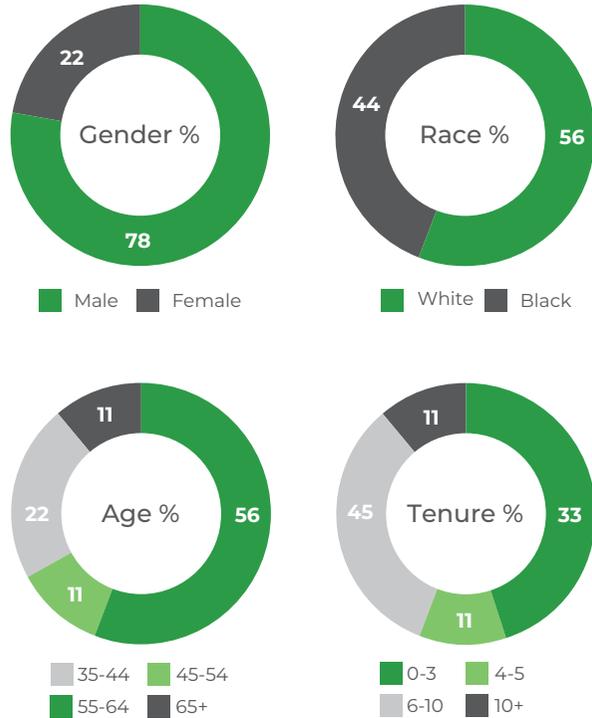
The board comprises nine directors, with six independent non-executive directors, one non-executive director and two salaried executive directors who are all independently minded individuals.

During the reporting period, Ronen Zekry resigned as an independent non-executive director, effective from 24 August 2023, to focus on existing business opportunities in his personal capacity. Ronen also served as a member of the remuneration and nominations committee, the transaction committee as well as the treasury committee. The board has resolved that the vacancy on the board will not be filled in the short term, recognising that the knowledge and skills of the board are sufficient to fulfil the functions and responsibilities of the board. When required, the nomination process to fill the vacancy would be followed by the remuneration and nominations committee, in accordance with the provisions of the memorandum of incorporation of the company and appointment of directors policy.

Following the resignation of Ronen Zekry, Tomi Amosun was appointed as a member of the treasury committee with effect from 18 October 2023 to further support the functioning of the committee with his extensive finance and accounting skills and experience.

CORPORATE GOVERNANCE REPORT continued

**BOARD PROFILE**



**BOARD INDEPENDENCE**

Six of the non-executive directors, including the chairman, are classified as independent in terms of King IV.

The remaining non-executive director, Reggie Kukama, is not categorised as independent given his participation in the BEE SPV, Tatovect (RF) Proprietary Limited, which has a significant shareholding in the group following the conclusion of the BEE transaction.

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

**BOARD APPOINTMENT**

The appointment of directors is undertaken in a formal and transparent manner by the board, assisted by the remuneration and nominations committee. The company also follows a formal induction process for new directors.

The appointments of new directors are subject to election by shareholders at the following AGM.

All directors are subject to retirement by rotation and re-election by shareholders at least once every three years. In terms of the memorandum of incorporation, one-third of the non-executive directors are required to retire, and if available and eligible, stand for re-election at the company's AGM. Those directors who have been in office for the longest, based on the last re-election or appointment date, are required to stand for re-election.

At the 2024 AGM, Arnold Shapiro, Thoko Mokgosi-Mwantembe and Reggie Kukama will retire from office and being eligible for re-election have confirmed their willingness to continue to serve as directors.

Brief professional profiles of these directors appear on pages 24 and 25.

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

**BOARD DIVERSITY**

Balwin remains committed to increasing board diversity, particularly relating to gender and race representation of the board over time, in alignment with its board diversity policy. The diversity of the directors ensures that the board considers the interests of its diverse stakeholders.

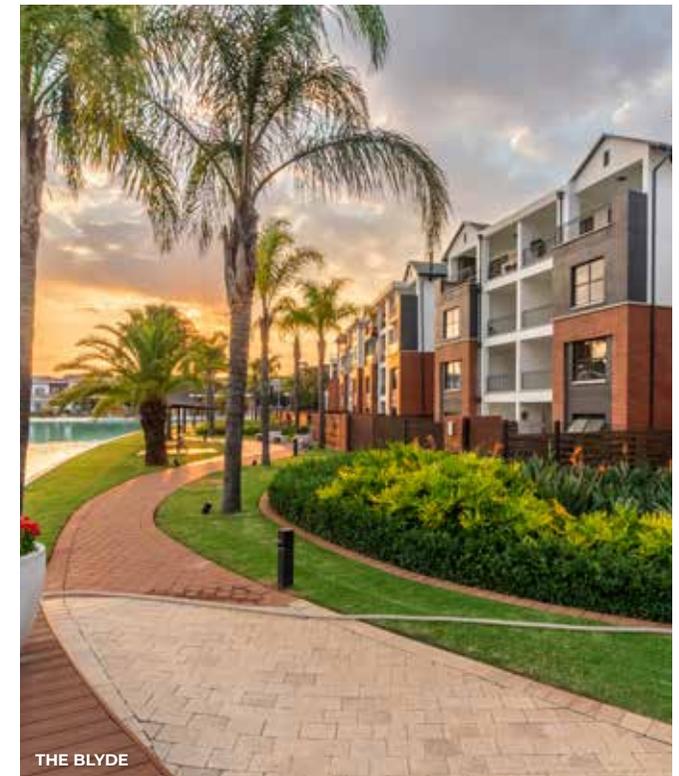
The board is satisfied that its composition reflects an appropriate mix of knowledge, skills, experience and independence, ensuring a balance of power and authority as reflected in the board charter and delegation of authority framework.

In accordance with the JSE Listings Requirements, the board has an approved board diversity policy to promote broader diversity at board level comprising gender, race, culture, age, field of knowledge, skills and experience. The board has set a voluntary target of at least 20% of directors to be female and 30% black.

All board appointments will be guided by these diversity criteria.

**BOARD EVALUATION**

In accordance with the board charter, a formal evaluation of the board and its committees is conducted every second year. Accordingly, the board evaluation will be undertaken in the 2025 financial year.



CORPORATE GOVERNANCE REPORT continued

BOARD AND COMMITTEE MEETING ATTENDANCE

	Board	Audit and risk	Remuneration and nominations	Social, ethics and transformation	Transaction	Treasury
<b>Number of meetings during reporting period</b>	<b>6</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>2</b>	<b>4</b>
Hilton Saven	6/6*		3/3	5/5	2/2*	4/4*
Tomi Amosun	6/6	4/4*			2/2	1/1#
Jonathan Bigham	6/6			5/5		4/4
Stephen Brookes	6/6			2/5	2/2	
Reggie Kukama	4/6		3/3		2/2	
Thoko Mokgosi-Mwantembe	6/6		3/3	5/5*		
Keneilwe Moloko	5/6	4/4		5/5		
Julian Scher	6/6				2/2	
Arnold Shapiro	6/6	4/4	3/3*		2/2	
Ronen Zekry **	3/3		1/1			1/2

\* Chair  
 \*\* Resigned 24 August 2023  
 # Appointed 18 October 2023

Background details on the directors appear on pages 24 and 25.

BOARD OVERSIGHT

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

Each of the board committees has adopted terms of reference which outline the membership requirements and key responsibilities of each committee and which are also reviewed at least annually.

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

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



## CORPORATE GOVERNANCE REPORT continued

**AUDIT AND RISK COMMITTEE****Composition****Chairman:**

Tomi Amosun

**Members:**

Keneilwe Moloko

Arnold Shapiro

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

**Role and responsibilities****Audit**

- Provide the board with additional assurance regarding the efficiency and reliability of the financial information used by the directors in the discharge of their duties. This would include the consideration of all the entities in the group in the consolidated group annual financial statements.
- Ensure adequate systems of accounting records, effective financial reporting and internal control systems are in place.
- Review interim and annual financial statements, and the integrated annual report.
- Recommend appointment of external auditors to the board and shareholders.
- Review the findings and recommendations of the internal and external auditors.
- Evaluate the expertise and experience of the CFO and the finance function.
- Approve and monitor the non-audit services that may be rendered by the external auditor.
- Make necessary statements as required by the JSE in respect of annual financial statements when made available.

**Risk**

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

The audit and risk committee is appointed by the board annually and elected by shareholders at the AGM. All members satisfied the requirements of section 94(4) of the Companies Act and have the appropriate financial and related qualifications, skills, financial expertise and experience required to discharge their responsibilities.

The committee considered the experience and expertise of the CFO, and the finance function, and concluded that these were satisfactory.

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

**REMUNERATION AND NOMINATIONS COMMITTEE****Composition****Chairman:**

Arnold Shapiro

**Members:**

Reggie Kukama

Thoko Mokgosi-Mwantembe

Hilton Saven

Ronen Zekry (resigned 24 August 2023)

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

**Role and responsibilities****Remuneration**

- Ensure the group has a fair and competitive remuneration policy which attracts and retains high-calibre employees.
- Ensure the remuneration policy and implementation report are proposed to shareholders for a non-binding advisory vote at each AGM.
- Determine the remuneration packages of executive directors.
- Review and approve incentive schemes and related payments.
- Propose fees for non-executive directors for shareholder approval.
- Oversee talent management and retention.
- Ensure provisions of policies related to malus and clawback are adhered to.

**Nominations**

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

Refer to the remuneration report on pages 103 to 113 for more information.

## CORPORATE GOVERNANCE REPORT continued

**SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE****Composition****Chairperson:**

Thoko Mokgosi-Mwantembe

**Members:**

Keneilwe Moloko

Hilton Saven

Stephen Brookes (CEO)

Jonathan Bigham (CFO)

Other members of management attend meetings by invitation.

**Role and responsibilities**

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

Refer to the social, ethics and transformation committee report on pages 114 to 115 for more information.

**TRANSACTION COMMITTEE****Composition****Chairman:**

Hilton Saven

**Members:**

Tomi Amosun

Reggie Kukama

Julian Scher

Arnold Shapiro

Ronen Zekry (resigned 24 August 2023)

Stephen Brookes (CEO)

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

**Role and responsibilities**

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

**TREASURY COMMITTEE**

(reporting to audit and risk committee and board)

**Composition****Chairman:**

Hilton Saven

**Members:**

Tomi Amosun (appointed 18 October 2023)

Ronen Zekry (resigned 24 August 2023)

Jonathan Bigham (CFO)

**Additional members from executive management:**

Rodney Gray (MD)

Jevin Cassel (Group Financial Manager) (resigned 18 October 2023) \*

Liam Masson (Head of Treasury) (appointed 18 October 2023)

The CEO attends meetings by invitation.

*\* Resigned from the committee following appointment as Group Technology Manager*

**Role and responsibilities**

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

**COMPANY SECRETARY**

The directors are satisfied that the company secretary, FluidRock Co Sec Proprietary Limited, is suitably qualified, competent and experienced to perform the role. There is an arms-length relationship between the company secretary, the board, and the individual directors.

**ACCOUNTABILITY AND COMPLIANCE**

Details on the internal audit function, systems of internal control, the external audit function and risk management are covered in the audit and risk committee report in the annual financial statements. During the year, the group complied with its memorandum of incorporation.

**LEGISLATIVE COMPLIANCE**

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

## 05

# REMUNERATION REPORT



## PART I: STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Balwin operates in a highly competitive market environment and recognises the critical role that remuneration plays in attracting, retaining and motivating talented people through rewarding individual and business contributions, and encouraging superior performance.

The remuneration report for the 2024 financial year sets out our remuneration policy in Part II on pages 105 to 109 as well as detailed disclosure on the implementation of the remuneration policy in Part III on pages 109 to 113.

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

## REMUNERATION GOVERNANCE

The board has delegated the governance and oversight of remuneration-related issues to the remuneration and nominations committee (the committee). Ronen Zekry resigned as a member of the committee following his resignation as a non-executive director, effective 24 August 2023. Owing to the skills and experience of the remaining members, Ronen was not replaced on the committee.

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

### Remuneration

- Reviewed the implementation of the remuneration policy for the 2024 financial year;
- Reviewed and updated the remuneration policy in line with best practice and governance standards;
- Reviewed and approved amendments to the short-term incentive structure of the executive management team and updated the remuneration policy accordingly;
- Approved the removal of the minimum shareholding requirement from the remuneration policy;
- Reviewed and approved the financial and non-financial measures included in the balanced scorecards;
- Approved the allocation of the short-term incentives as well as the long-term bonus share allocations for the 2024 financial year; and
- Recommended increases in non-executive director fees aligned to external benchmarking.

### Nominations

- Reviewed the board diversity policy;
- Reviewed the policy on the appointment of directors;
- Oversaw the annual board and committee evaluation;
- Reviewed the director induction and training policy;
- Reviewed the classification of the independence of all non-executive directors; and
- Oversaw the resignation of Ronen Zekry as an independent non-executive director.

## REMUNERATION REPORT continued

### FUTURE AREAS OF FOCUS

In the 2025 financial year the committee plans to address the following:

- Continue to review the company's remuneration policy to ensure adherence to best practice and governance standards;
- Monitor the implementation of the remuneration policy;
- Continue to ensure fair and responsible remuneration that attracts, retains and motivates talented employees and encourages superior performance;
- Review and approve the financial and non-financial measures included in the balanced scorecards;
- Recommend the non-executive director fees for approval by shareholders aligned to external benchmarking; and
- Review and approve the short-term incentives payable and long-term incentives to be awarded for the 2025 financial year.

### CHANGE TO SHORT-TERM INCENTIVE STRUCTURE

The committee oversaw a considerable change to the short-term incentive structure for the executives for the year ending 28 February 2025. Owing to the current economic climate, the earnings potential of the executives has been significantly amended and is detailed on page 108 of the remuneration policy. The policy is subject to review by the committee on an annual basis.

### EXTERNAL REMUNERATION ADVISORS

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

### VOTING AND SHAREHOLDER ENGAGEMENT

Balwin encourages engagement with shareholders on remuneration-related matters to actively promote fair, responsible and transparent remuneration policies, implementation and remuneration reporting.

The remuneration policy and the remuneration implementation report are proposed for separate non-binding advisory votes by shareholders at the AGM each year.

In line with the requirements of King IV, the group undertakes to engage with dissenting shareholders should 25% or more of the shareholders vote against either or both the remuneration policy and the implementation report. This process is aimed at determining shareholder concerns and the group will take reasonable measures to address these concerns.

At the AGM in August 2023, 79.88 % (2022: 79.02%) of shareholders who voted supported the remuneration policy and 86.24% (2022: 79.07%) supported the implementation report in non-binding advisory votes.

No concerns were raised by shareholders with respect to the remuneration policy or implementation thereof and no engagement process was required.

The committee continues to review and refine both the remuneration policy and disclosure of remuneration practices. Management proactively meets with investors on an ongoing basis and creates a positive engagement environment where shareholders can address issues in an open and transparent manner.



**Arnold Shapiro**  
Chairman  
Remuneration and nominations committee



## REMUNERATION REPORT continued

### PART II: REMUNERATION POLICY

The group's remuneration philosophy is based on the following principles:

- Remuneration supports the group's strategies and is consistent with the organisation's culture of fairness and equality;
- Remuneration directly correlates with the growth objectives, financial performance targets, and actual achievements of the business;
- Remuneration is regularly reviewed and independently benchmarked to ensure the group remains competitive in the diverse markets in which it operates; and
- Remuneration allows for differentiation to reward higher performers and attain excellence in their output and conduct.

In applying this philosophy to remuneration practices, the group aims to:

- Achieve market competitiveness within specific property development markets;
- Ensure that performance management plays an integral part in remuneration to influence the level of base pay and incentives;
- Ensure that good governance is observed in relation to all remuneration practices;
- Promote positive outcomes across the economic, social and environmental context in which Balwin operates; and
- Promote an ethical culture and responsible corporate citizenship.

### FAIR AND RESPONSIBLE REMUNERATION

As a responsible corporate citizen the group recognises the societal issues relating to minimum wages and the wage gap, and is committed to adopting fair and responsible remuneration practices.

It is the committee's responsibility to ensure that executive remuneration is justifiable in the context of overall employee remuneration. Accordingly, the committee must recommend appropriate actions to the board. The group continuously considers initiatives to nurture the principle of fair and equitable remuneration to improve the employment conditions of all employees.

### MALUS AND CLAWBACK PROVISIONS

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

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

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

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

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

- Misbehaviour, dishonesty, fraud or gross misconduct;
- A material misstatement of the financial results for the performance or employment period of the award, resulting in an adjustment on the audited consolidated financial statements of the group;
- The assessment of any performance metric or condition (where applicable) in respect of an award which was based on error, or inaccurate or misleading information;

- Any information used to determine the quantum of a short-term incentive or long-term incentive award was based on error, or inaccurate or misleading information; and
- Events or behaviour of the employee that had a significant detrimental impact on the reputation of the group.

### MINIMUM SHAREHOLDING REQUIREMENT

The group implemented a minimum shareholding requirement (MSR) policy in the 2023 financial year to align the interests of executive directors and members of the executive committee with shareholders in order to drive sustained, long-term growth in shareholder value.

During the reporting period the board took a decision to remove the MSR. As the group has a high level of management share ownership, the board believes that the management team is strongly aligned with shareholder value creation and the MSR therefore did not generate any additional benefit in creating shareholder value.

### REMUNERATION STRUCTURE

The remuneration mix varies according to employee position and seniority. As a guideline, senior employees should have a higher proportion of variable, incentive-based remuneration as part of their remuneration mix, as they usually have the ability to influence the financial performance and strategic outcomes of the group. At lower salary levels, the pay mix is weighted in favour of guaranteed remuneration, in line with market practice.

Balwin's executive remuneration structure comprises both guaranteed (including benefits) and variable remuneration. Variable remuneration includes short- and long-term incentives.

REMUNERATION REPORT continued

REMUNERATION COMPONENT	STRATEGIC INTENT AND DRIVERS	DETAIL
Cash salary	Primarily to remunerate, attract and retain required skills.	Guaranteed remuneration is set in relation to the scope and nature of an individual's role, experience and performance, to ensure market competitiveness and sustainable performance.
Benefits and/or allowances	Benefits for all employees form part of guaranteed remuneration. Incorporates employee wellness into Balwin's remuneration strategy.	Benefits include membership of a provident fund and a medical aid. Benefits are reviewed regularly to ensure they remain relevant, appropriate and market competitive.
Short-term incentives (STIs)	An annual performance bonus scheme which drives overall performance and rewards the achievement of predetermined financial, strategic and individual performance objectives.	<b>Executives:</b> The cash bonus payment is based on the group level of achievement of a balance of financial and non-financial performance measures that are aligned with the group's strategy (collectively referred to as the "group STI scorecard"). <b>Employees:</b> A cash payment of up to a two-month bonus may be made, based on the achievement of the group's financial target as well as specific non-financial performance metrics which relate directly to the individual's areas of responsibility.
Long-term incentives (LTIs)	Drives long-term performance and is essential for retention, ownership and wealth creation.	Balwin operates a conditional share plan (CSP) consisting of a combination of performance, retention and/or bonus shares. Awards under the CSP may be made to employees of senior management level and above. Participants are required to remain in the employ of the company throughout the performance and employment period. The committee retains absolute discretion regarding awards and the applicable conditions to be attached to an LTI award.



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## REMUNERATION REPORT continued

### GUARANTEED REMUNERATION

Executive directors, along with all employees, receive guaranteed remuneration which includes a cash salary and benefits. Salaries are set in relation to the scope and nature of an individual's role,

Weighing of performance experience and performance, to ensure market competitiveness and sustainable performance.

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

### VARIABLE REMUNERATION: STIs

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

STI PARTICIPANT	ANNUAL BONUS OPPORTUNITY
Executives	A bonus payment is based on the level of achievement of a balance of financial and non-financial performance measures that are aligned with the group's STI scorecard. At least 75% (policy increased to 80% for the 2025 financial year) of the group STI scorecard for the financial year must be achieved for an executive to receive a bonus payment. A cap of 125% of the profit target is applied (policy amended to 105% for the 2025 financial year). Refer to page 108 for changes to the earnings potential of the STI.
Other employees	A one- or two-month bonus may be earned as a STI, based on company results and personal performance or as approved on a case-by-case basis at the discretion of the committee.

The following company scorecard was adopted for determining company performance for the 2024 and 2025 financial years:

Performance conditions	Contribution for 2024	Contribution for 2025	Weighting of performance conditions
<b>Financial performance</b>			
Net profit before tax	40%	50%	
Cash management	20%	20%	<b>70%</b>
Index profitability	10%	-	
<b>Non-financial performance</b>			
Safety, health, environmental and quality targets	10%	10%	
Employment equity targets	10%	10%	<b>30%</b>
Environmental, social and governance targets	10%	10%	



## REMUNERATION REPORT continued

The earnings potential for executives in terms of the STI is set out below (as a % of guaranteed remuneration) for the purposes of the 2024 financial year:

POSITION	THRESHOLD EARNING POTENTIAL AT 75% OF TARGET ACHIEVED	ON-TARGET EARNING POTENTIAL AT 100% OF TARGET ACHIEVED	STRETCH EARNING POTENTIAL AT 125% OF TARGET ACHIEVED
Chief executive officer (CEO)	38% of package	75% of package	113% of package
Chief financial officer (CFO)	30% of package	60% of package	90% of package
Managing director (MD)*	35% of package	70% of package	105% of package
Chief projects officer (CPO)*	30% of package	60% of package	90% of package

\* The MD and CPO are prescribed officers and members of the executive committee.

Following consideration of the remuneration of the group, and the executive committee, the earnings potential for executives in terms of the STI was amended as set out below (as a % of basic salary) for the purposes of the 2025 financial year:

POSITION	EARNING POTENTIAL AT 80% TO 105% OF TARGET ACHIEVED	EARNING POTENTIAL AT ABOVE 105% OF TARGET ACHIEVED
Chief executive officer (CEO)	8.3% of basic salary	16.7% of basic salary
Chief financial officer (CFO)	8.3% of basic salary	16.7% of basic salary
Managing director (MD)*	8.3% of basic salary	16.7% of basic salary
Chief projects officer (CPO)*	8.3% of basic salary	16.7% of basic salary

\* The MD and CPO are prescribed officers and members of the executive committee.

Discretionary bonuses may be awarded to employees who perform above and beyond their responsibilities, regardless of company performance, as nominated by management and approved by the committee and board.

## VARIABLE REMUNERATION: LTIs

Selected employees participate in the LTI scheme. The LTI scheme rules are approved and adapted from time to time at the discretion of the board:

INSTRUMENTS	ALLOCATION FREQUENCY AND QUANTUM	PERFORMANCE CONDITIONS	PERFORMANCE AND EMPLOYMENT PERIOD	VESTING PROFILE
Under the CSP, rights are offered in the form of performance shares, bonus shares and/or retention shares.	<p>Performance shares are awarded in specific circumstances subject to the discretion of the committee.</p> <p>Bonus shares are awarded annually, to the extent that an STI was payable, at a ratio of a 1:1 match to the actual STI paid in terms of the preceding financial year.</p> <p>Retention shares are only awarded in special circumstances with the aim to attract and retain specific and sought-after talent, subject to the discretion of the committee.</p>	<p>Any performance condition attached to performance shares shall be objective and representative of a fair measure of performance.</p> <p>These awards are linked to STI performance and therefore no further performance conditions are applicable. These awards are subject to continued employment only.</p> <p>These shares are subject to continued employment only.</p>	Three years and no resetting or retesting of performance targets are allowed.	Shares vest in full on the expiry of the prescribed vesting period (and subject to performance conditions where applicable).

## REMUNERATION REPORT continued

### EARLY TERMINATION OF EMPLOYMENT

Upon termination of employment during the vesting period, participants may be classified as either bad or good leavers:

- Bad leavers forfeit all unvested awards. Vested awards will remain unaffected.
- Good leavers may receive a pro-rated portion of unvested awards based on the completed number of months served, adjusted for the achievement of the performance conditions in the case of performance shares.

### EXECUTIVE SERVICE CONDITIONS

Executive directors are subject to a notice period of six months and a restraint of trade of two years. There are no fixed-term service contracts. The retirement age for executive directors is 65. There is no provision for settlement payments on termination.

### PRESCRIBED OFFICERS

The prescribed officers of Balwin in terms of the Companies Act are the two executive directors, the managing director and the chief projects officer. The remuneration of the prescribed officers is disclosed in the remuneration implementation report as well as the annual financial statements. An annual guaranteed bonus, in addition to the STI, is contractually payable to the chief projects officer in terms of his employment contract, calculated at 1.75% of the company's profit after tax.

The chief projects officer resigned with effect from 31 August 2024 and is currently serving his six-month notice period. However, the contractual profit share arrangement terminated from the conclusion of the financial year ended 29 February 2024.

### NON-EXECUTIVE DIRECTOR FEES

Non-executive directors receive annual retainer fees for serving on the board and board committees. None of the non-executive directors have service contracts with the group and no consultancy fees were paid to directors during the year.

In line with best governance practice, non-executive directors do not participate in incentive schemes.

Non-executive director fees are reviewed annually, taking into account the responsibilities of the directors as well as relevant external benchmarking data. Increases to non-executive director fees are considered each year against the average increase levels/percentages approved across the organisation.

The proposed fees for the period from 1 September 2024 to 31 August 2025, which reflect an increase of 5% on the prior corresponding period, are subject to approval by shareholders at the AGM in August 2024.

Proposed fees  
for the year  
ending  
28 February  
2025

Fees paid for  
the year ended  
29 February  
2024

Chairperson of the board	<b>R592 935</b>	R564 700
Member of the board	<b>R249 690</b>	R237 800
Chairperson of the audit and risk committee	<b>R249 690</b>	R237 800
Member of the audit and risk committee	<b>R199 920</b>	R190 400
Chairperson of the social, ethics and transformation committee	<b>R199 920</b>	R190 400
Member of the social, ethics and transformation committee	<b>R166 635</b>	R158 700
Chairperson of the remuneration and nominations committee	<b>R199 920</b>	R190 400
Member of the remuneration and nominations committee	<b>R166 635</b>	R158 700
Chairperson of the transaction committee	<b>R217 980</b>	R207 600
Member of the transaction committee	<b>R155 610</b>	R148 200
Chairperson of the treasury committee	<b>R217 980</b>	R207 600
Member of the treasury committee	<b>R155 610</b>	R148 200

### PART III: REMUNERATION IMPLEMENTATION REPORT 2024

The committee confirms that the remuneration policy has been consistently applied in the 2024 financial year, achieved its objectives and that there have been no deviations from the policy.

#### GUARANTEED REMUNERATION: ANNUAL SALARY INCREASE

The committee approved an average performance-linked salary increase of 5% (2023: 10.0%) for all employees, excluding executive directors, effective 1 July 2023. Executive directors and prescribed officers received a 5% increase (2023: 6%).

#### VARIABLE REMUNERATION: STI

No annual performance bonus will be paid to executives and prescribed officers (2023: R17.9 million) based on the achievement of 69% of the approved company scorecard used to determine company performance.

## REMUNERATION REPORT continued

### VARIABLE REMUNERATION: LTI

#### CSP – Bonus shares

Executive directors and prescribed officers will not be awarded bonus shares for the 2024 financial year (2023: R17.9 million) as the STI performance targets were not achieved (refer to pages 107 to 108.)

#### Unvested LTIs

The table below discloses the value of each executive director and prescribed officers' LTIs, whether granted, settled, or lapsed, as well as the indicative value of awards not yet settled.

#### Executives

Position	LTI instrument	Date awarded	Vesting date	Opening number	Granted during the year	Settled during the year	Lapsed during the year	Closing number
CEO	Bonus shares	31 July 2020	30 June 2023	<b>762 071</b>	-	<b>(762 071)</b>	-	-
	Bonus shares	1 July 2021	30 June 2024	<b>773 248</b>	-	-	-	<b>773 248</b>
	Bonus shares	1 July 2022	30 June 2025	<b>1 716 640</b>	-	-	-	<b>1 716 640</b>
	Bonus shares	1 July 2023	30 June 2026	-	<b>2 402 130</b>	-	-	<b>2 402 130</b>
CFO	Bonus shares	31 July 2020	30 June 2023	<b>58 989</b>	-	<b>(58 989)</b>	-	-
	Bonus shares	1 July 2021	30 June 2024	<b>133 801</b>	-	-	-	<b>133 801</b>
	Bonus shares	1 July 2022	30 June 2025	<b>315 273</b>	-	-	-	<b>315 273</b>
	Bonus shares	1 July 2023	30 June 2026	-	<b>1 053 238</b>	-	-	<b>1 053 238</b>
<b>Total</b>				<b>3 760 022</b>	<b>3 455 368</b>	<b>(821 060)</b>	-	<b>6 394 330</b>

## REMUNERATION REPORT continued

## Prescribed officers

Position	LTI instrument	Date awarded	Vesting date	Opening number	Granted during the year	Settled during the year	Lapsed during the year	Closing number
MD	Bonus shares	31 July 2020	30 June 2023	584 520	–	(584 520)	–	–
	Bonus shares	1 July 2021	30 June 2024	590 338	–	–	–	590 338
	Bonus shares	1 July 2022	30 June 2025	1 408 976	–	–	–	1 408 976
	Bonus shares	1 July 2023	30 June 2026	–	1 972 356	–	–	1 972 356
CPO	Bonus shares	31 July 2020	30 June 2023	459 809	–	(459 809)	–	–
	Bonus shares	1 July 2021	30 June 2024	462 236	–	–	–	462 236
	Bonus shares	1 July 2022	30 June 2025	1 087 824	–	–	–	1 087 824
	Bonus shares	1 July 2023	30 June 2026	–	1 522 309	–	–	1 087 824
<b>Total</b>				<b>4 593 703</b>	<b>3 494 665</b>	<b>(1 044 329)</b>	–	<b>7 044 039</b>

BALLITO HILLS



## REMUNERATION REPORT continued

## DIRECTORS' REMUNERATION

## EXECUTIVE DIRECTORS

The tables below set out the single-figure remuneration received by executive directors and prescribed officers for the financial years ended February 2023 and 2024 respectively:

Executive director/prescribed officer	Cash salary R'000	Benefits R'000	STI R'000	Other* R'000	LTI R'000	Total R'000
<b>2024</b>						
SV Brookes (CEO)	6 560	730	–	–	4 426	11 716
J Bigham (CFO)	3 440	565	–	–	669	4 674
RN Gray (MD)	5 712	723	–	–	3 558	9 993
U Gschnaidtner (CPO)	5 224	563	–	3 530	2 758	12 075
<b>Total</b>	<b>20 936</b>	<b>2 581</b>	<b>–</b>	<b>3 530</b>	<b>11 411</b>	<b>38 458</b>
<b>2023</b>						
SV Brookes (CEO)	6 223	684	6 181	–	3 059	16 147
J Bigham (CFO – appointed 1 April 2022)	2 995	490	2 712	–	458	6 655
J Weltman (CFO – resigned 31 March 2022)	326	93	326	–	57	802
RN Gray (MD)	5 417	669	5 079	–	2 401	13 566
U Gschnaidtner (CPO)	4 954	529	3 920	7 253	1 877	18 533
<b>Total</b>	<b>19 915</b>	<b>2 465</b>	<b>18 219</b>	<b>7 253</b>	<b>7 852</b>	<b>55 704</b>

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

## TOTAL DIRECTORS' REMUNERATION

	2024 R'000	2023 R'000
Executive directors and prescribed officers	38 458	55 704
Non-executive directors	5 050	4 912
<b>Total</b>	<b>43 508</b>	<b>60 616</b>

## DIRECTORS' AND PRESCRIBED OFFICER'S SHAREHOLDING

Director	Number of shares	Nature of interest shareholding	Shareholding %
SV Brookes	171 751 457	Indirect	33.07%
RN Gray	48 646 377	Indirect	9.37%
ARK Kukama	47 219 260	Indirect	9.09%
U Gschnaidtner	10 150 788	Direct	1.95%
A Shapiro	204 000	Indirect	0.04%
J Bigham	121 028	Direct	0.02%
O Amosun	9 390	Direct	0.00%

## REMUNERATION REPORT continued

### DILUTION LIMITS

No share options were awarded in the form of bonus shares to executive directors and prescribed officers during the year (2023: 4.5 million shares). The total number of bonus shares awarded amounts to 21.8 million shares that have not yet vested. The total number of ordinary shares in issue is 468 133 949 and accordingly the potential dilutive impact of the share options amounts to 4.7% on the total issued share capital.

Excluded in the total number of ordinary shares in issue is 47 219 260 shares which have been awarded to Tatovect Proprietary Limited (BEE SPV) in accordance with the BEE transaction approved by the shareholders on 6 September 2021. These shares have been accounted for as treasury shares for accounting purposes as they will only be issued once the lock-in period of 10 years has expired and full risks and rewards of ownership transfer to the BEE SPV. The potential dilutive impact of these shares amounts to 10.1% on the total issued share capital.

### NON-EXECUTIVE DIRECTORS

The committee approved a fee increase of 5% (2024: 6%) for non-executive directors' annual retainers for the 2025 financial year. The table below sets out the fees paid to non-executive directors for the financial years ended February 2023 and 2024:

Directors	2024 R'000	2023 R'000
H Saven	<b>1 266</b>	1 107
T Mokgosi-Mwantembe	<b>573</b>	543
K Mzondeki - retired 19 August 2022	–	266
A Shapiro	<b>749</b>	710
O Amosun	<b>664</b>	552
R Zekry - resigned 24 August 2023	<b>317</b>	575
J Scher	<b>377</b>	357
A Kukama	<b>532</b>	504
K Moloko - appointed 19 August 2022	<b>573</b>	298
<b>Total</b>	<b>5 050</b>	4 912



THE BLYDE

## 05

# SOCIAL, ETHICS AND TRANSFOR- MATION COMMITTEE REPORT

Balwin's social, ethics and transformation committee (the committee) assists the board in monitoring the group's activities in terms of legislation, regulation, relevant policies and codes of best practice relating to the social, ethics, transformation, employment, health and safety, and environmental activities of the group.



The committee has an independent role and is governed by formal terms of reference which details its duties in terms of the Companies Act, the JSE Listings Requirements and King IV, as well as responsibilities allocated by the board.

Please refer to pages 86 to 96 for the Building a Sustainable Future Report.

## RESPONSIBILITIES OF THE COMMITTEE

The responsibilities of the committee are as follows:

- Social, environmental and economic development and sustainability, including the group's standing relative to the UN Global Compact Principles, the Organisation for Economic Co-operation and Development recommendations regarding corruption, relevant Sustainable Development Goals (SDGs) and the Employment Equity Act and Broad-Based Black Economic Empowerment (B-BBEE) Act.
- Promoting and overseeing progress in respect of transformation especially through B-BBEE objectives.
- Supporting good corporate citizenship, including the group's positioning and efforts in promoting equality, preventing unfair discrimination and combating corruption.
- Endorsing the company's code of ethics.
- Overseeing the contribution to community development and the sponsorship, donation and charitable giving programme.
- Monitoring health and public safety, including the impacts of the group's activities and products on the environment and society.
- Upholding consumer relationships, including advertising, public relations and compliance with consumer protection laws.
- Monitoring overall labour and employment, including the group's standing relative to the International Labour Organisation protocol and the Basic Conditions of Employment Act on decent work and working conditions, employment relationships and the group's contribution to the educational development of employees.
- Compliance with the Labour Relations Act aimed at promoting economic development, social justice, labour peace and democracy in the workplace.
- The governance and oversight of stakeholder relationship management and engagement.
- Monitoring the management of relevant risks within the scope of committee responsibilities.

## SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT continued

### FUNCTIONING OF THE COMMITTEE

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

Thoko Mokgosi-Mwantembe	Independent non-executive director (Chairperson)
Keneilwe Moloko	Independent non-executive director
Hilton Saven	Independent non-executive director
Stephen Brookes	Executive director
Jonathan Bigham	Executive director

Members of senior management attend meetings by invitation. The committee is required to meet at least twice yearly.

Biographical details of the committee members appear on pages 24 and 25.

The committee was assessed to have adequately discharged its mandate. Attendance at committee meetings is detailed on page 100 of the integrated report and fees paid to committee members for 2024 and proposed for 2025 are included on page 109.

### FUNCTIONING OF THE COMMITTEE

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

- Continued monitoring of the B-BBEE scorecard to monitor as well as to foster improvement in the employment equity, skills development, black ownership and supplier development pillars, acknowledging the sound progress made by management during the year in maintaining the overall B-BBEE rating of the company.
- Continuous enhancement of reporting and oversight of employment equity (inclusive of the reporting by the diversity and employment equity committee and the reporting of the employment equity plan to the Department of Labour).
- Monitoring human capital imperatives, retention strategies, succession planning and skills development initiatives.
- Monitored safety, health, environment and quality (SHEQ)

standards and performance, including compliance reporting, ISO certification and incident rates.

- Reviewed the corporate social investment and ongoing contributions through the Balwin Foundation across a wide range of initiatives and beneficiaries inclusive of small businesses, the youth, the elderly and the unemployed.
- Enhanced reporting of stakeholder engagement matters and ongoing communication of Balwin social, ethics and transformation, and environmental initiatives.
- Management of ethical and reputational risks.
- Ongoing monitoring of the company's performance in respect of environment, social and governance (ESG), health and safety and B-BBEE targets.
- Oversight of whistleblower line reports and management responses thereto.

Planned areas of focus for the 2025 financial year are as follows:

- Oversight and monitoring of social responsibility, economic development and transformation processes and targets in accordance with the company strategy.
- Monitor the group's good corporate citizenship activities towards sustainable upliftment and ensure that all company and group initiatives are appropriately and adequately communicated.
- Ongoing oversight of stakeholder relationship management and fostering ongoing engagement to ensure stakeholder expectations are considered.
- Ensure that the stakeholder management framework of the group is reviewed and updated where required.
- Continued focus on the improvement in the B-BBEE scorecard rating and progress against B-BBEE pillars relating to ownership, employment equity and skills development, and ensuring that there is full integration and alignment of all transformation processes.
- Ongoing focus on the achievement of transformation imperatives and improvement in workforce representation and skills development opportunities for employers and learners.
- Focus on overall employee wellbeing and support of employee wellbeing initiatives.

- Oversight of the implementation of the ESG roadmap, framework and policy through ESG Key Performance Indicators and metrics.
- Continued monitoring and improvement of SHEQ measures, enhanced quality and environmental sustainability practices.

### CONCLUSION

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

Appropriate policies and programmes have been adopted to maintain high standards of corporate citizenship among internal and external stakeholders.

This report is prepared in accordance with the Companies Act and will be presented to shareholders at the forthcoming annual general meeting.

**Thoko Mokgosi-Mwantembe**

Chairperson

Social, ethics and transformation committee

20 May 2024

# 06

## FINANCIAL OVERVIEW

29% Revenue ↓

4% Net asset value ↑

50% Profit for the year ↓

51% Earnings per share ↓

48% Headline earnings per share ↓



# 06

# COMPLIANCE STATEMENTS

## CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER RESPONSIBILITY STATEMENT

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

- the audited summary consolidated financial statements set out on pages 124 to 139, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- 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 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  
20 May 2024



**JS Bigham**  
Chief financial officer  
20 May 2024

## COMPANY SECRETARY'S CERTIFICATION

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



**Caroline King**  
20 May 2024

On behalf of: FluidRock Co Sec Proprietary Limited



THABA-LIFESTYLE

# 06

## AUDIT AND RISK COMMITTEE REPORT

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

The committee supports the board in meeting its responsibilities in relation 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.

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 a 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 at year-end:

DIRECTOR	APPOINTED	EXPERIENCE	MEETING ATTENDANCE
Tomi Amosun BBus Sci (Finance Hons), CA(SA)	May 2017	Chartered accountant with over 15 years real estate, listed equity and private equity experience	4/4
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
Arnold Shapiro BBus Sci (Finance Hons)	October 2016	Over 30 years of asset management, portfolio management and general management experience	4/4

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 2024 financial year.



## AUDIT AND RISK COMMITTEE REPORT continued

### FOCUS AREAS OF THE COMMITTEE

FOCUS AREA	PROGRESS
Monitoring and management of financial reporting and governance	The committee reviews the financial reporting of the group to ensure the disclosures are in line with reporting frameworks. Furthermore, the committee reviews relevant governance policies on an annual basis in accordance with the committee work plan and ensures that the committee keeps abreast of legislative and regulatory changes. Owing to the continued growth of the annuity businesses within the group, the committee reviewed and approved the inaugural group governance framework. 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 such reviews and regular feedback is provided to the committee. In accordance with the committee's responsibilities as per section 22.15(h) of the JSE Listings Requirements, the committee reviews and considers the information reported by the external auditor in respect of all aspects impacting the quality of audit performed. Management revised the combined assurance model to optimise all assurance services and functions and the model was reviewed by the committee.
Continued overview of IT systems and policies	The committee provided oversight 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 of the enhancement in 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. The committee 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 2025 financial year:

- Monitoring and management of the internal financial controls of the group;
- Continued oversight of 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;
- Overview of the 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.

## AUDIT AND RISK COMMITTEE REPORT continued

### ROLE 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 that are assigned to it by the Act and other legislation, including the statutory audit committee functions required for subsidiary companies;
- assists the board in overseeing the quality and integrity of the group's integrated reporting process, including the financial statements and announcements in respect of the financial results;
- ensures that an effective control environment is maintained in the group;
- reviewed and adopted a combined assurance model;
- provides the chief financial officer, external auditor and the internal auditor with unrestricted access to the committee and its 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;
- 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 2024 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 for 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 and may not provide;
- approved the non-audit services performed by BDO in the current year;
- approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, No. 26 of 2005; and
- considered any reported control weaknesses and management's response for their improvement and assessed their impact on the general control environment.

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

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

### INTERNAL AUDIT

The committee:

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

## AUDIT AND RISK COMMITTEE REPORT continued

### ADEQUACY AND FUNCTIONING OF THE GROUP'S INTERNAL CONTROLS

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

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

### FINANCIAL REPORTING

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

The committee among other matters:

- confirmed the going concern as the basis of preparation of the interim and consolidated and separate annual financial statements;
- reviewed compliance with the financial conditions of loan covenants and determined that the capital of the company was adequate;
- examined and reviewed the interim and consolidated and separate annual financial statements, as well as all financial information disclosed prior to the submission to the board for their approval and then for disclosure to stakeholders;
- ensured that the consolidated and separate annual financial statements fairly present the financial position of the group and of the company as at the end of the financial year and the results of operations and cash flows for the financial year and considered the basis on which the company and the group was determined to be a going concern;

- reviewed the cash flow forecasting 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 2023 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 that was signed by management;
- considered any concerns identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements; and
- considered accounting treatments, significant unusual transactions and accounting judgements.

### SIGNIFICANT AREAS OF JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTIES

In arriving at the figures disclosed in the consolidated and separate annual financial statements there are many areas where judgement is needed. These are outlined in note 1.2 to the consolidated and separate annual financial statements. The committee has 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; and
- Preparation of cash flow forecasts.

### RISK MANAGEMENT AND INFORMATION TECHNOLOGY (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. No complaints were reported; and
- considered reports provided by management, internal audit and the external auditor regarding compliance with legal and regulatory requirements.

## AUDIT AND RISK COMMITTEE REPORT continued

### EXPERTISE AND EXPERIENCE OF CHIEF FINANCIAL OFFICER AND THE FINANCIAL FUNCTION

As required by section 3.84(g) of the JSE 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 Act, which requires a public company to elect an audit committee at each annual general meeting, it is proposed in the notice of annual general meeting that the current committee members are available for re-appointment until the next annual general meeting in 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. Accordingly, the board evaluation was undertaken in the current financial year. The review concluded that the committee operated effectively and had successfully discharged its duties and responsibilities.

### CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Following the review by the committee of the consolidated annual financial statements of Balwin Properties Limited for the year ended 29 February 2024, the committee is of the view that in all material respects they comply with the relevant provisions of the Act and International Financial Reporting Standards and fairly present the consolidated and separate financial positions at that date and the results of operations and cash flows for the year then ended.

**Tomi Amosun**  
*Chairperson*  
Audit and risk committee

20 May 2024



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# INDEPENDENT AUDITOR'S REPORT ON AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

## OPINION

The summary consolidated financial statements of Balwin Properties Limited, contained in the accompanying financial statements as set out on pages 124 to 139, which comprise the summary consolidated statement of financial position as at 29 February 2024, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Balwin Properties Limited for the year ended 29 February 2024..

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

## SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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

## THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 20 May 2024. That report also includes:

- The communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

## DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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

## AUDITOR'S RESPONSIBILITY

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

BDO South Africa Inc.

**BDO South Africa Incorporated**  
*Registered Auditors*

**V Pretorius**  
*Director*  
*Registered Auditor*

20 May 2024

Wanderers Office Park  
52 Corlett Drive  
Illovo, 2196

# AUDITED SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 29 February 2024

	Audited year ended 29 February 2024 R'000	Audited year ended 28 February 2023 R'000
Revenue	2 356 284	3 326 908
Cost of sales	(1 690 629)	(2 366 758)
<b>Gross profit</b>	<b>665 655</b>	960 150
Other income	16 336	15 416
Other operating gains	–	9 952
Operating expenses	(351 777)	(392 768)
<b>Operating profit</b>	<b>330 814</b>	592 750
Investment income	30 061	36 762
Finance costs	(50 619)	(32 383)
Share of profit of associate	–	332
<b>Profit before taxation</b>	<b>310 256</b>	597 461
Taxation	(92 884)	(160 107)
<b>Profit for the year</b>	<b>217 372</b>	437 354
<b>Items that will not subsequently be reclassified to profit or loss</b>		
Profit (loss) on cash flow hedges	1 951	(684)
Taxation relating to items that will not be reclassified	(534)	192
<b>Other comprehensive income (loss) for the year net of taxation</b>	<b>1 417</b>	(492)
<b>Total comprehensive income for the year</b>	<b>218 789</b>	436 862
<b>Profit attributable to:</b>		
Owners of the parent	215 668	436 267
Non-controlling interest	1 704	1 087
	<b>217 372</b>	437 354
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	217 085	435 775
Non-controlling interest	1 704	1 087
	<b>218 789</b>	436 862
<b>Basic and diluted earnings per share</b>		
Basic	(cents) 46.18	93.74
Diluted	(cents) 46.18	93.68

# AUDITED SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 29 February 2024

	Audited as at 29 February 2024 R'000	Audited as at 28 February 2023 R'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	381 826	328 413
Investment property	220 375	153 020
Intangible assets	22 126	23 281
Loans to external parties	8 664	8 664
Other financial assets	1 267	–
Deferred taxation	11 413	6 778
	<b>645 671</b>	<b>520 156</b>
<b>Current assets</b>		
Developments under construction	6 342 225	5 734 382
Trade and other receivables	349 709	218 902
Development loans receivable	1 840	27 021
Current tax receivable	1 316	–
Cash and cash equivalents	289 586	607 349
Restricted cash	–	164 376
	<b>6 984 676</b>	<b>6 752 030</b>
Non-current assets held for sale	–	26 061
<b>Total assets</b>	<b>7 630 347</b>	<b>7 298 247</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	657 514	650 973
Reserves	83 222	71 056
Retained income	3 265 019	3 112 898
Non-controlling interest	3 295	1 591
<b>Total equity</b>	<b>4 009 050</b>	<b>3 836 518</b>
<b>Non-current liabilities</b>		
Development loans and facilities	1 113 695	1 267 742
Other financial liabilities	–	684
Lease liabilities	–	191
Deferred taxation	348 079	273 364
	<b>1 461 774</b>	<b>1 541 981</b>
<b>Current liabilities</b>		
Development loans and facilities	1 959 202	1 688 777
Lease liabilities	192	1 075
Trade and other payables	175 848	146 472
Current tax payable	–	21 899
Employee benefits	24 281	61 525
	<b>2 159 523</b>	<b>1 919 748</b>
<b>Total liabilities</b>	<b>3 621 297</b>	<b>3 461 729</b>
<b>Total equity and liabilities</b>	<b>7 630 347</b>	<b>7 298 247</b>

# AUDITED SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 29 February 2024

	Audited year ended 29 February 2024 R'000	Audited year ended 28 February 2023 R'000
<b>Cash flows from operating activities</b>		
Cash (used in)/generated from operations	5 078	558 868
Interest received	30 061	36 762
Finance costs paid	(296 316)	(217 373)
Taxation paid	(46 738)	(133 094)
<b>Net cash (used in )/generated from operating activities</b>	<b>(307 915)</b>	245 163
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(48 427)	(86 452)
Proceeds from disposal of property, plant and equipment	–	2 422
Purchases of investment property	(67 355)	–
Proceeds from disposal of non-current assets held for sale	19 000	–
Purchases of intangible assets	(12 507)	(11 541)
Proceeds from disposal of intangible assets	6 682	–
Net cash paid on business combinations	–	(14 134)
Decrease/(increase) in restricted cash	164 376	(163 290)
Dividend received from associate	–	250
<b>Net cash generated from/(used in) investing activities</b>	<b>61 769</b>	(272 745)
<b>Cash flows from financing activities</b>		
Treasury shares acquired	–	(20 112)
Development loans raised and utilised	1 965 438	2 200 433
Developments loans repaid	(1 424 661)	(2 327 757)
Investment loans and general banking facilities repaid	(679 269)	(618 679)
Investment loans and general banking facilities raised and utilised	131 496	844 271
Payment on lease liabilities	(1 074)	(1 746)
Dividend paid	(73 237)	(121 542)
Dividend received from treasury	9 690	14 427
<b>Net cash used in financing activities</b>	<b>(71 617)</b>	(30 705)
<b>Total cash and cash equivalents movement for the year</b>	<b>(317 763)</b>	(58 287)
Cash and cash equivalents at the beginning of the year	607 349	665 636
<b>Total cash and cash equivalents at the end of the year</b>	<b>289 586</b>	607 349

# AUDITED SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 29 February 2024

	Share capital R'000	Cash flow hedge reserve R'000	Share based payment reserve R'000	Retained income R'000	Total attributable to equity holders of the group R'000	Non- controlling interest R'000	Total equity R'000
Balance at 01 March 2022	664 225	–	67 448	2 783 746	3 515 419	504	3 515 923
Profit for the year	–	–	–	436 267	436 267	1 087	437 354
Other comprehensive loss	–	(492)	–	–	(492)	–	(492)
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>(492)</b>	<b>–</b>	<b>436 267</b>	<b>435 775</b>	<b>1 087</b>	<b>436 862</b>
Issue of shares from treasury	6 860	–	(6 860)	–	–	–	–
Treasury shares acquired	(20 112)	–	–	–	(20 112)	–	(20 112)
Share-based payment	–	–	10 960	–	10 960	–	10 960
Dividends paid	–	–	–	(121 542)	(121 542)	–	(121 542)
Dividends received from treasury shares	–	–	–	14 427	14 427	–	14 427
<b>Balance as at 28 February 2023</b>	<b>650 973</b>	<b>(492)</b>	<b>71 548</b>	<b>3 112 898</b>	<b>3 834 927</b>	<b>1 591</b>	<b>3 836 518</b>
Profit for the year	–	–	–	215 668	215 668	1 704	217 372
Other comprehensive income	–	1 417	–	–	1 417	–	1 417
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>1 417</b>	<b>–</b>	<b>215 668</b>	<b>217 085</b>	<b>1 704</b>	<b>218 789</b>
Issue of shares from treasury	6 541	–	(6 541)	–	–	–	–
Share-based payment	–	–	17 290	–	17 290	–	17 290
Dividends paid	–	–	–	(73 237)	(73 237)	–	(73 237)
Dividends received from treasury shares	–	–	–	9 690	9 690	–	9 690
<b>Balance at 29 February 2024</b>	<b>657 514</b>	<b>925</b>	<b>82 297</b>	<b>3 265 019</b>	<b>4 005 755</b>	<b>3 295</b>	<b>4 009 050</b>

# RECONCILIATION OF HEADLINE EARNINGS

For the year ended 29 February 2024

		Audited year ended 29 February 2024	Audited year ended 28 February 2023
<b>Basic and headline earnings per share</b>			
Basic	(cents)	46.18	93.74
Headline	(cents)	47.94	91.49
Diluted earnings	(cents)	46.18	93.68
Diluted headline earnings	(cents)	47.94	91.42
Tangible net asset value per share*	(cents)	853.75	819.38
Net asset value per share**	(cents)	858.49	824.38
Weighted average shares in issue	('000)	466 991	465 382
Net asset value	(R'000)	4 009 050	3 836 518
Tangible net asset value per share	(R'000)	3 986 924	3 813 237
<b>Reconciliation of profit for the year to basic and headline earnings:</b>			
Profit for the year attributable to equity holders	(R'000)	215 668	436 267
<b>Basic earnings</b>	<b>(R'000)</b>	<b>215 668</b>	<b>436 267</b>
Adjusted for:			
- Net loss (profit) on disposal of property, plant and equipment, intangible assets and non-current assets held for sale	(R'000)	8 205	(1 615)
- Gain on bargain purchase	(R'000)	-	(4 222)
- Fair value gain on investment property	(R'000)	-	(3 268)
- Fair value gain on deemed disposal of associate	(R'000)	-	(2 462)
- Tax effect on the above items	(R'000)	-	1 068
<b>Headline earnings</b>		<b>223 873</b>	<b>425 768</b>
<b>Weighted average number of shares</b>			
Weighted average number of shares in issue		466 991	465 382
Potential dilutive impact of share options		-	328
		<b>466 991</b>	<b>465 710</b>

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

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

# NOTES TO THE AUDITED SUMMARY CONSOLIDATED STATEMENTS

For the year ended 29 February 2024

## 1. BASIS OF PREPARATION

The summary consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards ("Accounting Standards") and also as a minimum contains the information required by IAS 34: Interim Financial Reporting, and complies with the requirements of the Companies Act 2008 of South Africa, the SA financial reporting requirements' per section 8.60 of the JSE Listings requirements. They have been prepared on the historical cost basis, except for certain financial instruments and investment property which are measured at fair value through profit and loss and the other financial asset/liability which is measured at fair value through other comprehensive income.

The summary consolidated financial statements are presented in South African Rands rounded to the nearest R'000, which is the company's functional and presentation currency. The audited consolidated financial statements and the unmodified opinion from which these summary consolidated financial statements were derived are available on our website at no charge. The accounting policies are in terms of the Accounting Standards. The accounting policies and methods of computation are consistent to those of the prior year annual consolidated financial statements. The audited summary consolidated financial statements and annual consolidated financial statements have been internally prepared under the supervision of JS Biggam, in his capacity as chief financial officer and were approved by the board on 20 May 2024.

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

## 2. REVENUE

### Revenue from contracts with customers

	Audited year ended 29 February 2024 R'000	Audited year ended 28 February 2023 R'000
Revenue from the sale of apartments	2 222 136	3 243 815
Rental of electronic communication	77 946	16 999
Bond commission	12 489	43 124
Rendering of services to residential developments	15 881	6 988
	<b>2 328 452</b>	3 310 926

### Revenue other than revenue from contracts with customers

Rental income	26 227	10 888
Donation income	1 605	5 094
	<b>27 832</b>	15 982
	<b>2 356 284</b>	3 326 908

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:

## 2. REVENUE (continued)

	Audited year ended 29 February 2024 R'000	Audited year ended 28 February 2023 R'000
<b>Disclosure of disaggregated revenue from the sale of apartments by region:</b>		
Gauteng	812 763	1 542 544
Western Cape	1 034 156	1 135 322
KwaZulu-Natal	375 217	565 949
	<b>2 222 136</b>	3 243 815
<b>Disclosure of disaggregated revenue from the sale of apartments by Collection:</b>		
Classic Collection	1 525 722	1 987 145
Green Collection	381 357	548 332
Signature Collection	315 057	708 338
	<b>2 222 136</b>	3 243 815
<b>Disaggregation of revenue from contracts with customers</b>		
<b>Disclosure of timing of revenue recognition</b>		
<b>At a point in time</b>		
Revenue from sale of apartments	2 222 136	3 243 815
Bond commission	12 489	16 999
Rendering of services to residential developments	3 911	4 370
	<b>2 238 536</b>	3 265 184
<b>Over time</b>		
Rental of electronic communication	77 946	43 124
Rendering of services to residential developments	11 970	2 618
	<b>89 916</b>	45 742
<b>Total revenue from contracts with customers</b>	<b>2 328 452</b>	3 310 926

	Audited as at 29 February 2024 R'000	Audited as at 28 February 2023 R'000
<b>3. DEVELOPMENTS UNDER CONSTRUCTION</b>		
Developments under construction	<b>6 342 225</b>	5 734 382
<b>Developments under construction include the following:</b>		
Cost of construction	<b>3 388 468</b>	2 906 124
Land and land contribution costs	<b>2 466 736</b>	2 338 327
Development rights	<b>487 021</b>	489 931
	<b>6 342 255</b>	5 734 382

Development rights pertains to the rights assigned to Balwin, including all the rights to use the Polofields and the Waterfall City Fields properties for the purpose of undertaking the developments located on those land parcels. Balwin does not hold title of the land located at Waterfall City 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 681.3 million (2023: R2 359.5 million). Costs previously capitalised to developments under construction written off in the current year amount to R1.9 million (2023: RNil). The carrying amount of land which acts as security for development loans advanced is R1 434.5 million (2023: R1 448.4 million).

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

## 4. SHARE CAPITAL

### Authorised

Ordinary shares	('000)	<b>1 000 000</b>	1 000 000
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### Issued and fully paid up

Ordinary shares	(R'000)	<b>670 206</b>	670 206
BEE shares	(R'000)	<b>171 878</b>	171 878
Treasury shares	(R'000)	<b>(184 570)</b>	(191 111)
		<b>657 514</b>	650 973

The unissued shares are under the control of the directors until the next annual general meeting.

### Reconciliation of shares in issue

Opening balance	('000)	<b>465 209</b>	469 822
Treasury shares issued to settle long-term incentive scheme	('000)	<b>2 513</b>	2 500
Shares repurchased back and held in treasury	('000)	<b>–</b>	(7 112)
BEE shares issued	('000)	<b>47 219</b>	47 219
Treasury shares	('000)	<b>4 471</b>	6 983
<b>Closing balance</b>		<b>519 412</b>	519 412

The BEE shares issued are treated as an in-substance option which is within the scope of IFRS 2: Share-based payment and accordingly, together with the treasury shares held, are not disclosed as accounting shares in issue.

## 5. DEVELOPMENT LOANS AND FACILITIES

### Held at amortised cost

Development loans		<b>2 034 294</b>	1 469 175
General banking facility		<b>661 857</b>	858 930
Investment loan facility		<b>376 746</b>	628 414
		<b>3 072 897</b>	2 956 519

## 5. DEVELOPMENT LOANS AND FACILITIES (continued)

Development loans	Average nominal interest rate %	Maturity date	Audited as at 29 February 2024 R'000
<b>Non-current loans</b>			
Century Property Developments Proprietary Limited	Prime	November 2027	203 205
			203 205
<b>Current loans</b>			
Absa Bank Limited	Prime	Between March 2024 and February 2025	395 592
Absa Bank Limited	Prime less 0.25%	Between March 2024 and February 2025	675 991
Absa Bank Limited	Prime less 1.00%	Between March 2024 and February 2025	39 996
First National Bank Limited	Prime	Between March 2024 and February 2025	59 822
First National Bank Limited	Prime less 0.50%	Between March 2024 and February 2025	168
Investec Bank Limited	Prime	Between March 2024 and February 2025	100 068
Investec Bank Limited	Prime less 0.25%	Between March 2024 and February 2025	96 567
Nedbank Limited	3 Month Jibar plus 3.053%	Between March 2024 and February 2025	35
Nedbank Limited	3 Month Jibar plus 3.069%	Between March 2024 and February 2025	947
Nedbank Limited	3 Month Jibar plus 3.076%	Between March 2024 and February 2025	33 673
Nedbank Limited	3 Month Jibar plus 3.291%	Between March 2024 and February 2025	89 117
Nedbank Limited	3 Month Jibar plus 3.344%	Between March 2024 and February 2025	14 322
Nedbank Limited	Prime	Between March 2024 and February 2025	45
National Housing Finance Corporation Limited	Prime	Between March 2024 and February 2025	15 166
Futuregrowth Asset Management Proprietary Limited	3 Month Jibar plus 3.75%	Between March 2024 and February 2025	47 040
Futuregrowth Asset Management Proprietary Limited	1 month Jibar plus 4%	Between March 2024 and February 2025	259 539
Century Property Developments Proprietary Limited	Prime	February 2025	2 992
			1 831 089
<b>Total development loans</b>			<b>2 034 294</b>
<b>Investment loans and general banking facilities</b>			
<b>Non-current loans</b>			
Ninety One SA Proprietary Limited	3 Month Jibar plus 4.50%	April 2025	221 824
Stanlib Asset Management Proprietary Limited	3 Month Jibar plus 4.75%	April 2025	349 810
Sanlam Investment Management Proprietary Limited	3 Month Jibar plus 4%	April 2025	40 190
Investec Bank Limited	Prime less 1.0%	June 2028	166 100
Investec Bank Limited	Prime less 0.25%	December 2025	30 625
Nedbank Limited	3 Month Jibar plus 2.476%	December 2025	101 941
			910 490
<b>Current loans</b>			
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
Nedbank Limited	Prime	March 2024	50 033
			128 113
<b>Total investment and general banking facilities</b>			<b>1 038 603</b>
<b>Total development loans and facilities</b>			<b>3 072 897</b>

## 5. DEVELOPMENT LOANS AND FACILITIES (continued)

Development loans	Average nominal interest rate %	Maturity date	Audited as at 28 February 2023 R'000
<b>Non-current loans</b>			
Deutsche Investitions-Und Entwicklungsgesellschaft MBH	3 Month Jibar plus 6.9%	December 2026	75 000
Century Property Developments Proprietary Limited	Prime	November 2027	157 496
			232 496
<b>Current loans</b>			
Absa Bank Limited	Prime less 0.25%	Between March 2023 and February 2024	291 309
Absa Bank Limited	Prime	Between March 2023 and February 2024	412 613
Century Property Developments Proprietary Limited	Prime	February 2024	6 811
First National Bank Limited	Prime	Between March 2023 and February 2024	72 859
Futuregrowth Asset Management Proprietary Limited	3 Month Jibar plus 3.75%	Between March 2023 and February 2024	85 864
Investec Bank Limited	Prime less 0.25%	Between March 2023 and February 2024	83 827
Investec Bank Limited	Prime	Between March 2023 and February 2024	70 856
National Housing Finance Corporation Limited	Prime	Between March 2023 and February 2024	29 772
Nedbank Limited	Prime	Between March 2023 and February 2024	57 920
Nedbank Limited	3 Month Jibar plus 2.847%	Between March 2023 and February 2024	26 326
Nedbank Limited	3 Month Jibar plus 2.89%	Between March 2023 and February 2024	10
Nedbank Limited	3 Month Jibar plus 2.94%	Between March 2023 and February 2024	30 449
Nedbank Limited	3 Month Jibar plus 3.053%	Between March 2023 and February 2024	49 022
Nedbank Limited	3 Month Jibar plus 3.069%	Between March 2023 and February 2024	5 540
Nedbank Limited	3 Month Jibar plus 3.35%	Between March 2023 and February 2024	9 899
Nedbank Limited	3 Month Jibar plus 3.076%	Between March 2023 and February 2024	3 602
			1 236 679
<b>Total development loans</b>			1 469 175
<b>Investment loans and general banking facilities</b>			
<b>Non-current loans</b>			
Ninety One SA Proprietary Limited	3 Month Jibar plus 4.75%	July 2026	298 644
Stanlib Asset Management Proprietary Limited	3 Month Jibar plus 4.75%	July 2026	499 783
Sanlam Investment Management Proprietary Limited	3 Month Jibar plus 4%	July 2026	60 503
Investec Bank Limited	Prime less 0.25%	June 2028	176 316
			1 035 246
<b>Current loans</b>			
Nedbank Limited	Prime less 0.6%	June 2023	39 243
Nedbank Limited	Prime less 0.6%	December 2023	61 540
Absa Bank Limited	Prime	March 2023	257 305
Absa Bank Limited	Prime less 1.45%	No fixed terms of repayment	70 000
Investec Bank Limited	Prime	August 2023	19 446
Investec Bank Limited	Prime less 0.25%	February 2024	4 564
			452 098
<b>Total investment and general banking facilities</b>			1 487 344
<b>Total development loans and facilities</b>			2 956 519

## 5. DEVELOPMENT LOANS AND FACILITIES (continued)

### Split between non-current and current portions

	Audited as at 29 February 2024 R'000	Audited as at 28 February 2023 R'000
Non-current liabilities	1 113 695	1 267 742
Current liabilities	1 959 202	1 688 777
<b>Total development loans and facilities</b>	<b>3 072 897</b>	<b>2 956 519</b>

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 loan payable to Century Property Developments Proprietary Limited have a long-term repayment term with a fixed maturity date. The loan reflect the discounted contractual cash flows and have been discounted at the average lending rate of the group.

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. No breaches or funding or default on payments were incurred during the year.

## 6. RELATED PARTIES

### Related party transactions

#### Sale of apartments to related parties:

##### Directors and prescribed officers:

Lucille Properties Proprietary Limited \*

Shelby Prop Investments Proprietary Limited \*\*

#### Rental guarantee payments

Balwin Rentals Proprietary Limited

#### Property rental management fee received

##### Directors and prescribed officers:

RN Gray

U Gschnaidtner

SV Brookes

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.

#### Rentals paid to related parties

##### Directors, prescribed officers

Volker Properties Proprietary Limited \*

Lucille Properties Proprietary Limited \*

Shelby Prop Investments Proprietary Limited \*\*

Key West Trust \*\*\*

#### Compensation to directors and other key management:

Directors emoluments

	Audited as at 29 February 2024 R'000	Audited as at 28 February 2023 R'000
<b>Related party transactions</b>		
<b><u>Sale of apartments to related parties:</u></b>		
<b>Directors and prescribed officers:</b>		
Lucille Properties Proprietary Limited *	–	69 068
Shelby Prop Investments Proprietary Limited **	–	19 018
<b><u>Rental guarantee payments</u></b>		
Balwin Rentals Proprietary Limited	–	325
<b><u>Property rental management fee received</u></b>		
<b>Directors and prescribed officers:</b>		
RN Gray	135	153
U Gschnaidtner	13	15
SV Brookes	364	572
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.		
<b><u>Rentals paid to related parties</u></b>		
<b>Directors, prescribed officers</b>		
Volker Properties Proprietary Limited *	454	532
Lucille Properties Proprietary Limited *	71	869
Shelby Prop Investments Proprietary Limited **	356	712
Key West Trust ***	–	6
<b><u>Compensation to directors and other key management:</u></b>		
Directors emoluments	38 458	55 703

\*The entity is controlled by SV Brookes

\*\*The entity is controlled by RN Gray

\*\*\* Trust controlled by spouse of RN Gray

## 7. FINANCIAL INSTRUMENTS

	Audited as at 29 February 2024 R'000	Audited as at 28 February 2023 R'000
<b>Financial assets at amortised cost</b>		
Development loans receivable	1 840	27 021
Loans to external parties	8 664	8 664
Trade and other receivables	331 221	217 073
Restricted cash	–	164 376
Cash and cash equivalents	289 586	607 349
	<b>631 311</b>	<b>1 024 483</b>
<b>Financial assets at fair value through other comprehensive income</b>		
Other financial assets	1 267	–
<b>Financial liabilities at amortised cost</b>		
Development loans and facilities	<b>(3 072 897)</b>	(2 956 519)
Trade and other payables	<b>(127 865)</b>	(87 293)
	<b>(3 200 762)</b>	<b>(3 043 812)</b>
<b>Financial liabilities at fair value through other comprehensive income</b>		
Other financial liabilities	–	(684)

## 8. 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 followings 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 the 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.

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 and the comparable sales valuation method of the investment property as well as the net asset value approach of the investment that is being valued. This information is based on the unobservable market data, and adjusted for based on management's experience and knowledge of the investment.

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

## 9. SEGMENTAL REPORTING

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

	Sale of apartments R'000	Provision of services to residential estates R'000	Bond commission R'000	Residential and commercial property rentals R'000	Balwin Foundation R'000	Total R'000
<b>Segmental reporting for statement of financial position for the year ended 29 February 2024</b>						
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
<b>Total assets</b>	<b>7 049 077</b>	<b>156 605</b>	<b>2 846</b>	<b>419 079</b>	<b>2 740</b>	<b>7 630 347</b>
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
<b>Total liabilities</b>	<b>3 202 119</b>	<b>106 616</b>	<b>1 106</b>	<b>311 369</b>	<b>87</b>	<b>3 621 297</b>
<b>Segmental reporting for statement of financial position for the year ended 28 February 2022</b>						
Non-current assets	119 429	73 304	538	326 611	274	520 156
Current assets	6 726 666	23 636	9 342	14 100	4 347	6 778 091
<b>Total assets</b>	<b>6 846 095</b>	<b>96 940</b>	<b>9 880</b>	<b>340 711</b>	<b>4 621</b>	<b>7 298 247</b>
Non-current liabilities	1 361 101	–	–	180 880	–	1 541 981
Current liabilities	1 691 818	82 140	6 724	138 797	269	1 919 748
<b>Total liabilities</b>	<b>3 052 919</b>	<b>82 140</b>	<b>6 724</b>	<b>319 677</b>	<b>269</b>	<b>3 461 729</b>
<b>Segmental reporting for statement of profit or loss and other comprehensive income for the year ended 29 February 2024</b>						
Revenue	2 222 136	93 827	12 489	26 227	1 605	2 356 284
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)
<b>Profit for the year</b>	<b>214 678</b>	<b>14 315</b>	<b>3 385</b>	<b>(8 646)</b>	<b>(6 360)</b>	<b>217 372</b>
<b>Segmental reporting for statement of profit or loss and other comprehensive income for the year ended 28 February 2023</b>						
Revenue	3 243 815	50 112	16 999	10 888	5 094	3 326 908
Gross profit	884 349	50 112	16 999	10 888	(2198)	960 150
Operating expenses	(323 150)	(47 818)	(9 560)	(9 632)	(2 608)	(392 768)
<b>Profit for the year</b>	<b>420 208</b>	<b>1 564</b>	<b>5 238</b>	<b>9 434</b>	<b>910</b>	<b>437 354</b>

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.

## 10. COMMITMENTS

### Authorised capital expenditure

#### Already contracted for but not provided for

	Audited as at 29 February 2024 R'000	Audited as at 28 February 2023 R'000
Land (Unconditional)	–	50 000
Land (Conditional)	<b>311 000</b>	338 000
Infrastructure (Unconditional)	<b>5 114</b>	189 847

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.

## 11. EVENTS AFTER THE REPORTING PERIOD

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

## 12. GOING CONCERN

The directors have reviewed the group and company's cash flow forecasts up to the period ending May 2025 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 529 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.

## 06

SHAREHOLDER  
ANALYSIS

SHAREHOLDER SPREAD	No of Share Holders	%	No of Shares	%
1 – 1 000 shares	26 252	93.37	1 782 072	0.34
1 001 – 10 000 shares	1 382	4.92	4 773 465	0.92
10 001 – 100 000 shares	380	1.35	12 527 086	2.41
100 001 – 1 000 000 shares	72	0.26	21 936 018	4.22
1 000 001 – 10 000 000 shares	21	0.07	72 243 953	13.91
10 000 001 shares and over	9	0.03	406 149 258	78.19
<b>Totals</b>	<b>28 116</b>	<b>100.00</b>	<b>519 411 852</b>	<b>100.00</b>

DISTRIBUTION OF SHAREHOLDERS	No of Share Holders	%	No of Shares	%
Banks/Brokers	26	0.09	16 382 805	3.15
Close Corporations	14	0.05	367 666	0.07
Empowerment	1	0.00	47 219 260	9.09
Endowment Funds	1	0.00	58	0.00
Individuals	27 834	99.00	40 786 673	7.85
Insurance Companies	5	0.02	24 063 603	4.63
Medical Schemes	0	0.00	0	0.00
Mutual Funds	13	0.05	64 378 587	12.39
Other Corporations	41	0.15	44 449	0.01
Private Companies	100	0.36	307 964 856	59.29
Retirement Funds	8	0.03	1 700 430	0.33
Treasury Stock	1	0.00	4 058 643	0.78
Trusts	72	0.26	12 444 822	2.40
<b>Totals</b>	<b>28 116</b>	<b>100.00</b>	<b>519 411 852</b>	<b>100.00</b>

PUBLIC / NON-PUBLIC SHAREHOLDERS	No of Shareholdings	%	No of Shares	%
<b>Non – Public Shareholders</b>	<b>16</b>	<b>0.06</b>	<b>282 160 943</b>	<b>54.32</b>
Directors of the company (excluding empowerment)	5	0.02	172 085 875	33.13
Prescribed Officers	9	0.03	58 797 165	11.32
Empowerment	1	0.00	47 219 260	9.09
Treasury Stock	1	0.00	4 058 643	0.78
<b>Public Shareholders</b>	<b>28 100</b>	<b>99.94</b>	<b>237 250 909</b>	<b>45.68</b>
<b>Totals</b>	<b>28 116</b>	<b>100.00</b>	<b>519 411 852</b>	<b>100.00</b>

BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE	No of Shares	%
Brookes, SV	171 751 457	33.07
Gray, RN	48 241 519	9.29
Tatovect (Pty) Ltd	47 219 260	9.09
GRE Africa Ltd	39 357 225	7.58
Nedbank Group	28 500 000	5.49
<b>Totals</b>	<b>335 069 461</b>	<b>64.51</b>

## SHAREHOLDER ANALYSIS continued

## BREAKDOWN OF NON-PUBLIC HOLDINGS

DIRECTORS	No. of Shares	%
<b>Brookes, SV</b>	<b>171 751 457</b>	<b>33.07</b>
Volker Holdings (Pty) Ltd	171 751 457	33.07
<b>Kukama, R</b>	<b>47 219 260</b>	<b>9.09</b>
Tatovect (Pty) Ltd	47 219 260	9.09
<b>Bigham, JS</b>	<b>121 028</b>	<b>0.02</b>
Bigham, JS	121 028	0.02
<b>Shapiro, A</b>	<b>204 000</b>	<b>0.04</b>
Salvete Trust	204 000	0.04
<b>Amosun, O</b>	<b>9 390</b>	<b>0.00</b>
Amosun, O	9 390	0.00
<b>Totals</b>	<b>219 305 135</b>	<b>42.22</b>

PRESCRIBED OFFICERS	No. of Shares	%
<b>Gschnaidtner, U</b>	<b>10 150 788</b>	<b>1.95</b>
Gschnaidtner, U	10 150 788	1.95
<b>Gray, RN</b>	<b>48 646 377</b>	<b>9.37</b>
Rodna Investments (Pty) Ltd	48 241 519	9.29
Gray, C	202 429	0.04
Gray, E	202 429	0.04
<b>Totals</b>	<b>58 797 165</b>	<b>11.32</b>

TREASURY STOCK	No. of Shares	%
<b>Balwin Properties Ltd</b>	<b>4 058 643</b>	<b>0.78</b>
Balwin Properties Ltd	4 058 643	0.78
<b>Totals</b>	<b>4 058 643</b>	<b>0.78</b>

EMPOWERMENT	No. of Shares	%
<b>Tatovect (Pty) Ltd</b>	<b>47 219 260</b>	<b>9.09</b>
Tatovect (Pty) Ltd	47 219 260	9.09
<b>Totals</b>	<b>47 219 260</b>	<b>9.09</b>

## BREAKDOWN OF BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE

BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE	No of Shares	%
<b>Brookes, SV</b>	<b>171 751 457</b>	<b>33.07</b>
Volker Holdings (Pty) Ltd	171 751 457	33.07
<b>Gray, RN</b>	<b>48 241 519</b>	<b>9.29</b>
Rodna Investments (Pty) Ltd	48 241 519	9.29
<b>Tatovect (Pty) Ltd</b>	<b>47 219 260</b>	<b>9.09</b>
Tatovect (Pty) Ltd	47 219 260	9.09
<b>GRE Africa Ltd</b>	<b>39 357 225</b>	<b>7.58</b>
GRE Africa Ltd	39 357 225	7.58
<b>Nedbank Group</b>	<b>28 500 000</b>	<b>5.49</b>
Nedgroup Investments Opportunity Fund	22 000 000	4.24
Nedgroup Investments Entrepreneur Fund	6 500 000	1.25
<b>Totals</b>	<b>335 069 461</b>	<b>64.51</b>

06

# NOTICE OF ANNUAL GENERAL MEETING

## Balwin Properties Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2003/028851/06)

JSE share code: BWN

ISIN: ZAE000209532

("Balwin" or "the company")

Notice is hereby given that the annual general meeting of the company's shareholders will be held through electronic participation on Wednesday, 21 August 2024, at 09:00 ("the AGM").

The AGM is permitted to be held through electronic communication in accordance with the Johannesburg Stock Exchange Limited ("JSE") and the provisions of the Companies Act 71 of 2008, as amended (the "Companies Act") and the company's memorandum of incorporation.

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

## PURPOSE

The purpose of the meeting is to receive, consider and adopt the annual financial statements of the company and the group for the year ended 29 February 2024; to transact the business set out in this notice of annual general meeting ("AGM notice") by considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions hereunder; and to transact such other business as may be transacted at the AGM.

### RECORD DATE, ATTENDANCE AND VOTING 2024

Record date in order to be eligible to receive the AGM notice	Friday, 12 July
AGM notice posted to shareholders and available on the company's website	Tuesday, 23 July
Last date to trade in order to be eligible to vote at the AGM	Monday, 5 August
Record date in order to be eligible to vote at the AGM	Thursday, 8 August
Last day to lodge forms of proxy for administration purposes for the AGM (by 09:00)	Tuesday, 20 August
AGM (at 09:00)	Wednesday, 21 August
Results of the AGM released on Stock Exchange News Service ("SENS")	Wednesday, 21 August

- Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote on their behalf. A proxy need not be a member of the company. A form of proxy, which sets out the relevant instructions for completion, is enclosed for the use of a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM. Shareholders are strongly encouraged to submit votes by proxy before the AGM for administrative purposes.
- Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person will need to request their Central Securities Depository Participant ("CSDP") or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such shareholders and the CSDP or broker. These instructions should preferably be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.
- Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and the CSDP or broker in the manner and time stipulated therein.
- Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held. TMS will assist shareholders with the requirements for electronic participation in, and/or voting at, the AGM. TMS is further obliged to validate (in correspondence with the company and, in particular, the transfer secretary, Computershare Limited ("Computershare"), and your CSDP) each such shareholder's entitlement to participate in and/or vote at the AGM, before providing it with the necessary means to access the annual general meeting and/or the associated voting platform.
- Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Any such charges will not be for the account of the JSE, the company and/or TMS. The JSE, the company, and/or TMS cannot be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder from participating in and/or voting at the annual general meeting.

## NOTICE OF ANNUAL GENERAL MEETING continued

### AGENDA

1. Presentation and consideration of the consolidated and separate annual financial statements of Balwin, including the reports of the directors, the audit and risk committee and the social, ethics and transformation committee for the year ended 29 February 2024. The complete annual financial statements for the year ended 29 February 2024, together with these reports are available for inspection at the registered office of the company, 105 Corlett Drive, Melrose, Johannesburg and on the website [www.balwin.co.za](http://www.balwin.co.za); and
2. To consider and, if deemed fit, approve, with or without modification, the following ordinary and special resolutions:

#### Note:

*In order for any of the ordinary resolutions numbers 1 to 9 to be adopted, the support of more than 50% of the voting rights exercised by shareholders, present in person or by proxy must be exercised in favour thereof.*

*In order for ordinary resolution number 10 and special resolutions 1 to 3 to be adopted, the support of at least 75% of the voting rights exercised by shareholders, present in person or by proxy must be exercised in favour thereof.*

### ORDINARY BUSINESS

#### 1. Ordinary resolution number 1: Re-election of Arnold Shapiro as an independent non-executive director

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

An abbreviated curriculum vitae of Arnold Shapiro appears on page 25 of the integrated annual report.

The remuneration and nominations committee has considered Arnold Shapiro's past performance and contribution to the company and, in accordance with article 38.3 of the memorandum of incorporation of

the company, recommends that Arnold Shapiro be re-elected as an independent non-executive director of the company.

#### 2. Ordinary resolution number 2: Re-election of Thoko Mokgosi-Mwantembe as an independent non-executive director

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

An abbreviated curriculum vitae of Thoko Mokgosi-Mwantembe appears on page 25 of the integrated annual report.

The remuneration and nominations committee has considered Thoko Mokgosi-Mwantembe's past performance and contribution to the company and, in accordance with article 38.3 of the memorandum of incorporation of the company, recommends that Thoko Mokgosi-Mwantembe be re-elected as an independent non-executive director of the company.

#### 3. Ordinary resolution number 3: Re-election of Reggie Kukama as a non-executive director

“Resolved that Reggie Kukama, who retires by rotation in terms of the memorandum of incorporation of the company and who, being eligible, offers himself for re-election, be and is hereby re-elected as a non-executive director of the company.”

An abbreviated curriculum vitae of Reggie Kukama appears on page 24 of the integrated annual report.

The remuneration and nominations committee has considered Reggie Kukama's past performance and contribution to the company and, in accordance with article 38.3 of the memorandum of incorporation of the company, recommends that Reggie Kukama be re-elected as a non-executive director of the company.

#### Reason for ordinary resolution numbers 1, 2 and 3

The reason for ordinary resolution numbers 1 to 3 is that article 38.3 of the memorandum of incorporation of the company requires that one-third of the non-executive directors shall retire at the AGM and, if eligible, may offer themselves for re-election as directors.

Arnold Shapiro, Thoko Mokgosi-Mwantembe and Reggie Kukama will retire from office and are eligible for re-election.

Arnold Shapiro, Thoko Mokgosi-Mwantembe and Reggie Kukama have confirmed their willingness to continue to serve as directors of the board.

#### 4. Ordinary resolution number 4: Re-appointment of the auditors

“Resolved that BDO South Africa Incorporated, together with Vianca Pretorius as the designated auditor, be and are hereby re-appointed as the independent auditors of the company from the conclusion of this AGM until the conclusion of the next AGM of the company.”

#### Reason for ordinary resolution number 4

In accordance with section 94(7) of the Companies Act, the audit and risk committee has nominated for the re-appointment as auditors of the company under section 90 of the Companies Act, BDO South Africa Incorporated.

The reason for ordinary resolution number 4 is that the company, being a public listed company, must have its financial results audited and, in accordance with section 90 of the Companies Act, its auditor must be appointed or re-appointed each year at the AGM of the company.

#### 5. Ordinary resolution number 5: Re-election of Tomi Amosun as a member of the audit and risk committee

“Resolved that, in terms of section 94(2) of the Companies Act, Tomi Amosun, an independent non-executive director, be and is hereby elected a member of the company's audit and risk committee, with effect from the conclusion of this AGM.”

An abbreviated curriculum vitae of Tomi Amosun appears on page 24 of this integrated annual report.

## NOTICE OF ANNUAL GENERAL MEETING continued

### 6. Ordinary resolution number 6: Re-election of Arnold Shapiro as a member of the audit and risk committee

“Resolved that, subject to the successful passing of ordinary resolution number 1 and in terms of section 94(2) of the Companies Act, Arnold Shapiro, an independent non-executive director, be and is hereby elected a member of the company’s audit and risk committee, with effect from the conclusion of this AGM.”

An abbreviated curriculum vitae of Arnold Shapiro appears on page 25 of this integrated annual report.

### 7. Ordinary resolution number 7: Re-election of Keneilwe Moloko as a member of the audit and risk committee

“Resolved that, in terms of section 94(2) of the Companies Act, Keneilwe Moloko, an independent non-executive director, be and is hereby elected a member of the company’s audit and risk committee, with effect from the conclusion of this AGM.”

An abbreviated curriculum vitae of Keneilwe Moloko appears on page 25 of this integrated annual report.

#### Reason for ordinary resolution numbers 6, 7 and 8

The reason for ordinary resolution numbers 6, 7 and 8 is that the company, being a public listed company, must appoint an audit committee as prescribed by section 94(2) of the Companies Act, which requires that the members of such audit committee be elected, or re-elected, as the case may be, at each AGM of the company.

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

#### Ordinary resolution 8.1

“Resolved that the company’s remuneration policy, as set out in the remuneration report on pages 105 to 109, be and is hereby approved by way of a non-binding advisory

vote of shareholders of the company in terms of the King IV Report on Corporate Governance (“King IV”) and the JSE Listings Requirements.”

#### Ordinary resolution 8.2

“Resolved that, the group’s implementation report, as set out on pages 109 to 112 of the remuneration report, be and is hereby endorsed as a non-binding advisory vote of shareholders of the company in terms of the King IV and the JSE Listings Requirements.”

#### Reason for ordinary resolution number 8

The reason for ordinary resolution number 8 is that King IV recommends that the remuneration policy and the implementation report be endorsed through a non-binding advisory vote by shareholders at the AGM of a company.

In accordance with the requirements of King IV, the group undertakes to engage with dissenting shareholders should 25% or more of the shareholders vote against either or both the remuneration policy and the implementation report. This process is aimed at determining shareholder concerns and the group will take reasonable measures to address these concerns.

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

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

#### Reason for ordinary resolution 9

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

### 10. Ordinary resolution number 10: General authority to issue shares for cash

“Resolved that, subject to the restrictions set out below, the directors be and are hereby authorised, pursuant, inter alia, to the company’s memorandum of incorporation and subject to the provisions of the Companies Act and the JSE Listings Requirements, until this authority lapses which shall be at the next AGM or 15 months from the date hereof, whichever is the earliest, to allot and issue shares of the company for cash on the following basis:

- the allotment and issue of shares must be made to persons qualifying as public shareholders and not to related parties, as defined in the JSE Listings Requirements subject to paragraph 7 below;
- the shares which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
- the total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 51 941 185, being 10% (ten percent) of the company’s issued shares as at the date of notice of this AGM. Accordingly, any shares issued under this authority prior to this authority lapsing shall be deducted from the 51 941 185 shares the company is authorised to issue in terms of this authority for the purpose of determining the remaining number of shares that may be issued in terms of this authority;
- In the event of a sub-division or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- the maximum discount at which the shares may be issued is 10% (ten percent) of the weighted average traded price of such shares measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares;

## NOTICE OF ANNUAL GENERAL MEETING continued

6. after the company has issued shares for cash which represent, on a cumulative basis, within the period that this authority is valid, 5% (five percent) or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the number of shares issued, the average discount to the weighted average trade price of the shares over the 30 business days prior to the date that the issue is agreed in writing and the effect of the issue on net asset value per share, net tangible asset value per share, earnings per share, headline earnings per share, and if applicable, diluted earnings per share and diluted headline earnings per share;
7. Related parties may participate in a general issue for cash through a bookbuild process provided-
- Related parties may only participate with a maximum bid price at which they are prepared to take-up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price, the relevant related party will be "out of the book" and not be allocated shares; and
  - Equity securities must be allocated equitably "in the book" through the bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild."

### Reason for ordinary resolution number 10

For public listed entities wishing to issue shares, it is necessary for the board of directors not only to obtain the prior authority of the shareholders in accordance with the company's memorandum of incorporation but it is also necessary to obtain the prior authority of shareholders in accordance with the JSE Listings Requirements. The reason for this resolution is accordingly to obtain a general authority from shareholders to issue shares in compliance with the JSE Listings Requirements.

*Note: In order for this ordinary resolution number 10 to be adopted, the support of at least 75% of the voting rights exercised by shareholders, present in person or by proxy must be exercised in favour thereof.*

## SPECIAL BUSINESS

### 11. Special resolution number 1: Remuneration of non-executive directors

"Resolved that the remuneration payable to the non-executive directors be approved on the following basis in quarterly payments with effect from this AGM until the next AGM to be held in 2025:

POSITION	RECOMMENDED REMUNERATION (5% INCREASE)
<b>Board of directors</b>	
Chairman	R 592 935,00
Member	R 249 690,00
<b>Audit and risk committee</b>	
Chairman	R 249 690,00
Member	R 199 920,00
<b>Remuneration and nominations committee</b>	
Chairman	R 199 920,00
Member	R 166 635,00
<b>Social, ethics and transformation committee</b>	
Chairman	R 199 920,00
Member	R 166 635,00
<b>Transaction committee</b>	
Chairman	R 217 980,00
Member	R 155 610,00
<b>Treasury committee</b>	
Chairman	R 217 980,00
Member	R 155 610,00

### Reasons for and effect of special resolution number 1

The reason for the proposed special resolution, is to comply with section 66(9) of the Companies Act, which requires the approval of directors fees prior to the payment of such fees.

The effect of special resolution number 1 is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval until the next AGM. As payments are effected on a quarterly basis, the approved fees would be effective from 1 September 2024.

### 12. Special resolution number 2: Financial assistance to related and inter-related companies

"Resolved that to the extent required by the Companies Act, the board of directors of the company may, subject to compliance with the requirements of the company's memorandum of incorporation and the Companies Act, authorise the company to provide direct or indirect financial assistance, as contemplated in section 45 of the Companies Act by way of loans, guarantees, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the company for any purpose or in connection with any matter, such authority to endure for a period of not more than two years, and further provided that in as much as the company's provision of financial assistance to its subsidiaries will at any and all times be in excess of one-tenth of 1% of the company's net worth, the company hereby provides notice to its shareholders of that fact."

### Notice in terms of section 45(5) of the Companies Act in respect of special resolution number 2

Notice is hereby given to shareholders of the company in terms of section 45(5) of the Companies Act of a resolution adopted by the board of directors authorising the company to provide such direct or indirect financial assistance as specified in the special resolution above –

- by the time that this notice of AGM is delivered to shareholders of the company, the board of directors will have adopted a resolution ("section 45 board resolution") authorising the company to provide, at

## NOTICE OF ANNUAL GENERAL MEETING continued

any time and from time to time during the period of two years commencing on the date on which the special resolution is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or inter-related companies or corporations of the company and/or to any one or more members of any such related or inter-related company or corporation and/or to any one or more persons related to any such company or corporation;

- b) the section 45 board resolution will be effective only if and to the extent that the special resolution under the heading “special resolution number 2” is adopted by the shareholders of the company, and the provision of any such direct or indirect financial assistance by the company, pursuant to such resolution, will always be subject to the board of directors being satisfied that (i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and that (ii) the terms under which such financial assistance is to be given are fair and reasonable to the company as referred to in section 45(3)(b)(ii) of the Companies Act; and
- c) in as much as the section 45 board resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of one percent of the company’s net worth at the date of adoption of such resolution, the company hereby provides notice of the section 45 board resolution to shareholders of the company.

### Reason for and effect of special resolution number 2

The reason for and the effect of special resolution number 2 is to provide a general authority to the board of directors of the company to grant direct or indirect financial assistance to any company forming part of the group, including in the form of loans or the guaranteeing of their debts.

### 13. Special resolution number 3: Authority to repurchase shares by the company

“Resolved that as a special resolution that the company and its subsidiaries be and is hereby authorised, as a general approval, to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of section 46 and 48 of the Companies Act, the memorandum of incorporation of the company and the Listings Requirements of the JSE namely that:

1. the general repurchase of the shares may only be implemented through the order book of the JSE and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
2. this general authority shall only be valid until the next AGM of the company, provided that it shall not extend beyond 15 months from the date of this resolution;
3. an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
4. the general authority to repurchase is limited to a maximum of 10% (being 51 941 185) in the aggregate in any one financial year of the company’s issued share capital;
5. a resolution has been passed by the board of directors approving the repurchase, that the company has satisfied the solvency and liquidity test as defined in the Companies Act and that since the solvency and liquidity test was applied, there have been no material changes to the financial position or required shareholder spread of the company;
6. the general repurchase is authorised by the company’s memorandum of incorporation;

7. repurchases must not be made at a price more than 10% (ten percent) above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is affected. The JSE should be consulted for a ruling if the applicant’s securities have not traded in such five business day period;
8. the company may at any point in time only appoint one agent to effect any repurchase(s) on the company’s behalf;
9. the company and its subsidiaries may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed and have been submitted to the JSE in writing, as contemplated in terms of 5.72(h) of the Listings Requirements of the JSE;
10. the company and the group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of the notice of the annual general meeting;
11. assets of the company and the group will be in excess of the liabilities for a period of 12 months after the date of the notice of the annual general meeting;
12. share capital and reserves of the company and group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of annual general meeting;
13. working capital of the company and group will be adequate for the ordinary business purposes for a period of 12 months after the date of notice of the annual general meeting.”

### Reason and effect of special resolution number 3

The reason for and effect of special resolution number 3 is to grant the directors a general authority in terms of its memorandum of incorporation and the JSE Listings Requirements for the acquisition by the company and/or

## NOTICE OF ANNUAL GENERAL MEETING continued

its subsidiaries of shares issued by it on the basis reflected in the special resolution.

At the time that this notice of AGM is delivered to shareholders of the company, the directors have no specific intention with regard to the utilisation of this authority, which will only be utilised if the circumstances are determined to be appropriate by the board of directors.

The following additional information, which appears elsewhere in the integrated report, is provided in terms of paragraph 11.26 of the JSE Listings Requirements for purposes of special resolution number 3:

### Major shareholders

Refer to page 140 of this integrated annual report.

### Share capital structure of the company

Refer to page 125 of this integrated annual report.

### Directors' responsibility statement

The directors whose names appear on pages 24 and 25 of the integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Companies Act and the JSE Listings Requirements.

### Material changes

Other than the facts and developments reported on in the integrated annual report of which this notice forms part, there have been no material changes in the affairs or financial position of the company since the date of signature of the audit report for the financial year ended 29 February 2024 and up to the date of this notice.

## OTHER BUSINESS

To transact such other business as may be transacted at an AGM or raised by shareholders with or without advance notice to the company.

### Quorum

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

### Electronic Participation

Shareholders who wish to participate electronically in and/or vote at the AGM are required to contact TMS on proxy@tmsmeetings.co.za or alternatively contact their office on +27 11 520 7950/1/2 as soon as possible, but in any event, for administrative purposes only, by no later than 09:00 on Tuesday, 20 August 2024.

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

By order of the board

**Caroline King**

*Company Secretary*

20 May 2024



# 06 FORM OF PROXY

**BALWIN PROPERTIES LIMITED**

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

*For use by shareholders of the company holding certificated shares and/or dematerialised shareholders who have elected "own name" registration, nominee companies of Central Securities Depository Participant's ("CSDP") and brokers' nominee companies, registered as such at the close of business on Thursday, 8 August 2024 (the "voting record date"), at the annual general meeting to be held through electronic participation on Wednesday, 21 August 2024 at 09:00 ("the annual general meeting") or any postponement or adjournment thereof.*

*If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders, other than with "own name" registration, should provide instructions to their appointed CSDP or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.*

I/We (please print name in full)

of (address)

being a shareholder/s of Balwin, holding

shares in the company hereby appoint:

1. \_\_\_\_\_  
or, failing him/her/them,
2. \_\_\_\_\_  
or, failing him/her/ them,
3. \_\_\_\_\_  
or failing him/ them,

4. the chairman of the annual general meeting,

as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting and at any adjournment thereof and to speak and act for me/us and, on a poll, vote on my/our behalf.

My/our proxy shall vote as follows:

	Number of shares		
	In favour of	Against	Abstain
To consider the presentation of the annual financial statements for the year ended 29 February 2024			
<b>Ordinary resolution number 1:</b> Re-election of Arnold Shapiro as an independent non-executive director			
<b>Ordinary resolution number 2:</b> Re-election of Thoko Mokgosi-Mwantembe as an independent non-executive director			
<b>Ordinary resolution number 3:</b> Re-election of Reggie Kukama as a non-executive director			
<b>Ordinary resolution number 4:</b> Re-appointment of the auditors (BDO South Africa Incorporated and designated audit partner, Vianca Pretorius)			
<b>Ordinary resolution number 5:</b> Re-election of Tomi Amosun as a member of the audit and risk committee			
<b>Ordinary resolution number 6:</b> Re-election of Arnold Shapiro as a member of the audit and risk committee			
<b>Ordinary resolution number 7:</b> Re-election of Keneilwe Moloko as a member of the audit and risk committee			
<b>Ordinary resolution number 8:</b> Endorsement of remuneration policy and implementation report by way of separate resolutions			
8.1 Endorsement of remuneration policy			
8.2 Endorsement of the implementation report			
<b>Ordinary resolution 9:</b> Authority to directors to implement resolutions			
<b>Ordinary resolution number 10:</b> General authority to issue shares for cash			
<b>Special resolution number 1:</b> Remuneration of non-executive directors			
<b>Special Resolution number 2:</b> Financial assistance to related and inter-related companies			
<b>Special Resolution number 3:</b> Authority to repurchase shares by the company			

(indicate instruction to proxy by way of a cross in the space provided above)

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024

Signature

Assisted by me (where applicable)

(State capacity and full name)

In the interest of efficiency, shareholders are kindly requested to submit completed forms of proxy at the office of the transfer secretaries of the company, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg 2196, posted to PO Box 61051, Marshalltown, 2107 or via email at proxy@computershare.co.za so as to arrive by 09:00 on Tuesday, 20 August 2024. Any forms of proxy not lodged by this time must be handed to the company secretary or chairman of the annual general meeting immediately prior to the proxy exercising a shareholder's right at the annual general meeting.

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

Please forward all relevant information to the below mentioned:

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

Please read the notes on the reverse side hereof.

## FORM OF PROXY continued

### Notes to the proxy form

1. This form of proxy should only be used by shareholders holding certificated shares and/or dematerialised shareholders who have elected "own name" registration, nominee companies of CSDP's and brokers' nominee companies.
2. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the meeting", but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to those whose names follow.
3. A shareholder's instructions to the proxy must be indicated by means of a tick or a cross or by the insertion of the relevant number of votes exercised by that shareholder in the appropriate box provided. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares in respect of which you desire to vote. If: (i) a shareholder fails to comply with the above; or (ii) gives contrary instructions in relation to any matter; or any additional resolution(s) which are properly put before the meeting; or (iii) the resolution listed in the proxy form is modified or amended, the shareholder will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the shareholder's votes exercised thereat. If, however, the shareholder has provided further written instructions which accompany this form of proxy and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in (i) to (iii) above, then the proxy shall comply with those instructions.
4. Dematerialised shareholders who wish to attend the meeting or to vote by way of proxy, must contact their CSDP or broker who will furnish them with the necessary letter of representation to attend the meeting or to be represented thereat by proxy. This must be done in terms of the custody agreement between the member and his/her CSDP or broker. These instructions must be preferably provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.
5. Forms of proxy must be lodged at the company's transfer secretaries and TMS as set out above.
6. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
7. Documentary evidence establishing the authority of the person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the meeting.
8. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
9. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes provided that, in respect of acceptances, he is satisfied as to the manner in which the shareholder(s) concerned wish(es) to vote.
10. Where there are joint holders of shares:
  - (i) any one holder may sign the form of proxy; and
  - (ii) the vote of the senior (for that purpose seniority will be determined by the order in which the names of shareholders appear in the register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of shares.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company's transfer secretaries.
12. On a show of hands, every shareholder present in person or represented by proxy shall have only one vote, irrespective of the number of shares he/she holds or represents.
13. On a poll, every shareholder present in person or represented by proxy shall have one vote for every share held by such shareholder.
14. This form of proxy may be used at any adjournment or postponement of the annual general meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.

06

# CORPORATE INFORMATION

## **Balwin Properties Limited**

Incorporated in the Republic of South Africa

Registration number: 2003/028851/06

Income tax number: 9058216848

JSE and A2X share code: BWN

ISIN: ZAE000209532

## **Directors**

### *Independent non-executive*

Hilton Saven (Chairman)

Tomi Amosun

Reginald Kukama

Thoko Mokgosi-Mwantembe

Keneilwe Moloko

Julian Scher

Arnold Shapiro

### *Executive*

Stephen Brookes (Chief executive officer)

Jonathan Bigham (Chief financial officer)

## **Contact details**

Telephone: +27 (0)11 450 2818

E-mail: [investorrelations@balwin.co.za](mailto:investorrelations@balwin.co.za)

Website: [www.balwin.co.za](http://www.balwin.co.za)

Postal address: Private Bag X4, Gardenview, 2047

## **Registered address**

105 Corlett Drive, Melrose, 2196

## **Company secretary**

FluidRock Co Sec Proprietary Limited

Telephone: +27 (0)86 111 1010

E-mail: [caroline@fluidrockgovernance.com](mailto:caroline@fluidrockgovernance.com)

## **Corporate advisors**

YW Capital

Telephone: +27 (0)10 822 7663

E-mail: [info@ywcap.co.za](mailto:info@ywcap.co.za)

## **External auditor**

BDO South Africa Inc.

## **Sponsor**

Investec Bank Limited

## **Transfer secretaries**

Computershare Investor Services Proprietary Limited

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

PO Box X9000, Saxonwold, 2132

Telephone: +27 (0)11 370 5000

2024 annual general meeting

21 August 2024

## **2025 financial year**

Interim results to August 2024

on or about 28 October 2024

Annual results to February 2025

on or about 19 May 2025

# SHARE- HOLDERS' DIARY

IT'S  
ABOUT  
THE

Lifestyle



BALWIN