2024

AUDITED SUMMARY FINANCIAL RESULTS

FOR THE YEAR ENDED
29 FEBRUARY 2024

IT'S ABOUT THE Lifestyle

Balwin
PROPERTIES®

FINANCIAL OVERVIEW

29% ↓
Revenue

4% ↑
Net asset value

50% ↓
Profit for the year

51% ↓
Earnings per share

48% ↓
Headline earnings per share

Your lifestyle our focus


THE REID

COMMENTARY

CORPORATE OVERVIEW

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

Estates typically consist of between 1 000 and 3 500 sectional title residential apartments located in the targeted nodes of Johannesburg, Tshwane, the Western Cape and KwaZulu-Natal. Larger estates are developed where market demand allows. An increasing number of larger-scale developments have been introduced into Balwin's portfolio, particularly in the Green Collection brand where the economies of scale allow for the desired affordability of the apartments.

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

Sustainable building is at the heart of the development process. All Balwin's apartments are built to EDGE Advanced certification and the lifestyle centres are constructed to Six-Star Green Star rating and Net Zero Carbon Emission as certified by the Green Building Council of South Africa (GBCSA). This commitment to environmentally sustainable buildings allows for significant savings to our customers through reduced utility costs, together with potential savings on their mortgage bonds through the green bonds offering, which currently affords clients an interest rate reduction of between 0.25% to 0.75% by most of the major financial institutions.

Lifestyle centres are an integral part of Balwin's developments with facilities offered as all-inclusive value-added services. These lifestyle centres typically include a wellness spa, restaurant, gym, squash court(s), action sports field(s), games room, cinema room, swimming pools, playgrounds, laundromat and concierge services. An exciting extension of the lifestyle offering has been the addition of increasingly popular padel courts at certain developments, now available at five estates across the portfolio.

Development brands

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

THE GREEN COLLECTION

Targeting lower income residents than the Classic Collection, the Green-branded developments offer apartments priced from R599 900 to R1 519 900. These developments enjoy a distinct architecture and high-quality standards which are synonymous with Balwin, also offering residents access to traditional lifestyle facilities.

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 an emphasis on lifestyle offerings to residents.

THE Signature COLLECTION

The Signature Collection comprises three developments: The Polofields, Munyaka Lifestyle Centre (both located in Waterfall, 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.

GREENKLOOF

OPERATIONAL REVIEW

Balwin's results for the year ended 29 February 2024 reflect the depressed demand on residential apartments owing to the pressure of the macro-economic conditions being experienced in the country, characterised by high interest rates and inflationary increases. These factors adversely impacted consumer demand, loan affordability and investment in fixed property.

Despite the prevailing market sentiment, the construction and handover of quality apartments in developments with modern lifestyle centres continues to be the group's key differentiator in the market. The group continues to carefully balance the retention of construction skills and expertise through ongoing development that aligns with the rate of sales.

Balwin's drive towards energy efficiency and green living remains a priority. These initiatives are not only environmentally responsible but assist in mitigating the large increases experienced by our clients in the cost of utilities. The sustainability initiatives of the group further benefit clients by way of a reduction in mortgage bond lending rates owing to the green bonds offered by the major financial institutions.

As a result of the economic headwinds and reduced consumer demand, Balwin recognised 1 892 apartments in revenue for the year, a 32% reduction from the 2 788 apartments recognised in revenue for the prior year.

Management responded to the challenging market conditions by implementing the following key measures:

- Reducing the rate of construction of apartments to match the rate of sales to preserve cash flows;
- Focusing on construction cost engineering to manage construction costs prudently without compromising on quality standards;
- Continuing with marketing activities and sales incentives to stimulate demand for apartments and other services offered by the group; and
- Reducing operating expenditure and tightening overhead costs.

Management's continued focus on margin management has resulted in a consistent gross margin year-on-year despite the reduction in apartment sales, while the increased contribution from the annuity businesses supported the gross profit margin of the group. Balwin generated a gross profit margin of 28% for the financial year compared to 29% for the prior year.

Developments under construction continued to increase, primarily through the investment in infrastructure in the Tshwane node, and the completion of the luxurious lifestyle centre apartments at Munyaka (Waterfall, Gauteng). In the Tshwane node, bulk services were installed to obtain council approval for the registration of the initial phases of apartments at Greenkloof, the first development within Mooikloof Smart City (Tswhane East). The first four phases at Greenkloof were handed over in the year, with 144 apartments recognised in revenue.

The business closed the financial year with a healthy cash position and continues to closely monitor, manage and plan cash flows.

Debt levels and bank covenants at year end were within the required thresholds, however, the group intends to prioritise the reduction of debt in the medium term as part of the board's emphasis on appropriate cash management and capital structure optimisation.

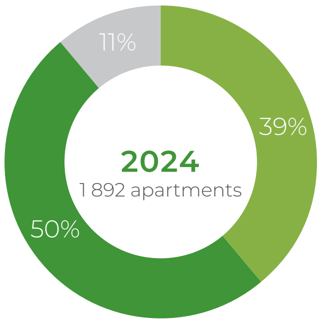
Apartments recognised in revenue

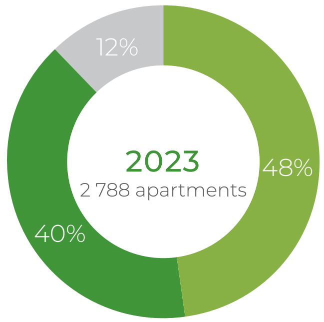
Development	Region	Collection	Apartments recognised in revenue for the year
De Aan-Zicht	Western Cape	Classic	**294**
The Huntsman	Western Cape	Classic	**221**
Fynbos	Western Cape	Classic	**191**
Greenbay	Western Cape	Green	**166**
Greenkloof	Gauteng	Green	**144**
Ballito Hills	KwaZulu-Natal	Classic	**115**
Munyaka	Gauteng	Classic	**114**
Izinga Eco Estate	KwaZulu-Natal	Signature	**98**
Greenlee	Gauteng	Green	**96**
Thaba-Eco Village	Gauteng	Classic	**84**
De Kuile	Western Cape	Classic	**75**
The Reid	Gauteng	Classic	**72**
Greencreek	Gauteng	Green	**49**
Greenpark	Gauteng	Green	**46**
The Blyde Riverwalk	Gauteng	Classic	**43**
The Polofields	Gauteng	Signature	**43**
Mooikloof Eco-Estate	Gauteng	Classic	**27**
Munyaka Lifestyle Centre	Gauteng	Signature	**14**
			1 892

Apartments recognised in revenue in the year by region

Region	February 2024	February 2023
Western Cape	**947**	1 115
Gauteng	**732**	1 335
KwaZulu-Natal	**213**	338
	1 892	2 788

Apartments by region





Regional trends continued to favour the coastal nodes, particularly the Western Cape. The Western Cape surpassed Gauteng as Balwin's most significant area of revenue contribution for the first time. The region recorded 947 apartments (2023: 1 115) in revenue, growing its contribution to total apartments recognised in revenue to 50% (2023: 40%). Demand for the group's Classic apartments at De-Aan-Zicht, Fynbos (both in Milnerton) and The Huntsman (Somerset West) remains strong and are well supported by continued pleasing sales at Greenbay (Gordon's Bay), the only Green Collection development in the Western Cape.

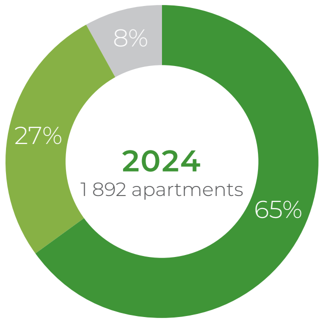
In KwaZulu-Natal, Izinga Eco Estate and Ballito Hills contributed a combined 213 apartments (2023: 338), representing 11% of apartments handed over in the period, with town planning delays restricting the delivery of apartments at Izinga Eco Estate in the year.

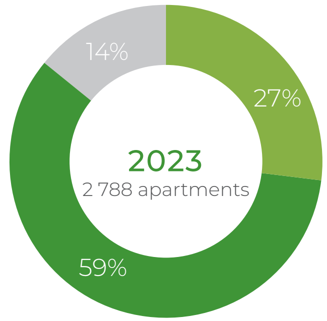
Gauteng's contribution to apartments recognised in revenue, traditionally the group's mainstay in number of apartments and revenue, contracted to 39% (2023: 48%) as a result of lower demand with 732 apartments (2023: 1 335) handed over. Notwithstanding the positive impact of the semigration trend on demand for Balwin's developments in the Western Cape and KwaZulu-Natal, management remains optimistic on the long-term sustained demand within Gauteng, which is expected to gradually improve as the market recovers.

Apartments recognised in revenue in the year by Collection

Collection	February 2024	February 2023
Classic	**1 236**	1 649
Green	**501**	742
Signature	**155**	397
	1 892	**2 788**

Apartments by Collection





The Classic Collection apartments once again proved to be the most popular in Balwin's stable, with 1 236 apartments recorded in revenue (2023: 1 649). The Classic Collection's contribution to total apartments recognised in revenue increased to 65% (2023: 59%).

The Green Collection developments maintained its contribution of apartments recognised in revenue at 27%, with the successful launch of Greenkloof (Tshwane east) significantly contributing to the demand.

Signature Collection developments recorded 155 apartments (2023: 397) in revenue. The reduction is attributed to the impact of the town planning delays at Izinga, completion of the Paardevlei Lifestyle Estate development in the Western Cape which sold out in the prior year, as well as the successful handover of the majority of the luxurious lifestyle centre apartments at Munyaka in the prior year. Demand at The Polofields also reduced in line with the slowdown experienced in Gauteng.

Apartments recognised in revenue by apartment type

The popularity of one- and two-bedroom apartments remained steady and comprised the bulk of apartments recognised in revenue at 73% (2023: 77%), with the larger three-bedroom apartments comprising the balance of 27% (2023: 23%).

Apartments pre-sold

The group has pre-sold 529 (2023: 870) apartments beyond the reporting period which are not recognised in revenue.

Annuity businesses

The annuity businesses were established to achieve three primary goals:

- Provide an enhanced client experience while making living at Balwin developments more cost effective for clients;
- Ensure long-term sustainability and appropriate maintenance of certain critical development features such as lifestyle centres and security installations;
- Generate annuity revenue streams for Balwin that will diversify income sources and provide financial contributions to the group beyond the normal development and sales life cycle.

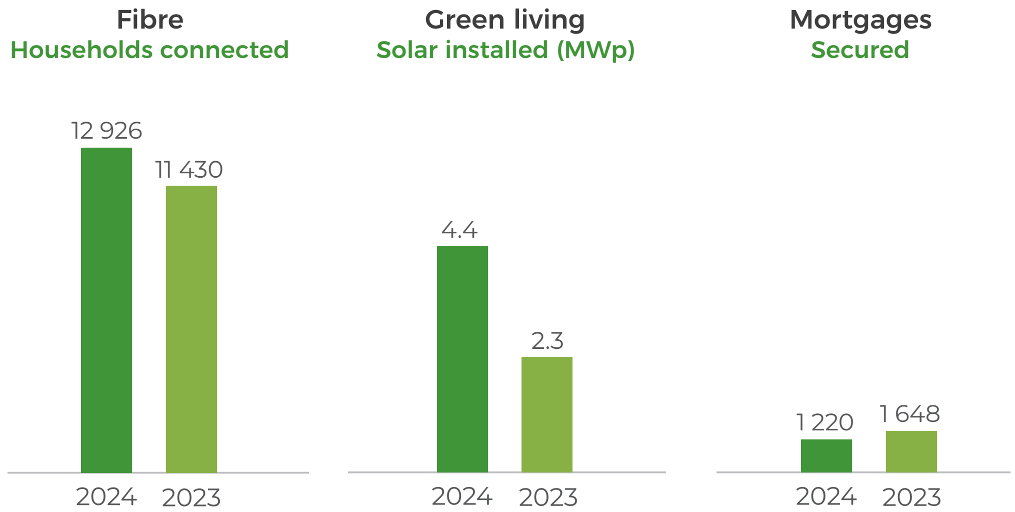
The annuity businesses increased revenue by 70% to R132.5 million (2023: R78.0 million). The performance of the annuity businesses is pleasing and although still not material to the group, have provided profit margin support in the challenging trading conditions.

The installation and supply of fibre networks continues to be the largest contributor to Balwin Annuity.

The innovative nature of the annuity businesses has continued in the year with several new initiatives being launched, 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).

Operational information

	February 2024	February 2023
Fibre – number of households connected	**12 926**	11 430
Live Green – installed solar (MWp)	**4.4**	2.3
Mortgages secured	**1 220**	1 648



In addition to the financial contribution of the annuity businesses, intangible benefits include customer acquisition and retention. These benefits increase the appeal of the estates, create a competitive moat, and ultimately a price premium when selling residential apartments.

ACHIEVEMENTS

The quality and innovative architecture of Balwin's developments were again recognised at the recent Africa and Arabia Property Awards where Balwin received a further six awards in the following categories:

- Best apartment/condominium for South Africa with the Munyaka Penthouse (Waterfall, Gauteng)
- Best architecture multiple residence in South Africa for Thaba-Eco Village (Johannesburg South, Gauteng)
- Best leisure architecture in South Africa for De Kuile (N1 Corridor, Western Cape)
- Best leisure development in South Africa for Munyaka (Waterfall, Gauteng)
- Best residential property in South Africa for De Aan-Zicht (Milnerton, Western Cape)
- Best sustainable residential development in South Africa for Greenkloof (Tshwane East, Gauteng)

At the International Property Awards which celebrate the best in the world, Munyaka won the award for the best leisure development in Africa.

Balwin has to date received 45 international awards recognising the innovation and excellence of its developments.

Sustainable building practices

Balwin continued to focus on reducing its environmental impact through innovation in design and building techniques. Management continued to expand its tracking and reporting of environmental sustainability metrics to provide a more holistic review of its performance. In particular, water management has become a significant focus area to complement the existing areas of carbon emissions, reduction in energy usage, generation of renewable energy and the achievement of EDGE Advanced ratings on all developments.

Carbon emissions

Emissions during the reporting period were as follows:

	February 2024 (tCO_2e)	February 2023 (tCO_2e)	Movement
Scope 1	**606**	1 783	(66%)
Scope 2	**3 032**	2 062	47%
Scope 3	**30 192**	42 844	(30%)

A strong reduction was noted in both scope 1 and 3 emissions during the year, following focused efforts to contain these emissions. The increase in scope 2 emissions is primarily due to increased electricity consumption at the Munyaka estate following the opening of the Crystal Lagoon at this flagship development.

Reduction in energy consumption

Balwin aims to ensure that measures implemented during construction result in a more sustainable product for clients, including energy savings. Apartments handed over during the reporting period saved 3.97GWh of energy, which excludes the renewable energy generated. This not only reduces the impact of these developments on the national grid, but also saves electricity costs for clients. The savings to clients across all developments is estimated at approximately R64 million.

Renewable energy generated

More than 4.5MWp of solar PV has been deployed on Balwin developments as part of its green living initiative. This has resulted in savings of more than R4 million to clients and 3.2GWh of renewable energy being produced.

In addition, solar PV deployed on Balwin developments by Bright Light Solar has produced 1.65GWh of renewable energy during the reporting period.

Potable water saved

Balwin recognises that drinking water is a critical resource in South Africa. Construction measures aim to lower water consumption by clients, reduce utility costs and lighten the impact of developments on the environment. During the year 174ML of water was saved by apartments handed over, a saving of approximately R30 million.

Treated water produced

Balwin currently operates four wastewater treatment plants at selected developments. These plants take sewerage from the development and treat it to be safe to use in non-potable applications, further reducing the use of potable water on developments. In the reporting period, over 344ML of treated water was produced.

Green certifications

Balwin has continued to achieve EDGE Advanced ratings on all new developments. EDGE Advanced requires apartments to achieve an on-site energy saving of 40% or more, 20% in water usage and embodied energy in material, an improvement on the EDGE basic certification which requires savings of 20% on all three metrics. During the reporting period, Balwin received an additional 1 461 EDGE Advanced certifications from the International Finance Corporation. This brings Balwin's total certifications to 23 273, with 15 833 being EDGE Advanced.

The reduced interest rates received by Balwin's clients on mortgage bonds due to the green certification of apartments has resulted in savings of approximately R80 million for clients on apartments sold this year when quantified over the duration of their mortgages.

Balwin also received its 10th Six-Star Green Star building rating for the Greenbay Greenbarn (Gordon's Bay, Western Cape).

GREENBARN

FINANCIAL PERFORMANCE

Revenue

Group revenue totalled R2.4 billion (2023: R3.3 billion), a reduction of 29% over the prior year, 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 annuity businesses	**132 543**	77 999
Donation income from Balwin Foundation	**1 605**	5 094
	2 356 284	3 326 908

The reduction in group revenue was largely attributable to the decline in apartment sales, which contracted by 31% to R2.2 billion, in line with the reduction in the number of apartments handed over. Sales price growth was stagnant over the financial year, with the gains realised in apartment sales in the coastal nodes offset by price reductions in Gauteng where sales incentives were a strategic driver of sales.

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

At the interim period, the group reported revenue from the sale of the development rights for the construction of the hotel at Munyaka (Waterfall, Johannesburg) for R70.0 million. Owing to non-performance by the buyer, the sale has been cancelled by the group and not recorded in the results for the financial year.

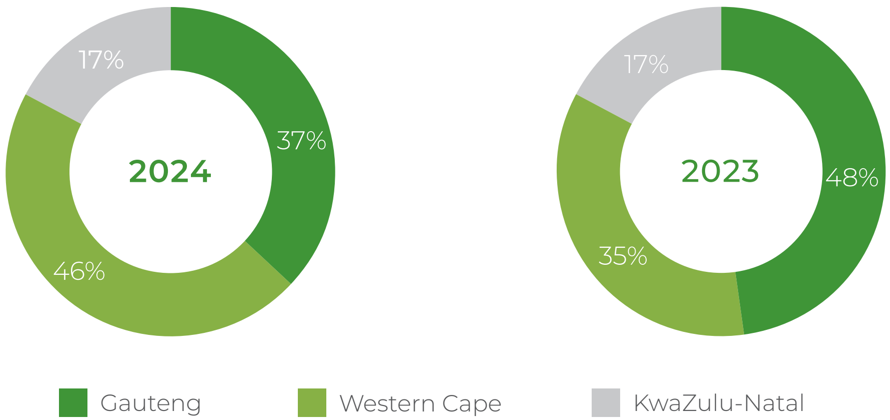
Analysis of revenue from the sale of apartments

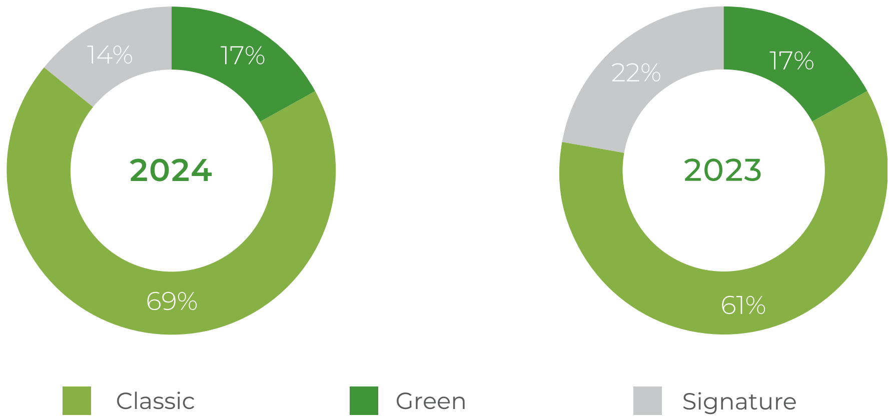
Revenue from sale of apartments by region

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
Revenue from sale of apartments	**2 222 136**	3 243 815

Revenue from sale of apartments by Collection

Collection	February 2024 R'000	February 2023 R'000
Classic Collection	**1 525 722**	1 987 145
Green Collection	**381 357**	548 332
Signature Collection	**315 057**	708 338
Revenue from sale of apartments	**2 222 136**	3 243 815





The recent regional trend of stronger sales growth in the Western Cape continued in the reporting period. The Western Cape surpassed Gauteng as Balwin's largest revenue contributor for the first time, accounting for 46% (2023: 35%) of revenue recognised. Owing to delays in town planning approval at Izinga Eco Estate which significantly restricted the delivery of apartments in the current year, KwaZulu-Natal recorded a 34% decrease in revenue, but 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. The region contributed 37% (2023: 48%) of the revenue recognised from the sale of apartments by the group.

Revenue by Collection remained largely consistent from the prior year, with the Classic Collection increasing its contribution of revenue to 69% (2023: 61%) on the back of the strong performance of the Classic Collection developments in the Western Cape. The Green Collection developments remained consistent at 17% of the revenue contribution, with the reduction in the existing Green Collection developments offset by 144 apartments 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.

Average selling prices

The selling prices of apartments are determined by multiple factors, including construction input costs, supply and demand dynamics in the region and general market conditions at the time of sale. Selling prices are reviewed regularly to address these constantly changing variables and to sustain a rate of sale of apartments commensurate with the rate of construction.

The average selling prices achieved is impacted by the sales mix of apartment types within the development (one-, two- or three-bedroom apartments) and the apartment Collection (Green, Classic or Signature). A comparison of the movement in average selling prices is therefore only considered meaningful if performed by apartment type and within the relevant Collection.

Selling prices for the Signature Collection apartments are not analysed in this manner as they are more development specific. Accordingly, these selling prices are reviewed at a development level.

The Classic Collection

	Average selling price (Rands incl. VAT) February 2024	Selling price growth/(decrease)
1-bedroom	**1 000 686**	5%
2-bedroom	**1 523 662**	(2)%
3-bedroom	**1 994 164**	(2)%

The sales price performance of the Classic Collection apartments varied within the three nodes during the year and reflected the general sales demand experienced by the group.

The one-bedroom apartments comprised 42% of all apartment sales within the Classic Collection and the strategy remains for this apartment type to comprise approximately half of the block configuration.

The one-bedroom apartments were the strongest performing apartment type owing to their relative affordability and recorded a 5% selling price growth across the portfolio, with Western Cape being the strongest performing region with 6% price growth for one-bedroom apartments. KwaZulu-Natal was materially flat when compared to the prior year, while Gauteng recorded 2% price regression during the reporting period.

A 2% decline was experienced in selling prices across the two- and three-bedroom apartments within the Classic Collection, with a continuation of the regional trends noted above. The two coastal nodes averaged 1% price growth, with Western Cape being the slightly stronger performing region. Owing to the constrained market within Gauteng, a significant portion of the sales incentives were utilised within this node to drive sales. This resulted in a decrease in selling prices of 5% across the Gauteng Classic Collection portfolio for two-and three-bedroom apartments.

The Green Collection

	Average selling price (Rands incl. VAT) February 2024	Selling price growth/(decrease)
1-bedroom	**695 040**	0%
2-bedroom	**970 354**	1%
3-bedroom	**1 250 907**	4%

The Green Collection apartments achieved moderate increases in selling prices over the financial year with a relatively tight sales price performance noted across all developments.

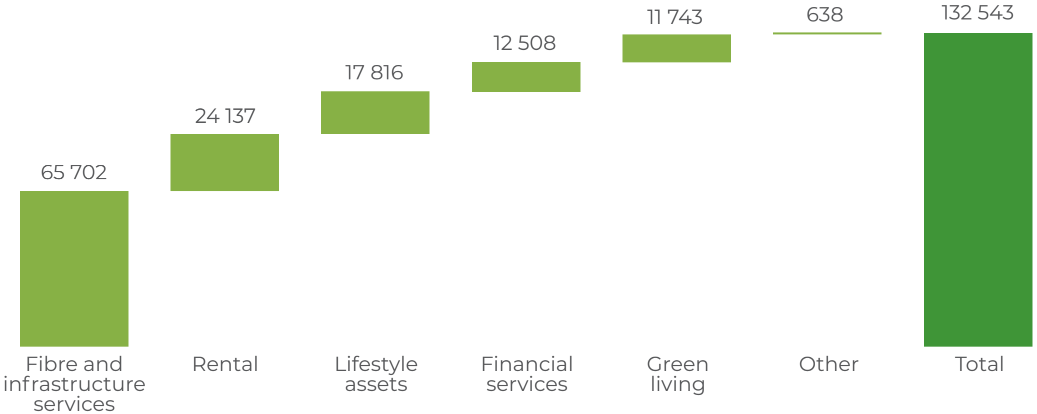
Analysis of revenue from annuity businesses

Balwin Annuities recorded revenue of R132.5 million (2023: R78.0 million) representing 70% growth year-on-year.

The majority of annuity revenue is derived from fibre and infrastructure services which accounts for 50% of the total annuity revenue. Other strong contributions to the revenue derived from annuity businesses pertains to commercial and residential rental assets, lifestyle assets, financial services (mortgage bond origination and insurance) and green living (renewable energy).

Several new annuity initiatives were 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). As with the existing annuity businesses, the revenue and operating profit contribution of the newly launched businesses is initially immaterial, but there are strong growth prospects for all newly established businesses.

Annuity revenue per business
R'000



Gross profit

The gross profit margin of the group showed a slight reduction to 28% (2023: 29%). The movement in the gross profit margin is presented below:

	February 2024 R'000	February 2023 R'000
Gross profit	**665 655**	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
Gross profit margin	**28%**	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 experienced pressure in the current year owing to the challenging trading environment and reduced to 24% (2023: 27%). The Gauteng region was most impacted by pricing pressures and was the major contributor to the margin contraction. The gross profit reported from the coastal nodes was largely in line with expectation, with the Western Cape recording healthy margin growth from the prior year.

The group's investment in sales incentives for both home buyers and investors supported demand and included a CEO loyalty programme, a referral fee campaign as well as a sales incentive for first-time home-owners. While imperative to assist in driving the volume of sales, these incentives 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.

Refer to the commentary in the Revenue section of the report for a breakdown of the contributors to the annuity group revenue and gross profit.

The Balwin Foundation recorded a gross loss in the year as management ensured that, irrespective of the economic cycle, commitments to the foundation beneficiaries, such as student bursaries, vocational training initiatives and support for early childhood development centres, were honoured throughout the year which were funded through existing cash reserves of the Foundation.

Operating expenses and net investment costs

Consolidated operating expenditure incurred by the group amounted to R351.2 million, a 11% reduction from the prior year. The table illustrates the cost basis of the company and annuity contributions:

	28 February 2024 R'000	28 February 2023 R'000	Movement
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 (Note 1)	**73 330**	113 805	(36%)
Balwin Annuities (including Foundation)	**100 216**	69 618	44%
Total operating expenditure	**351 177**	392 768	(11%)
Operating expenditure to revenue ratio	**14.9%**	11.8%	

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

At a company level, the 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 company. 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. The increase in depreciation and amortisation is owing to the fact that the Johannesburg head office registered during the course of the prior year and accordingly did not attract depreciation of the full comparative period.

No allowance has been made for performance-linked incentives, as the minimum measures contained in the group's pre-approved performance scorecard were not achieved.

The annuity businesses' operating costs increased by 44% from the prior year to R100.2 million due to increased operational activity reflected by the 70% growth in revenue. As noted in the gross margin analysis, these businesses record minimal cost of sales and the majority of 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 at a 41% operating profit margin.

Profit for the year

The group recorded a profit after taxation of R217.4 million, a decrease of 50% over the prior year.

Earnings

Earnings per share and headline earnings per share decreased by 51% and 48% respectively to 46.18 cents and 47.94 cents. This is in line with the guidance provided in the trading statement published on SENS on 27 March 2024.

Property, plant and equipment and investment property

Property, plant and equipment increased to R381.8 million (2023: R328.4 million) mainly as a result of ongoing investment in solar assets of R31.4 million and the continued roll out of R15.0 million in fibre infrastructure during the year. The final fit-outs at the Johannesburg head office were also finalised in the reporting period pursuant to the building being 100% tenanted.

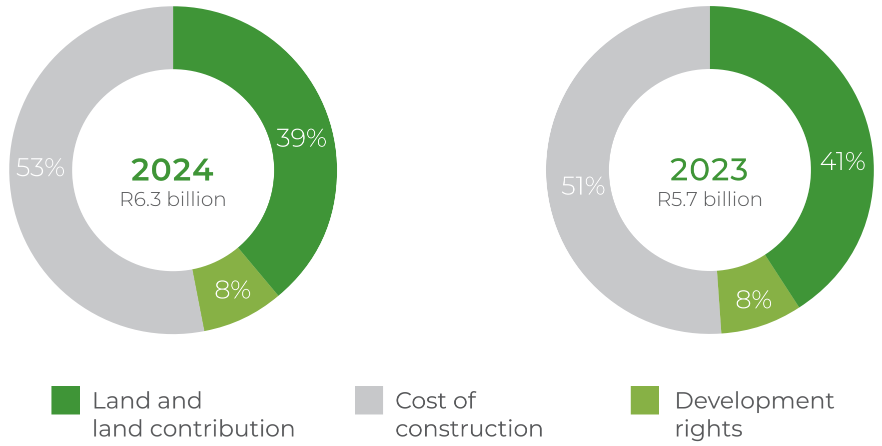
The group holds R220.4 million (2023: R153.0 million) of investment property. The major component is the investment in the rental portfolio owned by Balwin Rentals Pty Limited, with 215 apartments at Greenpark (Boksburg, Gauteng) owned by the subsidiary. There was no change in the valuation of the apartments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

During the financial year, the group completed the sale of its previous head office building following the relocation to the Corlett Drive head office. The property was previously disclosed as a non-current asset held for sale in the group's financial statements. The property was sold for fair market value of R19.0 million and a loss of R7.1 million on the sale of the property was recorded.

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.

Contribution of total development under construction



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, Gauteng) and Thaba-Eco Village (Johannesburg South, Gauteng) as well as investment in infrastructure in the Tshwane node. This includes the completion of the iconic lifestyle centre apartments at Munyaka, the Signature Collection development overlooking the Munyaka Crystal Lagoon in Waterfall, with two ultra-luxurious penthouse apartments and a villa. In addition, the lifestyle centre at Thaba-Eco Village, the first lifestyle centre situated outside of the development walls and open to the general public, was completed during the year. 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 costs. 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 (Tshwane East). 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 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 year end, and is therefore a natural succession project. 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 year 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. As noted in the commentary on developments under construction, a significant portion of the cash utilised pertained to the roll out of 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 year 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 ensuring the appropriate alignment of these factors is managed at an executive level.

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 development 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.

Dividend

Following due consideration of current and expected trading conditions and market uncertainty, the board has resolved not to declare a dividend for the 2024 financial year (2023: dividend of 24.0 cents per share). The board's primary focus in this environment is to apply capital to reducing the group's debt exposure.

The board will reconsider the declaration of a dividend for the 2025 financial year.

Prospects

As guided previously, management's operational priority remains to protect the group's gross profit margin through cost control and efficiencies, together with selling price increases, where feasible. Margin pressure is expected to continue, mainly due to pricing strategies in support of sales volumes, weak consumer spending, political uncertainty in the lead-up to elections and the anticipated "higher for longer" interest rate cycle.

To navigate the current interest rate environment, management implemented and will continue to focus on strategic measures including:

- Adjusting construction rates in line with sales;
- Implementing sales incentives to stimulate home buyer and investor interest; and
- Managing operating expenses amidst macro-economic uncertainties.

The board remains confident on the prospects of Balwin's core business and the group's ability to leverage its brand in developing and growing alternative, annuity-based revenue streams.

Management will continue to focus on appropriate cash management and cost containment across the business, including the optimisation of funding structures.

Changes to the board composition and director functions

As announced on the JSE Stock Exchange News Service (SENS), Ronen Zekry resigned as an independent non-executive director with effect from 24 August 2023 to focus on existing business opportunities in his personal capacity. Mr Zekry served as a member of the Remuneration and Nominations Committee, the Transaction Committee as well as the Treasury Committee.

Following Mr Zekry's resignation, Mr Tomi Amosun, an independent non-executive director and the chairman of the Audit and Risk Committee, was appointed as a member of the Treasury Committee. Mr Zekry was not replaced on the Remuneration and Nominations Committee as the board was satisfied that the remaining members had the necessary expertise and knowledge to fulfil the responsibilities of the committee.

GREENPARK

GREENBAY

THE BLYDE

DEVELOPMENT PIPELINE

Development	Balwin Brand	Expected commencement date of construction	Status (*)	Total apartments in development	Total apartments sold	Total apartments registered	Total apartments recognised in revenue	Total apartments sold but not recognised in revenue	Total unsold apartments	Balwin pipeline
Johannesburg, Waterfall										
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
Total				6 380	2 259	2 214	2 215	44	4 121	4 165
Johannesburg East										
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
Total				5 156	2 641	2 591	2 603	38	2 515	2 553
Johannesburg North										
The Whisken	Classic Collection	Commenced	A	1 346	439	422	422	17	907	924
Total				1 346	439	422	422	17	907	924
Johannesburg South										
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
Total				1 924	473	455	458	15	1 451	1 466
KwaZulu-Natal, Ballito										
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
Total				3 042	947	910	924	23	2 095	2 118
KwaZulu-Natal, Umhlanga										
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
Total				3 748	348	323	323	25	3 400	3 425

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
Tshwane East										
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**
Total				**23 394**	**2 112**	**1 894**	**2 046**	**66**	**21 282**	**21 348**
Western Cape, Somerset West										
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**
Total				**4 616**	**1 786**	**1 676**	**1 680**	**106**	**2 830**	**2 936**
Western Cape, Milnerton										
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**
Total				**3 514**	**1 848**	**1 677**	**1 678**	**170**	**1 666**	**1 836**
Western Cape, N1 Corridor										
De Kuile	Classic Collection	Commenced	A	**885**	**100**	**75**	**75**	**25**	**785**	**810**
Total				**885**	**100**	**75**	**75**	**25**	**785**	**810**
Grand Total				**54 005**	**12 953**	**12 237**	**12 424**	**529**	**41 052**	**41 581**

(*) A: Active, I: Inactive, C: Complete
(**) Identified for purposes of development by Balwin Rentals Proprietary Limited.

RECONCILIATION OF HEADLINE EARNINGS

For the year ended 29 February 2024

		Audited year ended 29 February 2024	Audited year ended 28 February 2023
Basic and headline earnings per share			
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
Reconciliation of profit for the year to basic and headline earnings:			
Profit for the year attributable to equity holders	(R'000)	**215 668**	436 267
Basic earnings	**(R'000)**	**215 668**	436 267
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
Headline earnings		**223 873**	425 768
Weighted average number of shares			
Weighted average number of shares in issue		**466 991**	465 382
Potential dilutive impact of share options		**–**	328
		466 991	465 710

** 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.*

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)
Gross profit		**665 655**	960 150
Other income		**16 336**	15 416
Other operating gains		**–**	9 952
Operating expenses		**(351 177)**	(392 768)
Operating profit		**330 814**	592 750
Investment income		**30 061**	36 762
Finance costs		**(50 619)**	(32 383)
Share of profit of associate		**–**	332
Profit before taxation		**310 256**	597 461
Taxation		**(92 884)**	(160 107)
Profit for the year		**217 372**	437 354
Items that will not subsequently be reclassified to profit or loss			
Profit (loss) on cash flow hedges		**1 951**	(684)
Taxation relating to items that will not be reclassified		**(534)**	192
Other comprehensive income (loss) for the year net of taxation		**1 417**	(492)
Total comprehensive income for the year		**218 789**	436 862
Profit attributable to:			
Owners of the parent		**215 668**	436 267
Non-controlling interest		**1 704**	1 087
		217 372	437 354
Total comprehensive income attributable to:			
Owners of the parent		**217 085**	435 775
Non-controlling interest		**1 704**	1 087
		218 789	436 862
Basic and diluted earnings per share			
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
Assets		
Non-current assets		
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
	645 671	520 156
Current assets		
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
	6 984 676	6 752 030
Non-current assets held for sale	**–**	26 061
Total assets	**7 630 347**	7 298 247
Equity and liabilities		
Equity		
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
Total equity	**4 009 050**	3 836 518
Non-current liabilities		
Development loans and facilities	**1 113 695**	1 267 742
Other financial liabilities	**–**	684
Lease liabilities	**–**	191
Deferred taxation	**348 079**	273 364
	1 461 774	1 541 981
Current liabilities		
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
	2 159 523	1 919 748
Total liabilities	**3 621 297**	3 461 729
Total equity and liabilities	**7 630 347**	7 298 247

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
Cash flows from operating activities		
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)
Net cash (used in)/generated from operating activities	**(307 915)**	245 163
Cash flows from investing activities		
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
Net cash generated from/(used in) investing activities	**61 769**	(272 745)
Cash flows from financing activities		
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
Net cash used in financing activities	**(71 617)**	(30 705)
Total cash and cash equivalents movement for the year	**(317 763)**	(58 287)
Cash and cash equivalents at the beginning of the year	**607 349**	665 636
Total cash and cash equivalents at the end of the year	**289 586**	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)
Total comprehensive income for the year	**–**	**(492)**	**–**	**436 267**	**435 775**	**1 087**	**436 862**
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
Balance as at 28 February 2023	**650 973**	**(492)**	**71 548**	**3 112 898**	**3 834 927**	**1 591**	**3 836 518**
Profit for the year	–	–	–	215 668	215 668	1 704	217 372
Other comprehensive income	–	1 417	–	–	1 417	–	1 417
Total comprehensive income for the year	**–**	**1 417**	**–**	**215 668**	**217 085**	**1 704**	**218 789**
Issue of shares from treasury	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
Balance at 29 February 2024	**657 514**	**925**	**82 297**	**3 265 019**	**4 005 755**	**3 295**	**4 009 050**

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 Bigham, 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

	Audited year ended 29 February 2024 R'000	Audited year ended 28 February 2023 R'000
Revenue from contracts with customers		
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
	2 328 452	3 310 926
Revenue other than revenue from contracts with customers		
Rental income	**26 227**	10 888
Donation income	**1 605**	5 094
	27 832	15 982
	2 356 284	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.

2. REVENUE (continued)

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

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

3. DEVELOPMENTS UNDER CONSTRUCTION

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

Development rights pertains to the rights assigned to Balwin, including all the rights to use the Polofields and the Waterfall Fields properties for the purpose of undertaking the developments located on those land parcels. Balwin does not hold title of the land located at Waterfall but rather the development rights.

The cost of developments under construction recognised as an expense in cost of sales during the current year was R1 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.

		Audited as at 29 February 2024	Audited as at 28 February 2023

4. SHARE CAPITAL

Authorised			
Ordinary shares	('000)	**1 000 000**	1 000 000
Issued and fully paid up			
Ordinary shares	(R'000)	**670 206**	670 206
BEE shares	(R'000)	**171 878**	171 878
Treasury shares	(R'000)	**(184 570)**	(191 111)
		657 514	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)	**465 209**	469 822
Treasury shares issued to settle long-term incentive scheme	('000)	**2 513**	2 500
Shares repurchased back and held in treasury	('000)	**–**	(7 112)
BEE shares issued	('000)	**47 219**	47 219
Treasury shares	('000)	**4 471**	6 983
Closing balance		**519 412**	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.

	Audited as at 29 February 2024 R'000	Audited as at 28 February 2023 R'000

5. DEVELOPMENT LOANS AND FACILITIES

Held at amortised cost		
Development loans	**2 034 294**	1 469 175
General banking facility	**661 857**	858 930
Investment loan facility	**376 746**	628 414
	3 072 897	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
Non-current loans			
Century Property Developments Proprietary Limited	Prime	November 2027	203 205
			203 205
Current loans			
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
Total development loans			2 034 294
Investment loans and general banking facilities			
Non-current loans			
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
Current loans			
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
Total investment and general banking facilities			1 038 603
Total development loans and facilities			3 072 897

Development loans	Average nominal interest rate %	Maturity date	Audited as at 28 February 2023 R'000
Non-current loans			
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
Current loans			
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
Total development loans			1 469 175
Investment loans and general banking facilities			
Non-current loans			
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
Current loans			
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
Total investment and general banking facilities			1 487 344
Total development loans and facilities			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
Total development loans and facilities	**3 072 897**	2 956 519

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

	Audited as at 29 February 2024 R'000	Audited as at 28 February 2023 R'000
Related party transactions		
Sale of apartments to related parties:		
Directors and prescribed officers:		
Lucille Properties Proprietary Limited *	–	69 068
Shelby Prop Investments Proprietary Limited **	–	19 018
Rental guarantee payments		
Balwin Rentals Proprietary Limited	–	325
Property rental management fee received		
Directors and prescribed officers:		
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.		
Rentals paid to related parties		
Directors, prescribed officers		
Volker Properties Proprietary Limited *	**454**	532
Lucille Properties Proprietary Limited *	**71**	869
Shelby Prop Investments Proprietary Limited **	**356**	712
Key West Trust ***	–	6
Compensation to directors and other key management:		
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*

	Audited as at 29 February 2024 R'000	Audited as at 28 February 2023 R'000
7. FINANCIAL INSTRUMENTS		
Financial assets at amortised cost		
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
	631 311	1 024 483
Financial assets at fair value through other comprehensive income		
Other financial assets	**1 267**	–
Financial liabilities at amortised cost		
Development loans and facilities	**(3 072 897)**	(2 956 519)
Trade and other payables	**(126 100)**	(87 293)
	(3 198 997)	(3 043 812)
Financial liabilities at fair value through other comprehensive income		
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 proves 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
Segmental reporting for statement of financial position for the year ended 29 February 2024						
Non-current assets	**128 487**	**102 789**	**276**	**413 989**	**130**	**645 671**
Current assets	**6 920 590**	**53 816**	**2 570**	**5 090**	**2 610**	**6 984 676**
Total assets	**7 049 077**	**156 605**	**2 846**	**419 079**	**2 740**	**7 630 347**
Non-current liabilities	**1 141 107**	**13 520**	**64**	**307 083**	**–**	**1 461 774**
Current liabilities	**2 061 012**	**93 096**	**1 042**	**4 286**	**87**	**2 159 523**
Total liabilities	**3 202 119**	**106 616**	**1 106**	**311 369**	**87**	**3 621 297**
Segmental reporting for statement of financial position for the year ended 28 February 2023						
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
Total assets	6 846 095	96 940	9 880	340 711	4 621	7 298 247
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
Total liabilities	3 052 919	82 140	6 724	319 677	269	3 461 729
Segmental reporting for statement of profit or loss and other comprehensive income for the year ended 29 February 2024						
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)**
Profit for the year	**214 678**	**14 315**	**3 385**	**(8 646)**	**(6 360)**	**217 372**
Segmental reporting for statement of profit or loss and other comprehensive income for the year ended 28 February 2023						
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	(2 198)	960 150
Operating expenses	(323 150)	(47 818)	(9 560)	(9 632)	(2 608)	(392 768)
Profit for the year	420 208	1 564	5 238	9 434	910	437 354

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

	Audited as at 29 February 2024 R'000	Audited as at 28 February 2023 R'000
Authorised capital expenditure		
Already contracted for but not provided for		
Land (Unconditional)	–	50 000
Land (Conditional)	**311 000**	338 000
Infrastructure (Unconditional)	**5 114**	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.

CORPORATE INFORMATION

Balwin Properties Limited

Incorporated in the Republic of South Africa
Registration number 2003/028851/06
Income tax number 9058216848
JSE share code: BWN
ISIN: ZAE000209532

Directors

Executive

Stephen Brookes (Chief executive officer)
Jonathan Bigham (Chief financial officer)

Non-executive

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

** Independent*

Contact details

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BDO South Africa Inc

Sponsor

Investec Bank Limited

Transfer secretaries

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IT'S
ABOUT
THE
Lifestyle

BALWIN