UNAUDITED INTERIM FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2023

Balwin PROPERTIES®

FINANCIAL OVERVIEW

25% ↓
Revenue

10% ↑
Net asset value

3% ↑
Profit for the period

3% ↑
Earnings per share

4% ↑
Headline earnings per share


Ballito Hills

Your lifestyle our focus


Greenlee


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 rating and Net Zero Carbon Omission as certified by the Green Building Council of South Africa (GBCSA). This commitment to environmentally sustainable building allows for significant savings to our customers through reduced utility costs together with potential savings on their mortgage bonds through the Green Bonds offering, which currently affords clients an interest rate reduction of up 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 recent 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.

Greenbay

OPERATIONAL REVIEW

Balwin's results for the six-months ended 31 August 2023 are reflective of the macro-economic conditions experienced over the period, characterised by rising interest rates, inflationary increases and prolonged stages of loadshedding. These factors adversely impacted consumer demand, loan affordability and investment in fixed property in general.

Notwithstanding the prevailing market sentiment, construction and handover of quality apartments in developments with modern lifestyle centres continues to be an operational focus area for the business and remains a 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 ongoing macro-economic headwinds and reduced consumer demand, Balwin recognised 834 apartments in revenue for the period, a 39% reduction from the 1 360 apartments recognised in revenue for the prior comparative six-month period.

Thaba-Eco Village

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

- Reducing the rate of construction of apartments to match the rate of sales in order to preserve cash flows;
- Focus on construction cost engineering with the aim of managing construction costs sensibly 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, wherever practical, and tightening of overhead costs of the group.

Despite the contraction in apartment sales, management's focus on improving gross margins over the past number of reporting periods is gaining traction. Balwin generated a gross profit margin of 33% for the reporting period, compared to 26% in the prior corresponding period and 29% for the 12 months ended 28 February 2023.

Balwin's annuity businesses showed robust volume growth. The majority of revenue is derived from infrastructure assets such as fibre networks and estate support services. Other contributors included fee-based income such as mortgage origination as well as rental income from the modest rental property portfolio and head office.

Developments under construction continued to increase, necessitated by the investment in infrastructure in the Tshwane node, and the completion of the Lifestyle Centre apartments at Munyaka (Waterfall, Gauteng). The infrastructure costs were incurred to install bulk services in the Tshwane node which are required to obtain council approval for the registration of the initial phases of apartments at Greenkloof, the first development within Mooikloof Smart City (Tswhane East). Four phases, comprising approximately 160 apartments, are planned for handover in the second half of the financial year at this particular development. In addition, the luxurious Munyaka Lifestyle Centre apartments (Waterfall, Gauteng) were completed in the period.

The business closed the period with a healthy cash position and continues to closely monitor, manage and plan cash flows into the foreseeable future.

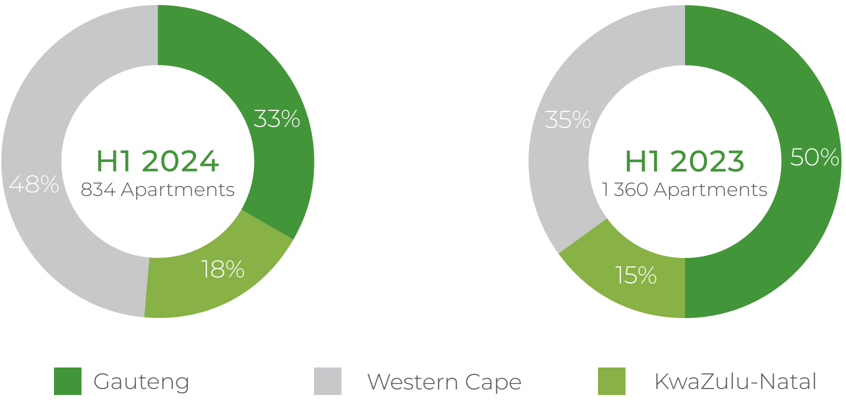
Debt levels and bank covenants at period-end were within the required thresholds, however, the group intends to prioritise the reduction of debt in the medium term as part of the board's emphasis on appropriate cash management and capital structure optimisation.

Apartments recognised in revenue in the period

Development	Region	Development Brand	Apartments recognised in revenue
De Aan-Zicht	Western Cape	Classic	154
Fynbos	Western Cape	Classic	102
The Huntsman	Western Cape	Classic	94
Izinga Eco Estate	KwaZulu-Natal	Signature	90
Munyaka	Gauteng	Classic	80
Ballito Hills	KwaZulu-Natal	Classic	63
Greenlee	Gauteng	Green	54
Greenbay	Western Cape	Green	52
Thaba-Eco Village	Gauteng	Classic	36
The Reid	Gauteng	Classic	30
Greenpark	Gauteng	Green	23
The Blyde Riverwalk	Gauteng	Classic	21
Mooikloof Eco-Estate	Gauteng	Classic	13
The Polofields	Gauteng	Signature	10
Greencreek	Gauteng	Green	9
Munyaka Lifestyle Centre	Gauteng	Signature	3
			834

Apartments recognised in revenue in the period by region

Region	Apartments recognised in revenue
Western Cape	402
Gauteng	279
KwaZulu-Natal	153
	834



Regional trends continued to favour the coastal nodes, particularly the Western Cape, that has benefitted from ongoing strong demand. The region recorded 402 apartments (H12023: 482) in revenue, growing its contribution to total apartments recognised in revenue to 48% (H12023: 35%). This means that for the first time in Balwin's history, the Western Cape is the largest contributor in number of apartments recognised in revenue.

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.

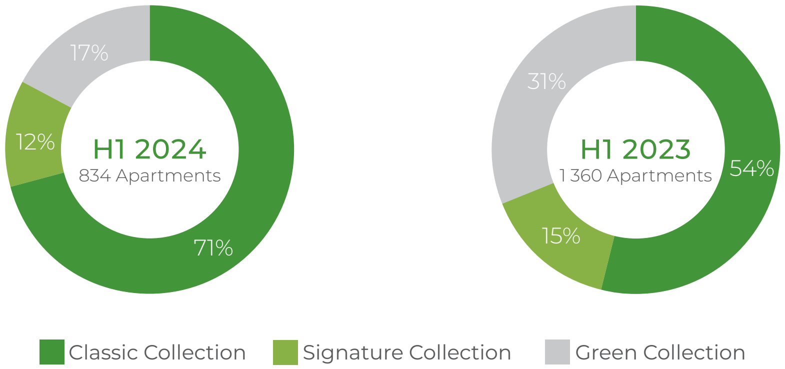
Continuing the coastal trend, Izinga Eco Estate and Ballito Hills contributed a combined 153 apartments (H12023: 201), representing 18% of apartments handed over in the period.

The balance of 279 apartments (H12023: 677) handed over were within the Gauteng node, with Munyaka (Waterfall, Gauteng) continuing its strong sales performance and maintaining its position as the main contributor in the region. Gauteng's contribution to apartments recognised in revenue, traditionally the group's mainstay in number of apartments and revenue, contracted to 33% as a result of lower demand.

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 period by Collection

Collection	Apartments recognised in revenue
Classic	593
Green	138
Signature	103
	834



The Classic Collection apartments once again proved to be the most popular in Balwin's stable, with 593 apartments recorded in revenue (H12023: 736 apartments). Despite recording fewer apartments, the Collection's contribution to total apartments recognised in revenue increased to 71% in the current reporting period, from 54% in the prior comparative period.

Demand for the Green Collection apartments was reduced in the current period despite the affordability of the Collection. Its contribution in terms of apartment volumes dropped from 31% of total apartments to 17% in the reporting period. The reason for this reduction is predominantly due to the geographical concentration of the Green Collection developments within Gauteng, where demand lagged more severely than the other regions. In addition, the target market within the Green Collection brand has been the most severely affected by the on-going economic pressures impacting on loan affordability.

Our Signature Collection developments recorded 103 apartments (H12023: 200) in revenue. The reduction is attributed to the completion of the Paardevlei Lifestyle Estate development in the Western Cape, which sold out in the prior comparative period, as well as the reduced demand for apartments at The Polofields (Waterfall, Gauteng), in line with the regional trend.

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% (H1 2023: 80%), with the larger three-bedroom apartments comprising the balance of 27% (H1 2023: 20%). The increase in three-bedroom apartments is largely as a result of apartments that were pre-sold when the interest rates were considerably lower.

Apartments pre-sold

The group has pre-sold 688 (FY2023: 870) apartments beyond the reporting period and has not included these apartments in revenue.

Annuity businesses

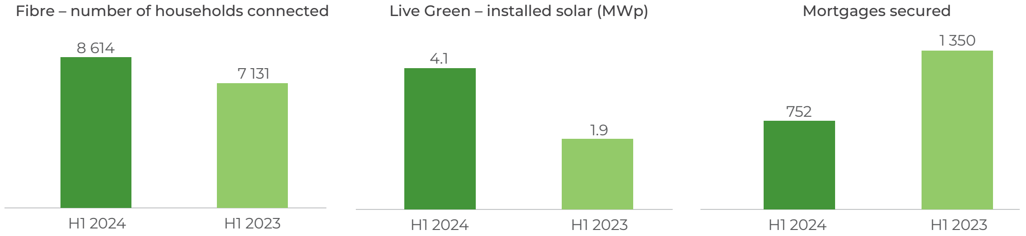
The annuity businesses were established to achieve three primary goals:

- 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 produced top line revenue growth during the six-month period, contributing R56.3 million of revenue to the group, compared to R39.5 million in the prior comparative period, an increase of 42%. The increase was mainly derived from the inclusion of commercial and residential rental income.

Operational information	H1 2024	H1 2023
Fibre – number of households connected	**8 614**	7 131
Live Green – installed solar (MWp)	**4.1**	1.9
Mortgages secured	**752**	1 350

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



In addition to the financial contribution of the annuity businesses, various intangible benefits are also derived, such as 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

International property awards

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 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)

Balwin has to date received 44 international awards recognising the innovation and excellence of its developments.

Sustainable building practices

During the reporting period, Balwin continued its focus on reducing its environmental impact through innovation in design and building techniques. The group tracks and reports on its carbon emissions, including scope 3 emissions.

Emissions during the reporting period were as follows:

	H1 2024 (tCO_2e)	H1 2023 (tCO_2e)
Scope 1	**471**	1 050
Scope 2	**1 470**	968
Scope 3	**17 435**	23 990

The increase in scope 2 emissions is primarily due to increased electricity consumption at the Munyaka estate resulting from the opening of the Crystal Lagoon at this flagship development.

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, an improvement on the EDGE basic certification which requires savings of 20% in water usage and embodied energy in material.

During the interim period, Balwin received an additional 1 042 EDGE Advanced certifications from the International Finance Corporation (IFC). This brings Balwin's total certifications to 22 810, with 15 370 being EDGE Advanced. Additional EDGE Advanced certificates are expected to be received in the second half of this financial year.

Balwin also received its 10th six-star Green Star building rating for the Greenbay Greenbarn (Gordon's Bay, Western Cape). Thaba Eco (Johannesburg South, Gauteng) is expected to received a six-star Green Star rating before the end of the current financial year.

Resulting from sustainable building practices, the group achieved the below reductions in key sustainability metrics:

Environmental impact reduction Quantification	
Reduction in GHG emissions due to energy efficient and renewable energy measures	2 435 tCO_2e
Reduction in water usage due to sustainable water systems	40 933 kl

Savings	Rand
Savings to clients from sustainable building in the year*	R4 028 320

* Calculated based on the reduction in utility and bond costs linked to ESG measures.

As part of Balwin's drive to encourage all companies to embrace the ethos of sustainable building practices, the group is sponsoring the development of the new Green Star tool by the GBCSA.

Additionally, in support of the United Nations Development Programme, the group has joined the Worldwide Fund for Nature (WWF) business network during the interim period to collaborate and partner with a leading Non-Government Organisations (NGO's) to further its sustainable development goals of "Building smart for a sustainable future "and "Building inclusive for an enriched South Africa".

Thaba-Eco Village

FINANCIAL PERFORMANCE

Revenue

Group revenue for the reporting period amounted to R1.2 billion (H12023: R1.6 billion), a reduction of 25% over the prior comparative period, reflecting the challenging conditions in the residential housing market.

Revenue earned by the group during the period arose from the following sources:

	August 2023 (R'000)	August 2022 (R'000)
Disaggregation of revenue by source:		
Revenue from sale of apartments	**1 059 343**	1 541 099
Revenue from sale of development rights	**70 000**	–
Revenue from annuity business	**56 263**	39 527
	1 185 606	1 580 626

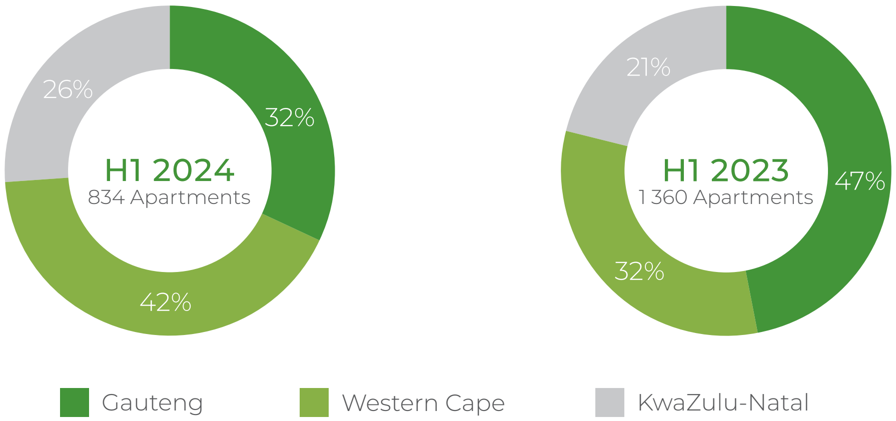
The reduction in group revenue was largely attributable to the decline in apartment sales, which contracted by 31% to R1.06 billion. The group offset the recorded 39% reduction in the number of apartments handed over in the period by achieving increased selling prices and, to a lesser extent, by the continued growth in the annuity businesses, which contributed R56.3 million revenue in the period (H12023: R39.5 million). Contributing to the revenue in the period was the sale of the development rights specific for the construction of the hotel at Munyaka (Waterfall, Johannesburg) for R70.0 million. The development rights have been transferred to the purchaser who is responsible for the construction of the hotel.

Analysis of revenue from the sale of apartments

Detailed commentary on the trends has been provided in the operational review section of the report with the observations consistent with the financial reporting.

Revenue from sale of apartments by region

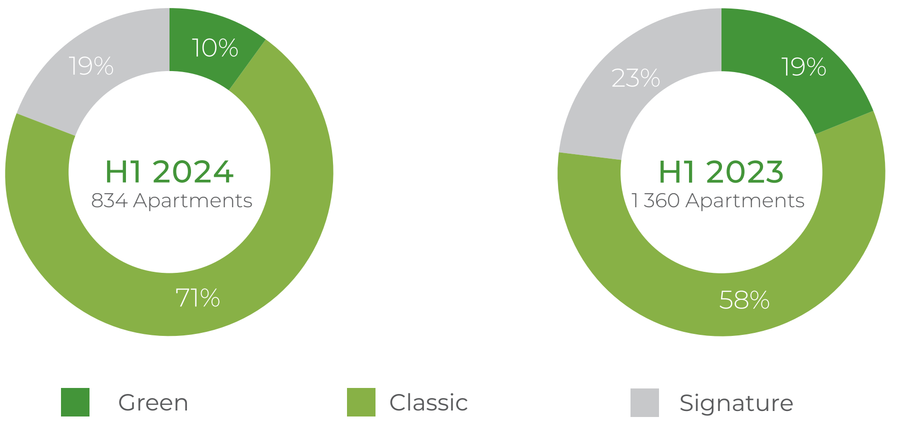
Region	August 2023 (R'000)	August 2022 (R'000)
Gauteng	**337 993**	727 774
Western Cape	**443 916**	484 890
KwaZulu-Natal	**277 434**	328 436
Revenue from sale of apartments	**1 059 343**	1 541 100



The changes in revenue contribution from the sale of apartments by region are consistent with the strong demand in the coastal nodes referred to earlier, with solid increases in revenue contributions recorded for both the Western Cape and KwaZulu-Natal. The coastal nodes' combined contribution to revenue from the sale of apartments increased to 68% (H1 2023: 53%), with the balance of revenue coming from the Gauteng region at 32% (H1 2023: 47%).

Revenue from sale of apartments by Collection

Collection	August 2023 (R'000)	August 2022 (R'000)
Green	**108 917**	297 099
Classic	**749 702**	895 166
Signature	**200 724**	348 835
Revenue from sale of apartments	**1 059 343**	1 541 100



The Classic Collection increased its contribution to revenue in the period to 71% (H12023: 58%). This was achieved at the expense of the Green Collection, whose contribution dropped from 19% to 10%, as a result of the concentration of Green Collection developments in Gauteng, the group's weakest performing region during the period under review. The balance of revenue contribution came from the Signature Collection, whose percentage contribution was materially in line with the prior year at 19% (H12023: 23%).

Average selling prices

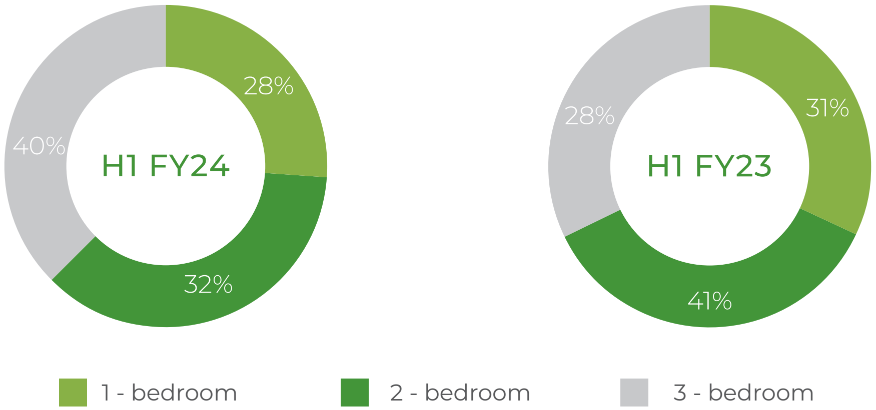
The selling prices of apartments are determined based on multiple factors, including construction input costs, supply and demand dynamics in the region and general market conditions at the time of sale. Selling prices are reviewed regularly to address these constantly changing variables and to sustain 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). Therefore, a comparison of the movement in average selling prices is only considered meaningful if performed at the level of 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)	Selling price growth/ (decrease)
1-bedroom	**999 027**	3%
2-bedroom	**1 564 079**	(3%)
3-bedroom	**2 089 721**	0%

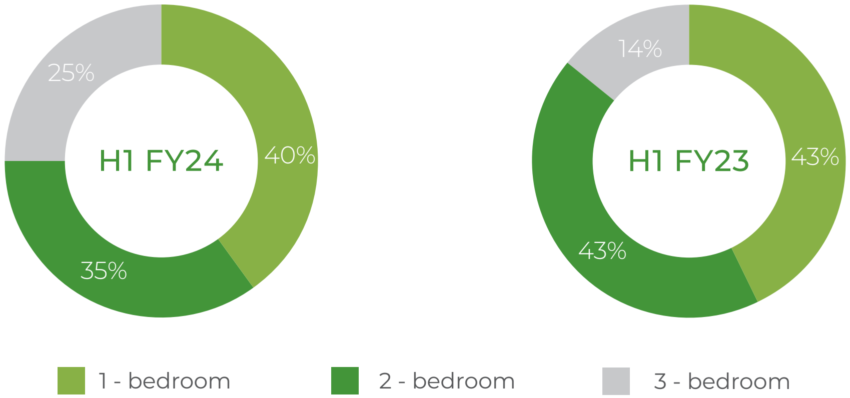


Selling prices at our Classic Collection were materially flat when compared to the prior comparative period for all apartment types. A modest price increase was achieved in this Collection when measured on a per m^2 basis, however, we noted a trend of clients opting for slightly smaller sized apartments in the period which reduced the all-in selling price per apartment type, most particularly with respect to the two-bedroom apartments.

Following the trend of an increase in the proportion of 3-bedroom apartments in the period, the Classic Collection sold a higher proportion of such apartments, as families opted to live at our lifestyle estates in Fynbos, De Aan-Zicht (both Milnerton, Western Cape), The Huntsman (Somerset, Western Cape) and Thaba Eco Village (Johannesburg South).

The Green Collection

	Average selling price (Rands incl. VAT)	Selling price growth/ (decrease)
1-bedroom	**727 221**	8%
2-bedroom	**1 021 160**	11%
3-bedroom	**1 294 610**	14%



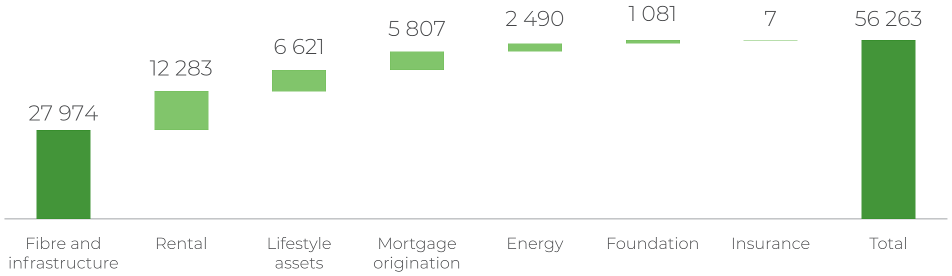
The Green Collection apartments were able to achieve above inflation increases in selling prices, across all three apartment types, with the major drive coming from Greenbay (Gordon's Bay, Western Cape) owing to the continued demand at this development.

Analysis of revenue from annuity businesses

The annuity business contributed revenue of R56.3 million (H12023: R39.5 million) representing a 42% growth.

Fibre and infrastructure revenue, rental revenue and revenue from mortgage origination continue to be the major contributors to annuity revenue streams. Revenue from the monetisation of lifestyle assets within the group emerged as a new contributor in the period. In this regard, Balwin collects membership fees from residents (and external parties where appropriate) through the management and provision of the lifestyle centres at Thaba Eco Village, Munyaka and The Blyde.

REVENUE FROM ANNUITY BUSINESS



Gross profit

Gross margins continued to improve during the current reporting period, with the group generating a gross profit margin of 33% for the interim reporting period, compared to 26% in the prior corresponding period and 29% for the 12 months ended 28 February 2023. As previously noted, this has been a significant focus area for management over several reporting periods.

The improvement in the gross profit margin from the sale of apartments is illustrated as below:

	Unaudited six months ended 31 August 2023 R'000	Unaudited six months ended 31 August 2022 R'000
Gross profit		
Gross profit from sale of apartments	**295 248**	373 670
Gross profit margin		
Gross profit from sale of apartments	**28%**	24%

Gross profit margin on the sale of apartments increased to 28% due to focused cost containment measures, design efficiencies as well as careful price adjustments to cover increased costs where possible.

Contributions from the annuity businesses further supported margin gain. Due to the nature of these businesses, a different accounting methodology to the sale of apartments apply. For the annuity businesses, no cost of sale is recorded but rather the costs incurred in these businesses are more administrative in nature and are therefore accounted for as operating expenses. This concept is more fully described in the commentary on operating costs below.

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).

Further enhancing the gross profit for the period was the sale of the development rights which contributed an additional 2% to the group's gross profit margin.

Operating expenses and net investment costs

Consolidated operating expenditure incurred by the group amounted to R 167.1 million for the six months ended 31 August 2023, a 4.2% reduction from the prior corresponding period.

The below table illustrates the cost basis of the company and annuity contributions:

	Unaudited six months ended 31 August 2023 R'000	Unaudited six months ended 31 August 2022 R'000	Movement
Balwin Properties (the company)			
Fixed expenditure	**72 488**	79 926	(9%)
Depreciation and amortisation	**14 193**	6 868	107%
Performance linked expenditure	**–**	15 218	(100%)
Variable expenditure (Note 1)	**38 018**	56 406	(33%)
Total Balwin Properties (the company)	**124 699**	158 418	(21%)
Total Balwin Annuities	**42 427**	15 977	166%
Total group operating expenditure	**167 126**	174 395	(4%)

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 21% to R124.7 million as the company actively managed its cost base in response to the reduction in sales activity. Depreciation charges for the head office, which registered subsequent to the prior corresponding period end and thus was not included in the comparative costs, was introduced which led to the increase in non-cash items. Excluding this non-cash item, the company reduced its operating costs by 27% to R110.5 million.

Fixed expenditure reduced by 9%, with inflationary increases offset by focused cost cutting where appropriate. Variable expenditure decreased by 33%, materially in line with the reduction in the group's revenue.

No allowance has been made for performance linked expenditure as it is not expected that minimum measures, as set out in the company's pre-approved scorecard will be achieved.

The annuity businesses' operating costs increased by R26.5 million from the prior period to R42.4 million due to ongoing operational activity. As noted in the gross margin analysis, 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. Accordingly, revenue from the annuity businesses constituted R56.3 million with an operating profit of 25% reported.

Profit for the period

The group recorded a profit after taxation of R177.4 million, an increase of 3% over the prior comparative six-month period.

Earnings

Earnings per share and headline earnings per share both increased by 3% and 4% respectively to 37.93 cents.

Property, plant and equipment and investment property

Property, plant and equipment increased to R377.2 million (February 2023: R328.4 million) mainly as a result of ongoing investment in solar assets, the continued roll out of fibre infrastructure as well as the final fit-outs at the Gauteng head office pursuant to the building being 100% tenanted.

The major contributor to investment property pertains to the investment in the rental portfolio owned by Balwin Rentals Pty Limited, with 215 apartments at Greenpark (Boksburg, Gauteng) owned by the subsidiary. The apartments are held at fair value. During the reporting period, the group also constructed a 61-key hotel at The Blyde (Tshwane East, Gauteng) at cost of R60 million.

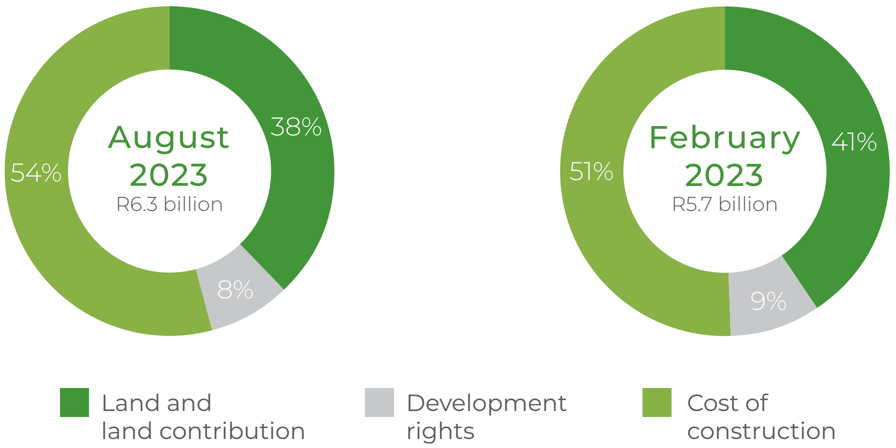
The previous head office building in Bedfordview, Johannesburg, was sold after the period end. The transaction has been disclosed as a non-adjusting subsequent event.

Developments under construction

Developments under construction, which include the value of land, infrastructure costs, development rights and development costs, increased by R540.6 million to R6.3 billion.

This increase in investment 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.

Mint Resorts, The Blyde



The major drivers of construction costs in Gauteng pertain to Munyaka (Waterfall, Gauteng) and Thaba Eco Village (Johannesburg South, Gauteng) as well as investment in infrastructure in the Tshwane node. The construction costs incurred at Munyaka and Thaba Eco Village include the completion of the iconic Lifestyle Centre apartments at Munyaka, the Signature development overlooking the Munyaka Crystal Lagoon in Waterfall, which includes two ultra-luxurious penthouse apartments and a villa, all of which are currently under offer. 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 review period. In total, these projects accounted for R183.3 million of the investment in work in progress.

The group incurred costs of R238.6 million at the projects in Tshwane, primarily associated with infrastructure costs within the node. These 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 (Tswhane East). Four phases, comprising approximately 160 apartments, are planned for handover in the second half of the financial year at this particular development.

Additional investment of R75.8 million was made in the new Classic development in the Western Cape, De Kuile (N1 Corridor). The first two phases of which are planned for hand over in the second half of the financial year.

Capital management

Liquidity

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

The extensive investment in working capital in the period 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 R428.2 million. This necessitated an increase in the debt levels of the business 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, which are costs committed by government through the Strategic Integrated Projects in the region. Management continues to engage with government in order to recoup the costs incurred to date that are necessary to provide the required services for basic living conditions to our clients.

The group closed the period with a cash position of R442.6 million. Including restricted cash, the group attained total cash of R443.7 million.

	Unaudited as at 31 August 2023 (R'000)	Unaudited as at 31 August 2022 (R'000)	Audited as at 28 February 2023 (R'000)
Cash and cash equivalents	**442 633**	581 238	607 349
Restricted cash	**1 086**	51 086	164 376
Total cash	**443 719**	632 324	771 725

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

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 debt exposure of the group against debt covenants and the Treasury Policy. The group's loan-to-value ratio increased marginally to 42.0% (FY2023: 40.7%) owing to the debt required to fund the continued investment in developments under construction. It is noted that the only asset class that is fair valued pertains to the residential property portfolio held as investment property by the subsidiary, Balwin Rentals Proprietary Limited. This asset constitutes 2% of the total asset base of the group. Accordingly, 98% of the group's assets, including the material development under construction, are measured at cost with no fair value adjustments. The group reported an interest cover ratio of 3.3 times, exceeding the required 2 times cover as stipulated by the covenants.

The group intends to prioritise the reduction of debt over the foreseeable future, a key medium-term objective of the board as part of the emphasis placed on appropriate cash management and capital structure optimisation.

Dividend

Following careful consideration of current market conditions compounded by a potential protracted period of higher interest rates and a suppressed market as well as the board's objective to reduce the group's debt exposure, the board concluded to not declare a dividend for the period. A dividend of 9.9 cents per share was declared in the prior corresponding period.

The board will reconsider the declaration of a dividend when reviewing the results for the full financial year.

Prospects

The board anticipates continued pressure on the residential housing market in the near to medium term, at least until interest rates provide some reprieve. This, along with infrastructure and service delivery challenges, is expected to continue to temper the rate of sales and apartment selling price increases which the business can achieve.

Key focus will continue to be placed on the reduction of costs in the business, both in construction and operational expenditure. The group anticipates margin pressure owing to the weak macroeconomic outlook, persisting low consumer spending and the need to adapt selling prices where appropriate to support sales volumes.

Despite these challenges, the board remains confident in the long-term prospects for the core business and leveraging Balwin's brand in the development of complementary, annuity-based revenue streams.

As consistently advised, the board will continue to place an emphasis on appropriate cash management and cost containment throughout the business, including funding measures where a reduction in debt is noted as a key strategic focus.

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.

Social impact through The Balwin Foundation

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.

Students, employees, contractors and unemployed community members are trained in building industry-related trades which include tiling, painting, plastering and bricklaying as well as managing construction resources, all skills which are key to the success of the business.

The Balwin Foundation's interim report highlights a commendable array of initiatives and collaborations aimed at making a positive impact on various aspects of society. This commentary provides an overview of the key accomplishments and activities mentioned in the report.

- Support for the Homeless: On Mandela Day, the foundation joined forces with several charities to provide assistance to the homeless, benefiting 1 340 individuals. This support extended beyond meals to include care packs, improving the dignity and well-being of those in need.
- Food Parcels for ECDs: The foundation's sponsorship of 7 097 food parcels for Early Childhood Development centres is a significant contribution to child welfare. Additionally, the hands-on involvement of the staff in packing 1 044 of these parcels demonstrates an inclusive approach to philanthropy.
- Swimming Instruction and Water Safety: Providing swimming instruction to 270 people and sponsoring winter water safety for 4 046 scholars is a vital endeavour. It not only promotes physical activity and a life skill but also addresses the crucial issue of water safety, particularly in regions where access to safe swimming facilities may be limited.

- Educational Support: The foundation's commitment to education is evident through its funding of bursaries for 16 scholars and 4 tertiary students. This comprehensive support, which includes tuition, mentorship, life skills, and practical work experience, has undoubtedly had a transformative effect on the lives of these students and their families.
- Extra Lessons and Career Guidance: Supporting 44 scholars with extra math, science, and English lessons is a strategic move to enhance their academic performance and future prospects. Furthermore, the involvement of Balwin staff and associates in offering career guidance to 200 students shows a dedication to nurturing the next generation.
- Women's Empowerment: Partnering with various organizations on Women's Day to uplift 93 girl scholars is a testament to the foundation's commitment to gender equality. The lectures, advice, and engaging activities provided to these young women can inspire them to pursue their goals and aspirations.
- Environmental Education and Sports: 69 homeless persons received agripreneurial training. The foundation's involvement in environmental educational activities and sports tournaments demonstrates a well-rounded approach to community engagement. These activities not only promote physical fitness but also raise awareness about environmental issues, fostering a sense of responsibility towards the planet.

The Balwin Foundation's interim report showcases a multifaceted approach to philanthropy, addressing various societal needs ranging from homelessness and education to women's empowerment and environmental awareness. The foundation's dedication to hands-on involvement, collaboration with other organisations, and holistic support for individuals and communities is commendable and undoubtedly contributes to positive social change.

DEVELOPMENT PIPELINE

COMMENTARY 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
Johannesburg, Waterfall										
The Polofields	Signature Collection	Commenced	A	1 512	1 042	1 029	1 031	11	470	481
Munyaka Lifestyle Centre	Signature Collection	Commenced	A	92	53	52	52	1	39	40
Munyaka	Classic Collection	Commenced	A	4 776	1 073	1 053	1 054	19	3 703	3 722
Total				**6 380**	**2 168**	**2 134**	**2 137**	**31**	**4 212**	**4 243**
Johannesburg East										
The Reid	Classic Collection	Commenced	A	1 300	934	925	925	9	366	375
The Klulee	Classic Collection	TBC	I	478	–	–	–	–	478	478
Greenlee	Green Collection	Commenced	A	1 796	783	755	757	26	1 013	1 039
Greenpark	Green Collection	Commenced	A	1 262	814	802	814	–	448	448
Eastlake	Classic Collection	TBC	I	154	–	–	–	–	154	154
Northview	Classic Collection	TBC	I	132	–	–	–	–	132	132
Total				**5 122**	**2 531**	**2 482**	**2 496**	**35**	**2 591**	**2 626**
Johannesburg North										
The Whisken	Classic Collection	Commenced	A	1 358	440	422	422	18	918	936
Total				**1 358**	**440**	**422**	**422**	**18**	**918**	**936**
Johannesburg South										
Majella Park	Classic Collection	TBC	I	280	–	–	–	–	280	280
Thaba-Eco Village	Classic Collection	Commenced	A	1 390	432	407	410	22	958	980
Total				**1 670**	**432**	**407**	**410**	**22**	**1 238**	**1 260**
KwaZulu-Natal, Ballito										
Ballito Hills	Classic Collection	Commenced	A	1 320	886	870	872	14	434	448
Ballito Creek	Classic Collection	TBC	I	1 722	–	–	–	–	1 722	1 722
Total				**3 042**	**886**	**870**	**872**	**14**	**2 156**	**2 170**
KwaZulu-Natal, Umhlanga										
Izinga Eco Estate	Signature Collection	Commenced	A	2 328	355	315	315	40	1 973	2 013
Greenlake	Green Collection	TBC	I	1 420	–	–	–	–	1 420	1 420
Total				**3 748**	**355**	**315**	**315**	**40**	**3 393**	**3 433**

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	3 280	1 180	1 169	1 173	7	2 100	2 107
Greencreek	Green Collection	Commenced	A	3 512	579	565	567	12	2 933	2 945
Mooikloof Eco-Estate	Classic Collection	Commenced	A	3 734	91	83	87	4	3 643	3 647
Greenkloof	Green Collection	Commenced	A	2 500	124	–	–	124	2 376	2 500
Mooikloof Smart City	Green and Classic Collection	Commenced	I	10 234	–	–	–	–	10 234	10 234
Total				**23 260**	**1 974**	**1 817**	**1 827**	**147**	**21 286**	**21 433**
Western Cape, Somerset West										
The Huntsman	Classic Collection	Commenced	A	1 788	838	759	759	79	950	1 029
Greenbay	Green Collection	Commenced	A	1 772	740	679	680	60	1 032	1 092
Total				**3 560**	**1 578**	**1 438**	**1 439**	**139**	**1 982**	**2 121**
Western Cape, Milnerton										
De Aan-Zicht	Classic Collection	Commenced	A	1 352	663	518	518	145	689	834
Fynbos	Classic Collection	Commenced	A	1 116	968	927	932	36	148	184
Total				**2 468**	**1 631**	**1 445**	**1 450**	**181**	**837**	**1 018**
Western Cape, N1 Corridor										
De Kuile	Classic Collection	Commenced	A	885	61	–	–	61	824	885
Total				**885**	**61**	**–**	**–**	**61**	**824**	**885**
Grand Total				**51 493**	**12 056**	**11 330**	**11 368**	**688**	**39 437**	**40 125**

* *A – Active, I – Inactive*

RECONCILIATION OF HEADLINE EARNINGS

For the six months ended 31 August 2023

		Unaudited six months ended 31 August 2023	Unaudited six months ended 31 August 2022	**Audited year ended 28 February 2023**
Basic and headline earnings per share				
Basic	(cents)	**37.93**	36.88	93.74
Headline	(cents)	**37.93**	36.63	91.49
Diluted earnings	(cents)	**37.93**	36.86	93.68
Diluted headline earnings	(cents)	**37.93**	36.61	91.42
Tangible net asset value per share*	(cents)	**843.45**	766.38	819.38
Net asset value per share**	(cents)	**849.16**	771.39	824.38
Weighted average number of shares in issue	('000)	**466 101**	467 854	465 382
Net asset value	(R'000)	**3 957 970**	3 608 958	3 836 518
Reconciliation of profit for the period to basic and headline earnings:				
Profit for the year attributable to equity holders	(R'000)	**176 797**	172 555	436 267
Basic earnings	(R'000)	**176 797**	172 555	436 267
Adjusted for:				
– Profit on disposal of property, plant and equipment and intangible assets	(R'000)	**(19)**	(1 527)	(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)	**4**	342	1 068
Headline earnings	(R'000)	**176 783**	171 370	425 768
Weighted average number of shares				
Weighted average number of shares in issue	('000)	**466 101**	467 854	465 382
Potential dilutive impact of share options	('000)	**–**	236	328
Weighted average number of diluted shares in issue	('000)	**466 101**	468 090	465 710

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

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 August 2023

		Unaudited six months ended 31 August 2023 R'000	Unaudited six months ended 31 August 2022 R'000	Audited 12 months ended 28 February 2023 R'000
Revenue		**1 185 606**	1 580 626	3 326 908
Cost of sales		**(789 199)**	(1 177 100)	(2 366 758)
Gross profit		**396 407**	403 526	960 150
Other income		**10 638**	4 630	15 416
Other operating gains		**–**	–	9 952
Operating expenses		**(167 126)**	(174 395)	(392 768)
Operating profit		**239 919**	233 761	592 750
Investment income		**22 903**	19 585	36 762
Finance costs		**(19 406)**	(11 580)	(32 383)
Share of profit of associate		**–**	332	332
Profit before taxation		**243 416**	242 098	597 461
Taxation		**(66 054)**	(69 135)	(160 107)
Profit for the period/year		**177 362**	172 963	437 354
Items that will or may be reclassified to profit or loss				
Profit (loss) on cash flow hedges		**1 567**	–	(684)
Taxation relating to items that will not be reclassified to profit or loss		**(430)**	–	192
Other comprehensive profit for the year net of taxation		**1 137**	(2 318)	(492)
Total comprehensive income for the period/year		**178 499**	170 645	436 862
Profit attributable to:				
Owners of the parent		**176 797**	172 555	436 267
Non-controlling interest		**565**	408	1 087
		177 362	172 963	437 354
Total comprehensive income attributable to:				
Owners of the parent		**176 797**	170 237	435 775
Non-controlling interest		**565**	408	1 087
		177 362	170 645	436 862
Basic and diluted earnings per share				
Basic	(cents)	**37.93**	36.88	93.74
Diluted	(cents)	**37.93**	36.86	93.68

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2023

	Unaudited as at 31 August 2023 R'000	Unaudited as at 31 August 2022 R'000	Audited as at 28 February 2023 R'000
Assets			
Non-current assets			
Property, plant and equipment	**377 190**	313 487	328 413
Investment property	**232 273**	–	153 020
Intangible assets	**26 610**	23 411	23 281
Investment in associates	**–**	5 655	–
Loans to external parties	**8 664**	10 264	8 664
Deferred taxation	**5 225**	–	6 778
Other financial asset	**883**	–	–
	650 845	352 817	520 156
Current assets			
Developments under construction	**6 275 007**	5 346 592	5 734 382
Loans to related parties	**–**	32 115	–
Current tax receivable	**–**	4 574	–
Trade and other receivables	**231 202**	383 147	218 902
Developments loans receivable	**17 307**	7 535	27 021
Cash and cash equivalents	**442 633**	581 238	607 349
Restricted cash	**1 086**	51 086	164 376
	6 967 235	6 406 287	6 752 030
Non-current assets held for sale	**26 061**	26 061	26 061
Total assets	**7 644 141**	6 785 165	7 298 247
Equity and liabilities			
Equity			
Share capital	**657 515**	650 889	650 973
Reserves	**72 319**	70 377	71 056
Retained income	**3 225 980**	2 886 780	3 112 898
Non-controlling interest	**2 156**	912	1 591
Total equity	**3 957 970**	3 608 958	3 836 518
Non-current liabilities			
Development loans and facilities	**1 326 777**	1 164 100	1 267 742
Other financial liabilities	**–**	3 219	684
Lease liabilities	**–**	740	191
Deferred taxation	**271 720**	277 775	273 364
	1 598 497	1 445 834	1 541 981
Current liabilities			
Development loans and facilities	**1 865 231**	1 519 797	1 688 777
Lease liabilities	**1 386**	1 240	1 075
Trade and other payables	**104 146**	158 726	146 472
Current tax payable	**80 314**	–	21 899
Employee benefits	**36 597**	50 610	61 525
	2 087 674	1 730 373	1 919 748
Total liabilities	**3 686 171**	3 176 207	3 461 729
Total equity and liabilities	**7 644 141**	6 785 165	7 298 247

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 August 2023

	Unaudited six months ended 31 August 2023 R'000	Unaudited six months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Cash flows from operating activities			
Cash (used in)/generated from operations	**(311 205)**	190 018	558 868
Interest received	**22 903**	19 585	36 762
Finance costs paid	**(132 304)**	(94 223)	(217 373)
Taxation paid	**(7 639)**	(45 425)	(133 094)
Net cash (used in)/generated from operating activities	**(428 245)**	69 955	245 163
Cash flows from investing activities			
Purchase of property, plant and equipment	**(49 145)**	(184 605)	(86 452)
Proceeds on disposal of property, plant and equipment	**17**	1 543	2 422
Purchase of intangible assets	**(10 656)**	(9 014)	(11 541)
Proceeds from sale of intangible assets	**4 172**	–	–
Net cash paid on business combinations	**–**	(18 003)	(14 134)
Decrease/(increase) in restricted cash	**163 290**	–	(163 290)
Dividends received from associate	**–**	250	250
Net cash generated from/(used in) investing activities	**107 678**	(209 829)	(272 745)
Cash flows from financing activities			
Treasury shares acquired	**–**	(20 112)	(20 112)
Development loans raised and utilised	**1 422 584**	884 196	2 200 433
Development loans repaid	**(827 957)**	(928 739)	(2 327 757)
Investment loan and general banking facilities repaid	**(489 067)**	(375 162)	(618 679)
Investment loan and general banking facilities raised and utilised	**114 006**	562 992	844 271
Payment on lease liabilities	**–**	(5 271)	(1 746)
Dividends paid	**(73 237)**	(70 121)	(121 542)
Dividends received from treasury shares	**9 522**	7 639	14 427
Net cash generated from/(used in) financing activities	**155 851**	55 476	(30 705)
Total cash and cash equivalents movement for the period/year	**(164 716)**	(84 398)	(58 287)
Cash and cash equivalents at the beginning of the period/year	**607 349**	665 636	665 636
Total cash and cash equivalents at the end of the period/year	**442 633**	581 238	607 349

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 August 2023

	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 28 February 2022 (Audited)	664 225	–	67 448	2 783 746	3 515 419	504	3 515 923
Profit for the period	–	–	–	172 555	172 555	408	172 963
Other comprehensive income	–	(2 318)	–	–	(2 318)	–	(2 318)
Total comprehensive income for the period	–	(2 318)	–	172 555	170 237	408	170 645
Share-based payment	–	–	12 023	–	12 023	–	12 023
Treasury shares repurchased	(20 112)	–	–	–	(20 112)	–	(20 112)
Issue of shares from treasury	6 776	–	(6 776)	–	–	–	–
Dividends received from treasury shares	–	–	–	600	600	–	600
Dividends paid	–	–	–	(70 121)	(70 121)	–	(70 121)
Balance at 31 August 2022 (Unaudited)	650 889	(2 318)	72 695	2 886 780	3 608 046	912	3 608 958
Profit for the year	–	–	–	263 712	263 712	679	264 391
Other comprehensive income	–	1 826	–	–	1 826	–	1 826
Total comprehensive income for the year	–	1 826	–	263 712	265 538	679	266 217
Share-based payment	–	–	(1 063)	–	(1 063)	–	(1 063)
Treasury shares repurchased	–	–	–	–	–	–	–
Issue of shares from treasury	84	–	(84)	–	–	–	–
Dividends received from treasury shares	–	–	–	13 827	13 827	–	13 827
Dividends paid	–	–	–	(51 421)	(51 421)	–	(51 421)
Balance at 28 February 2023 (Audited)	650 973	(492)	71 548	3 112 898	3 834 927	1 591	3 836 518
Profit for the period	–	–	–	176 797	176 797	565	177 362
Other comprehensive income	–	1 137	–	–	1 137	–	1 137
Total comprehensive income for the period	–	1 137	–	176 797	177 934	565	178 499
Share-based payment	–	–	6 668	–	6 668	–	6 668
Treasury shares repurchased	–	–	–	–	–	–	–
Issue of shares from treasury	6 542	–	(6 542)	–	–	–	–
Dividends received from treasury shares	–	–	–	9 522	9 522	–	9 522
Dividends paid	–	–	–	(73 237)	(73 237)	–	(73 237)
Balance at 31 August 2023 (Unaudited)	**657 515**	**645**	**71 674**	**3 225 980**	**3 955 814**	**2 156**	**3 957 970**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 August 2023

1. BASIS OF PREPARATION

The interim consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") 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 South African financial reporting requirements and the JSE Listing 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 and financial liability which are measured at fair value with hedge accounting applied.. The interim 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 accounting policies and methods of computation are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those of the consolidated Financial Statements at 28 February 2023. These interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes have been included to explain events and transactions that are significant to an understanding of the changes in the group's financial position and performance from the year ended 28 February 2023. The interim consolidated financial statements have been internally prepared under the supervision of JS Bigham, in his capacity as chief financial officer. The interim consolidated financial statements have not been reviewed or audited by BDO, the group's external auditors.

2. REVENUE

	Unaudited six months ended 31 August 2023 R'000	Unaudited six months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Revenue from contracts with customers			
Revenue from the sale of apartments	**1 059 343**	1 541 099	3 243 815
Revenue from the sale of development rights	**70 000**	–	–
Rental of electronic communication	**27 974**	21 524	43 124
Bond commission	**5 807**	10 670	16 999
Rendering of services to residential developments	**9 118**	5 669	6 988
	1 172 242	1 578 962	3 310 926
Revenue other than revenue from contracts with customers			
Rental income	**12 283**	–	10 888
Donation income	**1 081**	1 664	5 094
	13 364	1 664	15 982
	1 185 606	1 580 626	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:

	Unaudited six months ended 31 August 2023 R'000	Unaudited six months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Disclosure of disaggregated revenue from the sale of apartments by region:			
Gauteng	**337 993**	727 774	1 542 544
Western Cape	**443 916**	484 890	1 135 322
KwaZulu-Natal	**277 434**	328 436	565 949
	1 059 343	1 541 099	3 243 815
Disclosure of disaggregated revenue from the sale of apartments by development brands:			
Classic Collection	**108 917**	895 166	1 987 145
Green Collection	**749 702**	297 099	548 332
Signature Collection	**200 724**	348 835	708 338
	1 059 343	1 541 099	3 243 815
Disclosure of timing of revenue recognition			
At a point in time			
Revenue from sale of apartments	**1 059 343**	1 541 099	3 243 815
Revenue from the sale of development rights	**70 000**	–	–
Bond commission	**5 807**	10 670	16 999
Rental of electronic communication	**3 164**	–	–
Rendering of services to residential developments	**3 086**	3 571	4 370
	1 141 400	1 555 340	3 265 184
Over time			
Rental of electronic communication	**25 891**	21 524	43 124
Rendering of services to residential developments	**4 951**	2 098	2 618
	30 842	23 622	45 742
Total revenue from contracts with customers	**1 172 242**	1 578 962	3 310 926

3. DEVELOPMENTS UNDER CONSTRUCTION

	Unaudited as at 31 August 2023 R'000	Unaudited as at 31 August 2022 R'000	Audited as at 28 February 2023 R'000
Developments under construction include the following:			
Cost of construction	**3 385 054**	2 486 618	2 906 124
Land and land contribution costs	**2 403 596**	2 343 995	2 338 327
Development rights	**486 357**	515 979	489 931
	6 275 007	5 346 592	5 734 382

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

The cost of developments under construction recognised as an expense in cost of sales during the current year was R764.1 million (H1 2023: R1 167.4 million). Costs previously capitalised to developments under construction written off in the current year amount to R1.9 million (H1 2023: Rnil). The carrying amount of land which acts as security for development loans advanced is R1 380.3 million (February 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

		Unaudited as at 31 August 2023 R'000	Unaudited as at 31 August 2022 R'000	Audited as at 28 February 2023 R'000
Authorised				
Ordinary shares	('000)	**1 000 000**	1 000 000	1 000 000
Issued and fully paid up				
Ordinary shares	(R'000)	**670 206**	670 206	670 206
BEE shares	(R'000)	**171 878**	171 878	171 878
Treasury shares	(R'000)	**(184 569)**	(191 195)	(191 111)
		657 515	650 889	650 973

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

	Unaudited as at 31 August 2023 R'000	Unaudited as at 31 August 2022 R'000	Audited as at 28 February 2023 R'000
Reconciliation of shares in issue			
Opening balance	**465 210**	469 822	469 822
Treasury shares issued to settle long-term incentive scheme	**2 512**	1 959	2 500
Shares repurchased back and held in treasury	**–**	(7 112)	(7 112)
Closing balance	**467 722**	464 669	465 210

5. DEVELOPMENT LOANS AND FACILITIES

	Unaudited as at 31 August 2023 R'000	Unaudited as at 31 August 2022 R'000	Audited as at 28 February 2023 R'000
Held at amortised cost			
Development loans	**2 165 717**	1 368 471	1 469 175
General banking facility	**658 255**	854 232	858 930
Investment loan facility	**368 036**	461 194	628 414
	3 192 008	2 683 897	2 956 519

5. DEVELOPMENT LOANS AND FACILITIES (continued)

Development Loans	Average nominal interest rates	Maturity date	Unaudited as at 31 August 2023 R'000
Non-current loans			
Century Property Developments Proprietary Limited	Prime	November 2027	**164 965**
Deutsche Investitions-Und Entwicklungsgesellschaft MBH	3 mth JIBAR plus 6.9%	December 2026	**225 000**
			389 965
Current loans			
ABSA Bank Limited	Prime	Between September 2023 and August 2024	**501 777**
ABSA Bank Limited	Prime less 0.25%	Between September 2023 and August 2024	**446 466**
ABSA Bank Limited	Prime less 1.00%	Between September 2023 and August 2024	**40 361**
FNB	Prime	Between September 2023 and August 2024	**94 994**
Futuregrowth Asset Management Proprietary Limited	3 mth JIBAR plus 3.75%	Between September 2023 and August 2024	**100 030**
Investec Bank Limited	Prime	Between September 2023 and August 2024	**121 370**
Investec Bank Limited	Prime less 0.25%	Between September 2023 and August 2024	**127 699**
Investec Bank Limited	Prime plus 0.25%	Between September 2023 and August 2024	**66 017**
Nedbank Limited	3 mth JIBAR plus 3.069%	Between September 2023 and August 2024	**10 257**
Nedbank Limited	3 mth JIBAR plus 3.076%	Between September 2023 and August 2024	**73 739**
Nedbank Limited	3 mth JIBAR plus 3.285%	Between September 2023 and August 2024	**21 483**
Nedbank Limited	3 mth JIBAR plus 3.347%	Between September 2023 and August 2024	**10 405**
Nedbank Limited	Prime	Between September 2023 and August 2024	**121 971**
National Housing Finance Corporation Limited	Prime	Between September 2023 and August 2024	**33 998**
Century Property Developments Proprietary Limited	Prime	February 2024	**5 185**
			1 775 752
			2 165 717
Investment loans and General Banking facilities			
Non-current loans			
Stanlib Asset Management Proprietary Limited	3 Month Jibar plus 4.75%	April 2025	**279 022**
Ninety One SA Proprietary Limited	3 Month Jibar plus 4.75%	April 2025	**315 715**
Sanlam Investment Management Proprietary Limited	3 Month Jibar plus 4%	April 2025	**63 518**
Investec Bank Limited	Prime less 0.25%	June 2028	**177 773**
Nedbank Limited	Prime less 0.6%	May 2026	**100 783**
			936 811
Current loans			
Absa Bank Limited	Prime less 1.45%	No fixed terms of repayment	**70 000**
Investec Bank Limited	Prime	October 2023	**19 480**
			89 480
			1 026 291
Total			**3 192 008**

5. DEVELOPMENT LOANS AND FACILITIES (continued)

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

5. DEVELOPMENT LOANS AND FACILITIES (continued)

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	Between March 2023 and February 2024	412 613
Absa Bank Limited	Prime less 0.25%	Between March 2023 and February 2024	291 309
First National Bank Limited	Prime	Between March 2023 and February 2024	72 859
Investec Bank Limited	Prime	Between March 2023 and February 2024	70 856
Investec Bank Limited	Prime less 0.25%	Between March 2023 and February 2024	83 827
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 3.076%	Between March 2023 and February 2024	3 602
Nedbank Limited	3 Month Jibar plus 3.35%	Between March 2023 and February 2024	9 899
Nedbank Limited	Prime	Between March 2023 and February 2024	57 920
National Housing Finance Corporation Limited	Prime	Between March 2023 and February 2024	29 772
Futuregrowth Asset Management Proprietary Limited	3 Month Jibar plus 3.75%	Between March 2023 and February 2024	85 864
Century Property Developments Proprietary Limited	Prime	February 2024	6 811
			1 236 679
Total development loans			1 469 175
Investment loan 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			
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
Nedbank Limited	Prime less 0.6%	June 2023	39 243
Nedbank Limited	Prime less 0.6%	December 2023	61 540
Investec Bank Limited	Prime less 0.25%	February 2024	4 564
			452 098
Total investment loans and general banking facilities			1 487 344
Total development loans and facilities			2 956 519

5. DEVELOPMENT LOANS AND FACILITIES (continued)

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 reflects the discounted contractual cash flows and have been discounted at the average lending rate of the group at inception of the transactions.

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. BUSINESS COMBINATIONS

Balwin Rentals Proprietary Limited

The group did not engage in any new business combinations during the current period.

	Unaudited as at 31 August 2023 R’000	Unaudited as at 31 August 2022 R’000	Audited as at 28 February 2023 R’000
Fair value of assets acquired and liabilities assumed	**–**	–	
Investment property	**–**	–	149 752
Loans to related parties	**–**	–	(13 780)
Cash and cash equivalents	**–**	–	3 866
Development loans and facilities	**–**	–	(100 783)
Deferred taxation	**–**	–	(8 166)
Trade and other payables	**–**	–	(329)
Current tax payable	**–**	–	(222)
Total identifiable net assets	**–**	–	30 338
Fair value of equity interest held before the business combination	**–**	–	(8 116)
Gain on a bargain purchase in a business combination	**–**	–	(4 222)
Cash consideration paid for acquisition	**–**	–	18 000
Acquisition date fair value of consideration paid	**–**	–	
Cash paid as part of acquisition	**–**	–	(18 000)
Cash received as part of acquisition	**–**	–	3 866
Total cash outflow on acquisition date	**–**	–	(14 134)

7. RELATED PARTIES

	Unaudited as at 31 August 2023 R'000	Unaudited as at 31 August 2022 R'000	Audited as at 28 February 2023 R'000
Related party balances			
Loan accounts and trade receivables owing by related parties:			
Balwin Rentals Proprietary Limited	**–**	32 115	–
Legaro Property Development Proprietary Limited***	**10**	–	–
Related party transactions			
Sale of apartments to related parties:			
Directors and prescribed officers:			
Lucille Properties Proprietary Limited*	**–**	69 068	69 068
Shelby Prop Investments Proprietary Limited**	**–**	16 045	19 018
Rental guarantee payments:			
Balwin Rentals Proprietary Limited	**–**	856	325
Property rental management fee received:			
Directors and prescribed officers:			
RN Gray	**62**	62	153
U Gschnaidtner	**5**	6	15
SV Brookes	**213**	239	572
Rental paid to related parties:			
Directors, prescribed officers and companies:			
Balwin Rentals Proprietary Limited	**–**	–	–
Volker Properties Proprietary Limited*	**239**	256	532
Lucille Properties Proprietary Limited*	**71**	492	869
Shelby Prop Investments Proprietary Limited**	**211**	235	712
Key West Trust^	**–**		6
Compensation to directors and other key management:			
Directors emoluments	**18 307**	27 786	55 703

* *The entity is controlled by SV Brookes.*

** *The entity is controlled by RN Gray.*

*** *Spouse of SV Brookes has significant influence over the entity and is a member of the key management personnel.*

^ *Trust controlled by spouse of RN Gray.*

8. FINANCIAL INSTRUMENTS

	Unaudited as at 31 August 2023 R'000	Unaudited as at 31 August 2022 R'000	Audited as at 28 February 2023 R'000
Financial assets at amortised cost			
Development loans receivable	**17 307**	7 535	27 021
Loans to related parties	**–**	32 115	–
Loans to external parties	**8 664**	10 264	8 664
Trade and other receivables	**230 995**	379 863	217 073
Restricted cash	**1 086**	51 086	164 376
Cash and cash equivalents	**442 633**	581 238	607 349
	700 685	1 062 101	1 024 483
Financial assets treated as a cash flow hedge			
Other financial assets	**883**	–	–
	883	–	–
Financial liabilities at amortised cost			
Development loans and facilities	**(3 192 008)**	(2 683 897)	(2 956 519)
Trade and other payables	**(92 335)**	(75 422)	(87 293)
	(3 284 340)	(2 759 319)	(3 043 812)
Financial liabilities treated as a cash flow hedge			
Other financial liabilities	**–**	–	(684)

9. FAIR VALUE INFORMATION

Fair value hierarchy

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

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

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

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

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

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

10. SEGMENTAL REPORTING

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

Nature of operations

- Sale of apartments and development rights
- Provision of services to residential estates
- Bond commission
- Residential and commercial property rentals

	Sale of apartments and development rights R'000	Provision of services to residential estates R'000	Bond commission R'000	Residential and commercial property rentals R'000	Total R'000
Segmental reporting for statement of financial position for the period ended 31 August 2023					
Non-current assets	151 487	166 075	625	332 658	650 845
Current assets	6 924 730	62 458	2 998	3 110	6 993 296
Total assets	7 076 217	228 533	3 623	335 768	7 644 141
Non-current liabilities	1 323 049	81	–	275 367	1 598 497
Current liabilities	1 978 710	100 055	2 449	6 460	2 087 674
Total liabilities	3 301 759	100 136	2 449	281 827	3 686 171
Segmental reporting for statement of financial position for the period ended 31 August 2022					
Non-current assets	286 765	66 052	–	–	352 817
Current assets	6 391 715	31 480	7 420	1 733	6 432 348
Total assets	6 678 480	92 190	7 420	1 733	6 785 165
Non-current liabilities	1 288 463	–	–	158 611	1 447 074
Current liabilities	1 640 509	75 233	2 815	10 576	1 729 133
Total liabilities	2 928 972	75 233	2 815	169 187	3 176 207
Segmental reporting for statement of financial position for the year ended 28 February 2023					
Non-current assets	119 429	73 578	538	326 611	520 156
Current assets	6 726 666	27 983	9 342	14 100	6 778 091
Total assets	6 846 095	101 561	9 880	340 711	7 298 247
Non-current liabilities	1 361 101	–	–	180 880	1 541 981
Current liabilities	1 691 818	82 409	6 724	138 797	1 919 748
Total liabilities	3 052 919	82 409	6 724	319 677	3 461 729
Segmental reporting for statement of profit or loss and other comprehensive income for the six months ended 31 August 2023					
Revenue	1 129 343	38 173	5 807	12 283	1 185 606
Gross profit	340 144	38 173	5 807	12 283	396 407
Operating expenses	(124 699)	(33 905)	(3 716)	(4 806)	(167 126)
Profit for the year	171 877	4 601	1 865	(981)	177 362

10. SEGMENTAL REPORTING (continued)

	Sale of apartments and development rights R'000	Provision of services to residential estates R'000	Bond commission R'000	Residential and commercial property rentals R'000	Total R'000
Segmental reporting for statement of profit or loss and other comprehensive income for the six months ended 31 August 2022					
Revenue	1 541 099	28 670	10 670	187	1 580 626
Gross profit	373 670	18 999	10 670	187	403 526
Operating expenses	(159 216)	(10 640)	(4 275)	(264)	174 395
Profit for the year	165 920	724	6 395	(76)	172 963
Segmental reporting for statement of profit or loss and other comprehensive income for the year ended 28 February 2023					
Revenue	3 243 815	55 206	16 999	10 888	3 326 908
Gross profit	884 349	55 206	16 999	10 888	967 442
Operating expenses	(323 150)	(50 426)	(9 560)	(9 632)	(392 768)
Profit for the year	420 208	2 474	5 238	9 434	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.

11. COMMITMENTS

	Unaudited as at 31 August 2023 R'000	Unaudited as at 31 August 2022 R'000	Audited as at 28 February 2023 R'000
Authorised capital expenditure			
Already contracted for but not provided for			
Land (Unconditional)	**115 181**	94 045	50 000
Land (Conditional)	**280 000**	374 251	338 000
Infrastructure (Unconditional)	**119 413**	116 799	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.

12. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, management executed on its plan to sell its previous head office building situated at Townsend Office Park due to the relocation of the group's head office to Corlett Drive. This property has been disclosed as a non-current asset held for sale in the financial statements. This event is deemed a non-adjusting event after the reporting period. Consequently, the financial statements for the interim period ending 31 August 2023, remain unaltered to reflect this transaction.

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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

Independent non-executive

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

Non-executive

Reginald Kukama

Executive

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

** Resigned 24 August 2023*

Contact details

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Corporate advisors

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External auditor

BDO South Africa Inc

Sponsor

Investec Bank Limited

Transfer secretaries

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