

Balwin Properties Limited
(Incorporated in the Republic of South Africa)
Registration Number: 2003/028851/06
Share code: BWN
ISIN: ZAE000209532
("Balwin")

ACQUISITION OF PRIME PROPERTY IN MOOIKLOOF

1. INTRODUCTION

Shareholders are hereby advised that Balwin has concluded a Sale Agreement (the "**Agreement**"), with Century Property Developments Proprietary Limited (the "**Seller**") in terms of which Balwin has agreed to purchase Part of the Remainder of Portion 1077 of the Farm Rietfontein 375 JR, measuring 93 hectares in extent (the "**Property**") on favourable payment terms which include a R94,000,000 deposit and a payment per apartment over the next 7 years to settle the outstanding balance as explained at paragraph 4 below (the "**Transaction**").

2. OVERVIEW OF THE PROPERTY AND RATIONALE FOR THE TRANSACTION

- 2.1. Balwin has been negotiating with the Seller over the past five years to acquire The Hills Proper, situated on the Property. The Property measures approximately 93 hectares in extent of which approximately 70 hectares is developable.
- 2.2. The number of apartments to be developed on the Property is currently, at a minimum, of 3,776 and the development will follow Balwin's Classic collection. Balwin is confident that the total number of apartments could exceed at least 5,500 through rezoning and relaxation on height restrictions on the Property.
- 2.3. The Property is situated in Pretoria East within the upmarket area of Mooikloof which is a rapidly developing family-friendly suburb. The Property is close to the N4 and N1 highways. The Property will be accessible from Atterbury and Garsfontein roads via the K147, which provides easy access into Pretoria East and various amenities such as Woodlands Boulevard, Woodhill Country Club, Parkview Shopping Centre and the Pretoria East Hospital.
- 2.4. The Property will be designed for clients looking for affordable living combined with a unique lifestyle offering complemented by breath-taking sceneries, quality schools, medical facilities and shopping centres. The vernacular design of the apartment blocks is focused on

blending into the surrounding natural beauty, with no negative impact on the existing scenery. The “Old Transvaal-style” architecture, is commonly associated with the east of Pretoria. Balwin is also planning to incorporate a Generation School and Montessori School as part of its lifestyle offering within the development.

- 2.5. The vision of the development is to create an Eco Estate focussing on outdoor living and utilising the abundance of green space for leisure activities.
- 2.6. The Lifestyle Centre will be developed as a Lifestyle Village Concept, which fits well with the Pretoria East market and will allow for direct public access, increasing the commerciality of the Lifestyle Village and its operators.
- 2.7. Balwin will phase the development, with the first phase estimated to be approximately 1,000 apartments and it is estimated that top structure construction should commence during March 2021, with the first handovers following approximately 6 months later during September 2021.
- 2.8. The acquisition of The Property will permit Balwin to establish a new development in the high demand area east of Pretoria which fits in with its overall vision for Gauteng. Balwin believes that the acquisition of the Property will support its goal of expanding within the Pretoria region.

3. PURCHASE CONSIDERATION

- 3.1. The total consideration payable by Balwin to the Seller in terms of the Agreement is at a minimum of R301,680,000 (excluding VAT) (prior to applicable CPI adjustments and based on an assumed 3,776 units) and at a maximum of R303,000,000 (excluding VAT) (prior to the applicable CPI adjustments and based on an assumed 3,800 units) (“**Purchase Consideration**”), which is to be paid by Balwin as follows -
 - 3.1.1. R94,000,000 (excluding VAT) deposit is payable to the Seller on date of registration of transfer of the Property; plus
 - 3.1.2. R55,000 (excluding VAT) per apartment is payable as and when the apartments are registered in the name of third party purchasers.
- 3.2. The R55,000 (excluding VAT) will only be payable in respect of 3,800 apartments, at maximum, irrespective of whether Balwin achieves a higher density of approximately 5,500 apartments. Accordingly, the minimum purchase consideration payable will be R301,680,000 (R55,000 x 3,776 apartment) (prior to applicable CPI adjustments) and the

maximum purchase consideration will be R303,000,000 (R55 000 x 3,800 apartments) (prior to applicable CPI adjustments).

- 3.3. The balance of the Purchase Consideration outstanding from time to time will escalate at the lower of CPI or 6% per annum calculated from the date of transfer of the Property.
- 3.4. The total Purchase Consideration is payable within 7 years from date of transfer of the Property.
- 3.5. The R94,000,000 deposit will be funded from a combination of existing cash reserves and new bank debt. The bank debt will be ring-fenced to the development to be completed on the Property being acquired. Balwin has already obtained 60% bank funding from Investec Bank Limited in respect of the R94,000,000 deposit and will pay the difference of R37,600,000 in cash.
- 3.6. Subsequent to the new bank debt in 4.5 above being obtained, Balwin's total debt to equity ratio will remain comfortably within the 50% target threshold as mandated by the Balwin board.

4. VALUE OF THE NET ASSETS AND PROFITS ATTRIBUTABLE TO THE NET ASSETS

The value of the land to be acquired is at maximum R303,000,000 (excluding VAT) (prior to applicable CPI adjustments). The land will not generate profits in isolation as the land will be developed into sectional title residential apartments and profits will be attributed to the sale of the respective apartments.

5. CONDITIONS PRECEDENT TO THE TRANSACTION

At the date of this SENS announcement, the Board of Directors have approved the Transaction and there are no conditions precedent.

6. EFFECTIVE DATE OF THE TRANSACTION

In terms of the Agreement, the effective date of the Transaction will be 20 July 2020.

7. JSE CATEGORISATION

The Transaction is categorised as a Category 2 transaction in terms of paragraph 9.5(a) of the JSE Listings Requirements and accordingly no shareholder approval is required.

Johannesburg

20 July 2020

Sponsor:

Investec Bank Limited