



BALWIN PROPERTIES LIMITED
(previously Balwin Properties Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2003/028851/06)
Share code: BWN
ISIN: ZAE000209532
("Balwin" or "the Company" or "the Issuer")

PRE LISTING STATEMENT

The definitions and interpretations commencing on page 15 of this Pre-listing Statement shall apply, *mutatis mutandis*, throughout this Pre-listing Statement.










This Pre-listing Statement relates to the listing of Balwin on the main board of the JSE and a private placement by way of an offer to Qualifying Investors:

- to subscribe for up to 83,835,710 Shares in the share capital of Balwin (issued at the Offer Price within the Offer Price Range) in order to raise aggregate proceeds for Balwin of a minimum of R713,513,642; and
- thereafter, should there be sufficient interest from Qualifying Investors, to acquire up to 82,922,675 Shares in the share capital of Balwin from Balwin's existing shareholders (at the Offer Price).

The proceeds received by Balwin pursuant to the Offer will be used by the Company to settle the Debt Facilities, and provide the Company with added balance sheet capacity for future land acquisitions and development activities. This Pre-listing Statement is not an invitation to the general public to subscribe for or purchase the Offer Shares, but is issued in compliance with the Listings Requirements for information purposes only.

2015	
Opening date of the Offer at 09:00 on	Thursday, 1 October
Closing Date of the Offer at 17:00 on	Thursday, 8 October
Publication date of the final Offer Price and final number of Offer Shares released on SENS on	Friday, 9 October
Payment date for allocated Balwin shares on	Tuesday, 13 October
Listing Date on	Thursday, 15 October

All dates and times referred to in this Pre-listing Statement are times in South Africa. The dates and times in this Pre-listing Statement are subject to change and any such changes will be released on SENS.

Investment Bank, Bookrunner and Sponsor	Legal Advisor	Legal Advisor	Transfer Secretaries
 Specialist Bank		 9502655/21	
Communications Advisor	Independent Reporting Accountants and Auditors	Independent Valuer	Conveyancing Attorneys
			 ATTORNEYS CONVEYANCERS NOTARIES
			Conveyancing Attorneys
			 SMITH TABATA BUCHANAN BOYES

The Offer is subject to:

- the subscription by Qualifying Investors of so many shares in the Company such that a minimum aggregate subscription amount of R713,513,642 is raised by the Company; and
- the placement of a sufficient number of shares with Qualifying Investors in order to meet the minimum free-float and shareholder spread requirements as prescribed by the Listings Requirements.

The minimum aggregate subscription amount received by Balwin will be used by the Company to settle the Debt Facilities, and provide the Company with added balance sheet capacity for future land acquisitions and development activities.

If the minimum subscription amount or the minimum free float is not achieved, the Company shall not be obliged to proceed with the Listing and the Offer.

Balwin and/or the Board reserves the right at any time during the Offer and at their sole and absolute discretion to amend, deviate from or modify the Offer in the manner they think fit or to postpone, discontinue or terminate the Offer. The Offer set out in this Pre-listing Statement is open for acceptance by Qualifying Investors only.

It is currently estimated that the Offer Price pursuant to this Pre-listing Statement will be between R8.51 and R9.88 per Share. The Offer Price may however be outside this range.

Shares will be issued by Balwin to successful applicants in Dematerialised form only. Accordingly, all successful applicants must appoint a CSDP, directly or through a Broker, to receive and hold the Dematerialised Shares on their behalf. Should a Shareholder require a physical certificate for his/her Shares, such Shareholder will have to materialise their Shares following the Listing, for which a fee will be charged, and should therefore contact its CSDP to do so. It is noted that there are risks associated with holding Shares in certificated form, including the risk of loss or tainted scrip, which are no longer covered by the JSE Guarantee Fund. All Shareholders who elect to convert their Dematerialised Shares into Certificated Shares will have to Dematerialise their Shares should they wish to trade them under the terms of Strate. The Offer Shares will rank *pari passu* with all other Ordinary Shares in issue in all respects, including eligibility for dividends. Accordingly no Share has special rights to distributions, capital or profits of the Company. Fractions of Shares will not be issued.

There are no conversion or redemption rights relating to the Shares.

The JSE has granted the Company a listing in respect of up to 483,835,710 Ordinary Shares in the "Real estate holding and development" sector of the main board of the JSE under the abbreviated name "Balwin", symbol "BWN" and ISIN: ZAE000209532, subject to the fulfilment of the conditions precedent set out in paragraph 10 of Section 1 of this Pre-listing statement. The Listing is expected to be effective from the commencement of business on 15 October 2015.

At the Listing Date, Balwin's authorised share capital will comprise 1,000,000,000 Ordinary Shares and its issued share capital will comprise up to 483,835,710 Ordinary Shares. The Offer Shares will represent 32.85% of Balwin's issued Ordinary Share Capital subsequent to the Offer. Balwin will have a stated capital in accordance with the JSE Listing Requirements.

The Offer is not an offer to the general public in any jurisdiction. The Offer constitutes an offer for the subscription and sale of the Offer Shares in South Africa to Qualifying Investors (that is, selected persons who fall within one of the specified categories set out in section 96(1)(b) of the Companies Act and to whom the Offer will be specifically addressed). The Offer is capable of acceptance only by such Qualifying Investors. The Offer is not an "offer to the public" for the purposes of the Companies Act. As the Offer is not an offer to the public as contemplated under the Companies Act, a copy of this Pre-listing Statement is not required to be registered with CIPC pursuant to the Companies Act.

This Pre-listing Statement has been issued in connection with the Offer in South Africa only and is addressed only to persons to whom the Offer may lawfully be made. The distribution of this Pre-listing Statement and the making of the Offer may be restricted by law. Persons into whose possession this Pre-listing Statement comes must inform themselves about and observe any such restrictions. This Pre-listing Statement does not constitute an offer of, or invitation to subscribe for, any of the Shares in any jurisdiction in which such offer, subscription or sale would be unlawful. No one has taken any action that would permit an offering of Shares to occur outside of South Africa.

The subscription for, and purchase of, Offer Shares involves risks. Investors are referred to the section entitled "Risk Factors" in Section 6 of this Pre-listing Statement.

The Directors, whose names are set out in paragraph 25.2 on page 44 of this Pre-listing Statement collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by the Listings Requirements.

The Investment Bank, Bookrunner and Sponsor, Independent Reporting Accountants and Auditors, Legal Advisors, Communications Advisor, Conveyancers, Independent Valuer, Company Secretary and Transfer Secretaries, whose names are set out in the "Corporate information and advisors section", have given and have not, prior to the publication of this Pre-listing Statement, withdrawn their written consent to the inclusion of their names in the capacities stated and, where applicable, to their reports being included in this Pre-listing Statement.

This Pre-listing Statement is available in English only and copies may be obtained from 1 October 2015 until 8 October 2015 from the Company, the Sponsor and the Transfer Secretaries at their respective physical addresses which appear in the "Corporate Information and Advisors" section of this Pre-listing Statement and on Balwin's website, www.balwin.co.za. An abridged version of this Pre-listing Statement will be published on SENS on 2 October 2015 and in the press on 5 October 2015.

Date of issue: 1 October 2015

Forward-looking statements

This Pre-listing Statement contains statements about Balwin that are or may be forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy, the economic outlook for South Africa, the residential property industry; operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity, capital resources and expenditure; and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, estimates of capital expenditures, acquisition strategy, or future capital expenditure levels, and other economic factors such as, amongst other things, interest and exchange rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Balwin cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Balwin operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Pre-listing Statement.

All these forward-looking statements are based on estimates and assumptions, all of which, although Balwin may believe them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Many factors (including factors not yet known to the Company, or not currently considered material), could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those estimates, statements or assumptions.

Prospective investors should keep in mind that any forward-looking statement made in this Pre-listing Statement or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of the Company or other matters to which such forward-looking statements relate, not to develop as expected, may emerge from time to time, and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results or matters to differ materially from those contained in any forward-looking statement are not known, Balwin has no duty to and does not intend, to update or revise the forward-looking statements contained in this Pre-listing Statement after the date of this Pre-listing Statement, except as may be required by law.

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Rex Tomlinson
Basani Maluleke
Kholeka Mzondeki

Non-executive Director

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Place of incorporation: South Africa

Date of incorporation: 14 November 2003

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Application form (blue)	Attached

SALIENT FEATURES

This summary contains the salient features of Balwin and the Offer as set out in this Pre-listing Statement, which should be read in its entirety for a complete understanding thereof. The definitions and interpretations set out on pages 15 to 19 of this Pre-listing statement apply, *mutatis mutandis*, to the salient features as set out below.

I. OVERVIEW OF BUSINESS

I.1 Overview

Balwin is a specialist, niche, national large-scale, turnkey, sectional-title, residential property builder and developer (typically between 500 – 1,000 sectional-title residential units per development) targeting high-density, high-growth metropolitan areas in South Africa.

Balwin estates offer secure, affordable, high-quality, environmentally friendly and conveniently located 1, 2 and 3 bedroom sectional-title residential units which range in size from 45m² – 120m² and in price from R599,999 – R1,699,000 per unit (including modern fitted kitchen appliances) within the normal operating model. Units are designed to appeal to a wide range of home buyers, including first-time, move-up, active adult, young professional, young family, older family, retirees as well as buy-to-let. All larger estates (comprising ± 500 units and above only, such as Greenstone Ridge, The William, De Velde, etc.) also have a lifestyle centre with well-established concierge and other all-inclusive value added services including a spa, restaurant, gym, squash court, action sports field, games room, movie theatre, heated swimming pools, playgrounds and free wi-fi within lifestyle centres.

All residential estates are developed and marketed under the Balwin Properties brand.

Founded in 1996, the Company has successfully developed, marketed and sold over 70 residential estates, as outlined in the table below:

Node	Number of estates	Number of homes sold up to the Last Practicable Date
Gauteng		
Johannesburg North	17	3,712
Johannesburg East	13	4,406
Johannesburg South	39	4,038
Western Cape	1	1,210
Pretoria	1	136
Total	71	13,502

Key differentiators in Balwin's build-to-sell model comprise the ability to deliver a superior offering through economies of scale, in-house turnkey development including construction and construction management, focus within a defined middle-income market segment, quality, broad market appeal, partnerships with relevant stakeholders and competitive pricing of developed units in-line or below market.

As a pilot offering, the Company also performs in-house letting and management of a small short-term rental portfolio on behalf of certain Directors (± 300 sectional-title residential units). The performance of in-house letting and management and the development of core competencies in this regard is consistent with the Company's strategic objective to develop and retain a rental portfolio going forward, as set out in paragraph 21.4 on page 38 of this Pre-listing Statement.

I.2 History and international acclaim

Balwin was founded by Stephen Brookes to address the need of South Africans for secure, quality newly developed, value-for-money, convenient, sectional-title homes without the homeowner having to involve themselves in the cumbersome day-to-day management of building their "dream" home. The Company commenced operations in 1996, with its first development (a small 50 unit sectional-title development in the south of Johannesburg), which was sold for R99,000 per unit.

With the support of three of the largest five banks in South Africa and consistent innovation and hands-on management guided by the vision of Mr Brookes, Balwin is now considered as South Africa's largest homebuilder targeting the middle income market segment, with operations in all three of South Africa's largest

cities. The Company has developed various iconic residential estates in recognised middle-to-high income, high-density, high-growth residential nodes such as Bryanston, Fourways, Greenstone, Oakdene, Kyalami and Sunninghill with a growing presence in Pretoria East, Somerset West and Milnerton amongst others.

This unprecedented growth has led to Balwin being consistently recognised as the national homebuilder of choice in South Africa with various awards and industry recognition including:

- the International Property Awards' Rolls-Royce African Property Award for the De Velde estate in the Western Cape. The award, which was granted in the Africa/Middle East region, recognises the highest levels of achievement by companies operating in all sectors of the property and real estate industry; and
- the Concrete Masonry Association award for build excellence in Balwin's Monte Carlo estate.

Balwin operates exclusively within South Africa and has its headquarters in Bedfordview, Johannesburg and a local office in Stellenbosch, Cape Town.

Between 2004 and 2009, the Company explored various ventures in the residential and commercial property sector in the UK, through a wholly owned subsidiary, Balwin UK. The Company also completed various commercial property developments in South Africa such as shopping centers, office buildings and hotels. Between 2009 and 2011, these ventures were identified as non-core to Balwin's strategy and have all been sold or terminated with the exception of Balwin UK which still owns a single commercial property unit, the sales contract for which has been signed (registration of sale pending). Following registration of the sale, the only further cost to be incurred by Balwin prior to deregistration of Balwin UK is the payment of UK taxation of approximately £100,525 on 1 December 2015. This cost will be paid from the net property sales proceeds. Any excess net proceeds thereafter will be for Balwin's benefit.

1.3 Product offering

Balwin currently develops and sells between 1,750 to 2,000 sectional-title residential units per year, but has the ability to increase its development capacity to approximately 3,000 sectional-title residential units per year based on its existing infrastructure and owned undeveloped land pipeline.

The construction of new developments is generally undertaken against pre-sales to interested buyers.

All Balwin estates are built to a standard specification (unique Balwin design, standard finishes, no customer changes), typically not more than 4 storey blocks with 10 homes per block (3 bedroom units on the ground and first floors, and 1 and 2 bedroom units on the upper floors) enabling the Company to benefit from significant economies of scale. Residential estates are built and marketed in phases (between 50 – 100 units), allowing for appropriate risk management at all stages of the development process.

Balwin's residential estates typically include:

- 24 hour security with well-equipped guard houses;
- high-quality, ergonomically designed units designed to maximise unit space and functionality;
- eco-friendly fittings, appliances and utilities (such as pre-paid electricity meters and gas and water supply meters);
- close to amenities including shopping centres, entertainment and leisure facilities, medical centres and schools, which are largely within walking distance of the estate; and
- lifestyle centres complete with free wi-fi, concierge service, heated swimming pools, playgrounds, spa, restaurant, gym, squash court, action sports fields and running tracks (larger estates comprising ± 500 units and above only, such as Greenstone Ridge, The William, De Velde, etc.)

Estates are owned by Balwin until each phase is sold, at which point control is handed over to an independent body corporate which is established after completion of the first phase of development. Prior to the hand over, Balwin carefully selects all service providers/operators that will run the estate (including spa operators, restaurant operators, gym operators and estate managers) and manages the conclusion of service/rental agreements on behalf of the body corporate. In addition to the above, as part of its life-cycle planning for a new development, monthly levies of R10/m² are targeted by Balwin. This adds to the overall attractiveness of Balwin's sectional title residential units to buyers. Where necessary in the initial stages of a new development Balwin also provides initial funding (on a loan account recovered from future levies) to body corporates to facilitate the smooth running of the affairs of the estate from inception. This assists in preserving the attractiveness of Balwin's residential estates post completion of development and ensures a consistent user experience.

1.4 Vertical value-chain integration

Balwin has highly skilled and experienced internal teams, with specialised skills across all stages of large-scale residential property development and project management. Accordingly, all elements of the development and sales processes are performed in-house, with the exception of certain professional services, which depending on the specific project requirements are outsourced to approved vendors with whom the Company enjoys long-standing relationships. The services performed in-house include, *inter alia*:

- land sourcing and acquisition, including detailed pre-feasibility studies;
- project planning, including:
 - detailed bottom-up feasibility studies;
 - development lifecycle planning; and
 - re-zoning (if necessary).
- pre-sales and marketing, including:
 - preparation of necessary marketing materials;
 - conclusion of sale agreements; and
 - bond origination (in conjunction with all five of South Africa's largest banks).
- construction management, including:
 - project and construction management;
 - cost management; and
 - quality assurance and quality control.
- health, safety and protection of the environment; and
- ongoing maintenance.

Through this hands-on approach, Balwin is able to maximise efficiencies from all processes from initiation to the delivery of the finished product (a Balwin home) to its customers, in line with its promise of quality, affordability and convenience. This integrated approach reduces the burden on customers, who need not consult a multitude of service providers in order to ensure delivery of a fully-specified, high-quality end product.

Balwin ensures that all development activities are conducted under strict Health and Safety standards with dedicated, qualified in-house Health and Safety officers assigned to each development. Furthermore, the Company applies strict quality standards, through adherence to international best practice in relation to innovation, design quality, construction integrity, safety and the quality of finishings in every Balwin home. Such best practice includes NHBRC compliance in all developments, strict use of SABS approved materials, independent testing of all cementitious products and rigorous quality assurance and control approvals at key points during the development process.

1.5 Secured pre-sales, development pipeline and financial performance

For the financial year ending 28 February 2016, Balwin has already sold and transferred 763 residential units and is well on course to achieve its target of 1,857 sale sectional-title residential units by the end of the current financial year. Of the remaining 1,094 sectional-title residential units to achieve its FY2016 target, 932 have already been secured via pre-sales (pre-sales represent signed purchase agreements for which the purchaser has already paid his/her deposit). Balwin anticipates that it will be able to maintain and grow its current sales levels, with a secured project pipeline of approximately 8 years and continuous identified land acquisitions expected to drive future growth.

Pursuant to the above, Balwin's target sales for the financial year ended 28 February 2016 are already $\pm 91\%$ secured (through the aggregate of completed units that have already been transferred to their respective buyers and pre-sales). Similarly, target sales for the financial year ending 28 February 2017 are $\pm 45\%$ secured.

The generation of trading profits through the development and sale of large-scale sectional-title residential estates underpins Balwin's business strategy and differentiates Balwin from other JSE listed property entities or REITs which focus on the distribution of net rental income to shareholders. The Company will accordingly not seek REIT status on Listing, as the REIT regulatory regime is intended for companies focused on income distribution, rather than returns on capital employed, although this may change in the future. The Company will however seek to maintain an attractive dividend yield in line with its target dividend policy to distribute approximately 30% of annual Profit After Tax to its shareholders.

1.6 Future prospects and strategic objectives

Balwin has been successful in capitalising on the demand for secure, value-for-money, convenient and quality housing by offering sectional-title residential estates which meet these specifications in preferred locations for home-buyers. The Company aims to continue with the roll-out of further large-scale sectional-title residential developments in its target nodes and plans on expanding its operations into additional new and growing residential nodes within South Africa's major cities.

The main purpose for the Offer and Listing are to:

- support the strategic growth objectives of the Company by providing Qualifying Investors the opportunity to participate over the long-term in the income streams and future capital growth of Balwin;
- enhance Balwin's ability to raise both debt and equity finance in the future;
- increase the transparency of Balwin's business and assist in unlocking new opportunities;
- facilitate the retention of key Balwin staff by affording them an opportunity to participate in the equity and future growth of Balwin through an employee share ownership scheme; and
- provide shareholders access to a platform on which Balwin shares can be traded.

Strategic objectives post Listing:

• Complete the Company's secured development pipeline

Balwin continues to drive organic growth and sees strong growth potential in its core business. To this end, the Company has secured sufficient land to develop approximately 17,028 Balwin homes in Johannesburg, Pretoria and the Western Cape within Balwin's signature large-scale residential estates. Assuming annual construction and sales of 2,377 homes a year, the secured development pipeline will be built and sold over 8 years. It is anticipated that sales of these homes will generate revenue of approximately R20 billion at a target Gross Profit Margin of approximately 40%.

The Company is currently negotiating the acquisition of an additional land parcel in the Kyalami node, on which a further $\pm 15,000$ sectional-title residential units may be developed. Should these negotiations be successful, the appropriate announcement will be made in terms of the JSE Listings Requirements.

• Acquire land

An ongoing strategic objective for Balwin is to acquire/secure land for future development in order to maintain and grow its secured development pipeline beyond its existing approximately 8 year time horizon, as well as to facilitate certain of the additional strategic growth objectives outlined in the points below. To this end, the Listing significantly enhances the Company's ability to raise both debt and equity finance for future land acquisitions.

The Company is currently negotiating the acquisition of an additional land parcel in the Kyalami node, on which a further $\pm 15,000$ sectional-title residential units may be developed. Should these negotiations be successful, the appropriate announcement will be made in terms of the JSE Listings Requirements.

• Expand into other growing nodes

Balwin is targeting the expansion of its operations into other large South African cities where it currently does not operate. The Company plans to expand into Durban by 2017 and into Nelspruit by 2018 and open offices in both regions. Following this Balwin will explore opportunities in other large South African towns such as Bloemfontein, Port Elizabeth, Polokwane and East London amongst others, where there is significant demand for Balwin's offering.

The selection of strategic expansion nodes is based on:

- the size of the urban metro (e.g. Durban is South Africa's fourth largest city);
- the availability of commercial capital;
- the pace of commercial property development;
- the city's transport and transport improvement plans;
- the large middle-income population;
- population expansion and urban migration rates; and
- the availability of land in desirable areas.

- **Retain some development stock as rental portfolio**

As a pilot offering, the Company has already commenced the development of competencies to manage a large rental portfolio.

The retention of a rental portfolio will allow Balwin to diversify its revenue streams, generate annuity-type income, and benefit from the anticipated capital uplift from not selling certain projects immediately but rather only once the development or node has matured on completion. To this end Balwin has earmarked an initial 290 units in Greenstone, Johannesburg (an urban node which enjoys strong demand) for development for the rental market. This will support Balwin's plans to establish an initial rental portfolio by 2017.

Balwin's rental portfolio is expected to grow to approximately 2,000 – 3,000 units by 2020 (approximate value of R2 billion – R3 billion), at which point the Company will evaluate its strategic objectives in respect of the portfolio, which may include a trade sale or the separate listing of the rental portfolio as a REIT on the JSE.

Based on the Company's experience in the rental market for Balwin apartments, first year rentals are expected to generate net-income yields against cost of approximately 12% – 15% per annum in the first year of rentals, based on an estimated initial average monthly rental of R8,000.

- **Complementary partnerships with other property companies**

On certain previous developments where acquired land has had multiple zoning approvals, the Company has successfully partnered with other commercial property developers to provide a complete offering and facilitate the development of newly established residential nodes. This is the case in the Greenstone area where Balwin partnered with a reputable well-known commercial property developer to develop the commercial component, while Balwin developed the residential offering.

The Company plans to unlock future synergies by extending the scope of its partnerships to include a variety of listed and unlisted property companies. Balwin's participation in such partnerships will be exclusively focused on its core offering.

- **Development of government-owned land**

To date, all land acquired by Balwin for development has been acquired from the private sector. Government remains the largest owner of land in South Africa and Balwin, through its expertise and track record, is well placed to purchase and develop land owned by government or state-owned enterprises or other parastatals to address the significant housing shortage in various areas.

- **Black economic empowerment**

The Board of Balwin fully embraces the principles of the BEE Codes and the South African property sector charter.

The board of directors will study appropriate structure(s) for sustainable broad-based black economic participation in Balwin.

- **Acquire additional people, skills and expertise**

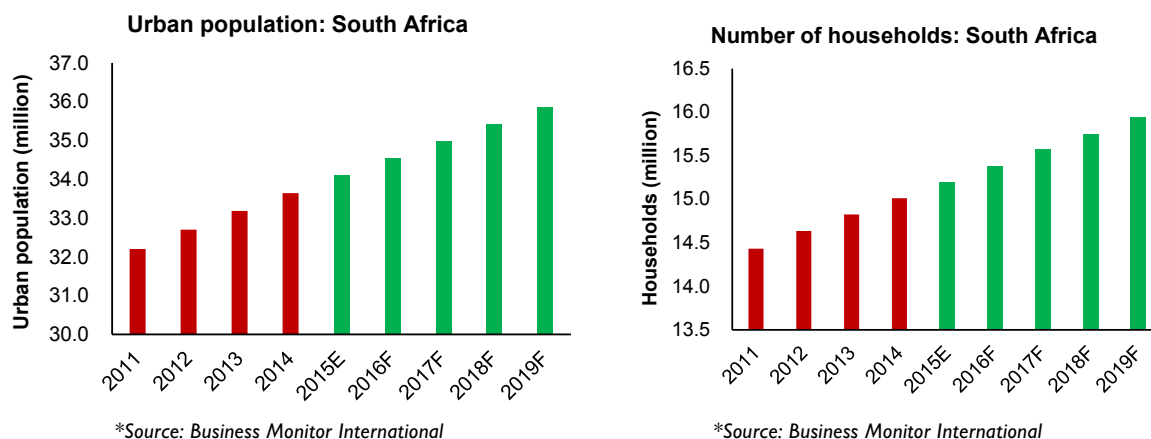
The bolstering of the Company's middle management layer is seen as crucial for continuity and sustainability. The Company has recently hired a number of additional staff dedicated to operations in the Cape Town area, which highlights its strategic intent. Balwin will seek to continue to attract and retain highly-skilled professionals who are capable of meeting the increasing demand.

2. RESIDENTIAL PROPERTY SECTOR OVERVIEW AND KEY DRIVERS

2.1 Growing urbanisation and strong demand for quality housing

South Africa's urban population has exhibited rapid growth in recent years, a trend which is expected to continue into the future with the addition of approximately 2 million people to South Africa's urban population in the next four years. In 1960, 46.6% of South Africa's population lived in urban areas whereas this figure has increased to 64.3% in 2014.

According to Business Monitor International, the value of the South African residential property sector has grown by an approximate R5.8 billion (36%) over the period 2011 – 2014:



The increase in the urban population is as a result of population net-addition, increasing urbanisation and the settling of a growing migrant population in South Africa.

According to a recent Absa homeowner insights report, extracts of which were published in the Business Day on 26 August 2015, South Africans are “steadily embracing higher density living that exceeds the supply of property stock.” This is driven by the scarcity of land around major metropolitan areas, the rate of urbanisation in South Africa and transport infrastructure lags. Furthermore, the report indicates that an anticipated rapid increase in the number of residential estates in South Africa's major urban metros will create integrated societies in which “free-standing houses close to major metros become the exception rather than the rule.”

Such favourable market fundamentals are expected to support a sustainable and growing demand for affordable, high-quality, value-for-money and conveniently located residential units amongst a wide range of South African homebuyers, including first-time, move-up, active-adult, young professional, families and buy-to-let investors.

2.2 Growing middle-income population

Based on its target price range of between R599,999 – R1,699,000 per home and the residential nodes targeted by Balwin, Balwin's target market based on affordability of a Balwin home as a first time buyer, investor or retiree represents the middle income population category in South Africa.

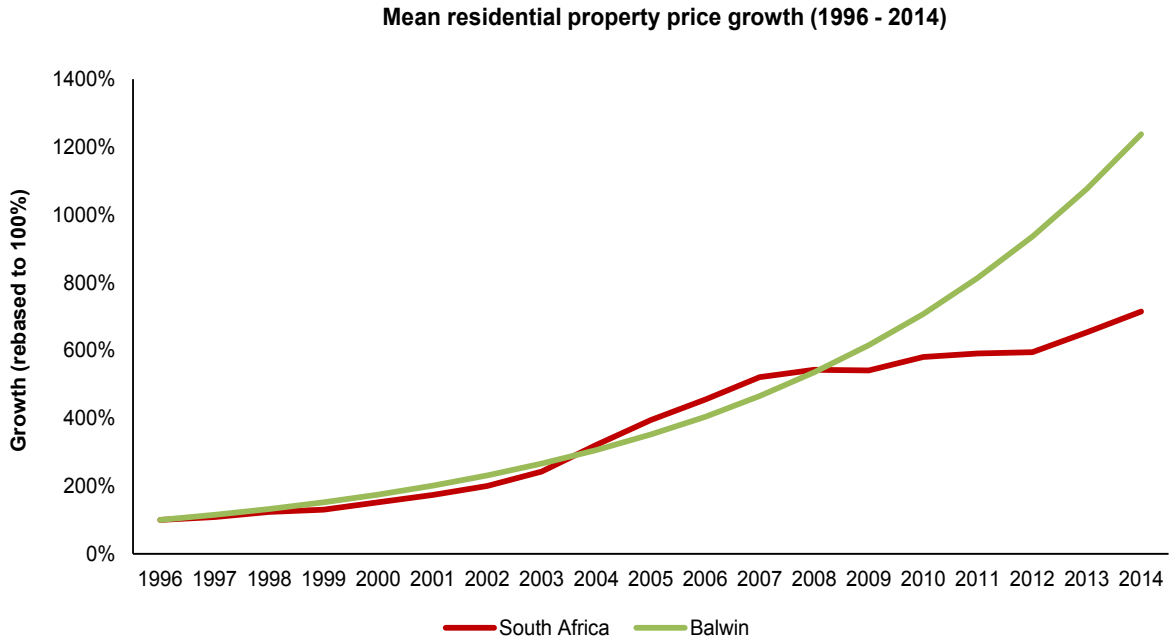
According to the South African Audience Research Foundation, this population category has exhibited strong growth since 2010, a trend which is expected to continue in the future.

2.3 Residential property as an investment class

In South Africa as in many other developed countries, residential property has traditionally been used as a means of wealth preservation for many, as it provides a homeowner with the opportunity to build equity and personal wealth using leverage (housing bonds) from financial institutions.

Furthermore, South African Income Tax law encourages home ownership through an incentive to South African resident homeowners that exempts the first R2,000,000 of the capital gain on an individual's primary residence from taxation (with any further capital gain on a taxpayer's primary residence or on any other property investments being subject to CGT, of which only 33.3% of the gain is taxable).

Balwin recognises this as a key consideration when prospective home buyers make their decision to purchase a home and ensures an adequate value-for-money offering in the pricing of new developments in line with or below general market prices (to provide equity value to a new homeowner from day one). On average, Balwin homes have increased by 15% per annum in value since 1996 (as demonstrated through resales by homeowners) versus the average market growth of 11% over the same period:



**Source: house price data reported by Absa*

2.4 **Increasing need for safety and convenience supporting record estate living growth**

According to leading South African real estate agent Pam Golding (as quoted in www.propertywheel.co.za in an article dated 1 June 2015), South African home buyers are increasingly focused on living in a secure environment while having easy access to amenities and outdoor sporting activities.

With approximately 6,000 closed communities and estates in South Africa, and 318,000 residential properties being estate homes, this form of living is enjoying unprecedented popularity in the country among a wide range of buyers; from working singles to young families, established professionals and retirees.

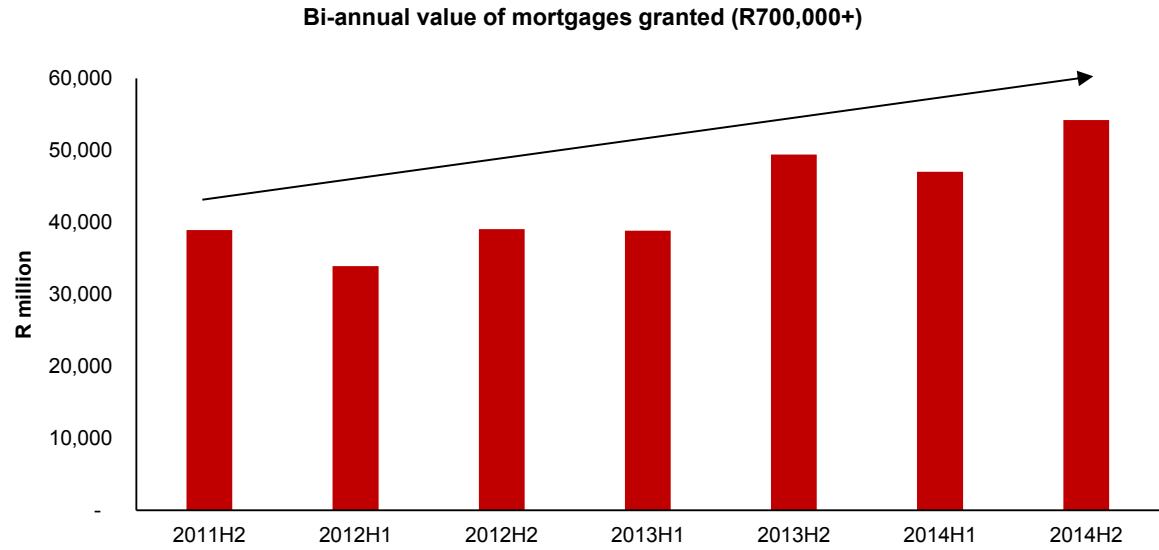
Today, properties situated in secure South African lifestyle estates represent an estimated total value of R643 billion. Further salient industry statistics include:

- approximately 12% of South Africa's registered property comprises sectional-title units, with another 5.3% representing estate developments;
- in the last 20 years, flats and townhouses have made up 26.6% of newly completed buildings;
- in the last three years, 63% of all residential development units financed by Absa were sectional-title units;
- 25% of estate property purchasers are first-time buyers; and
- approximately half of all estates in South Africa are located in Gauteng, with a further 25% in the Western Cape.

Balwin caters to the large section of South Africa's population that cannot afford the high-income lifestyle estate living but desire to achieve the same level of convenience, security and amenities within the R599,999 – R1,699,999 price range.

2.5 **Financial institution appetite to extend mortgage bonds to homeowners to acquire property remains strong**

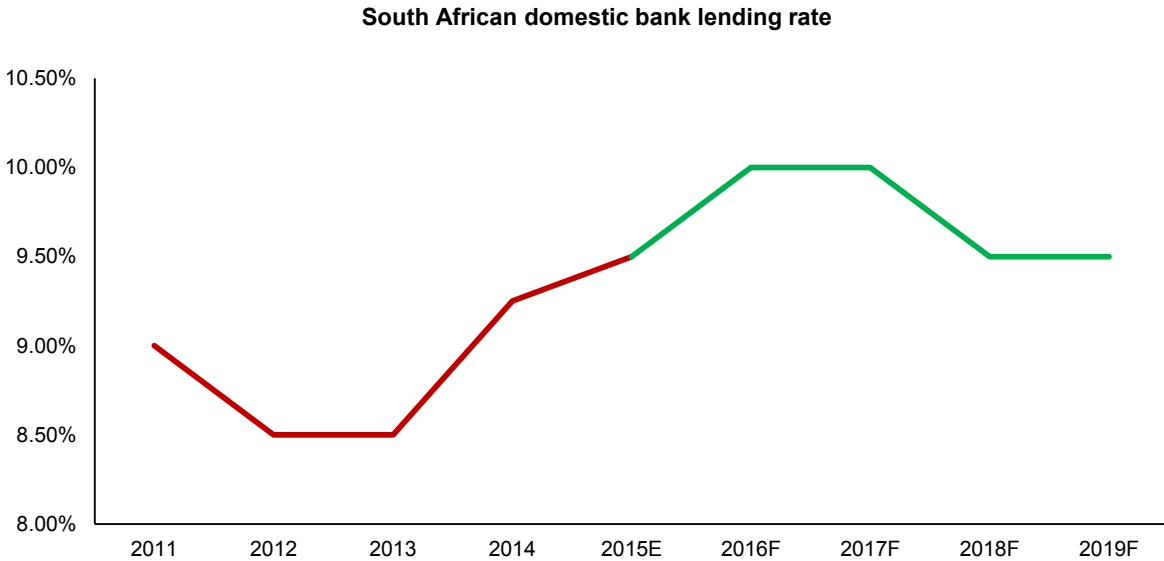
South Africa's banking sector has recovered from the 2008 global financial crisis and lender appetite to extend credit to clients, especially in respect of residential property, remains strong. This has resulted in the provision of approximately R30 billion in additional mortgage credit extension to clients in the R700,000+ mortgage range since 2011, as illustrated in the graph below:



**Source: South African National Credit Regulator*

2.6 **Interest rate environment**

Interest rates are a key driver for South African property sales as most buyers obtain credit in order to fund property purchases. South Africa has a relatively low interest rate environment which enhances the appeal of an investment in property. The country's interest rates are expected to remain stable in the future, as indicated in the graph below:



**Source: Business Monitor International*

3. RESIDENTIAL INVESTORS ON THE JSE

There is increasing appetite for residential property exposure by South African listed REITs such as Indluplace, Vukile, Tower and SA Corporate, which have all recently increased their exposure to the South African residential property market through the conversion of industrial or office buildings to residential apartments or the acquisition of large residential property portfolios, which are generally scarce.

In the listed residential property development environment, comparables like Calgro M3, Visual International and RBA Holdings have a residential development offering but largely to a different target market to Balwin.

In this regard the South African property sector lags behind international trends, in which residential property development companies are an established and internationally recognised asset class, specifically in countries (such as the USA, UK, Australia and Singapore) with:

- mature residential mortgage lending;
- a need for security, convenience and affordability;
- availability of private and government land;
- a growing population and growing middle class; and
- availability of commercial lending for developments.

For example in the USA, comparable companies such as Dr. Horton, Taylor Morrison and Standard Pacific boast market capitalisations in excess of R30 billion (with Dr. Horton's market capitalisation in excess of R150 billion). In the UK, where companies such as Bellway, Redrow, Bovis Homes and Persimmon also boast market capitalisations in excess of R30 billion (with Bellway in excess of R60 billion and Persimmon in excess of R130 billion).

Balwin believes that it is well placed to provide Qualifying Investors with an opportunity to participate in a sector that is significantly under-represented in the South African listed environment.

4. KEY INVESTMENT HIGHLIGHTS

Balwin's key investment highlights include:

Description	Explanation
Strong nationally recognised brand	<ul style="list-style-type: none">• Recognised, established and trusted brand amongst homeowners, investors, and financial institutions.• Established platform with sufficient operating and financial scale.
Economies of scale	<ul style="list-style-type: none">• Largest residential developer targeting this niche market segment.• Company benefits from economies of scale, geographic diversification and diversification between nodes.• Significant buffer to absorb any unexpected adjustments in response to macro or micro economic conditions.
Extensive development pipeline	<ul style="list-style-type: none">• Access to a secured development pipeline of approximately 17,028 residential units and 21 large-sale residential estates to be constructed over an approximate 8 years.
Market knowledge, understanding, depth and experience of management	<ul style="list-style-type: none">• Deep management knowledge of and ability to read the residential property market critical to success.• Experienced and hands-on management team with over 128 years of experience in the large-scale residential market.• All aspects of the development, sales and management process are conducted in-house except for specific services which are outsourced to specialists with oversight by Balwin.

Description	Explanation
Strong financial metrics, high levels of secured-pre sales and attractive dividend yield	<ul style="list-style-type: none"> • Strong financial performance, underpinned by sustainable Gross Profit Margins. • New developments are generally undertaken against pre-sales in a phased manner that provides sufficient insulation against negative micro/macroeconomic events. • Sales for the financial year ended 28 February 2016 are already 91% secured and 45% secured for the financial year ended 28 February 2017. • Attractive dividend yield of 3.5% – 4% based on the Offer Price Range and the Company's target dividend pay-out ratio of 30%.
Robust governance structures	<ul style="list-style-type: none"> • Well qualified and experienced board of directors with vast experience in the listed company environment.
Sufficient barriers to entry	<ul style="list-style-type: none"> • Initial capital outlay may escalate into billions of Rands, thereby preventing competitors from rapidly entering the market. • Balwin enjoys a proven track-record and support of banks and other financial institutions – funding is not easily obtainable by new entrants.
Adequate risk mitigation and flexibility	<ul style="list-style-type: none"> • Carefully considered project phasing models applied in order to effectively manage cash flows; this is a complex task requiring vast experience of residential unit development financial modelling. • Sufficiently flexible business model to increase the internally managed rental portfolio over time (targeting a rental portfolio of R2 – R3 billion by 2020 (±2,000 – 3,000 units)).
Market readiness for a listed large-scale residential property developer	<ul style="list-style-type: none"> • Increasing vacancies in the commercial real-estate sector (retail, office and industrial) and low GDP growth environment has impacted distribution growth for traditional REITs; REITs and investors are seeking growth through development. • Entry price into Balwin is at a discount relative to Balwin's local and international peers.
Robust market fundamentals driving demand	<ul style="list-style-type: none"> • South African home buyers are increasingly focused on living in secure environments while having easy access to amenities and outdoor and sporting activities. • Rapid growth in the middle-income population. • Growing urbanisation and strong demand for quality housing. • Residential property is a traditional means of wealth preservation in South Africa.
Ability to partner with existing property companies	<ul style="list-style-type: none"> • Ability to partner with existing property companies for future developments.
Government policies are in support of Balwin's offering	<ul style="list-style-type: none"> • Government drive to create integrated, high-density societies well suited to Balwin's product offering.

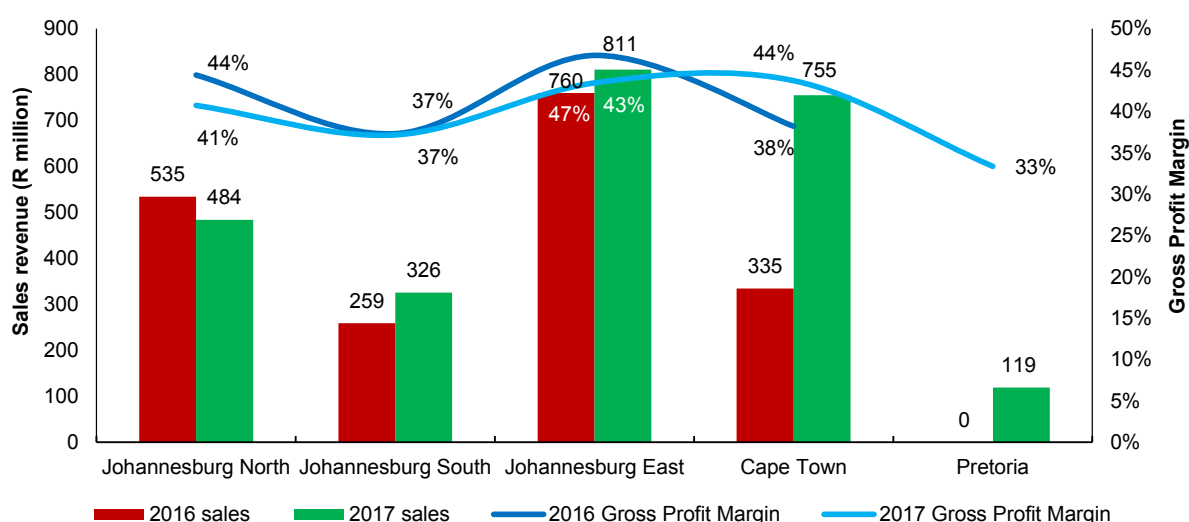
The following represents summary financial data as of and for the financial years ended 28 February 2013 – 2017:

28 February	2013¹	2014	2015	Forecast 2016²	Forecast 2017
Homes sold (units)	404	762	1,655	1,857	2,377
Homes sold revenue (R million)	348	734	1,355	1,888	2,495
Average sales price per unit (R thousand)	862	963	819	1,017	1,050
Profit After Taxation (R million)	77	180	335	549	698
Total comprehensive income (R million)	74	175	342	549	698
Gross Profit Margin achieved	35.6%	35.5%	35.9%	42.6%	41.3%
Number of shares ³	400	400	400	472	472
EPS (R cents)	19	45	84	116	148
EPS growth	N/A	132.9%	86.2%	38.8%	27.2%
Dividend yield ⁴	–	–	3.1%	3.5%	4.5%

Notes:

1. Adjusted for an extraordinary loss of R118 million on the tax-efficient sale of land that was incurred during the financial year ending 28 February 2013; these metrics have been calculated excluding the impact of this loss.
2. The forecasts for the financial year ending 28 February 2016 exclude R8.15 million in expensed once-off Listing costs (pre-tax) in order to disclose profits on a sustainable basis.
3. *Pro forma* assuming 400,000,000 shares in issue pre-Listing and assuming a primary capital raise of 72,192,592 shares on Listing.
4. *Pro forma* assuming listing at a forward price earnings multiple to FY2016 of 8.5x and a Listing Price of R9.88.

2016 / 2017 forecast sales by region



5. OFFER PARTICULARS

The Offer	<p>The Offer comprises a private placement by way of an offer to Qualifying Investors:</p> <ul style="list-style-type: none"> to subscribe for up to 83,835,710 Shares in the share capital of Balwin (issued at the Offer Price within the Offer Price Range) in order to raise aggregate proceeds for Balwin of a minimum of R713,513,642; and thereafter, should there be sufficient interest from Qualifying Investors, to acquire up to 82,922,675 Shares in the share capital of Balwin from Balwin's existing shareholders (at the Offer Price). <p>The Offer will follow a bookbuild process of a maximum of 158,940,031 Shares, priced between R8.51 and R9.88 per Offer Share. The Offer Shares will comprise 32.85% of the Shares in issue after the Listing. The Bookrunner in consultation with the Company may, however, determine that the Offer will comprise a higher or lower price per Offer Shares.</p> <p>The Offer Price will be determined by the Bookrunner in consultation with the Company after the completion of the bookbuild, which is currently scheduled to be at 17:00 on Thursday, 8 October 2015. Once determined, the Offer Price will be communicated to the Applicants.</p> <p>In addition to the Offer Shares should there be further significant interest from Qualifying Investors, the Bookrunner in consultation with Mr Brookes may, at their discretion, allocate additional Shares owned by Mr Brookes to such Qualifying Investors without increasing the maximum number of Shares in the Company, subject to Mr Brookes' total shareholding in Balwin not being less than 35.1% of the total Shares in issue.</p>
Use of proceeds	<p>The proceeds received by Balwin pursuant to the Offer will be used to restructure Balwin's statement of financial position by:</p> <ul style="list-style-type: none"> settling the Debt Facilities; and providing the Company with added balance sheet capacity for future land acquisitions and development activities.
Rationale for the Listing	<p>The main purpose of the Offer and the Listing is to:</p> <ul style="list-style-type: none"> support the strategic growth objectives of the Company by providing Qualifying Investors the opportunity to participate over the long-term in the income streams and future capital growth of Balwin; enhance Balwin's ability to raise both debt and equity finance in the future; increase the transparency of Balwin's business and assist in unlocking new opportunities; facilitate the retention of key Balwin staff by affording them an opportunity to participate in the equity and future growth of Balwin through an employee share ownership scheme; and provide shareholders access to a platform on which Balwin shares can be traded.
Offer period	<p>The opening date of the Offer is at 09:00 on 1 October 2015. The closing date of the Offer is at 17:00 on 8 October 2015.</p>
Bookrunner	<p>The Bookrunner for the Offer is Investec Bank.</p>
Admission and listing	<p>The JSE has granted the Company a listing in respect of up to 483,835,710 shares in the "Real estate holding and development" sector under the abbreviated name "Balwin", share code "BWN" and ISIN: ZAE000209532, subject to the fulfilment of certain conditions (including the JSE's spread and free-float requirements, as set out in the Listings Requirements), being attained.</p>

Subscription conditions	<p>The private placement is subject to:</p> <ul style="list-style-type: none"> the subscription by Qualifying Investors of so many Shares in the Company such that a minimum aggregate subscription amount of R713,513,642 is raised by the Company; and the placement of a sufficient number of Shares with Qualifying Investors in order to meet the minimum free-float and shareholder spread requirements as prescribed by the Listings Requirements. <p>The minimum aggregate subscription amount received by Balwin will be used by the Company to settle the Debt Facilities, and provide the Company with added balance sheet capacity for future land acquisitions and development activities.</p> <p>If these minimum subscription amounts are not achieved, the Company shall not be obliged to proceed with the Listing and the Offer. Balwin and/or the Board reserves the right at any time during the Offer and at their sole and absolute discretion to amend, deviate from or modify the Offer in the manner they think fit or to postpone, discontinue or terminate the Offer. The Offer set out in this Pre-listing Statement is open for acceptance by Qualifying Investors only.</p>
Eligibility to participate in the Offer	The Offer is being made to Qualifying Investors only, namely selected institutional investors, invited investors and private clients of selected stock broking companies in South Africa, to whom the Offer under the Private Placement will be addressed and made.
JSE Sponsor	Investec Bank is the JSE sponsor for the Company.

6. IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 15 of this Pre-listing Statement apply, *mutatis mutandis*, to the following important dates and times relating to the Offer and the Listing:

Key action	2015
Opening date of the Offer at 09:00 on	Thursday, 1 October
Publication of the Pre-listing Statement on	Friday, 2 October
Release of the abridged Pre-listing Statement on SENS on	Friday, 2 October
Publication of the abridged Pre-listing Statement in the press on	Monday, 5 October
Last date and time for irrevocable applications for purposes of bookbuilding to be received up until 17:00 on	Thursday, 8 October
Closing Date of the Offer at 17:00 on	Thursday, 8 October
Successful Applicants advised of allocations on	Friday, 9 October
Publication date of the final Offer Price and final number of Offer Shares released on SENS on	Friday, 9 October
Publication date of the final Offer Price and final number of Offer Shares published in the press on	Monday, 12 October
Payment date for allocated Balwin Shares	Tuesday, 13 October
Listing Date on	Thursday, 15 October
Accounts at CSDP or Broker updated and credited in respect of Dematerialised Shareholders on	Thursday, 15 October

Notes:

- The above dates and times are subject to amendment. Any such material amendment or other material amendments to this Pre-listing Statement will be released on SENS and published in the South African Press.
- All times quoted in this Pre-listing Statement are local times in South Africa on a 24-hour basis, unless specified otherwise.

DEFINITIONS, GLOSSARY AND INTERPRETATIONS

In this Pre-listing Statement and its annexures, unless otherwise stated or the context clearly indicates otherwise, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and vice versa, words importing one gender include the other genders and references to a person include juristic persons and associations of persons and vice versa:

“Absa”	means Absa Bank Limited (registration number 1969/004763/06), a public company duly registered and incorporated in accordance with the laws of South Africa;
“Applicants”	means Qualifying Investors who provide firm or irrevocable applications for Offer Shares to the Bookrunner prior to the Closing Date;
“Balwin”, “the Company” or “the Issuer”	means Balwin Properties Limited (registration number 2003/028851/06) a public company duly registered and incorporated in accordance with the laws of South Africa and, to the extent applicable, shall also mean Balwin and its Subsidiaries from time to time;
“Balwin UK”	means Balwin Properties UK Limited (registration number 06573252), a private company duly registered in accordance with the laws of the United Kingdom and a wholly owned subsidiary of Balwin;
“BEE Act”	means the Broad-Based Black Economic Empowerment Act, No 53 of 2003, as amended from time to time;
“BEE Codes”	means the Codes of Good Practice on Broad-Based Black Economic Empowerment published under section 9(1) of the BEE Act, as amended or revised from time to time;
“Board”	means the board of directors of Balwin as at the Last Practicable Date, whose names are listed in paragraph 25.2 of Section 4 of this Pre-listing Statement;
“Bookrunner”, “Investec”, “Investment Bank”, or “Sponsor”	means the Corporate Finance division of Investec Bank Limited (registration number: 1969/004763/06), a public company duly registered and incorporated in accordance with the laws of South Africa;
“Broker”	means any person registered as a broking member in equities in terms of the rules of the JSE in accordance with the provisions of the Financial Markets Act;
“Buffet Investments”	means Buffet Investments Proprietary Limited, a private company duly registered and incorporated in accordance with the laws of South Africa;
“Buffshelf 46 Trust”	means the Buffshelf 46 trust, a trust registered and incorporated in accordance with the laws of South Africa and controlled by Buffet Investments;
“Business Day”	means any day other than a Saturday, Sunday or official public holiday in South Africa;
“Census”	means the 2011 Census conducted by Statistics South Africa and released in statistical release P0301.4 on 30 October 2012;
“CEO”	means chief executive officer;
“CFO”	means chief financial officer;
“COO”	means chief operating officer;
“CPO”	means chief projects officer;
“Certificated Shareholders”	means Shareholders who hold Certificated Shares;
“Certificated Shares”	means Ordinary Shares that are not dematerialised in terms of the Companies Act, the Financial Markets Act and the requirements of Strate, title to which is represented by a share certificate or other Document of Title;

“CGT”	means the tax levied on the taxable capital gain as determined in the Eighth Schedule to the Income Tax Act and which is included in taxable income in terms of section 26A of the Income Tax Act;
“CIPC”	means the Companies and Intellectual Property Commission established in terms of the Companies Act;
“CIS Company Secretaries”	means CIS Company Secretaries Proprietary Limited (registration number (2006/024994/07), a private company duly registered and incorporated in accordance with the laws of South Africa and company secretary to Balwin;
“Closing Date”	means the closing date of the Offer, expected to be 17:00 on 8 October 2015, but which may be amended by the Company by way of an announcement released on SENS and published in the South African Press;
“Common Monetary Area” or “CMA”	means collectively, South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	means the Companies Act, 2008 (Act 71 of 2008), as amended and substituted from time to time;
“Computershare” or “Transfer Secretaries”	means Computershare Investor Services Proprietary Limited (registration number (2004/003647/07), a private company duly registered and incorporated in accordance with the laws of South Africa and Transfer Secretaries to Balwin;
“CSDP”	means Central Securities Depository Participant, a participant as defined in section 1 of the Financial Markets Act;
“CTC”	means Contributed Tax Capital, as defined under the Income Tax Act;
“Debt Facilities”	means at the Last Practicable Date the aggregate of outstanding shareholder loans and outstanding debt facilities for land acquired by Balwin. A summary thereof is set out in paragraph 34 and Annexure 3 of this Pre-listing Statement;
“Deeds Office”	means the South African Department of Rural Development and Land Reform Deeds Office;
“Dematerialised Shares”	means Ordinary Shares that have been dematerialised in terms of the Companies Act, the Financial Markets Act and Strate, and ownership of which is recorded in a sub-register of Shareholders administered by a CSDP, which sub-register forms part of the Company's Register;
“Directors”	means the directors of Balwin from time to time;
“DWT”	means Dividends withholding tax levied in terms of section 64E of the Income Tax Act;
“EBIT”	means earnings before interest and tax as defined per IFRS;
“EPS”	means earnings per share, being Profit After Taxation divided by the weighted average number of shares outstanding during the period;
“Financial Markets Act”	means the Financial Markets Act, No. 19 of 2012, as amended or replaced from time to time;
“Friedshelf 966”	means Friedshelf 966 Proprietary Limited, a private company registered and incorporated in accordance with the laws of South Africa and owned by Buffet Investments;
“Gross Profit Margin”	means the ratio of gross profit to revenue, where gross profit is calculated as the difference between revenue and cost of sales (which includes all costs of development, including raw material input costs, capitalised interest, land costs, etc.);
“IFRS”	means International Financial Reporting Standards as adopted by the International Accounting Standards Board from time to time;
“Income Tax Act”	means the Income Tax Act, 58 of 1962, as amended from time to time;

“Independent Reporting Accountants”, “Reporting Accountants”, “Accountants”, “Auditors” or “Deloitte”	means Deloitte and Touche registered auditors, the independent reporting accountants and auditors for the purposes of the Offer and Listing;
“JSE”	means JSE Limited (registration number 2005/022939/06), a public company duly incorporated and registered in accordance with the laws of South Africa, licensed as an exchange under the Financial Markets Act;
“King Code”	means the Code of Corporate Practices and Conduct as set out in the King Report III on Corporate Governance for South Africa, 2009;
“Last Practicable Date”	means 22 September 2015, being the last date, prior to the finalisation of this Pre-listing Statement;
“Legal Advisors”	means Edward Nathan Sonnenbergs Incorporated (registration number 2006/018200/21) and Brian Kahn Incorporated (registration number 1995/02655/21), private companies duly registered and incorporated in accordance with the laws of South Africa and the legal advisors to the Balwin;
“Listing”	means the admission of the Ordinary Shares to the JSE’s main board for listed securities in accordance with the Listings Requirements;
“Listing Date”	means 15 October 2015, being the date on which the Shares are to be listed on the JSE;
“Listing Price”	means the Offer Price;
“Listings Requirements”	means the Listings Requirements of the JSE, as amended from time to time;
“MD”	means managing director;
“MOI”	means the Company’s Memorandum of Incorporation adopted in terms of the Companies Act and registered with the Commission on 28 September 2015;
“National Prosecuting Authority”	means the National Prosecuting Authority of South Africa;
“NAV”	means net asset value;
“Nedbank”	means Nedbank Limited (registration number 1951/000009/06), a public company duly registered and incorporated in accordance with the laws of South Africa;
“NHBRC”	means the National Homebuilders Registration Council, a South African regulatory body aimed at protecting housing consumers who have been exposed to contractors who deliver housing units of substandard design, workmanship and poor quality material;
“Offer”	means collectively, the offer for the subscription and/or sale of the Offer Shares for the Offer Price by way of a private placement, subject to certain conditions, to, and only capable of acceptance by, Qualifying Investors;
“Offer Price”	means the price at which the Offer Shares are issued to/acquired by Applicants pursuant to this Pre-listing Statement, which may fall outside the Offer Price Range, if accepted by the Directors in their sole discretion;
“Offer Price Range”	means the price range within which the Offer Shares are to be offered for subscription and/or sale pursuant to the Offer, being between R8.51 and R9.88 per Offer Share, although the Offer Price may however be outside this range;
“Offer Shares”	means collectively up to 83,835,710 Ordinary Shares to be issued by Balwin and up to 82,922,675 existing Ordinary Shares currently held by existing shareholders or such higher or lower number as may be agreed by the Bookrunner;
“Opening Date”	means the opening date of the Offer, expected to be 09:00 on 1 October;
“Profit After Tax”	means profit after taxation as calculated in accordance with IFRS;
“Pre-listing Statement”	means this entire document and all annexures thereto;

“Quadrant Properties”	means Quadrant Properties Proprietary Limited (registration number 95/003097/07), a private company duly registered and incorporated in accordance with the laws of South Africa and independent valuer to Balwin;
“Qualifying Investors”	means selected institutional investors, invited investors and private clients of selected stock broking companies in South Africa who apply for Shares, and to whom the Offer is addressed and made;
“Rand”, “R”, “ZAR” and “cents”	means the lawful currency of South Africa;
“REIT”	means real estate investment trust;
“Register”	means the register of Certificated Shareholders of the Company maintained by the Company, and each of the sub-registers of Dematerialised Shareholders maintained by the relevant CSDPs in terms of the Financial Markets Act;
“Return on Equity”	means net profit for the year divided by the average total equity balance for the year;
“SABS”	means the South African Bureau of Standards;
“SA Holder”	means a shareholder who is: (i) a natural person ordinarily resident in South Africa; (ii) a natural person not ordinarily resident in South Africa but whose physical presence in South Africa exceeds the thresholds outlined in Income Tax Act; or (iii) a person, other than a natural person, which is incorporated, established or formed in South Africa or which has its place of effective management in South Africa;
“SAICA”	means the South African Institute of Chartered Accountants, a professional accountancy body in South Africa;
“Securities Transfer Tax Act”	means the Securities Transfer Tax Act, 25 of 2007, as amended;
“Securities Transfer Tax” or “STT”	means securities transfer tax levied in terms of the Securities Transfer Tax Act;
“SENS”	means the Stock Exchange News Service of the JSE;
“Settlement Date”	means 15 October 2015, being the implementation date of the Offer when the Offer Shares will be issued by the Company and sold by existing shareholders to Successful Applicants against payment of the Offer Price;
“Shareholder”	means a holder of Certificated or Dematerialised Shares;
“Shares” or “Ordinary Shares”	means ordinary shares of no par value in the Company's issued share capital;
“South Africa”	means the Republic of South Africa;
“South African Press”	means the South African newspaper named the Business Day;

“STBB”	means Smith Tabata Buchanan Boyes Incorporate (registration number 1992/003316/21), a private company duly registered and incorporated in accordance with the laws of South Africa and Balwin's conveyancing attorneys;
“Strate”	means Strate Proprietary Limited (registration number 1998/022242/07), a private company registered in accordance with the laws of South Africa, being a licensed central securities depository in terms of Section 1 of the Financial Markets Act and the entity that manages the electronic custody, clearing and settlement environment for all share transactions concluded on the JSE and off-market, and in terms of which transactions in securities are settled and transfers of ownership in securities are recorded electronically;
“Subsidiary”	means has the meaning ascribed in Section 1, read with Section 3, of the Companies Act and/or the Listings Requirements to the extent applicable;
“Successful Applicants”	means Applicants whose applications for Offer Shares have been approved by the Bookrunner;
“Tonkin Clacey”	means Tonkin Clacey Incorporated (registration number 2014/082808/21), a private company duly registered and incorporated in accordance with the laws of South Africa and Balwin's conveyancing attorneys;
“UK”	means the United Kingdom;
“USA”	means the United States of America; and
“VAT”	means Value-added Tax levied in terms of the Value-Added Tax Act, number 89 of 1991, as amended from time to time.

SECTION I – THE OFFER AND INSTRUCTIONS TO APPLICANTS

7. PURPOSE OF THE OFFER AND LISTING

The Company's main purposes for the Listing and Offer are to:

- support the strategic growth objectives of the Company by providing Qualifying Investors the opportunity to participate over the long-term in the income streams and future capital growth of Balwin;
- enhance Balwin's ability to raise both debt and equity finance in the future;
- increase the transparency of Balwin's business and assist in unlocking new opportunities;
- facilitate the retention of key Balwin staff by affording them an opportunity to participate in the equity and future growth of Balwin through an employee share ownership scheme; and
- provide shareholders access to a platform on which Balwin shares can be traded.

The proceeds received by Balwin pursuant to the Offer will be used by the Company to settle the Debt Facilities and provide the Company with added balance sheet capacity for future land acquisitions and development activities.

8. THE OFFER

The Offer comprises a private placement by way of an offer to Qualifying Investors:

- to subscribe for up to 83,835,710 Shares in the share capital of Balwin (issued at the Offer Price within the Offer Price Range) in order to raise aggregate proceeds for Balwin of a minimum of R713,513,642; and
- thereafter, should there be sufficient interest from Qualifying Investors, to acquire up to 82,922,675 Shares in the share capital of Balwin from Balwin's existing shareholders (at the Offer Price).

The offer is subject to the conditions precedent specified in paragraph 10 below.

The Offer Shares comprise up to 158,940,031 Shares, which will rank *pari passu* with all of the other issued Ordinary Shares in issue in all respects, including eligibility for dividends. Accordingly, no Share has special rights to distributions, capital or profits of the Company.

Fractions of shares will not be issued.

There are no conversion or redemption provisions relating to the Offer Shares.

Shares will be issued by Balwin to successful applicants in Dematerialised form only. Accordingly, all successful applicants must appoint a CSDP, directly or through a Broker, to receive and hold the Dematerialised Shares on their behalf. Should a Shareholder require a physical certificate for his/her Shares, such Shareholder will have to materialise their Shares following the Listing, for which a fee will be charged, and should therefore contact its CSDP to do so. It is noted that there are risks associated with holding Shares in certificated form, including the risk of loss or tainted scrip, which are no longer covered by the JSE Guarantee Fund. All Shareholders who elect to convert their Dematerialised Shares into Certificated Shares will have to Dematerialise their Shares should they wish to trade them under the terms of Strate.

Balwin and/or the Board reserves the right at any time during the Offer and at their sole and absolute discretion to amend, deviate from or modify the Offer in the manner they think fit or to postpone, discontinue or terminate the Offer. The Offer set out in this Pre-listing Statement is open for acceptance by Qualifying Investors only.

The Offer will consist of an offering to Qualifying Investors, to whom the Offer will specifically be addressed, and, accordingly, is not an invitation to the general public to subscribe for or purchase the Offer Shares.

In addition to the Offer Shares should there be further significant interest from Qualifying Investors, the Bookrunner in consultation with Mr Brookes may, at their discretion, allocate additional Shares owned by Mr Brookes to such Qualifying Investors without increasing the maximum number of Shares in the Company, subject to Mr Brookes' total shareholding in Balwin not being less than 35.1% of the total Shares in issue.

9. TIME AND DATE OF OPENING AND CLOSING THE OFFER

The expected dates of certain important steps relating to the Offer and Listing are as follows:

	2015
Opening date of the Offer at 09:00 on	Thursday, 1 October
Closing Date of the Offer at 17:00 on	Thursday, 8 October
Publication date of the final Offer Price and final number of Offer Shares released on SENS on	Friday, 9 October
Payment for allocated Balwin shares	Tuesday, 13 October
Listing Date on	Thursday, 15 October

Notes:

1. The above dates and times are subject to amendment. Any such material amendment or other material amendments to this Pre-listing Statement will be released on SENS and published in the South African Press.
2. All times quoted in this Pre-listing Statement are local times in South Africa on a 24-hour basis, unless specified otherwise.

10. CONDITIONS PRECEDENT TO THE OFFER AND LISTING

The Listing and Offer are subject to the fulfilment (or waiver, where capable, by the Company in its sole discretion) of the following conditions precedent:

- the subscription by Qualifying Investors of so many Shares in the Company such that a minimum aggregate subscription amount of R713,513,642 is raised by the Company; and
- the placement of a sufficient number of Shares in order to meet the minimum free-float and shareholder spread requirements as prescribed by the Listings Requirements.

The minimum aggregate subscription amount received by Balwin will be used by the Company to settle the Debt Facilities, and provide the Company with added balance sheet capacity for future land acquisitions and development activities.

Balwin reserves the right at any time during the Offer and at their sole and absolute discretion to amend, deviate from or modify the Offer in the manner they think fit or to postpone, discontinue or terminate the Offer. The Offer set out in this Pre-listing Statement is open for acceptance by Qualifying Investors only.

II. OFFER PRICE

It is currently estimated that the Offer Shares will be offered to Qualifying Investors pursuant to the Offer within the Offer Price Range. However, the Offer Price may be outside the Offer Price Range, if accepted by the Directors in their discretion as contemplated in paragraph 8 above. The Offer Price will be payable in full in Rand without deduction or set-off.

The Offer Price will be determined by the Bookrunner in consultation with the Company either prior to, or on the Closing Date, and will be announced on SENS on 9 October 2015 and in the South African Press on 12 October 2015. Any change to these dates and times will be announced on SENS and published in the South African Press.

Among the factors which may be considered by the Bookrunner and the Company in determining the Offer Price are the prices at which Applicants bid to acquire the Offer Shares during the book building process and the desire to establish an orderly after-market in the Ordinary Shares and appropriate shareholder spread and liquidity.

12. TERMS, CONDITIONS AND PROCEDURES FOR ACCEPTANCE

12.1 Participation in the Offer

Only Qualifying Investors may participate in the Offer. Qualifying Investors wishing to participate in the Offer should complete the Application Form attached to this Pre-listing Statement setting out the Rand amount of the Shares they wish to apply for as well as the price they are prepared to pay per Offer Share and provide the same to the Bookrunner prior to the cut-off time and date for providing Application Forms referred to in paragraph 9 above.

The following procedures apply to participation in the Offer:

- No Application Forms will be accepted after 17:00 on Thursday, 8 October 2015;
- Applications submitted by Qualifying Investors are irrevocable and may not be withdrawn once received by the Bookrunner;
- No person acquiring Shares by virtue of Section 96(1)(b) of the Companies Act shall be permitted to use an agent;
- Application Forms must be completed in accordance with the provisions of this Pre-listing Statement and the instructions contained in the Application Form;
- Copies or reproductions of the Application Form will be accepted at the discretion of the Board;
- Any alterations on the Application Form must be authenticated by full signature;
- Receipts will not be issued for applications, application monies or supporting documents received;
- Each application will be regarded as a single application;
- Shares may not be applied for in the name of a minor or a deceased estate;
- No documentary evidence of capacity need accompany the Application Form, but Balwin reserves the right to call upon any selected Qualifying Investor to submit such evidence for noting, which evidence will be returned at the risk of the Qualifying Investor; and
- The Directors reserve the right to accept or refuse any applications, either in whole or in part, or to abate any or all applications (whether or not received timeously) in such manner as they may, determine.

12.2 Representation

Any person applying for or accepting an offer of Offer Shares shall be deemed to have represented to Balwin and the Bookrunner that such person was a Qualifying Investor and was in possession of a copy of this Pre-listing Statement at that time.

Any person applying for or accepting an offer of Offer Shares on behalf of another:

- shall be deemed to have represented to the Company and the Bookrunner that such person is duly authorised to do so and warrants, to the extent applicable, that such person and the purchaser and/or subscriber for whom such person is acting as agent is duly authorised to do so in accordance with all relevant laws;
- guarantees the payment of the Offer Price;
- shall be deemed to confirm that a copy of this Pre-listing Statement was in the possession of the purchaser and/or subscriber for whom they are acting as agent and having full knowledge of the contents thereof; and
- shall, in relation to an application for Offer Shares, warrant that the purchaser and/or subscriber for whom such person is acting as agent is acting as principal.

12.3 Issue and allocation of Ordinary Shares

The basis of allocation of the issued Shares will be determined by the Bookrunner in consultation with Balwin. It is intended that notice of allocation will be given on 9 October 2015. Depending on the level of demand, applicants may receive no Shares or fewer than the number of Shares applied for. Any dealing in Shares prior to delivery of such Shares is entirely at the applicant's own risk.

In the event of an over subscription, Shares will be allocated and issued at the discretion of the Bookrunner, in consultation with the Directors. Factors to be considered in allocating Shares include:

- achieving a spread of Shareholders that is acceptable to the JSE; and
- promoting liquidity, tradability and an orderly after-market in the Shares.

12.4 Dematerialisation of Offer Shares

Shares will be issued by Balwin to successful applicants in Dematerialised form only. Accordingly, all successful applicants must appoint a CSDP directly or through a Broker, to receive and hold the Dematerialised Shares on their behalf. Should a Shareholder require a physical certificate for his/her Shares, such Shareholder will have to materialise their Shares following the Listing, for which a fee will be charged, and should therefore contact its CSDP to do so. It is noted that there are risks associated with holding Shares in certificated form, including the risk of loss or tainted scrip, which are no longer covered by the JSE Guarantee Fund. All Shareholders who elect to convert their Dematerialised Shares into Certificated Shares will have to Dematerialise their Shares should they wish to trade them under the terms of Strate (see paragraph 15 below).

Each Applicant's duly appointed CSDP or Broker will receive the Offer Shares in dematerialised form on its behalf against payment of the Offer Price by the Applicant's CSDP, which is expected to occur on 15 October 2015.

12.5 Payment and delivery of Offer Shares

Each Successful Applicant must, as soon as possible after being notified of an allocation of Offer Shares, forward to:

- its CSDP, all information required by its CSDP and instruct its CSDP to pay, against delivery of the Applicant's allocation of Offer Shares, the aggregate price for such Offer Shares to the account designated by the Company. Such information and instructions must be confirmed to the Applicant's CSDP no later than 12:00 on 13 October 2015; and
- Investec acting as Bookrunner, details of its CSDP, the name of the account holder and number of Ordinary Shares to be acquired and such other information as is required by Investec in order to effect delivery of the relevant Offer Shares. Such information must be confirmed to Investec no later than 12:00 on 13 October 2015.

By no later than 12:00 on 13 October 2015, each Applicant must place its funds with its CSDP or make other necessary arrangements to enable its CSDP to make payment for the allocated Offer Shares on the Settlement Date, in accordance with each Applicant's agreement with its CSDP.

The Applicant's CSDP must commit in Strate to the receipt of the Applicant's allocation of Offer Shares against payment by no later than 12:00 on 13 October 2015.

On the Settlement Date (which is expected to be 15 October 2015), the Applicant's allocation of Offer Shares will be credited to the Applicant's CSDP or Broker account against payment during the Strate settlement runs which occur throughout the day.

13. SOUTH AFRICAN EXCHANGE CONTROL REGULATIONS

13.1 General

Currency and shares are not freely transferable from South Africa to any jurisdiction outside the geographical borders of South Africa or jurisdictions outside of the CMA. These transfers must comply with the South African Exchange Control Regulations as described below. The South African Exchange Control Regulations also regulate the acquisition by former residents and non-residents of Offer Shares.

Applicants who are resident outside the Common Monetary Area should seek advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable an application to be made in response to the Offer. The following summary is intended as a guide and is therefore not comprehensive. If investors are in any doubt regarding South African Exchange Control Regulations, they should consult their professional advisor.

13.2 Emigrants from the Common Monetary Area

In terms of the South African Exchange Control Regulations, a former resident of the Common Monetary Area who has emigrated from South Africa may use emigrant blocked funds to acquire Offer Shares in terms of this Pre-listing Statement.

All payments in respect of subscriptions for or purchases of Offer Shares by an emigrant using emigrant blocked funds must be made through the authorised dealer in foreign exchange controlling the blocked assets.

Shares issued in respect of Offer Shares acquired with emigrant blocked funds in terms of this Pre-listing Statement will be credited to their emigrant blocked share accounts at the CSDP controlling their blocked portfolios.

Shares issued in certificated form in respect of Offer Shares acquired with emigrant blocked Rand in terms of this Pre-listing Statement will be endorsed "Non-Resident" in accordance with the South African Exchange Control Regulations and will be placed under the control of an authorised dealer in foreign exchange through which the payment was made.

If applicable, refund monies payable in respect of unsuccessful applications or partly successful applications for Offer Shares, as the case may be, in terms of this Pre-listing Statement, emanating from emigrant blocked accounts, will be returned, in terms of the South African Exchange Control Regulations, to the authorised dealer administering such emigrant blocked Rand, for credit to such Applicants' emigrant blocked accounts.

The CSDP or Broker through which the Company's shareholders have dematerialised their shares is responsible for ensuring adherence to the South African Exchange Control Regulations.

13.3 Applicants resident outside the Common Monetary Area

A person who is not resident of the Common Monetary Area, including an emigrant not using emigrant blocked Rand, should obtain advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable an application to be made in response to the Offer to be made in terms of the Offer.

Any share certificates issued to non-residents of South Africa will be endorsed "Non-Resident" in accordance with the South African Exchange Control Regulations.

All dematerialised shares issued will be credited directly to the shareholder's non-resident share account held by his duly appointed CSDP. The CSDP or Broker through whom the Company's Shareholders have dematerialised their Ordinary Shares will ensure that they adhere to the South African Exchange Control Regulations.

If applicable, refund monies payable in respect of unsuccessful applications or partly successful applications for Offer Shares, as the case may be, in terms of this Pre-listing Statement, emanating from a person who is not a resident of the Common Monetary Area will be returned (subject to compliance with South African Exchange Control Regulations).

13.4 Offer shares acquired by non-residents

Persons resident outside the Common Monetary Area applying for Offer Shares pursuant to this Pre-listing Statement should note that, while there are no restrictions similar to those placed on emigrants using blocked funds, in regard to Offer Shares acquired by non-residents pursuant to this Pre-listing Statement, in the case of certificated shares, the share certificates will be endorsed with the words "Non-Resident" and, in the case of dematerialised shares, an appropriate electronic entry will be made in the relevant register reflecting a "Non-Resident" endorsement.

14. APPLICABLE LAWS IN RELATION TO THE OFFER

The Offer, Applications, allocations and acceptances thereof will be exclusively governed by the laws of South Africa, and each Applicant will be deemed, by applying for Offer Shares, to have consented and submitted to the jurisdiction of the Courts of South Africa in relation to all matters arising out of or in connection with the Offer.

15. STRATE AND TRADING SHARES ON THE JSE

Shares may only be traded on the JSE in electronic form (Dematerialised Shares) and will be trading for electronic settlement via Strate immediately following the Listing.

Strate is a system of "paperless" transfer of securities. If investors have any doubt as to the mechanics of Strate they should consult their Broker, CSDP or other appropriate advisor, and they are referred to the Strate website at <http://www.strate.co.za>. The contents of this website are not incorporated by reference and do not form part of this Pre-listing Statement and should not be relied upon for the purposes of forming an investment decision with respect to the Offer Shares. Some of the principal features of Strate are as follows:

- electronic records of ownership replace share certificates and physical delivery of certificates;
- trades executed on the JSE must be settled within five Business Days;
- all investors owning Dematerialised Shares or wishing to trade their securities on the JSE are required to appoint either a Broker or a CSDP to act on their behalf and to handle their settlement requirements; and
- unless investors owning Dematerialised Shares specifically request their CSDP to register them as an "own name" shareholder (which entails a fee), their CSDP's or Broker's nominee company, holding shares on their behalf, will be the shareholder of the relevant company and not the investor. Subject to the agreement between the investor and the CSDP or Broker (or the CSDP's or Broker's nominee company), generally in terms of the rules of Strate, the investor is entitled to instruct the CSDP or Broker (or the CSDP's or Broker's nominee company) as to how it wishes to exercise the rights attaching to the Offer Shares and/or to attend and vote at shareholders' meetings.

16. LISTING OF THE OFFER SHARES ON THE JSE

The JSE has granted the Company a listing in respect of all of its issued Ordinary Shares in the "Real estate holding and development" sector of the main board of the JSE under the abbreviated name "Balwin", symbol "BWN" and ISIN: ZAE000209532, subject to the additional conditions precedent referred to in paragraph 10 above being fulfilled. The Listing is expected to be effective from the commencement of business on 15 October 2015. Securities for which the Listing is sought will be fully paid up and freely transferable.

SECTION 2 – THE BUSINESS

17. OVERVIEW OF BUSINESS

17.1 Introduction

Balwin is a specialist, niche, national large-scale, turnkey, sectional-title, residential property builder and developer (typically between 500 – 1,000 sectional-title residential units per development) targeting high-density, high-growth metropolitan areas in South Africa.

Balwin estates offer secure, affordable, high-quality, environmentally friendly and conveniently located 1, 2 and 3 bedroom sectional-title residential units which range in size from 45m² – 120m² and in price from R599,999 – R1,699,000 per unit (including modern fitted kitchen appliances) within the normal operating model. Units are designed to appeal to a wide range of home buyers, including first-time, move-up, active adult, young professional, young family, older family, retirees as well as buy-to-let. All larger estates (comprising ± 500 units and above only, such as Greenstone Ridge, The William, De Velde, etc.) also have a lifestyle centre with well-established concierge and other all-inclusive value added services including a spa, restaurant, gym, squash court, action sports field, games room, movie theatre, heated swimming pools, playgrounds and free wi-fi within lifestyle centres.

All residential estates are developed and marketed under the Balwin Properties brand.

Founded in 1996, the Company has successfully developed, marketed and sold over 70 residential estates, as outlined in the table below:

Node	Number of estates	Number of homes sold up to the Last Practicable Date
Gauteng		
Johannesburg North	17	3,712
Johannesburg East	13	4,406
Johannesburg South	39	4,038
Western Cape	1	1,210
Pretoria	1	136
Total	71	13,502

Key differentiators in Balwin's build-to-sell model comprise the ability to deliver a superior offering through economies of scale, in-house turnkey development including construction and construction management, focus within a defined middle-income market segment, quality, broad market appeal, partnerships with relevant stakeholders and competitive pricing of developed units in-line or below market.

As a pilot offering, the Company also performs in-house letting and management of a small short-term rental portfolio on behalf of certain Directors (± 300 sectional-title residential units). The performance of in-house letting and management and the development of core competencies in this regard is consistent with the Company's strategic objective to develop and retain a rental portfolio going forward, as set out in paragraph 21.4 on page 38 of this Pre-listing Statement.

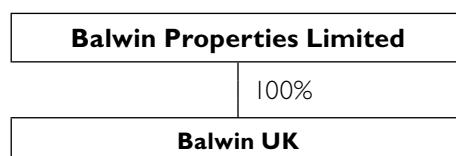
17.2 Geographic location of operations and operational structure

Balwin operates exclusively within South Africa and has its headquarters in Bedfordview, Johannesburg and a local office in Stellenbosch, Cape Town.

The Company has an established product offering in three of South Africa's four largest cities namely Johannesburg, Pretoria and Cape Town. These cities were strategically selected by the Company for reasons which remain relevant today.

Location	Strategic relevance
Johannesburg	<ul style="list-style-type: none"> • Johannesburg is the commercial capital of South Africa; • Gauteng is South Africa's largest province by population size, with an approximate 23.9% of the total population (12.9 million inhabitants) as at 31 July 2014; • According to the 2011 Census, 1 million inhabitants migrated to Gauteng during the period 2006 – 2011, with a net positive migration rate of 493 thousand inhabitants; • Availability of commercial capital to fund large-scale residential developers as well as homebuyers; • Prevalence of Balwin's target market in the region; and • Gauteng has exhibited record residential estate living growth; approximately half of all residential estates in South Africa are located in Gauteng.
Pretoria	<ul style="list-style-type: none"> • Pretoria is the administrative capital of South Africa and one of the fastest growing cities in South Africa; • Availability of large land parcels in strategically located areas which allows the Company to meet its strategic objectives; • Prevalence of Balwin's target market in the region; and • Gauteng has exhibited record residential estate living growth; approximately half of all residential estates in South Africa are located in Gauteng.
Cape Town/Somerset West	<ul style="list-style-type: none"> • Cape Town is the legislative capital of South Africa and the capital of the Western Cape province; • The Western Cape province is South Africa's fourth largest province by population size, with approximately 11.3% of the total population (6.1 million inhabitants) as at 31 July 2014; • According to the 2011 Census, 331,000 inhabitants migrated to the Western Cape during the period 2006 – 2011, with a net positive migration rate of 154,000 inhabitants; and • Prevalence of Balwin's target market in the region.

The following diagram summarises the Company's corporate structure as at the Last Practicable Date:



Between 2004 and 2009 the Company explored various ventures in the residential and commercial property sector in the UK, through a wholly owned subsidiary, Balwin UK. The Company also completed various commercial property developments in South Africa such as shopping centres, office buildings and hotels. Between 2009 and 2011, these ventures were identified as non-core to Balwin's strategy and have all been sold or terminated with the exception of Balwin UK which still owns a single commercial property unit, the sales contract for which has been signed (registration of sale pending). Following registration of the sale, the only further cost to be incurred by Balwin prior to deregistration of Balwin UK is the payment of UK taxation of approximately £100,525 on 1 December 2015. This cost will be paid from the net property sales proceeds. Any excess net proceeds thereafter will be for Balwin's benefit.

17.3 Product offering

Balwin currently develops and sells between 1,750 to 2,000 sectional-title residential units per year, but has the ability to increase its development capacity to approximately 3,000 sectional-title residential units per year based on its existing infrastructure and owned undeveloped land pipeline.

The construction of new developments is generally undertaken against pre-sales to interested buyers.

All Balwin estates are built to a standard specification (unique Balwin design, standard finishes, no customer changes), typically not more than 4 storey blocks with 10 homes per block (3 bedroom units on the ground and first floors, and 1 and 2 bedroom units on the upper floors) enabling the Company to benefit from

significant economies of scale. Residential estates are built and marketed in phases (between 50 – 100 units), allowing for appropriate risk management at all stages of the development process.

Balwin's residential estates typically include:

- 24-hour security with well-equipped guard houses;
- high-quality, ergonomically designed units designed to maximise unit space and functionality;
- eco-friendly fittings, appliances and utilities (such as pre-paid electricity meters and gas and water supply meters);
- close to amenities including shopping centres, entertainment and leisure facilities, medical centres and schools, which are largely within walking distance of the estate; and
- lifestyle centres complete with free wi-fi, concierge service, heated swimming pools, playgrounds, spa, restaurant, gym, squash court, action sports fields and running tracks (larger estates comprising \pm 500 units and above only, such as Greenstone Ridge, The William, De Velde, etc.)

Estates are owned by Balwin until each phase is sold, at which point control is handed over to an independent body corporate which is established after completion of the first phase of development. Prior to the hand over, Balwin carefully selects all service providers/operators that will run the estate (including spa operators, restaurant operators, gym operators and estate managers) and manages the conclusion of service/rental agreements on behalf of the body corporate. In addition to the above, as part of its life-cycle planning for a new development, monthly levies of R10/m² are targeted by Balwin. This adds to the overall attractiveness of Balwin's sectional-title residential units to buyers. Where necessary in the initial stages of a new development Balwin also provides initial funding (on a loan account recovered from future levies) to body corporates to facilitate the smooth running of the affairs of the estate from inception. This assists in preserving the attractiveness of Balwin's residential estates post completion of development and ensures a consistent user experience.

17.4 **Secured pre-sales, development pipeline and financial performance**

For the financial year ending 28 February 2016, Balwin has already sold and transferred 763 residential units and is well on course to achieve its target of 1,857 sale sectional-title residential units by the end of the current financial year. Of the remaining 1,094 sectional-title residential units to achieve its FY2016 target, 932 have already been secured via pre-sales (pre-sales represent signed purchase agreements for which the purchaser has already paid his/her deposit). Balwin anticipates that it will be able to maintain and grow its current sales levels, with a secured project pipeline of approximately 8 years and continuous identified land acquisitions expected to drive future growth.

Pursuant to the above, Balwin's target sales for the financial year ended 28 February 2016 are already \pm 91% secured (through the aggregate sum of completed units that have already been transferred to their respective buyers and pre-sales). Similarly, target sales for the financial year ending 28 February 2017 are \pm 45% secured.

The generation of trading profits through the development and sale of large-scale sectional-title residential estates underpins Balwin's business strategy and differentiates Balwin from other JSE listed property entities or REITs which focus on the distribution of net rental income to shareholders. The Company will accordingly not seek REIT status on Listing, as the REIT regulatory regime is intended for companies focused on income distribution, rather than returns on capital employed, although this may change in the future. The Company will however seek to maintain an attractive dividend yield in line with its target dividend policy to distribute approximately 30% of annual Profit After Tax to its shareholders.

18. **HISTORY**

Stephen Brookes is the founder, CEO and majority shareholder of Balwin.

Mr Brookes' passion for building was cultivated at an early age where at the age of 14, he had the ambition, vision and desire to create a development/construction business, inspired by his childhood love of Lego and building toy houses to perfection and with precise colour specification.

This culminated with the commencement of Balwin's operations in 1996 with the construction of its first development project, "Ivory Court", a small sectional-title residential development of 50 apartments in the south of Johannesburg. The development launch proved extremely successful, with all apartments being sold in a single weekend.

As the business expanded, Balwin opened its first offices in Winchester Hills in the south of Johannesburg in 1997 and in its early years, Balwin developed exclusively in the south of Johannesburg. The business focused on high density

sectional-title apartments and prided itself in designing efficient apartments (i.e. maximum use of space) and finishing items to a high standard.

Balwin thereafter expanded into Johannesburg's northern suburbs in 1998, with a development in Randburg called "The Caymans".

As the business continued to expand, the Company appointed additional senior management. Rodney Gray, a director of a project management company called Nostrum (which managed one of Balwin's developments at the time) was appointed in 1998 in order to serve as a partner to Mr Brookes (Mr Gray would go on to become the Company's MD) and shortly thereafter in 1999, a further Nostrum employee, Ulrich Gschnaidtner, joined Balwin to head up Balwin's project operations.

Balwin continued to grow and developed townhouses in the northern, southern and eastern suburbs of Johannesburg. The Company acquired its largest ever township in Johannesburg south in 2004, named "Oakdene Parks", which led to the subsequent development of ±1,600 units on the land. Balwin's first large-scale estate, "The Meridian" in Johannesburg east, was completed in 2007.

The Company then decided to diversify into hotels, offices and shopping centres but also retained its core business; the development of residential apartments. With the global financial crisis in 2008, Balwin found itself over-exposed to the financial institutions and had to urgently sell a number of its assets in order continue operations. Fortunately, Buffet Investments acquired Balwin's 20 West Hotel in Sandton, Johannesburg (one of Balwin's hotel assets at the time), which allowed Balwin to remain liquid and continue operations. Mr Brookes and Buffet Investments formed a strong relationship, which resulted in Buffet Investments acquiring a 30% shareholding in Balwin in 2011.

Subsequent to Buffet Investments' acquisition of its shareholding in Balwin, Balwin sold all of its non-core assets and again focused on its core business of developing high density residential estates. Buffet Investments also added a tremendous degree of stability and financial acumen complemented by the appointment of Jonathan Weltman as CFO in 2012.

The Company entered the Western Cape in 2011 with its "De Velde" estate, which comprised 1,210 units and Pretoria East in 2014 with its "Grove Lane" development.

Today, the business of Balwin has grown to a national footprint. The Company now develops in Johannesburg, Pretoria and the Western Cape and sold 1,655 units during the financial year ended 28 February 2015; a number which is expected to ramp-up significantly in the future.

This unprecedented growth has led to Balwin being consistently recognised as the national homebuilder of choice in South Africa with various awards and industry recognition including:

- the International Property Awards' Rolls-Royce African Property Award for the De Velde estate in the Western Cape. The award, which was granted in the Africa/Middle East region, recognises the highest levels of achievement by companies operating in all sectors of the property and real estate industry; and
- the Concrete Masonry Association award for build excellence in Balwin's Monte Carlo estate.

Following this period of growth and the significant development pipeline which has been secured by the Company, a Listing on the JSE is now being sought to primarily support the strategic growth objectives of the Company going forward.

19. DESCRIPTION OF BUSINESS

Balwin's business model involves the delivery of high-quality, fully-equipped and environmentally friendly residential units at an all-inclusive price. Through this oversight of all stages of development, Balwin manages all processes from initiation to the delivery of the finished product (a Balwin home) to its customers, in line with its promise of quality, affordability and convenience. This integrated approach reduces the burden on customers, who need not consult a multitude of service providers in order to ensure delivery of a fully-specified, high-quality end product.

19.1 Development process

Balwin has highly skilled and experienced internal teams, with specialised skills across all stages of large-scale residential property development and project management. Accordingly, all elements of the development and sales processes are performed in-house in accordance with international best practice (Balwin believes that the development processes outlined in the table below are in accordance with the practices employed by large, successful international large scale homebuilders and as such Balwin believes its development process to be in accordance with the aforementioned "international best practice"), with the exception of certain

professional services which depending on the specific project requirements are outsourced to approved vendors with whom the Company enjoys long-standing relationships.

A description of each stage of Balwin's development process is outlined below:

Land acquisition:

Description	In-house/ outsourced	Description
Land sourcing, acquisition and financing	In-house	<ul style="list-style-type: none"> • The sourcing and acquisition of suitable land for future development is a continuous part of Balwin's development process. A team comprising of the Company's executive management, with input from internal surveyors, marketers and engineers, etc. is responsible for this function. • Land is sought based on strict land suitability criteria which includes <i>inter alia</i>: <ul style="list-style-type: none"> – location must be within one of Balwin's target cities in South Africa (currently Johannesburg, Pretoria, Cape Town, Durban and Nelspruit); – anticipated demand/need for housing stock of Balwin's product offering within the identified area; – existing, ongoing or planned commercial developments in the area such as shopping centres, schools, hospitals, offices, universities etc.; – proximity to main roads and other amenities; – travel time to major business districts; – target land size required to achieve target of ±500 – 1,000 Balwin homes per sectional-title residential estate; and – unrestricted title to the land can be obtained. • When a suitable land parcel is identified, an immediate assessment is undertaken to determine the purchase price to be offered to the existing land owner. Considerations taken into account include: <ul style="list-style-type: none"> – existing supply and demand dynamics; – the buildability of the land parcel (the existence of marsh land, graveyards, historic petrol station tanks, etc. can pose substantial obstacles to Balwin's ability to develop the land); – current and potential future zoning rights and anticipated timing to secure all relevant rights; – the outcome of a detailed, bottom-up pre-feasibility study performed by an internal team of experts comprising executive management, marketers, engineers, quantity surveyors and project managers; – availability of acceptable commercial funding to facilitate the acquisition of the land by Balwin; and • estimated timing to commence development. • Depending on the size of the proposed acquisition, the acquisition will also be presented to a Balwin transaction committee for approval. Please refer paragraph 26.4.4 on page 52 of this Pre-Listing Statement for more information on this committee. • The Board recognises that it is ultimately responsible for conducting all the affairs of the Company, including land acquisition and registration with integrity and in accordance with the generally accepted corporate practices.

Project planning:

Description	In-house/ outsourced	Description
Project timelines	In-house	<ul style="list-style-type: none"> Although the project planning phase takes place throughout the development process, planning reaches its most crucial stage prior to the commencement of development. Balwin's skilled project teams develop a detailed project timeline to establish key milestones and deadlines for the successful and timeous completion of projects.
Re-zoning	In-house (aided by external consultants)	<ul style="list-style-type: none"> Acquired land may or may not be appropriately zoned for the construction of large-scale residential units. Should acquired land not be appropriately zoned, Balwin's in-house teams initiate and manage the process of re-zoning the acquired land. This process generally takes between 18 and 24 months and is conducted in-house by a dedicated specialist team with vast experience in this field.
Quantity surveying and costing	In-house	<ul style="list-style-type: none"> The quantity surveying function forms a crucial element of the development planning and project management phase and runs concurrently with this phase. Key deliverables include the creation of a detailed bottom-up feasibility study which includes, <i>inter alia</i>: <ul style="list-style-type: none"> quantity surveying and related outputs; detailed bill of materials; funding and cash flow management; phasing of construction; demographic and supply/demand analysis; determination of lifestyle features and selection of operators; and project timetable and marketing plan. All in-house quantity surveying work is thereafter signed off by an independent quantity surveyor.
Development design	In-house/ outsourced	<ul style="list-style-type: none"> Balwin performs many of the functions related to development design in-house, drawing on its many years of experience in this field. Necessary professional services are outsourced, including architects, engineers, environmental consultants and land surveyors.
Financing	Outsourced	<ul style="list-style-type: none"> Balwin obtains land and/or development finance from three of South Africa's largest financial institutions, namely: <ul style="list-style-type: none"> Investec; Nedbank; and Absa. Development funding is ring-fenced to a phase within a development and secured against pre-sales.

Marketing and pre-sales:

Description	In-house/ outsourced	Description
Marketing and pre-sales	In-house	<ul style="list-style-type: none">• Sales and marketing is performed in-house (no external estate agents) and includes:<ul style="list-style-type: none">– show unit interior design;– brochures, pamphlets and newspaper advertising; and– launch management.• Sales prices are generally set below or in line with market values to maintain a win-win outcome for Balwin and its customers.• Marketing and pre-sales provide the opportunity to pre-sell a unit to the buyer at a future date.• Pre-sales are secured by a deposit by the buyer and the signature of a purchase agreement.
Bond origination	In-house	<ul style="list-style-type: none">• Balwin provides in-house bond origination services to its customers.• The Company has agreements with all major South African banks, and acts as a broker in the bond origination process.• Commissions are earned by the Company through this process.

Construction and construction management:

Description	In-house/ outsourced	Description
Construction	Outsourced	<ul style="list-style-type: none">• Construction is outsourced to a number of reputable contractors with whom Balwin enjoys long-standing and successful relationships.• This allows the Company to remain flexible and retain price tension in the context of changing macroeconomic conditions.• Contractors are selected based on an approved contractor list.• All production inputs are obtained from suppliers appearing on a Balwin approved supplier list.• Raw material acquisitions are governed by approved price lists which may not be overridden without senior manager approval.
Construction management	In-house	<ul style="list-style-type: none">• Balwin remains fully involved in all phases of the construction process by way of its in-house project management team.• The project management function includes the involvement of a number of full-time staff members at all sites, including:<ul style="list-style-type: none">– a number of project foreman;– a dedicated site manager at each development; and– a contract manager, who typically oversees 2 – 3 developments.
Quality control	In-house	<ul style="list-style-type: none">• Executive management adopt a hands-on approach to quality control, with the Company's CEO and MD exercising executive oversight over development quality control.• Materials acquisition and construction standards are aligned with industry best-practice, including:<ul style="list-style-type: none">– all products are SABS approved and are majority locally sourced;– developments are NHBRC compliant in all respects;– independent testing is performed on all cementitious products; and– checklists are completed at key stages of development and are subject to supervisor sign-off.

Transfer and estate management:

Description	In-house/ outsourced	Description
Title deed registrations	Outsourced	<ul style="list-style-type: none">• The transfer of title deeds on units sold is outsourced to two reputable and well-established conveyancing attorneys, namely:<ul style="list-style-type: none">– Tonkin Clacey; and– STBB.
Establishment of body corporates	In-house	<ul style="list-style-type: none">• Estates are owned by Balwin until each phase is sold, at which point control is handed over to an independent body corporate which is established after completion of the first phase of development.• In addition to the above, as part of its life-cycle planning for a new development, monthly levies of R10/m² are targeted by Balwin.• Where necessary in the initial stages of a new development Balwin also provides initial funding (on a loan account recovered from future levies) to body corporates to facilitate the smooth running of the affairs of the estate from inception.
Estate management and continuing involvement	Outsourced	<ul style="list-style-type: none">• Prior to the hand over, Balwin carefully selects all service providers/operators that will run the estate (including spa operators, restaurant operators, gym operators and estate managers) and manages the conclusion of service/rental agreements on behalf of the body corporate.• These vendors are carefully selected based on a proven track record, as Balwin views the ongoing quality of its estates as being fundamental to the Company's continued success.• Balwin retains a high-level oversight role in the management of the estates once the management function has been transferred to one of two external management companies (Angor and Whitfields) to ensure consistent user experience.
Ongoing maintenance	In-house	<ul style="list-style-type: none">• Balwin provides ongoing unit maintenance services for a period of 5 years post completion, a service which is provided at no cost to Balwin homeowners.

Short term rentals:

Description	In-house/ outsourced	Description
Short-term rentals	In-house	<ul style="list-style-type: none">• As a pilot offering, the Company has already commenced the development of competencies to manage a large rental portfolio.• All aspects of the letting and rental process are managed internally, including:<ul style="list-style-type: none">– sourcing of rental units;– placement of tenants;– the signing of short term leases;– unit maintenance; and– rental payment collection services.

19.2 **Health, safety and the environment**

19.2.1 ***Environmentally friendly construction***

All of Balwin's developments include eco-friendly facilities which aim to minimise harmful impacts on the environment. Furthermore, all estate facilities are also designed to be environmentally-friendly and to reduce the environmental cost of Balwin's activities, as well as ongoing operating and maintenance financial costs to customers. Such features include:

- waste management systems;
- picnic pockets and braai areas;
- natural park areas;
- plentiful trees;
- each development is appointed a landscape architect;
- eco-friendly appliances;
- energy efficient light fittings;
- eco-friendly taps;
- heat pump systems;
- energy efficient ovens;
- gas hobs; and
- pre-paid electricity, water and gas meters.

Furthermore, the Company has put measures in place in order to educate all new home-owners on methods by which they may adapt their lifestyles so as to become more environmentally friendly. These measures include recycling, the use of recyclable grocery bags, carpooling, etc.

19.2.2 ***Health and Safety standards***

Development activities are conducted under strict Health and Safety standards. This includes a dedicated, qualified in-house Health and Safety officer assigned to each development and independent verification of the implementation of the necessary standards by an independent external Health and Safety consultant.

19.3 **Corporate social responsibility**

Balwin is fully committed to the principles of good corporate and social responsible practice. These principles are reflected in:

- Balwin's approach and focus on supplier development, specifically the development of its sub-contractors and their employees;
- the continuous development of Balwin's own staff through Company mandated training programmes, as well as on-the-job training;
- Balwin's focus on the development of previously disadvantaged individuals within its employment; and
- Balwin's participation in various initiatives within the communities where Balwin operates, including an annual charity event to benefit various foundations and non-government organisations.

20. KEY INVESTMENT HIGHLIGHTS

Balwin's key investment highlights include:

Description	Explanation
Strong nationally recognised brand	<ul style="list-style-type: none"> Recognised, established and trusted brand amongst homeowners, investors, and financial institutions. Established platform with sufficient operating and financial scale.
Economies of scale	<ul style="list-style-type: none"> Largest residential developer targeting this niche market segment. Company benefits from economies of scale, geographic diversification and diversification between nodes. Significant buffer to absorb any unexpected adjustments in response to macro or micro economic conditions.
Extensive development pipeline	<ul style="list-style-type: none"> Access to a secured development pipeline of approximately 17,028 residential units and 21 large-sale residential estates to be constructed over an approximate 8 years.
Market knowledge, understanding, depth and experience of management	<ul style="list-style-type: none"> Deep management knowledge of and ability to read the residential property market critical to success. Experienced and hands-on management team with over 128 years of experience in the large-scale residential market. All aspects of the development, sales and management process are conducted in-house except for specific services which are outsourced to specialists with oversight by Balwin.
Strong financial metrics, high levels of secured-pre sales and attractive dividend yield	<ul style="list-style-type: none"> Strong financial performance, underpinned by sustainable Gross Profit Margins. New developments are generally undertaken against pre-sales in a phased manner that provides sufficient insulation against negative micro/macro-economic events. Sales for the financial year ended 28 February 2016 are already 91% secured and 45% secured for the financial year ended 28 February 2017. Attractive dividend yield of 3.5% – 4%, based on the Offer Price Range and the Company's target dividend pay-out ratio of 30%.
Robust governance structures	<ul style="list-style-type: none"> Well qualified and experienced board of directors with vast experience in the listed company environment.
Sufficient barriers to entry	<ul style="list-style-type: none"> Initial capital outlay may escalate into billions of Rands, thereby preventing competitors from rapidly entering the market. Balwin enjoys a proven track-record and support of banks and other financial institutions – funding is not easily obtainable by new entrants.
Adequate risk mitigation and flexibility	<ul style="list-style-type: none"> Carefully considered project phasing models applied in order to effectively manage cash flows; this is a complex task requiring vast experience of residential unit development financial modelling. Sufficiently flexible business model to increase the internally managed rental portfolio over time (targeting a rental portfolio of R2 – R3 billion by 2020 (±2,000 – 3,000 units)).
Market readiness for a listed large-scale residential property developer	<ul style="list-style-type: none"> Increasing vacancies in the commercial real-estate sector (retail, office and industrial) and low GDP growth environment has impacted distribution growth for traditional REITs; REITs and investors are seeking growth through development. Entry price into Balwin is at a discount relative to Balwin's local and international peers.

Description	Explanation
Robust market fundamentals driving demand	<ul style="list-style-type: none"> • South African home buyers are increasingly focused on living in secure environments while having easy access to amenities and outdoor and sporting activities. • Rapid growth in the middle-income population. • Growing urbanisation and strong demand for quality housing. • Residential property is a traditional means of wealth preservation in South Africa.
Ability to partner with existing property companies	<ul style="list-style-type: none"> • Ability to partner with existing property companies for future developments.
Government policies are in support of Balwin's offering	<ul style="list-style-type: none"> • Government drive to create integrated, high-density societies well suited to Balwin's product offering.

21. FUTURE PROSPECTS AND STRATEGIC OBJECTIVES

Balwin has been successful in capitalising on the demand for secure, value-for-money, convenient and quality housing by offering residential estates which meet these specifications in preferred locations for home-buyers. The Company aims to continue with the roll-out of further large-scale residential developments in its target nodes and plans on expanding its operations into additional new and growing residential nodes within South Africa's major cities.

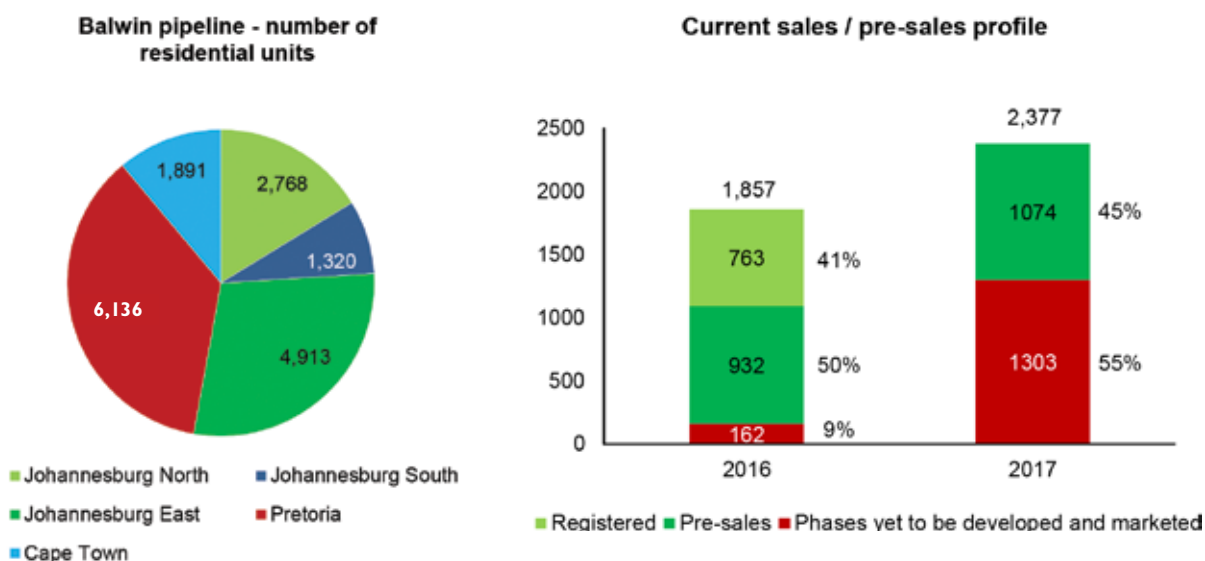
The Company's growth strategies and strategic objectives post Listing are set out on below:

21.1 Complete the Company's secured development pipeline

Balwin continues to drive organic growth and sees strong growth potential in its core business. To this end, the Company has secured sufficient land to develop approximately 17,028 Balwin homes in Johannesburg, Pretoria and the Western Cape within Balwin's signature large-scale residential estates. Assuming annual construction and sales of 2,377 homes a year, the secured development pipeline will be built and sold over 8 years. It is anticipated that sales of these homes will generate revenue of approximately R20 billion at a target Gross Profit Margin of approximately 40%.

The Company is currently negotiating the acquisition of an additional land parcel in the Kyalami node, on which a further ±15,000 sectional-title residential units may be developed. Should these negotiations be successful, the appropriate announcement will be made in terms of the JSE Listings Requirements.

This pipeline includes operations in all three of South Africa's major urban nodes (Johannesburg, Pretoria and Cape Town) and represents secured land parcels only. As such, the Company's planned expansion into the Durban and Nelspruit areas has not been included in the calculation of the pipeline. As outlined in the graph below, Balwin's target sales for the financial year ended 28 February 2016 are already ±91% secured. Similarly, target sales for the financial year ending 28 February 2017 are ±45% secured:



A schedule showing developments currently being undertaken by Balwin is set out on the following page (it is noted that all developments, representing both land currently under development and land to be developed, will represent large-scale sectional-title residential estates constructed in terms of Balwin's current business model):

Balwin development pipeline

Development name	Node	Status ¹	Planning permission status/date of grant	Conditions of consent	Expected commencement date	Expected date of completion	Total units	Units registered to date	Pre-sales units	Remaining units	Expected total development cost ² (R'million)	Current development market value ³ (R'million)	Expected final development value ⁴ (R'million)	Target project Gross Profit Margin %
Johannesburg														
Amsterdam	JHB North	POD	Pending	None	Commenced	01/12/2017	1,060	–	–	1,060	616	80	80	41
Balboa Park	JHB South	POD	08/07/2015	None	Commenced	01/06/2017	410	–	165	245	229	227	244	40
Cambridge	JHB North	POD	06/10/2010	None	Commenced	01/09/2017	440	–	159	281	278	322	343	46
Greenstone Crest	JHB East	POD	05/11/2014	None	Commenced	01/03/2017	620	177	183	260	409	347	368	43
Greenstone Ridge	JHB East	POD	14/03/2007	None	Commenced	01/03/2016	986	596	310	80	557	385	399	42
Kyalami Hills	JHB North	POD	24/09/2014	None	Commenced	01/12/2015	542	461	81	–	329	77	78	39
Majella Park	JHB South	HFD	Pending	None	01/06/2019	01/06/2018	430	–	–	430	184	34	34	41
Malakite (rental)	JHB East	HFD	Pending	None	Commenced	01/06/2017	290	–	–	290	226	36	36	12 – 15 yield
Stanley Park	JHB South	POD	15/04/2017	None	Commenced	01/08/2017	480	–	480	–	226	254	274	34
The Cluldee	JHB East	HFD	Pending	None	01/01/2017	01/12/2020	1,600	–	–	1,600	789	71	71	42
The Reid	JHB East	HFD	Pending	None	01/07/2017	01/12/2023	1,400	–	–	1,400	620	39	39	42
The Whiskin	JHB North	HFD	Pending	None	01/03/2016	01/04/2019	1,050	–	–	1,050	446	46	46	42
The William	JHB North	POD	02/01/2013	None	Commenced	01/12/2015	877	740	68	69	446	110	114	39
Westlake	JHB East	POD	05/05/2015	None	Commenced	01/03/2018	790	–	601	189	487	411	445	43
Total							10,975	1,974	2,047	6,954	5,842	2,439	2,571	41
Western Cape														
De Velde	Somerset West	POD	28/10/2009	None	Commenced	01/12/2016	1,210	635	363	212	703	542	572	36
Paardevlei Retirement	Somerset West	HFD	18/10/2007	None	01/01/2016	01/12/2017	289	–	–	289	382	40	40	39
Paardevlei Square	Somerset West	POD	18/10/2007	None	Commenced	01/06/2016	87	–	9	78	122	24	24	37
The Boulevard	Somerset West	HFD	18/10/2007	None	01/01/2016	01/07/2018	360	–	–	360	255	42	42	36
The Sandown	Sandown	POD	01/07/2010	None	Commenced	01/03/2018	580	–	104	476	704	19	19	37
Total							2,526	635	476	1,415	2,166	667	697	37
Pretoria														
African Renaissance (renamed Riverwalk)	Pretoria East	HFD	Not applied	None	01/01/2017	31/12/2023	6,000	–	–	6,000	3,618	50	50	40
Grove Lane	Pretoria East	POD	18/09/2009	None	Commenced	01/07/2016	136	–	82	54	83	54	59	31
Total							6,136	–	82	6,054	3,701	104	109	40
Grand total							19,017	2,609	2,605	14,423	11,709	3,210	3,377	40

Notes:

- 1. HFD = held for development; POD = process of development.
- 2. Total anticipated cost to completion of the development, including financial carrying charges, etc.
- 3. Market value as at the date of Listing in their existing state, based on Balwin's valuer reports (refer Annexure 7 for further detail thereon).
- 4. Expected final development value, excluding units sold as at the date of Listing, based on current prices and on the basis of current market conditions.

21.2 **Acquire land**

An ongoing strategic objective for Balwin is to acquire/secure land for future development in order to maintain and grow its secured development pipeline beyond its existing approximately 8 year time horizon, as well as to facilitate certain of the additional strategic growth objectives outlined in the points below. To this end, the Listing significantly enhances the Company's ability to raise both debt and equity finance for future land acquisitions.

The Company is currently negotiating the acquisition of an additional land parcel in the Kyalami node, on which a further $\pm 15,000$ sectional-title residential units may be developed. Should these negotiations be successful, the appropriate announcement will be made in terms of the JSE Listings Requirements.

21.3 **Expand into other growing nodes**

Balwin is targeting the expansion of its operations into other large South African cities where it currently does not operate. The Company plans to expand into Durban by 2017 and into Nelspruit by 2018 and open offices in both regions. Following this Balwin will explore opportunities in other large South African towns such as Bloemfontein, Port Elizabeth, Polokwane and East London amongst others, where there is significant demand for Balwin's offering.

The selection of strategic expansion nodes is based on:

- the size of the urban metro (e.g. Durban is South Africa's fourth largest city);
- the availability of commercial capital;
- the pace of commercial property development;
- the city's transport and transport improvement plans;
- the large middle-income population;
- population expansion and urban migration rates; and
- the availability of land in desirable areas.

21.4 **Retain some development stock as rental portfolio**

As a pilot offering, the Company has already commenced the development of competencies to manage a large rental portfolio.

The retention of a rental portfolio will allow Balwin to diversify its revenue streams, generate annuity-type income, and benefit from the anticipated capital uplift from not selling certain projects immediately but rather only once the development or node has matured on completion. To this end Balwin has earmarked an initial 290 units in Greenstone, Johannesburg (an urban node which enjoys strong demand) for development for the rental market. This will support Balwin's plans to establish an initial rental portfolio by 2017.

Balwin's rental portfolio is expected to grow to approximately 2,000 – 3,000 units by 2020 (approximate value of R2 billion – R3 billion), at which point the Company will evaluate its strategic objectives in respect of the portfolio, which may include a trade sale or the separate listing of the rental portfolio as a REIT on the JSE.

Based on the Company's experience in the rental market for Balwin apartments, first year rentals are expected to generate net-income yields against cost of approximately 12% – 15% per annum in the first year of rentals, based on an estimated initial average monthly rental of R8,000.

21.5 **Complementary partnerships with other property companies**

On certain previous developments where acquired land has had multiple zoning approvals, the Company has successfully partnered with other commercial property developers to provide a complete offering and facilitate the development of newly established residential nodes. This is the case in the Greenstone area where Balwin partnered with a reputable well-known commercial property developer to develop the commercial component, while Balwin developed the residential offering.

The Company plans to unlock future synergies by extending the scope of its partnerships to include a variety of listed and unlisted property companies. Balwin's participation in such partnerships will be exclusively focused on its core offering.

21.6 **Development of government-owned land**

To date, all land acquired by Balwin for development has been acquired from the private sector. Government remains the largest owner of land in South Africa and Balwin, through its expertise and track record, is well placed to purchase and develop land owned by government or state-owned enterprises or other parastatals to address the significant housing shortage in various areas.

21.7 **Black economic empowerment**

The Board of Balwin fully embraces the principles of the BEE Codes and the South African property sector charter.

The board of directors will study appropriate structure(s) for sustainable broad-based black economic participation in Balwin.

21.8 **Acquire additional people, skills and expertise**

The bolstering of the Company's middle management layer is seen as crucial for continuity and sustainability. The Company has recently hired a number of additional staff dedicated to operations in the Cape Town area, which highlights its strategic intent. Balwin will seek to continue to attract and retain highly-skilled professionals who are capable of meeting the increasing demand.

22. **DIVIDEND POLICY**

There is no assurance that a dividend will be paid in respect of any financial period, and any future dividends will be dependent on various factors.

The generation of trading profits through the development and sale of large-scale residential estates underpins Balwin's business strategy and differentiates Balwin from other JSE listed property entities or REITs which focus on the distribution of net rental income to shareholders. The Company will accordingly not seek REIT status on Listing, as the REIT regulatory regime is intended for companies focused on income distribution, rather than returns on capital employed, although this may change in the future.

Following the Listing, the Directors intend to declare a dividend, on at least an annual basis, based on a target dividend payout ratio of approximately 30%. The Directors believe that this approach is well aligned to Balwin's shareholders' needs and is compatible with the Company's growth opportunities and ambitions. The Directors will regularly review the dividend policy and consider the prevailing debts, if any, owing to third parties at the time, the requirements reflected in the Company's business plans, monies required for expansion and other growth opportunities.

In accordance with the MOI, all unclaimed dividends shall be held in trust until lawfully claimed by such shareholder, or until such shareholder's claim to such money has prescribed in terms of the applicable laws of prescription. An unclaimed dividend shall, when claimed, be paid without interest. The Company shall be entitled at any time to delegate its obligations in respect of unclaimed dividends, to any one of the Company's bankers from time to time. Dividends shall be paid to Shareholders registered as at a date subsequent to the date of declaration or date of confirmation of the dividend, whichever is the later. There is no fixed date on which entitlement to dividends arises and the date of payment will be determined by the Board at the time of declaration, subject to the Listings Requirements. There are no current arrangements under which future dividends are waived or agreed to be waived. Relevant extracts of the MOI relating to dividends are set out in Annexure 9 to this Pre-listing Statement.

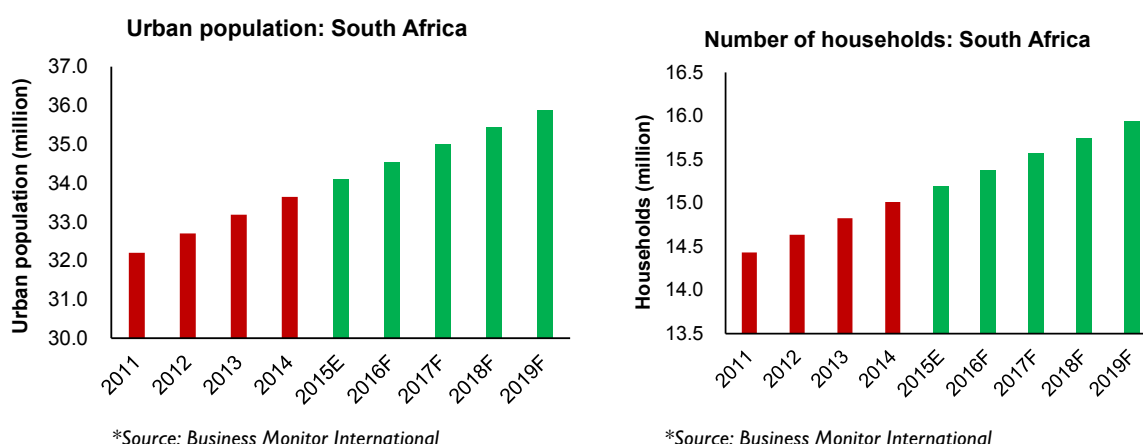
SECTION 3 – RESIDENTIAL PROPERTY SECTOR OVERVIEW AND KEY DRIVERS

23. SOUTH AFRICA'S RESIDENTIAL PROPERTY SECTOR

23.1 Growing urbanisation and strong demand for quality housing

South Africa's urban population has exhibited rapid growth in recent years, a trend which is expected to continue into the future with the addition of approximately 2 million people to South Africa's urban population in the next four years. In 1960, 46.6% of South Africa's population lived in urban areas whereas this figure has increased to 64.3% in 2014.

According to Business Monitor International, the value of the South African residential property sector has grown by an approximate R5.8 billion (36%) over the period 2011 – 2014:



The increase in the urban population is as a result of population net-addition, increasing urbanisation and the settling of a growing migrant population in South Africa.

According to a recent Absa homeowner insights report, extracts of which were published in the Business Day on 26 August 2015, South Africans are “steadily embracing higher density living that exceeds the supply of property stock.” This is driven by the scarcity of land around major metropolitan areas, the rate of urbanisation in South Africa and transport infrastructure lags. Furthermore, the report indicates that an anticipated rapid increase in the number of residential estates in South Africa's major urban metros will create integrated societies in which “free-standing houses close to major metros become the exception rather than the rule.”

Such favourable market fundamentals are expected to support a sustainable and growing demand for affordable, high-quality, value-for-money and conveniently located residential units amongst a wide range of South African homebuyers, including first-time, move-up, active-adult, young professional, families and buy-to-let investors.

23.2 Growing middle-income population

Based on its target price range of between R599,999 – R1,699,000 per home and the residential nodes targeted by Balwin, Balwin's target market based on affordability of a Balwin home as a first time buyer, investor or retiree represents the middle income population category in South Africa.

According to the South African Audience Research Foundation, this population category has exhibited strong growth since 2010, a trend which is expected to continue in the future.

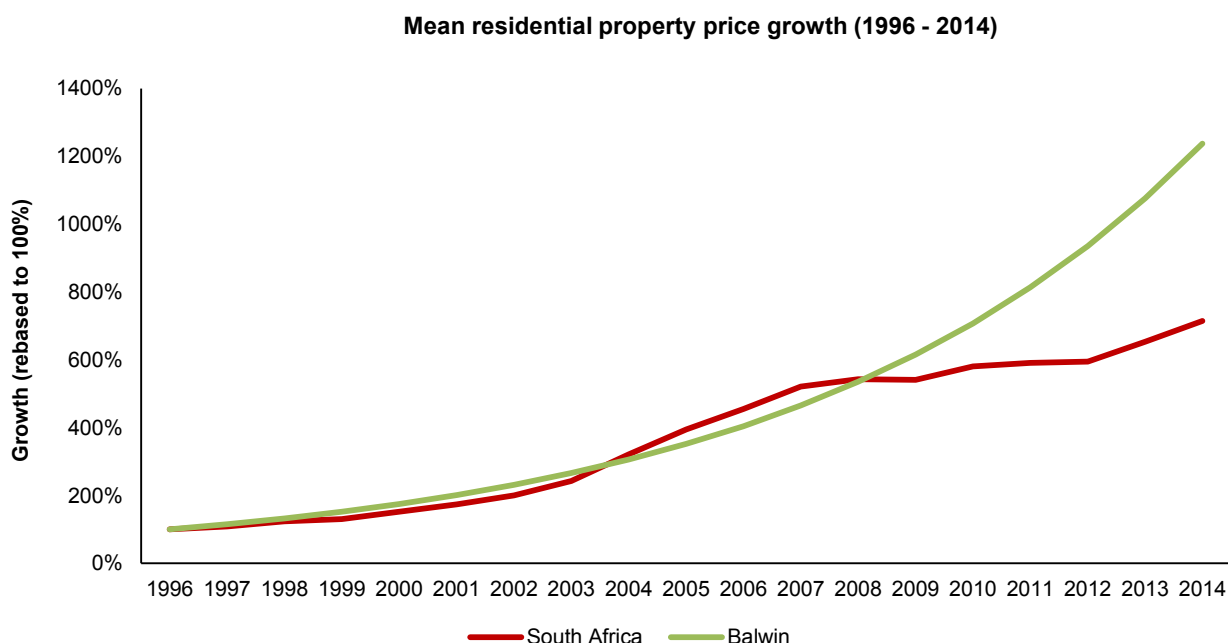
23.3 Residential property as an investment class

In South Africa as in many other developed countries, residential property has traditionally been used as a means of wealth preservation for many, as it provides a homeowner with the opportunity to build equity and personal wealth using leverage (housing bonds) from financial institutions.

Furthermore, South African Income Tax law encourages home ownership through an incentive to South African resident homeowners that exempts the first R2,000,000 of the capital gain on an individual's primary

residence from taxation (with any further capital gain on a taxpayer's primary residence or on any other property investments being subject to CGT, of which only 33.3% of the gain is taxable).

Balwin recognises this as a key consideration when prospective home buyers make their decision to purchase a home and ensures an adequate value-for-money offering in the pricing of new developments in line with or below general market prices (to provide equity value to a new homeowner from day one). On average, Balwin homes have increased by 15% per annum in value since 1996 (as demonstrated through resales by homeowners) versus the average market growth of 11% over the same period:



**Source: house price data reported by Absa*

23.4 Increasing need for safety and convenience supporting record estate living growth

According to leading South African real estate agent Pam Golding (as quoted in www.propertywheel.co.za in an article dated 1 June 2015), South African home buyers are increasingly focused on living in a secure environment while having easy access to amenities and outdoor sporting activities.

With approximately 6,000 closed communities and estates in South Africa, and 318,000 residential properties being estate homes, this form of living is enjoying unprecedented popularity in the country among a wide range of buyers; from working singles to young families, established professionals and retirees.

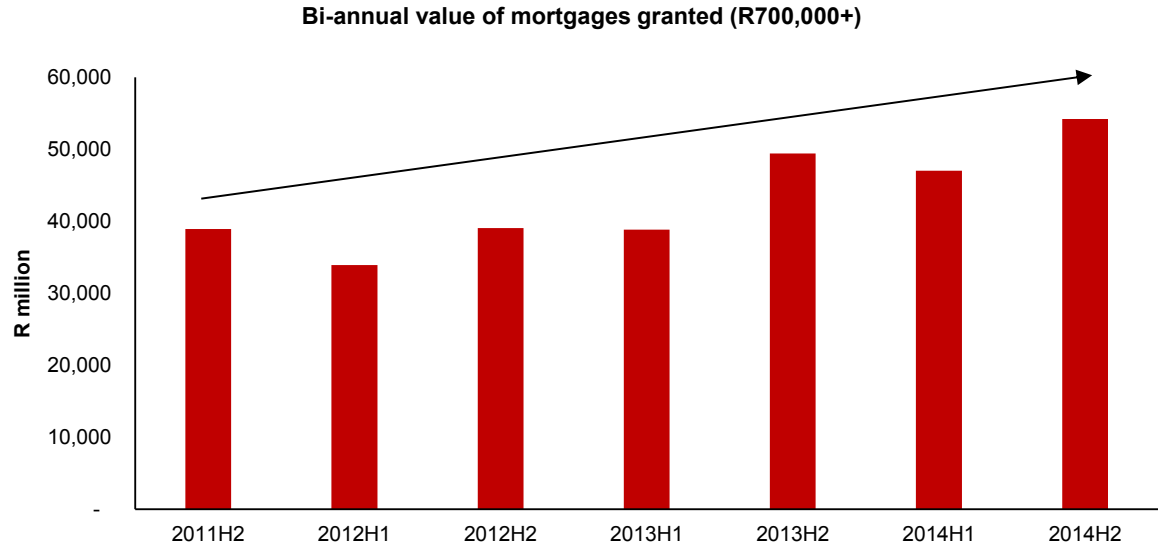
Today, properties situated in secure South African lifestyle estates represent an estimated total value of R643 billion. Further salient industry statistics include:

- approximately 12% of South Africa's registered property comprises sectional-title units, with another 5.3% representing estate developments;
- in the last 20 years, flats and townhouses have made up 26.6% of newly completed buildings;
- in the last three years, 63% of all residential development units financed by Absa were sectional-title units;
- 25% of estate property purchasers are first-time buyers; and
- approximately half of all estates in South Africa are located in Gauteng, with a further 25% in the Western Cape.

Balwin caters to the large section of South Africa's population that cannot afford the high-income lifestyle estate living but desire to achieve the same level of convenience, security and amenities within the R599,999 – R1,699,999 price range.

23.5 Financial institution appetite to extend mortgage bonds to homeowners to acquire property remains strong

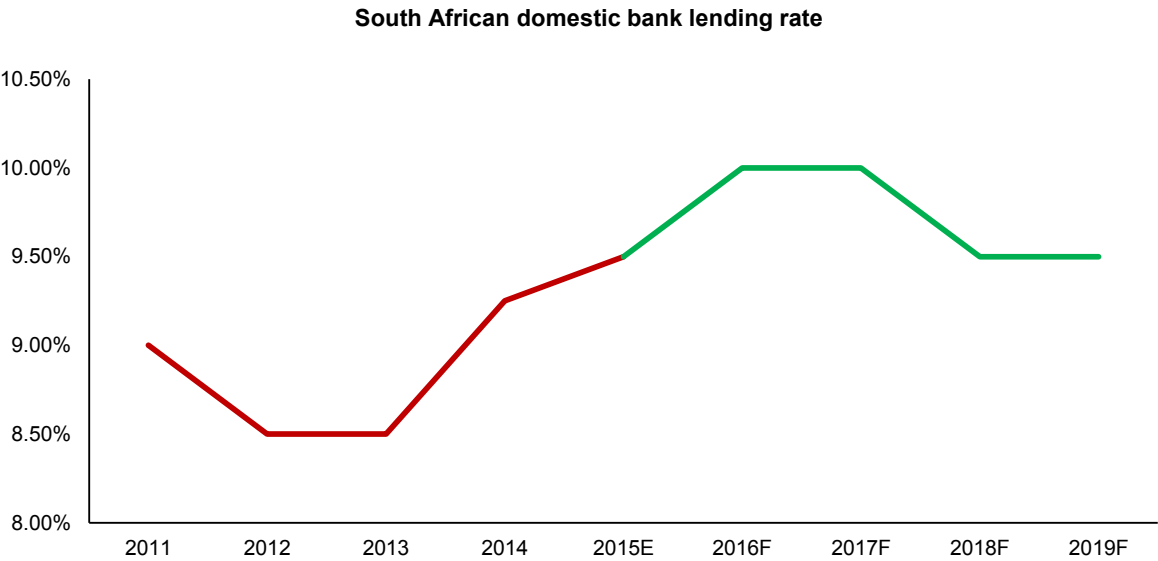
South Africa's banking sector has recovered from the 2008 global financial crisis and lender appetite to extend credit to clients, especially in respect of residential property, remains strong. This has resulted in the provision of approximately R30 billion in additional mortgage credit extension to clients in the R700,000+ mortgage range since 2011, as illustrated in the graph below:



**Source: South African National Credit Regulator*

23.6 Interest rate environment

Interest rates are a key driver for South African property sales as most buyers obtain credit in order to fund property purchases. South Africa has a relatively low interest rate environment which enhances the appeal of an investment in property. The country's interest rates are expected to remain stable in the future, as indicated in the graph below:



**Source: Business Monitor International*

24. **RESIDENTIAL INVESTORS ON THE JSE**

There is increasing appetite for residential property exposure by South African listed REITs such as Indluplace, Vukile, Tower and SA Corporate, which have all recently increased their exposure to the South African residential property market through the conversion of industrial or office buildings to residential apartments or the acquisition of large residential property portfolios which are generally scarce.

In the listed residential property development environment, comparables like Calgro M3, Visual International and RBA Holdings have a residential development offering but largely to a different target market to Balwin.

In this regard the South African property sector lags behind international trends, in which residential property development companies are an established and internationally recognised asset class, specifically in countries (such as the USA, UK, Australia and Singapore) with:

- mature residential mortgage lending;
- a need for security, convenience and affordability;
- availability of private and government land;
- a growing population and growing middle class; and
- availability of commercial lending for developments.

For example in the USA, comparable companies such as Dr. Horton, Taylor Morrison and Standard Pacific boast market capitalisations in excess of R30 billion (with Dr. Horton's market capitalisation in excess of R150 billion). In the UK, where companies such as Bellway, Redrow, Bovis Homes and Persimmon also boast market capitalisations in excess of R30 billion (with Bellway in excess of R60 billion and Persimmon in excess of R130 billion).

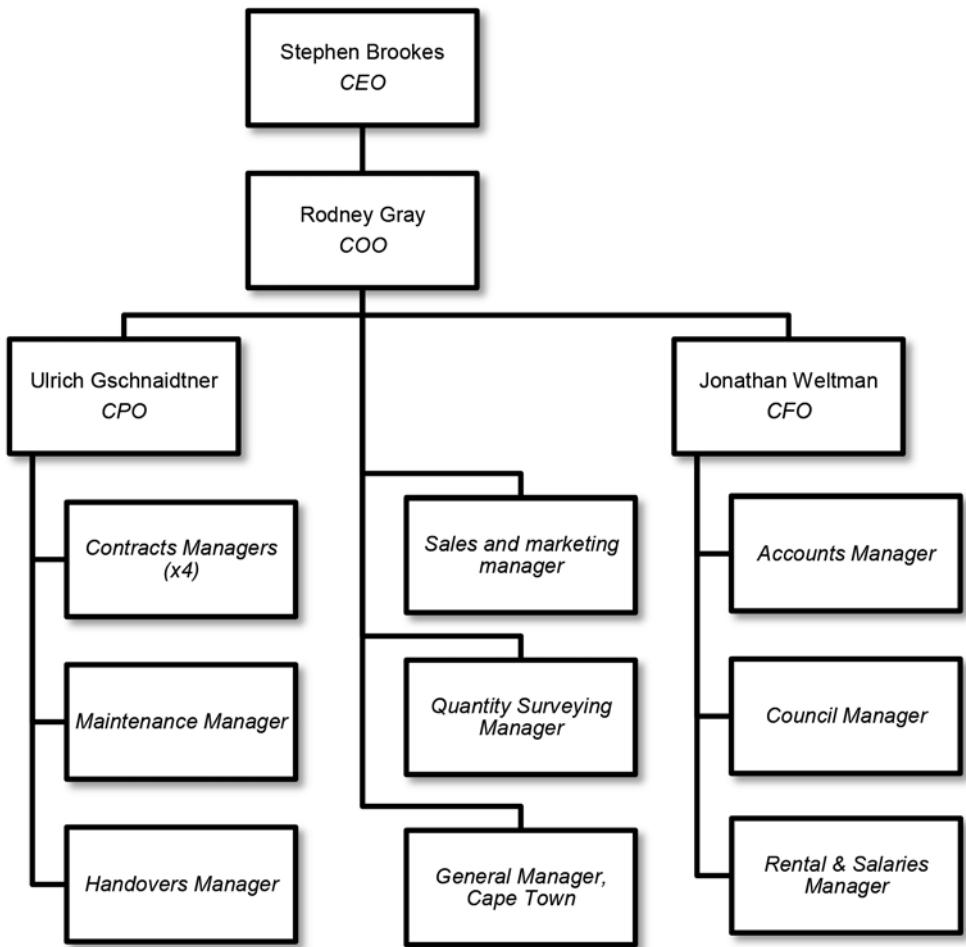
Balwin believes that it is well placed to provide Qualifying Investors with an opportunity to participate in a sector that is significantly under-represented in the South African listed environment.

SECTION 4 – MANAGEMENT

25. DIRECTORS AND MANAGEMENT

25.1 Executive and senior management

Balwin’s management team is led by the Company’s CEO and founder, Stephen Brookes. The Company’s operational structure as at the Last Practicable Date is outlined below:



25.2 Board of Directors

The Board is the focal point for, and custodian of, corporate governance for the Company, by managing its relationship with management, the shareholders and other relevant stakeholders of the Company in line with sound corporate governance principles. It is ultimately accountable and responsible for the performance and affairs of the Company.

The Board should provide effective leadership and vision to the Company in an ethical way that will enhance shareholder value and ensure the Company’s long-term organisational health and sustainability.

At the Last Practicable Date, the Board comprises two executive Directors and five non-executive Directors.

The members of the Board and company secretary are as follows:

Name (age)	Nationality	Business address	Position	Date of appointment as Director and term of office
Stephen Volker Brookes (50)	South African	Block I, Townsend Office Park, I Townsend Avenue, Bedfordview, 2007	CEO/executive Director	14/11/2003; appointment confirmed every three years
Jonathan Weltman (35)	South African	Block I, Townsend Office Park, I Townsend Avenue, Bedfordview, 2007	CFO/executive Director	01/08/2014; appointment confirmed every three years
Hilton Saven (62)	South African	Mazars House, Century City, Cape Town, 7441	Chairman, independent non-executive Director	21/09/2015; appointment confirmed every three years
Rex Tomlinson (52)	South African	356 Rivonia Boulevard, Rivonia, Sandton, 2158	Independent non-executive Director	21/09/2015; appointment confirmed every three years
Basani Maluleke (38)	South African	3 Glenhove road, Melrose Estate	Independent non-executive Director	25/09/2015; appointment confirmed every three years
Kholeka Mzondeki (48)	South African	547 Plover Place, Cedar Boulevard, Broadacres	Independent non-executive Director	25/09/2015; appointment confirmed every three years
Ronen Zekry (36)	South African	First Floor, 30 Melrose Boulevard, Melrose Arch	Non-executive Director	21/09/2015; appointment confirmed every three years

25.3 Experience of Directors and the company secretary

The qualifications and experience of the Directors are set out below:

Name	Qualifications	Experience
Stephen Volker Brookes	National Higher Diploma, Civil Engineering	Stephen is the CEO and founder of Balwin, with approximately 19 years of experience in the position at the Company. Prior to founding Balwin in 1996, Stephen spent 4 years as a civil engineer at Eskom and 3 years as a project manager at Matrix Projects.
Jonathan Weltman	BCom (Hons), CA(SA)	Jonathan is a qualified Chartered Accountant (South Africa) and is Balwin's CFO, a position which he has held for over 3 years. Prior to joining Balwin, Jonathan spent 2 years in the United Kingdom in Morgan Stanley's balance sheet reporting and liquidity funding department. He has also served as financial director at Emotion Cycling, financial controller at Bear Stearns Investment Bank and as a trainee accountant at Grant Thornton South Africa.

Name	Qualifications	Experience
Hilton Saven	BCom, CA(SA)	<p>Hilton is the chairman of Mazars South Africa and serves on the governing council of Praxity, a global alliance of independent accounting and auditing firms, and was appointed to the Mazars Group executive board as co-CEO of the group in December 2009.</p> <p>Outside of Mazars, Hilton was appointed to the board of Truworths International in 2003 and is currently serving as their non-executive chairman. He has also served as a member on a number of other boards, including the Lewis Group.</p>
Rex Tomlinson	BCom, HDPM, SEP (Stanford)	<p>Rex is a vastly experienced non-executive director, with experience serving in this capacity on a number of boards of listed companies, including Nampak, Liberty Holdings, Telkom SA Soc, CIB Insurance Administrators, Cyan Capital, Umfolozi Sugar Mill and Tsogo Sun.</p> <p>In an executive capacity, Rex has previously served as the deputy chief executive officer of Liberty Holdings, chief executive: paper distribution, tissue and strategic initiatives at Nampak and as human resources director at Illovo Sugar.</p>
Basani Maluleke	BCom, LLB, MBA (Kellogg)	<p>Basani is a director of Transcend Capital and a co-founder of African Century Ventures. She has ten years of financial services experience in the areas of corporate finance, private banking and, most recently, private equity. She was admitted as an attorney of the High Court after serving articles at Edward Nathan and Friedland (now Edward Nathan Sonnenbergs).</p>
Kholeka Mzondeki	BCom, ACCA (UK), Investment Management Diploma	<p>Kholeka has over 20 years experience in governance and financial management, during which time she has also served as financial director and chief financial officer in various organisations including a Fortune 500 company.</p> <p>Kholeka has experience serving on the boards of a variety of public and private companies, including Reunert, Masana Petroleum, Aveng, Telkom SA Soc, Sentala Mining, Bauba Platinum and ECS.</p>
Ronen Zekry	CA(SA), BCom, BAcc	<p>Ronen is employed as an equity investor at Buffet Investments and has over 10 years' experience in a variety of property and related private equity transactions and serves as a director on a number of private company boards.</p> <p>Ronen has been actively involved in Balwin since 2011</p>

The details of the companies and close corporations of which the Directors of Balwin have been directors or members at any time in the previous five years preceding the Last Practicable date are set out in Annexure 12.

The qualification and experience of the company secretary is set out below:

Name	Qualifications	Experience
CIS Company Secretaries (c/o Neville Toerien)	Neville Toerien: BA, LLB, Management Advancement Diploma (Wits), Property Development Programme (UCT), Attorney of the High Court of South Africa	<p>The team at CIS Company Secretaries has a number of years' experience and now incorporates a 13 year old professional company secretarial practice.</p> <p>Company secretarial (and related) services are provided to Edgars, Corpogrom Iliad and Karan Beef, amongst others.</p>

25.4 Appointment, qualification, remuneration and borrowing powers of Directors

Set out in Annexure 9 to this Pre-listing Statement are summaries of the relevant provisions of the Company's MOI regarding, amongst other things:

- the qualification, election, terms of office and remuneration of Directors;
- the borrowing powers exercisable by the Directors. The borrowing powers may be varied by an amendment to the MOI;
- provisions of the MOI relating to a Director's personal financial interest in a proposal, arrangement or contract;
- retirement of Directors by rotation
- the determination of the remuneration of Directors within Balwin; and
- requirements for a shareholder vote for the remuneration of Directors of the Board

The Directors' borrowing powers have not been exceeded in the past three years.

No person holds any right in regard to the appointment of Directors, and appointments are made on the basis of the relevant provisions of the MOI as summarised in Annexure 9.

25.5 Directors' remuneration and benefits

For the financial year ended 28 February 2015, remuneration paid and benefits accrued to the Directors were as follows:

For the year ended 28 February 2015				
	Basic salary	Bonuses and performance related payments	Pension and provident contributions	Total
Executive Directors				
Stephen Brookes	2,761,021	455,322	292,989	3,509,332
Rodney Gray	2,761,021	455,322	292,736	3,509,079
Ulrich Gschnaidtner	2,761,021	2,698,289	255,265	5,714,575
Jonathan Weltman	1,035,280	166,000	133,364	1,334,644
Total	9,318,343	3,774,933	974,354	14,067,630

No management, consulting, technical or other fees have been paid directly or indirectly to Directors for services rendered. Directors do not receive any commission nor do they participate in any gain or profit sharing arrangements. In addition, no amounts have been paid by way of expense allowance and no other material benefits have been received by Directors.

The remuneration receivable by the Directors will be varied after the Listing as follows:

For the year ended 28 February 2016				
	Basic salary	Bonuses and performance related payments	Pension and provident contributions	Total
Executive Directors				
Stephen Brookes	4,200,000	350,000	837,300	5,837,300
Jonathan Weltman	2,160,000	180,000	484,548	2,824,548
Total	6,360,000	530,000	1,321,848	8,211,848

Notes:

Rodney Grey and Ulrich Gschnaidtner resigned as directors effective 20 September 2015.

No amounts are paid to Directors in respect of their directorships in Balwin's subsidiary company, Balwin UK

Non-executive Director fees for 2016 was approved by the Board on 21 September 2015 and by the Shareholders on 26 September 2015. The approved remuneration receivable by the non-executive Directors for the 2016 financial year is as follows:

Board of directors		Audit and Risk Committee		Social and Ethics Committee		Remuneration and Nomination Committee	
Chair	Member	Chair	Member	Chair	Member	Chair	Member
R300,000	R150,000	R150,000	R120,000	R120,000	R100,000	R120,000	R100,000

No awards or options have been granted to the Directors to acquire Offer Shares. No share options have been granted to Directors in the last financial reporting period by the Company or its Subsidiaries.

No fees have been paid or accrued to third parties in lieu of Directors' fees since the incorporation of the Company; and no business of the Company is managed or proposed to be managed by a third party under any contract.

25.6 **Directors' interests**

The direct and indirect interests of the Directors in the Company's issued Ordinary Shares as at the Last Practicable Date are disclosed in paragraph 37.1 of this Pre-listing Statement. There has been no change in Directors' interests since the end of the preceding financial year.

There have been no dealings in Ordinary Shares by any of the Directors or their associates in the period between 28 February 2015 and the Last Practicable Date.

25.7 **Borrowing powers of Directors of Balwin**

The borrowing powers exercisable by the Directors are governed by the MOI, relevant summaries of which are set out in Annexure 9, and can be varied by an amendment effected in accordance with section 16(1) of the Companies Act and a special resolution passed by the holders of the Ordinary Shares in the Company.

25.8 **Retirement or non-retirement of directors under an age limit**

The MOI (relevant summaries of which are set out in Annexure 9) does not prescribe an age limit for the retirement of directors. The MOI can be varied by an amendment effected in accordance with section 16(1) of the Companies Act and a special resolution passed by the holders of the Ordinary Shares in the Company.

25.9 **Details of other directorships**

Details of other directorships held by the Directors of the Company are contained in Annexure 12.

25.10 **Additional information regarding the Directors**

None of the Directors of the Company, nor the directors of its Subsidiary, has:

- been declared bankrupt, insolvent or has entered into any individual voluntary compromise arrangements other than:
 - Stephen Brookes and Rodney Gray, who were sequestered in February 2001. Following the sequestration, a rehabilitation process was undertaken by Mr Brookes and Mr Gray. The insolvent estates of both Mr Brookes and Mr Gray were declared as rehabilitated by the Pretoria High Court in October 2002.
- been or is a Director with an executive function in respect of any company or entity in respect of which business rescue plans and/or resolutions have been proposed, application has been made for any such entity to be put in business rescue or any notices in terms of section 129(7) of the Companies Act have been issued, or which have entered into any receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company during the preceding 12 months;
- entered into any compulsory liquidations, administrations or partnerships, voluntary arrangements of any partnerships where such directors are or were partners during the preceding 12 months;
- entered into any receiverships of any asset(s) or of a partnership where such directors are or were partners during the preceding 12 months;

- been publicly criticised by a statutory or regulatory authority, including recognised professional bodies or disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- committed any offence of dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement;
- been removed from an office of trust, on the grounds of misconduct, involving dishonesty;
- been declared delinquent by an order of court nor been placed under probation in terms of section 162 of the Companies Act and/or section 47 of the South African Close Corporations Act, 1984 (Act 69 of 1984) (as amended) nor been disqualified by a court to act as a director in terms of section 219 of the Companies Act, 1973 (Act 61 of 1973) (as amended) or Section 69 of the Companies Act;
- been found guilty in disciplinary proceedings, by an employer or regulatory body, due to dishonest activities;
- been barred from entry into any profession or occupation; or
- been convicted in any criminal jurisdiction of any criminal offence, of an offence under legislation relating to the Companies Act, or been a director of a company which was convicted in any jurisdiction of any criminal offence or an offence under legislation relating to the Companies Act.

25.11 **Directors' interests in transactions**

No Director of the Company has or had any beneficial interest, directly or indirectly, in any transaction which is, or was, material to the business of Balwin and which was effected by Balwin during the current financial year or the immediately preceding financial year or in respect of any previous financial year which remains in any respect outstanding or unperformed.

The relevant provisions of the MOI relating to a Director's personal financial interest in a proposal, arrangement or contract in which he is materially interested are set out in Annexure 9.

SECTION 5 – CORPORATE GOVERNANCE

26. CORPORATE GOVERNANCE

26.1 King code application checklist

A full analysis of the steps taken by the Company to comply with the King Code will be available for inspection at the registered office of Balwin and of the Sponsor as disclosed under the “Corporate Information and Advisors” section on the cover page of this Pre-listing Statement. This information will be available to prospective investors at no charge during business hours from Opening Date until Listing Date (15 business days). In addition, this information will be available on the Company’s website (www.balwin.co.za).

26.2 Commitment and approach

The Board is responsible for ensuring that the Company complies with all of its statutory obligations as specified in the MOI, the Companies Act, the Listings Requirements and all other regulatory requirements. The Board at all times acts in the best interests of the Company in ensuring an effective compliance framework, the integrity of its financial reporting and risk management, together with timely and transparent disclosure to Shareholders.

The Company is committed to the principles of effective corporate governance and application of the highest ethical standards in the conduct of its business and affairs. The Directors endorse the King Code and recognise the need to conduct the affairs of the Company with integrity and in accordance with generally accepted corporate practices. The Directors recognise that they are ultimately responsible for the financial performance of the Company.

26.3 Board of Directors’ practices

The Company’s Board currently consists of two executive Directors and five non-executive Directors, four of whom are independent non-executive Directors. In accordance with Balwin’s board charter (the “Board Charter”); the Board composition reflects a majority of non-executive directors, the majority of whom are independent. The roles of the chairman and the CEO are clearly segregated. Pursuant to the abovementioned composition and the policies set out in the Board Charter, no one Director has unfettered powers of decision making.

The Board is ultimately responsible for holding the CEO and CFO accountable for the management of Balwin’s business, as well as for approving Balwin’s strategy and key policies. The Board is also responsible for approving Balwin’s financial objectives and targets.

Appointments to the Board are to be made in a formal and transparent manner and are a matter for the Board, subject to Shareholder approval. The Board also has the power to appoint additional Directors.

The Company’s executive Directors are involved in the day-to-day business activities of the Company and are responsible for ensuring that the decisions of the Board are implemented in accordance with the mandates given by the Board.

The Board has a minimum of four scheduled meetings per financial year. *Ad hoc* meetings are held to consider special business, if required.

26.4 Committees

26.4.1 Audit and risk committee

The audit and risk committee is responsible for performing the functions required of it in terms of section 94(7) of the Companies Act. These functions include: (i) nominating and appointing the Company’s auditors and ensuring that such auditors are independent of the Company; (ii) determining the auditors’ fees and terms of engagement; (iii) ensuring that the appointment of the auditors complies with the provisions of the Companies Act and any other relevant legislation; (iv) determining, from time to time, the nature and extent of non-audit services to be provided by the Company’s auditors and to pre-approve any agreement in respect of such services; (v) preparing a report to be included in the annual report of the Company, in compliance with the Companies Act; (vi) dealing with any complaints (whether from within or outside the Company) relating to accounting practices; and

(vii) making submissions to the Board on any matter concerning the Company's accounting policies and financial control.

The non-statutory functions of this committee are to assist the Board in discharging its duties relating to the safeguarding of the assets of the Company, the operation of adequate systems, the formulation of internal controls and control processes and the review and preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, corporate governance and accounting standards and addressing statutory and regulatory issues, including the nomination for appointment, removal and replacement of the external auditors, with the appointment being subject to the approval by Shareholders at the next annual general meeting. With regard to risk, this committee is to assist the Board to ensure that: (i) the Company has implemented relevant risk management processes that will enhance Balwin's ability to achieve its strategic objectives; and (ii) the Company's disclosure regarding risk is comprehensive, timely and relevant.

The audit and risk committee would normally invite the CEO, the CFO, managers responsible for finance and the external audit partners to attend meetings and to make proposals as necessary.

The audit and risk committee reviews the expertise, experience and performance of the Company's CFO, Jonathan Weltman, annually and reports on whether or not it is satisfied therewith. The audit and risk committee confirms this review by reporting to the Shareholders in the annual report of the Company that it has executed this responsibility. The audit and risk committee has determined that it is satisfied with Jonathan Weltman's current expertise, experience and performance as Balwin's CFO in the last reporting period. In addition, the audit and risk committee reviews and reports on the expertise, resources and experience of the Company's finance function.

The audit and risk committee meets a minimum of three times per financial year. Ad hoc meetings are held to consider special business, as required.

The audit and risk committee is chaired by Kholeka Mzondeki, an independent non-executive Director, and its other members are Hilton Saven, Basani Maluleke and Rex Tomlinson. All three members are independent non-executive Directors of the Company.

26.4.2 **Remuneration and nominations committee**

Rex Tomlinson, an independent non-executive Director, chairs the remuneration and nominations committee which is comprised entirely of non-executive Directors, the majority of whom are independent. The other members of the remuneration committee are Basani Maluleke and Ronen Zekry.

The remuneration and nominations committee is responsible for the specific remuneration packages for executive Directors, including, but not limited to, basic salary, performance-based short-term and long-term incentives, pensions and other benefits (recommendations in this regard are made after considering both the interests of the Shareholders and the financial and commercial health of the Company), long-term incentive schemes and the allocation of Shares and rights in terms thereof. The remuneration and nominations committee is also responsible for recommending to the Board, fees for the Directors and the Chairperson, fees for members and chairmen of sub-committees of the Board, for subsequent approval by Shareholders of the Company. The remuneration and nominations committee is also responsible for evaluating the collective skills and competence of the board of directors and putting candidates forward for subsequent approval by Shareholders of the Company.

The remuneration and nominations committee meets a minimum of twice per financial year. *Ad-hoc* meetings are held to consider special business, as required.

26.4.3 **Social and ethics committee**

This committee comprises Basani Maluleke, who chairs the committee, Kholeka Mzondeki and Ronen Zekry. The social and ethics committee monitors the Company's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice, in respect of social and economic development, good corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, including the impact of the Company's activities and of its products or services), stakeholder and consumer relationships and labour and employment issues.

The social and ethics committee draws to the attention of the Board, matters within its mandate as occasion requires and reports to the Shareholders at the Company's annual general meeting on such matters.

In order to carry out its functions, the social and ethics committee will be entitled to request information from any Directors or employees of the Company, attend and be heard at general Shareholders' meetings, and receive notices in respect of such meetings.

The social and ethics committee meets a minimum of twice per financial year. *Ad-hoc* meetings are held to consider special business, as required.

26.4.4 **Transactions committee**

Although not currently constituted, the Board intends on establishing a transactions committee post Listing. It is intended that this committee will comprise of the chairperson of the Board (Hilton Saven), the CEO (Stephen Brookes) and a non-executive director (Ronen Zekry) and will consider and approve proposed land acquisitions by Balwin in light of the Company's financial and working capital position, strategic objectives and current development plans in the context of the prevailing South African regulatory environment. The relevant thresholds for land acquisitions to be approved by the transactions committee are as follows:

- Where the purchase price per acquisition is equal to or exceeds R100,000,000 (one hundred million rand); or
- Where the aggregate of the purchase prices of more than one acquisition is equal to or exceeds R300,000,000 (three hundred million rand) over a rolling 12 (twelve) month period; or
- With a related party (as such term is understood in the Companies Act and/or Listings Requirements).

The Board may amend the relevant thresholds from time to time.

26.5 **Internal control systems**

To meet Balwin's responsibility to provide reliable financial information, the Company maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal, and that transactions are properly authorised and recorded.

The Company monitors the operation of the internal control systems in order to determine if there are deficiencies. Corrective actions are taken to address control deficiencies as they are identified. The Board, operating through the audit and risk committee, oversees the financial reporting process and internal control systems. There are inherent limitations on the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

26.6 **Company secretarial function**

CIS Company Secretaries, as company secretary of the Company, is a suitably-qualified, competent and experienced company secretary and has been appointed and appropriately empowered to fulfil duties with regards to assistance to the Board. The company secretary is not a Director of the Company. The Board has considered CIS Company Secretaries, and is satisfied that there is an arms-length relationship between the company secretary and the Board, who can remove the company secretary from office.

The Board reviews the competence, qualifications and experience of the company secretary, CIS Company Secretaries, annually and reports on whether or not it is satisfied therewith. This report is confirmed by reporting to Shareholders in the annual report of the Company. The Board has determined that it is satisfied with CIS Company Secretaries' current competence, qualifications and experience as Balwin's company secretary.

The company secretary of the Company is required to provide the Directors, collectively and individually, with guidance as to their duties, responsibilities and powers and is also required to ensure that the Directors are aware of all laws and legislation relevant to, or affecting the Company and reporting to any meetings, of the Shareholders of the Company or of the Directors, any failure on the part of the Company or a Director to comply with the MOI or rules of the Company or the Companies Act.

The company secretary must certify in the Company's annual financial statements whether the Company has filed all the required returns and notices in terms of the Companies Act, and whether all such returns and notices appear to be true, correct and up to date, and ensure that a copy of the Company's annual financial statements is sent, in accordance with the Companies Act, to every person who is entitled to it. Furthermore the company secretary is responsible for carrying out the functions of a person designated in its annual returns to ensure the Company's compliance with its transparency, accountability and integrity of requirements set out in sections 22 to 34 of the Companies Act, and the enhanced accountability and transparency requirements set out in Chapter 3 of the Companies Act, to the extent applicable.

The company secretary is also required to ensure that minutes of all Shareholders' meetings, Directors' meetings and any Statutory and Board committee meetings of the Directors are properly recorded in accordance with sections 24(d) and (e) and section 73 of the Companies Act.

SECTION 6 – RISK FACTORS

Risk factors described herein as well as in paragraph 51, below, should be carefully considered with all other information contained in this Pre-listing Statement before a decision is made to invest in the Shares. If any of the following risk factors, as well as other risks and uncertainties that are not currently known to the Group or that it currently believes is not material, actually occur, the Group's business, financial condition and results of operations could be materially and adversely affected. Accordingly the trading price of the Shares could decline, and losses realised on the investment.

27. BUSINESS-SPECIFIC RISKS

27.1 Ability to source and fund future land acquisitions

The ability of the Company to develop and sell sectional-title residential units is contingent upon its ability to source and fund suitable land. Such land must meet Balwin's strict buildability and demographic requirements, including requirements pertaining to size, location, zoning, buildability and so on. Furthermore, the land must be available at an appropriate price, for which Balwin is able to secure sufficient funding.

This risk is mitigated by the fact that Balwin has secured sufficient land for approximately 8 years of development based on its current run-rate of approximately 2,377 homes per annum.

27.2 Loss of, or inability to retain or recruit, senior management and key personnel

The success of the Company is based, in part, on the operational and strategic contributions of its executive management and other key personnel, who have extensive experience in the residential construction industry. In the event that the Company is unable to retain, or suffers a prolonged interruption of, the services of such individuals, the business operations of the Company may be disrupted and the Company's prospects and financial condition may deteriorate.

The Company continues to invest in the knowledge and skills of its work-force, through extensive on the job training. At a more senior level, planning is performed to ensure adequately skilled and experienced managers are identified, trained and groomed for succession.

27.3 Risks related to health and safety standards

Serious injury to or death of employees on duty that is caused by an incident at one of Balwin's developments may lead to criminal liability and financial penalties to the Company and would cause reputational damage to the business.

The Company has put a number of measures in place in order to mitigate this risk:

- as Balwin makes use of outsourced construction labour, the liability for injuries sustained on site rests with the respective contractor, unless such injury has been directly caused by an action implemented by Balwin;
- all construction contractors are required to have a formal health and safety policy in place prior to commencing work on any Balwin development. Furthermore, this policy must be prominently displayed and communicated to all employees on site;
- all on-site employees undergo periodic health and safety training; and
- all developments are allocated a dedicated, accredited Balwin safety officer in order to mitigate and deal with potential safety-related incidents as and when they occur.

28. SYSTEMATIC RISKS

28.1 Residential property prices

Balwin's profitability is linked to prevailing residential property prices in the Company's geographic locality of operations. A future downturn in property prices could impact on Balwin's revenues and cause the Company's financial performance to deteriorate.

This risk is mitigated by a number of factors:

- Balwin's strong Gross Profit Margin, of 35.9% for the financial year ended 28 February 2015 and 35.5% for the financial year ended 28 February 2014, allows the Company to remain profitable despite a downturn in property prices;

- the Company's plans to establish a rental portfolio will allow the Company to remain flexible in the face of fluctuating residential property prices as Balwin may elect to hold new units for rental, to be sold when prevailing property prices improve; and
- based on the anticipated growth in South Africa's urban middle class, as outlined in Section 3 of this Pre-listing Statement, it does not appear likely that the demand for and consequent price of Balwin's units will decline significantly in the near future.

28.2 Interest rate and inflation rate fluctuations

An increase in market interest rates can impact on the ability of Balwin's customers to obtain financing for the acquisition of residential units. Furthermore, higher inflation rates may curb the Company's profitability where such increased inflation rates are not associated with increased revenue.

This risk is mitigated by the Company's strong Gross Profit Margins, as Balwin has the ability to remain profitable if such macroeconomic changes occur. In addition, the Company plans to establish a rental portfolio which will allow it to remain resilient should an increase in interest or inflation rates affect demand.

28.3 Changes in tax legislation

South Africa has a stable tax environment, and the tax administration system is advanced and transparent in many aspects. Changes in general corporate or other taxation legislation could however affect Balwin's results of operations. Such Government action may be unpredictable and beyond Balwin's control, and any adverse changes in Government policies could have a material adverse effect on Balwin's business prospects, results of operations and financial position, and may cause the market price of the Offer Shares to decline. Furthermore, compliance with the relevant taxation laws could come with a regulatory cost, and non-compliance could be subject to fines, penalties and/or legal action.

28.4 Sovereign risk

Actions by the South African government could have an adverse effect on Balwin's business. These may include:

- political and economic instability;
- civil unrest;
- unexpected and frequent changes in governmental policies, legal and regulatory environments;
- seizure, expropriation, nationalisation and requisition of property;
- governmental and business corruption issues; and
- high inflation.

Such Government actions are unpredictable and beyond Balwin's control, and any adverse changes in Government policies could have a material adverse effect on Balwin's business prospects.

29. RISKS RELATED TO THE OFFER

29.1 Liquidity risk

Although the Ordinary Shares are expected to be listed on the JSE, there is no guarantee that an active trading market for the Offer Shares will develop and continue after the Offer. In addition, the JSE may prove to be less liquid than other internationally-recognised stock exchanges. If no active trading in the Offer Shares develops and continues after the Offer, this could have a material adverse effect on the liquidity and market price of the Offer Shares. The Offer Price will be determined by the Bookrunner in consultation with the Company and may not be indicative of the market price of the Offer Shares after the Listing.

29.2 Share price volatility

The Offer Price will be determined by the Bookrunner in consultation with the Company and may not be indicative of the market price at which the Offer Shares will trade after the Listing. The market price of the Offer Shares could be volatile and subject to significant fluctuations due to a variety of factors, some of which do not relate to Balwin's financial performance, including changes in general market conditions, the general performance of the JSE, changes in sentiment in the market regarding the Offer Shares (or securities similar to them), regulatory changes affecting Balwin's operations, variations in Balwin's operating results, business developments for the Company or its competitors, the operating and share price performance of other companies in the industries and markets in which Balwin's businesses operate, speculation about the

Company's business in the press, media or the investment community. Furthermore, Balwin's operating results and prospects from time to time may vary and may not meet the expectations of market analysts and investors which could result in share price fluctuations.

29.3 **Dividends**

The Directors recognise the importance of maintaining a consistent and transparent dividend policy and will endeavour to avoid volatile swings in the dividend profile by ensuring high quality, medium-term strategic and financial planning. However, there is no assurance that a dividend will be paid in respect of any financial period, and any future dividends will be a function of the profitability and Return on Equity of the Company, the future organic growth strategies which require capital investment, and/or the need to strengthen the balance sheet during periods of economic uncertainty. In addition, the rules of the Companies Act will need to be adhered to regarding any dividend distributions.

30. **RISKS RELATED TO SOUTH AFRICA**

30.1 **Political, social and economic conditions in South Africa may adversely affect economic conditions and demand for Balwin's products and services**

As an emerging market, South Africa has experienced, and may continue to experience periods, of political, social and/or economic instability, all of which have had and could in future have an adverse impact on Balwin's operations. In South Africa, the Company is exposed to a variety of such factors which are beyond the control of the Company. All of these factors could in the future have an impact on the financial position and results of operations of the Company.

30.2 **Risks relating to strike actions**

South Africa has a highly unionised work force and is subject to planned legal strike action and unplanned and illegal strike action from time to time. Such actions and in particular prolonged and frequent strike action may have a negative impact on the Company and its customer base.

It is noted, however, that Balwin enjoys a very stable work force as a result of the Company's policy of treating staff well and remunerating them fairly, with incentive bonuses paid in recognition of exceptional performance. At present, Balwin's work force is not unionised although employees of contractors may potentially belong to various unions.

The Company has never been subject to strike activity and does not anticipate this becoming a concern in the future.

SECTION 7 – REGULATIONS APPLICABLE TO BALWIN

31. REGULATIONS APPLICABLE TO BALWIN

Balwin is subject to various legislation and regulations in addition to the exchange control regulations outlined in paragraph 13 of this Pre-listing statement. Some of the principal laws and regulations which govern Balwin's operations are set out below:

31.1 **Ownership of land**

- Ownership in and of land is evidenced by a title deed, which is registered in a Deeds Registry in terms of the Deeds Registries Act.
- The Deeds Registries Act regulates administrative matters relating to ownership of land and governs and regulates the processes that ensure the protection and security of land rights. There are various legal mechanisms through which ownership in land and real rights in and to land are transferred from one person to another, the most common of which is by means of a deed of transfer executed or attested by the Registrar of Deeds in terms of the Deeds Registries Act. Examples of real rights in property that can be transferred from one person to another include grants or lease of land lawfully issued by the government, or any other competent authority (leasehold land), personal and praedial servitudes, mortgage bonds, collateral bonds, surety bonds, notarial bonds and notarial leases.

31.1.1 **Land registration system**

The South African system of land registration is premised on the surveying and recordal of all land in a land register, which is ultimately administered by the Chief Registrar of Deeds, appointed and empowered in terms of the Deeds Registries Act and by the Chief Surveyor-General appointed by and empowered in terms of the Land Survey Act No. 8 of 1997.

31.1.2 **Protection of property rights**

- The property registration system is aimed at recording and protecting the ownership of and real rights in and to land within South Africa. Deeds registries have been created in each province in order to record, and give notice to the public, of the ownership of land and rights in and to land. Most Deeds Registries have four land registers: a township register, sectional-title register, agricultural holdings register as well as a farm register wherein every property, and its transaction history, within each Deeds Registries jurisdiction is recorded.
- The Alienation of Land Act protects land rights by requiring the sale, exchange or donation of land to be contained in a deed of alienation which must be signed by the parties or their agents acting on their written authority for such sale, exchange or donation to be valid.
- Property in South Africa is generally transferred by an admitted attorney called a conveyancer, who has passed a specialised conveyancing examination. Only a conveyancer may prepare and sign or execute certain deeds and documents for registration and/or lodgement in the Deeds Registry.

31.1.3 **Land acquisition**

Under South African Law, land may be acquired through various methods, including, but not limited to, prescription, expropriation as well as sale and transfer. Land is generally acquired by means of sale and transfer. The sale of land is governed by the Alienation of Land Act and the transfer of land is regulated by the Deeds Registries Act.

31.1.4 **Expropriation**

- The Constitution provides that property may be expropriated only according to law of general application for a public purpose or in the public interest, but compensation must be paid. It further prescribes circumstances that must be considered in ensuring that the amount of compensation payable, and the time and manner of payment, is just and equitable.
- Various government institutions are empowered under the Expropriation Act No. 63 of 1975 and various other statutes to expropriate property in terms of specific processes set out in those statutes.
- The Restitution Act provides for the restitution of rights in land to persons or communities who were previously dispossessed of such rights as a result of past racially discriminatory laws or practices. All claims under the Restitution Act had to be lodged by 31 December 1998. The Restitution Act provides the statutory framework for the restitution process.
- The Land Claims Court, which is the institution established by the Restitution Act for purposes of administering its functions in terms of the Restitution Act, may make orders, including but not limited to, the restoration of land or any portion of land; the grant to the claimant to an appropriate right in alternative state land; the payment of compensation to the claimant; the inclusion of the claimant as a beneficiary of a state support programme for housing or the allocation and development of rural land or grant of any alternative relief. The Land Claims Court is required to take into account, the feasibility of an order for the restoration of rights to land before making such order. Any restitution claim lies against the state and must be granted by the state. In the unlikely event that the land is expropriated in terms of an expropriation order, the land owner will be entitled to just and equitable compensation.

31.1.5 **The landlord and tenant**

- Lease agreements at common law require a lessor and lessee to conclude a lease agreement by agreeing on the property to be let, the lease period and the obligation to pay rent. The lessor and lessee may agree in writing to include additional clauses for reasons of certainty. In addition, the general principles of contract law also apply to lease agreements.
- South African law acknowledges the principle of “huur gaat voor koop” (“lease comes before the sale”), which provides that the right of the lessee to continue to occupy the premises for the agreed duration of the lease will be protected and cannot be interfered with by any successors in title or creditors. The formalities in respect of Leases of Land Act No. 18 of 1969 codifies the principle of “huur gaat voor koop” and provides that a lessee will benefit from the protections offered by the “huur gaat voor koop” principle for a period up to ten years from the commencement of the lease. Where the lessee wishes to have the protections afforded by the principle of “huur gaat voor koop” extended beyond a period of ten years, either the lease must be notarially executed and registered in a Deeds Registry against the title deeds of the leased land in terms of the Deeds Registries Act or the lessee must prove that the creditor or the successor-in-title was aware of the existence of the lease at the time of the giving of the credit or the entry into of the transaction by which he or she obtained the leased land or a real right in respect thereof.
- Once a lease is registered, it constitutes immovable property in terms of the Deeds Registries Act and is capable of being mortgaged by the lessee as security for debt in the form of a mortgage bond. Section 14 of the Consumer Protection Act provides that agreements which are entered into for a fixed term may be cancelled by the consumer or the supplier in specific circumstances governed by the provisions of the Consumer Protection Act. This poses a threat to the validity of security taken in the form of mortgage bonds over leases.

31.1.6 **Taking security over land**

- There are various kinds of real security that can be distinguished. The most important distinction is based on the nature of the object of security, namely movable or immovable property. There are four categories of real security: the pledge; mortgage; cession in securitatem debiti; and security granted by operation of law, i.e. liens, statutory security rights, judicial pledge and tacit hypothecs.
- Immovable property is mortgaged by means of a registered mortgage bond and in the case of movables, a notarial bond is registered and a limited real right is established without delivery.

31.1.7 **Land claims**

Land claims may be made by claimants under the Restitution Act. According to section 1 of the Land Rights Act, persons are entitled to restitution of a right in a land if they were dispossessed of a right in land after 19 June 1913 as a result of past racially discriminatory laws or practices. Land claims had to be lodged with the Land Claims Commission, established in terms of the Restitution Act, by claimants by no later than 31 December 1998.

Section 11 of the Restitution Act stipulates that if the Regional Land Claims Commissioner is satisfied that:

- the land claim has been lodged in the prescribed manner;
- the claimant is entitled to claim under section 2 of the Restitution Act (claimant has not been compensated in another manner, etc.); and
- the land claim is not frivolous or vexatious,

then the Regional Land Claims Commissioner will publish a notice in the Government Gazette and advise the owner of the land of the land claim that has been lodged. The Regional Land Claims Commissioner is then empowered to investigate the land claim and to mediate if there are competing land claims over the land or if the landowner disputes the land claim (section 13 of the Restitution Act). The Regional Land Claims Commissioner may refer the matter to the Land Claims Court, established in terms of the Restitution Act if, on completion of the investigation, the parties to any dispute arising from the land claim agree in writing that it is not possible to settle the land claim by mediation and negotiation (section 14 of the Restitution Act).

The Chief Land Claims Commissioner is empowered by section 16 of the Restitution Act to establish rules regarding the procedure to be followed by the Land Claims Commission in the land claim validation procedure. The rules established by the Chief Land Claims Commissioner in terms of this section include that the Regional Land Claims Commissioner will:

- establish the date and the circumstances of the dispossession of the rights in such land (regulation 5d, Government Notice 703, Government Gazette 16407 of 12 May 1995); and
- investigate the nature of the right in the land claimed and obtain proof thereof (regulation 5g, Government Notice 703, Government Gazette 16407 of 12 May 1995).

Once the land claim has been gazetted by the Regional Land Claims Commissioner, any person who wishes to develop the land in question must give one month's notice in writing to the Regional Land Claims Commissioner (section 11(7)(aA) of the Restitution Act).

31.1.8 **Property rates**

South African law authorises the imposition of rates on property, taxes, levies and other duties. The municipality may impose rates on the property and surcharges on fees for services provided by or on behalf of the municipality however this imposition may not be exercised by the municipality in a way that materially or unreasonably prejudices national economic policies, economic activities across municipal boundaries or the national mobility of goods services, capital or labour and may be regulated by national legislation. Section 92 of the Deeds Registries Act provides that no deed of grant or transfer of land may be registered unless accompanied by a receipt or certificate that the taxes, duties and fees payable to the government or to any provincial administration has been paid.

31.1.9 **Property development**

South African law provides that property must be zoned for the intended purpose for which the property is used. Zoning is the allocation of rights of use to land situated in different regions. Zoning allows the government the power to maintain and protect public health, safety, welfare and morals. Typical zoning categories include: residential, business and industrial.

Zoning uses often conflict one another; for example, a commercial building usually cannot be built on property zoned for residential use, or a residential building may clash with industrial zoning. When a land owner wants to use his/her land in a way that is not permitted by the zoning of his or her land, the owner must make an application to rezone the land to a classification which permits the desired use.

Land may also be sub-divided if the owner of the land wishes to split the land into smaller segments. However, the Land Use Planning Ordinance No. 15 of 1985 (the “Ordinance”) makes it clear that no person including the state may subdivide any land except in accordance with an application granted by the Competent Authority, further that no application for sub-division will be considered unless, the land concerned has been zoned in a manner permitting subdivision.

Additional land use and town planning legislation which has relevance to Balwin in a property development context includes but is not limited to:

- the Spatial Planning and Land Use Management Act No. 16 of 2013;
- the Town Planning and Townships Ordinance 15 of 1986; and
- the Northern Cape Planning and Development Act 7 of 1998.

31.2 **Environmental issues**

Two fundamentally important sections of South African legislation which are of relevance in an environmental context to the operations of Balwin are the Constitution and the NEMA. The Constitution of the Republic of South Africa No. 108 of 1989 entrenches the fundamental right of every person to an environment “...which is not detrimental to his/her health or wellbeing”. NEMA aims to give effect to the principles of the Constitution. NEMA is the primary legislation governing protection and control of the environment. It consists of provisions such as protected natural environments, limited development areas, regulation on noise, vibration and shock, general regulatory powers and various provisions relating to offences and penalties.

NEMA imposes a duty on any person who causes, has caused or may cause significant pollution or degradation to take reasonable measures to prevent, minimise and rectify significant pollution and environmental degradation. Non-compliance with the duty of care allows a competent authority to require that specified measures be taken (and if not taken, the competent authority may take those steps itself and recover the costs from various parties). NEMA also creates the possibility of a class action against any entity for potential or actual adverse consequences of a particular activity on the environment. In addition to the abovementioned acts, there is an abundance of legislation dealing with various aspects of environmental law.

31.3 **Competition and anti-trust laws**

The Competition Act is the key legislation which governs competition in South Africa. The Competition Act aims at promoting and maintaining competition through merger control, as well as through regulating certain prohibited practices between competitors, between parties in vertical relationships (such as manufacturers and their distributors or retail outlets) and by dominant firms who abuse their dominant position. In terms of the Competition Act, the Competition Commission, Competition Tribunal and Competition Appeal Court have been established as independent bodies to enforce the Competition Act. From a merger control perspective, any mergers or acquisitions which meet certain criteria and thresholds require prior approval from the competition authorities – accordingly, any acquisitions or mergers by the Company in future may require competition approval.

31.4 **South African Taxation**

The following summary provides an overview of the tax consequences of the purchase, ownership and disposition of the Offer Shares and is not, and should not be read as, advice to any Investor or potential Investor with regard to the tax consequences which may apply to that Investor. It is not a complete description of all the possible tax consequences of such purchase, ownership or disposition. This summary is based on the laws as in force and as applied in practice on the date of this Pre-listing Statement and is subject to changes to those laws and practices subsequent to the date of this Pre-listing Statement. In the case of persons who are non-residents of South Africa for income tax purposes, it should be read in conjunction with the provisions of any applicable double tax agreement between South Africa and their country of tax residence. Investors should consult their own advisors as to the tax consequences of the purchase, ownership and disposal of the Offer Shares in light of their particular circumstances, including, in particular, the effect of any state, regional, local or other tax laws.

31.4.1 **General**

This summary of certain material South African income tax consequences only deals with initial purchasers of Offer Shares that are SA Holders and Non-SA Holders, as defined below, and that will hold the Offer Shares as capital assets. As used herein the term "SA Holder" means a "shareholder" who is: (i) a natural person ordinarily resident in South Africa; (ii) a natural person not ordinarily resident in South Africa but whose physical presence in South Africa exceeds certain prescribed thresholds or (iii) a person, other than a natural person, which is incorporated, established or formed in South Africa or which has its place of effective management in South Africa. The term does not include a non-natural person incorporated, established or formed in South Africa, if that person is deemed to be exclusively the resident of another country for purposes of the application of any agreement entered into between South Africa and that other country for the avoidance of double taxation. The term "Non-SA Holders" means a "shareholder" other than a "SA Holder". In general, a "shareholder" means the registered shareholder in respect of a share or, where some person other than the registered shareholder is entitled to all or part of the benefit of the rights of participation in the profits, income or capital attaching to that share, that other person to the extent of that entitlement. Prospective purchasers with questions regarding their status as either South African residents or shareholders should consult their tax advisors.

The following paragraphs contain a general summary of South African tax implications in relation to Offer Shares. The tax analysis is therefore not comprehensive or determinative and should not be regarded as tax advice given by the Company or any of its advisors to the Offer.

31.4.2 **Dividends**

A "dividend" is defined as any amount transferred or applied by a resident company for the benefit of any shareholder by virtue of any share held by that shareholder or on behalf of any person in respect of any share in that company, whether by way of a distribution, or as consideration for the acquisition of any share in that company. The "dividend" definition contains three exclusions. Firstly, amounts resulting in a reduction of CTC (as described below) will not constitute a dividend. Secondly, dividends will not include shares in the company transferred or applied. Thirdly, an open market purchase (i.e. general repurchase) by a listed company of its own shares on the exchange operated by the JSE will not constitute a dividend.

CTC, in its basic form, will comprise amounts received by or accrued to a company as consideration for the issue of its shares. This would therefore typically be share capital and share premium (excluding any portion thereof which comprises capitalised reserves) and is reduced when a return of capital takes place.

In general, dividends paid by the Company to SA Holders will be exempt from South African income tax in their hands. The position of the non-SA Holders will depend on the tax legislation in which they are tax resident.

31.4.3 **Dividend Tax**

From 1 April 2012 the Secondary Tax on Companies ("**STC**") regime was replaced with a new Dividends Tax ("**DWT**") regime, which constitutes a withholding tax imposed on Dividends paid to shareholders.

DWT will be imposed in respect of any dividend paid by a company on or after 1 April 2012, and will be levied at a rate of 15%. Subject to certain administrative requirements, this rate may be reduced to as low as 5% under the provisions of certain double tax agreements. In addition, the DWT legislation includes a number of exemptions, including exemptions for dividends paid to certain exempt entities. Dividends paid to natural persons will be subject to the DWT.

31.4.4 **Distributions of CTC**

A distribution by a company of CTC does not constitute a dividend for DWT purposes. Instead, the shareholder must reduce the expenditure on the share (that is to say, the base cost) by the amount received. Where the CTC received exceeds the expenditure on the share, the amount of the excess must be treated as a capital gain in the determination of the shareholder's aggregate capital gain or aggregate capital loss for CGT purposes.

31.4.5 **Taxation of capital gains and losses**

South African resident shareholders – individuals

A disposal of shares by an individual shareholder who is resident in South Africa for tax purposes and that holds the shares as capital assets may give rise to a gain (or loss) for the purposes of CGT. The capital gain (or loss) on disposal of the shares is equal to the difference between the disposal proceeds and the base cost. A shareholder's base cost for the shares will generally be the consideration paid for those shares. The base cost for the listed shares may be increased by one third of any interest incurred to finance the cost of acquiring the shares, and other direct costs incurred in acquiring the shares, to the extent that such amounts are not otherwise allowable for deduction in the determination of taxable income. A capital gain on a disposal of shares, together with other capital gains, less allowable capital losses in a year of assessment, is subject to tax at the individual's marginal tax rate (maximum 41%) to the extent that it exceeds the annual exclusion (R30 000 for the years of assessment commencing on or after 1 March 2012). Only 33% of the net capital gain is included in taxable income, resulting in a maximum effective tax rate on capital gains of 13.67%, effective 1 March 2012. On the death of a taxpayer, there is a deemed disposal of the shares at market value, unless the shares are bequeathed to, or in favour of, a surviving spouse. Deemed disposals to a surviving spouse, who is a South African resident, are treated, in practical effect, as taking place at no gain or loss. The annual exclusion where death occurs during the year of assessment ending 28 February 2015 is R300 000. Where a taxpayer emigrates (i.e. gives up South African tax residence) there will also be a deemed disposal of the shares at market value and this may trigger CGT.

South African resident shareholders – corporates

A disposal of shares by a South African resident corporate shareholder, that holds the shares as capital assets may give rise to a capital gain (or loss) for the purposes of CGT. The capital gain (or loss) on disposal of the shares is equal to the difference between the disposal proceeds and the base cost. A shareholder's base cost for the shares will generally be the consideration paid for the shares. The base cost for the shares may be increased by one third of any interest incurred to finance the cost of acquiring the shares, and other direct costs incurred in acquiring the shares, to the extent that such amounts are not otherwise allowable for deduction in the determination of taxable income. A capital gain on a disposal of shares by a corporate shareholder, together with other capital gains, less allowable capital losses in a year of assessment, is subject to tax at the normal tax rate for companies (currently 28%). Only 66.6% of the net capital gain is included in taxable income, resulting in a maximum effective tax rate on capital gains of 18.66%, effective 1 March 2012.

Non-South African resident shareholders – individuals and corporates

A disposal of shares by a non-South African resident would give rise to a gain (or loss) for the purposes of CGT to the extent that the gains are realised pursuant to the disposal of any interest in immovable property situated in South Africa. An interest in immovable property situated in South Africa includes shares if:

- 80% or more of the market value of the interest in immovable property, at the time of disposal, is attributed directly or indirectly to immovable property held otherwise than as trading stock; and
- the shareholder (alone or together with any connected person in relation to that shareholder), directly or indirectly holds at least 20% of the shares.

Currently not more than 80% of the market value of the shares is attributable to immovable property and consequently the shares will not fall within the ambit of the South African capital gains tax legislation. Even if this were the case, the provisions of an applicable double tax agreement between South Africa and their country of tax residence would need to be considered in order to determine which country has taxing rights in respect of any gain realised.

31.4.6 **Estate duty**

Where a person who is ordinarily resident in South Africa holds shares at the date of his or her death, the market value of such shares will be included in the estate. Estate duty is levied at a flat rate of 20% on the dutiable amount of the deceased estate to the extent that it exceeds R3.5 million per estate. In determining the dutiable amount of an estate, deductions are, *inter alia*, allowed for the value of bequests and property left to a surviving spouse, and estate liabilities, including capital gains tax paid on the deemed disposal of the shares on date of death.

31.4.7 **Securities Transfer Tax**

STT of 0.25% of the applicable taxable amount is payable in respect of every “transfer” of securities issued by a company incorporated in South Africa. “Transfer” includes any cancellation or redemption of a security, but does not include the issue of a security or any event that does not result in a change in beneficial ownership of a security. A purchase of shares from or through the agency of a JSE registered Broker is subject to STT of 0.25% of the purchase consideration. The STT is payable by the Broker, which may recover it from the transferee. Where shares are not purchased from or through the agency of a Broker, but the change in beneficial ownership is effected by a CSDP, STT of 0.25% of the greater of the declared purchase consideration or the JSE closing price of shares on the date of the transaction is payable by the CSDP, which may recover it from the transferee.

In any other case of a change in beneficial ownership of shares, STT of 0.25% of the greater of the declared purchase consideration or the JSE closing price of shares is payable by the transferee through the Broker or CSDP, which holds the shares in custody. If the shares are not held in custody by a Broker or CSDP, the STT is payable by the transferee through issuing company.

SECTION 8 – ADDITIONAL INFORMATION

32. NAME, ADDRESS AND INCORPORATION

The Company was incorporated under the name “Balwin Properties Proprietary Limited” with registration number 2003/028851/07. It was converted from a private company to a public company and changed its name to Balwin Properties Limited with registration number 2003/028851/06 with effect from 28 September 2015.

The Company’s registered office and the address of its Transfer Secretaries are set out in the “Corporate Information and Advisors” section on the cover page of this Pre-listing Statement.

The name, date and place of incorporation of Balwin’s subsidiary (which is not a listed company) is set out in Annexure 8.

The names and business addresses of the Bookrunner, Independent Reporting Accountants, Legal Advisors, Transfer Secretaries, Conveyancing Attorney, Independent Valuer and Company Secretary are set out in the “Corporate Information and Advisors” section on the cover page of this Pre-listing Statement.

33. SHARES OF THE COMPANY

33.1 Authorised and issued shares

The number of authorised and issued shares of the Company is set out below:

Share Capital	(R)
<i>Authorised stated capital</i>	
1,000,000,000 ordinary no par value Shares	–
<i>Issued stated capital</i>	
400,000,000 ordinary no par value Shares	400,000,000

The number of authorised and issued shares of the Company after the Listing Date assuming a Listing Price of R9.88 is expected to be the following:

Stated Capital	(R)
<i>Authorised stated capital</i>	
1,000,000,000 ordinary no par value Shares	–
<i>Issued stated capital</i>	
472,192,592 ordinary no par value Shares	472,192,592

As at the Last Practicable Date, no other class of security is listed on any stock exchange.

As at the Last Practicable Date, the Company does not hold any treasury shares.

As the Company’s MOI was amended in terms of the new Companies Act, as such all classes of its shares are of no par value and, accordingly, the Company does not have a share premium account.

Authorisations, approvals and resolutions passed by the shareholders in accordance with the Companies Act (and, in anticipation of the Listing, also taking account of the Listings Requirements, to the extent possible) on 18 September 2015 and 27 September 2015 respectively approved, among other things, the following special resolutions:

- shareholder consent to the listing of Balwin on the JSE and a related authority in terms of section 41(1) of the Companies Act;
- adopting a new MOI, reflecting the conversion of the Company from a private company to a public company;
- election by shareholders of the non-executive Directors to the Balwin Board and of the members of the Audit and Risk Committee;

- the increase of the authorised share capital to 1,000,000,000 (one billion) ordinary no par value shares;
- the provision by the company of financial assistance for the subscription of securities/loans to directors and prescribed officers in terms of section 44 and 45 of the Companies Act (in respect of the funding provided to Interested Investors pursuant of the loan funding outlined in Annexure II of this Pre-listing statement);
- authorising the Company to provide inter-group financial assistance to its subsidiaries and/or any other related or inter-related entities.
- approval in terms of section 41(1) of the Companies Act for the potential future issue of Balwin Shares to Directors and prescribed officers;
- authorising the Directors, by way of a general authority, to issue a certain number of equity securities (including Shares) 'for cash';
- authorising the Directors to issue up to 10% authorised but unissued Shares;
- approval of remuneration to be paid to the non-executive Directors for their service as directors in accordance with section 66(9) of the Companies Act; and
- authorising, by way of a general authority, the acquisition of the shares of the Company by the Company and/or its subsidiaries.

33.2 **Issue of shares**

Please see Annexure 13 which contains details of the allotments, issues and offers of shares by the Company and its Subsidiary which have taken place in the three years preceding the Last Practicable Date. Other than the issues referred to in Annexure 13, no shares have been issued by the Company or its Subsidiary in the three years preceding the Last Practicable Date.

There have been no consolidations or sub-divisions of securities in the three years preceding the Last Practicable Date.

Save as set out in this paragraph or as envisaged in terms of the Offer, no further issues or offers of shares or securities have been made or are anticipated to be made by Balwin and its Subsidiary and no further share repurchases or consolidations have been undertaken by the Company and its Subsidiary.

Up to 10% of the total Balwin shares in issue after Listing will be under the control of the Directors, subject to the provisions of the MOI and the Listing Requirements.

Prior to the date of this Pre-listing Statement, the Shareholders of the Company have granted the Board a general authority to issue Ordinary Shares for cash, subject to the limitation regarding the number of Shares under the control of the Directors and furthermore subject to the provisions of the MOI of the Company and the Listings Requirements, which authority shall endure to the first annual general meeting of the Company post Listing.

33.3 **Alterations to authorised and issued shares**

Set out below are the alterations to the Company's authorised and issued shares which have occurred in the three years preceding the Last Practicable Date:

On 10 September 2015 – the Company's issued shares were amended by buying back:

- 10,000 A class shares, 4,000 B class shares, 4,000 C class and 40,000 D class shares at par.

On 10 September 2015 – the Company's issued shares were amended by converting:

- 40,000 E class shares into Ordinary Shares.

On 13 October 2015 – the Company's issued shares were amended by issuing:

- a further 399,960,000 Ordinary Shares to the existing shareholders at no par value and in the same proportions as their existing shareholdings, thereby increasing the total issued share capital to 400,000,000 ordinary shares.

Aside from these alterations, there have been no alterations in the authorised Shares of the Company in the three years preceding the Last Practicable Date.

33.4 Voting, variation, conversion of rights and other rights of shareholders

In accordance with the provisions of the MOI, no rights, privileges or conditions for the time being attached to any class of Shares nor any interests of that class of Shares may (unless otherwise provided by the terms of issue of the Shares of that class) whether or not the Company is being wound up, be varied in any manner adverse to the Shareholders of that class of Shares, nor may any variations be made to the rights, privileges or conditions of any class of Shares, such that that the interests of another class of Shares is adversely affected, unless the consent in writing of the Shareholders of not less than 75% (seventy-five percent) of the issued Shares of that adversely affected class has been obtained, or a special resolution has been passed by the Shareholders of that adversely affected class of Shares with the support of not less than 75% (seventy-five percent) of the voting rights exercised on the special resolution at a separate meeting of the Holders of that class.

At any general meeting, Shareholder votes shall be taken on a poll (other than when voting on the Director to act as chairman in the event that the chairman does not attend a meeting) and every Shareholder present in person or by proxy (or if a legal entity, duly represented by an authorised representative) will have the number of votes determined in accordance with the voting rights associated with the Shares in question, as set out in further detail in Annexure 9 to this Pre-listing Statement.

There are no preferential conversions and/or exchange rights of any securities.

33.5 Options or preferential rights in respect of shares

There is no contract or arrangement, nor has any been proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any shares in the Company or any of its Subsidiaries.

34. LOAN FACILITIES

Balwin had the following loan balances in place as at the Last Practicable Date (please refer to Annexure 10 for additional information of other debt facilities):

		Amount			
Institution	Description	drawn	Total facility	Term	Interest rate
		(R'000)	(R'000)		
Investec Private Bank					
Development	Debt facility	228,075	372,558	Up to 12 months	Prime – 0.25%
Land	Debt facility	28,873	213,661	Up to 24 months	Prime
Working capital	Debt facility	8,504	30,000	Up to 12 months	Prime
Nedbank					
Development	Debt facility	66,280	308,034	Up to 12 months	Prime
Land	Debt facility	42,574	42,659	Up to 24 months	Prime – 0.50%
Absa					
Development	Debt facility	66,563	173,987	Up to 24 months	Prime
Total		440,869	1,140,899		

35. OFF-BALANCE SHEET ARRANGEMENTS

The Company has no material off-balance sheet arrangements as at the Last Practicable Date.

36. CONTINGENT LIABILITIES

Balwin has no material contingent liabilities as at the Last Practicable Date.

37. MAJOR SHAREHOLDERS OF BALWIN

37.1 Share ownership

As at the Last Practicable Date, to the best of the Directors' knowledge and belief, the following Shareholders (some of whom are also Directors) have beneficial interests in 5% or more of the issued Shares:

Ordinary Shareholders	Number of Ordinary Shares held prior to the Offer	% of issued Ordinary Shares prior to the Offer	Number of Ordinary Shares held subsequent to the Offer	% of issued Ordinary Shares subsequent to the Offer
Stephen Brookes*	199,500,000	49.9	188,877,037	40.0
Buffshelf 46 Trust	120,000,000	30.0	70,828,889	15.0
Rodney Gray	66,500,000	16.6	47,219,259	10.0
Ulrich Gschnaidtner**	14,000,000	3.5	10,152,141	2.2

Notes:

*Current company director.

**Included due to position as a historic director of the Company and not due to a shareholding in excess of 5%.

37.2 Controlling Shareholders

As at the Last Practicable Date and following the Listing, Stephen Brookes will hold the largest interest in Balwin and no shareholder shall own more than 50% of Balwin's shares. There will be no change in the controlling shareholder as a result of the Offer.

38. MATERIAL COMMITMENTS AND LEASE PAYMENTS

Balwin has no material commitments as at the Last Practicable Date.

39. MATERIAL CONTRACTS

As at the Last Practicable Date, the Company and its Subsidiary have not entered into any material agreements relating to the payment of technical, administrative or secretarial fees nor are they party to any material restraint or trade payments. The Company and its Subsidiary have not entered into any agreements in terms of which there will be royalties payable or items of a similar nature.

Stephen Brookes (as the CEO) and Jonathan Weltman (as the CFO) as the executive Directors of the Company have service contracts with, and their remuneration is paid for by, the Company. Furthermore, each of the executive Directors of Balwin has concluded a service contract with Balwin on terms and conditions that are broadly consistent with market standards for such appointments. Summaries of service agreements entered into in the three years preceding the Last Practicable Date are available for inspection as set out in paragraph 59 below. The principal terms of the service agreements with Executive Directors are set out below:

Name	Position	Date of appointment to current role	Notice period	Restraint
Stephen Brookes	CEO	January 1996	6 months	2 years
Jonathan Weltman	CFO	May 2012	6 months	1 year

As at the Last Practicable Date, there are no contracts which are restrictive funding arrangements and/or a contract entered into (whether verbally or in writing) otherwise than in the ordinary course of business carried on, or proposed to be carried on, by the Company or its Subsidiary during the two years preceding the Last Practicable Date, or at any time but containing an obligation or settlement that are material to the Company or its Subsidiary.

40. MATERIAL CHANGES

There have been no material changes in the financial and trading position or the assets and liabilities of the Company or any company within Balwin between 28 February 2015 (date of the financial statements disclosed in Annexure I) and the Last Practicable Date. Furthermore, there has been no material change in the trading objectives of the Company and its Subsidiary during the five years preceding the Last Practicable Date. There have been no material changes in the business of Balwin during the past five years. The Company does not benefit from any significant government protection or investment encouragement law.

41. MATERIAL LOANS, LOAN CAPITAL AND INTER-COMPANY BALANCES

As at the Last Practicable Date, neither the Company nor any of its Subsidiary had any material loans receivable from third parties.

Other than as set out in Annexure II, no loans have been made or security furnished by Balwin to or for the benefit of any Director or manager as at the Last Practicable Date.

The Company has not created any debentures and there are no debentures in issue. There are no debentures created in terms of a trust deed furthermore no debentures are to be issued in terms of a trust deed. No debenture stock has been created by way of conversion or replacement of debentures previously issued.

There are no conversion or redemption rights relating to material loans and or debentures.

There is no loan capital outstanding at the Last Practicable Date.

There are no material intra-group financial or other transactions.

Details of Balwin's material borrowings as at the Last Practicable Date are set out in Annexure I0 to this Pre-listing Statement.

42. PRINCIPAL IMMOVABLE PROPERTY OWNED OR LEASED

As at the Last Practicable Date, the Company owns and occupies a number of immovable properties, details of which are set out in Annexure I to this Pre-listing Statement. None of Balwin's Directors had any material interest in any of the immovable properties owned by the Company.

As at the Last Practicable Date the Company did not have any material leases in place over immovable properties.

43. MATERIAL ACQUISITIONS

No material acquisitions have been made or proposed by the Company within the three years preceding the Last Practicable Date.

44. PROPERTY ACQUIRED OR TO BE ACQUIRED

The application for Listing does not coincide, directly or indirectly, with the acquisition by the Company, or its Subsidiary, of securities in or of the business undertaking of any other company, in consequence of which that company or business undertaking will become a Subsidiary of or part of the business of the Company.

There has not been any acquisition by the Company of any material immovable or other properties within the last three years of the Last Practicable Date, nor is there any such proposed material acquisition at the Last Practicable Date other than the negotiations taking place for the acquisition of an additional land parcel in the Kyalami node, on which a further ±15,000 sectional-title residential units may be developed. Should these negotiations be successful, the appropriate announcement will be made in terms of the JSE Listings Requirements.

45. PROPERTY DISPOSED OF OR TO BE DISPOSED OF

There has not been any disposal by the Company of any material property within the last three years of the Last Practicable Date, nor is there any such proposed disposal.

46. COMMISSIONS PAID OR PAYABLE

No commissions, discounts, brokerages or other special terms have been granted by the Company in the three years preceding the Last Practicable Date in connection with the issue or sale of any shares, where this has not been disclosed in the audited annual financial statements of the Company besides the commission payable to the Bookrunner as disclosed in paragraph 57, a commission of 1.50% of the Offer Price paid by a Successful Applicant per Offer Share will be payable by the Company to the Bookrunner.

47. INTERESTS OF DIRECTORS AND PROMOTERS

Save as set out in the related party disclosure in paragraph 50 and paragraph 57 related to Listing expenses below:

- neither the Company nor any of its Subsidiary nor any other person has paid any amounts nor agreed to pay any amounts in the three years preceding the Last Practicable Date to any Directors or to a related person, or to any company of which a Director is also a director, or in which Directors are beneficially interested, directly or indirectly (the “associate company”) or to any partnership, syndicate or other association of which the Directors are members (the “associate entity”), in cash or in securities or otherwise, either as an inducement to become or to qualify a person as a Director or for services rendered by Directors or by the associate company or associate entity in connection with the promotion or formation of the Company. For the purposes of this paragraph, Director includes a reference to the directors of the Subsidiary;
- no Director or promoter of the Company has any material beneficial interest, either direct or indirect, in (i) the promotion of the Company; (ii) any property proposed to be acquired by the Company out of the proceeds of the Offer; or (iii) any property acquired or proposed to be acquired by Balwin or any of its Subsidiaries in the three years immediately preceding the Last Practicable Date, other than:
 - Investec Private Bank, a division of Investec Bank Limited, in the normal course of business, which has extended credit to Balwin on arms length market-related terms primarily for the funding of development activities and land acquisitions. Please refer to paragraph 34 for full details of the loan facilities held by Balwin with Investec Private Bank, including the interest rates charged on these facilities. This does not give rise to any conflicts of interest as Investec Group Compliance constantly monitors confidentiality within the bank ensuring that there is no breach of “Chinese walls”.
- no Director or promoter of the Company has been a member of a partnership, syndicate or other association of persons that had such an interest nor has any cash or securities been paid or any other benefit given to any promoter in the aforementioned three-year period

48. SHARES ISSUED OR TO BE ISSUED OTHERWISE THAN FOR CASH

Details relating to shares issued or agreed to be issued by the Company or by its Subsidiary in the three years preceding the Last Practicable Date other than for cash are set out in paragraph 33.2 above and in Annexure 13.

49. LISTING ON THE JSE

The JSE has granted Balwin a listing in respect of all of the Company's issued Ordinary Shares in the “Real estate holding and development” sector of the main board of the JSE under the abbreviated name “Balwin”, symbol “BWN” and ISIN: ZAE000209532.

As of the date of the Listing, Balwin will be required to comply with the Listings Requirements.

50. RELATED-PARTIES

The Company has entered into transactions with related parties including shareholders and, as at 28 February 2015, has recognised certain balances on the Statement of Financial Position as a result thereof. Details of the related-party transactions, excluding those balances and transactions that are eliminated on consolidation, in the Company for the year ended 28 February 2015 are set out below:

Related-party balances

Loan accounts – owing by related parties

Slade Properties Proprietary Limited	1,672
Friedshelf 966 Proprietary Limited	33,670,395
	3,746,674

Related party transactions

Interest received from related parties

Slade Properties Proprietary Limited	699,262
	699,262

The aforementioned entities have been disclosed as related parties owing to the following relationships:

- Slade Properties Proprietary Limited share a common director and shareholder with Balwin (namely Stephen Brookes) ; and
- Friedshelf 966 Proprietary Limited shares a common significant shareholder with Balwin, namely Buffet Investments and a common director, namely Ronen Zekry.

It is further noted that the loan account with Friedshelf 966 Proprietary Limited is in the process of being settled, which is expected to take place within three months following the date of Listing.

As at the Last Practicable Date, the loan account with Slade Properties Proprietary Limited has been extinguished.

Other than as disclosed in Annexure 11 in respect of the amounts advanced to Jonathan Weltman, no loans have been extended to Directors or employees as at the Last Practicable Date. Directors' remuneration and benefits have been disclosed in paragraph 25.5 and Directors' interests has been disclosed in paragraph 25.6.

51. **BALWIN INVOLVEMENT IN DEEDS REGISTRY IRREGULARITY – 2010**

One of the key components to Balwin's business is to procure that property transfers to buyers in Balwin's developments takes place in an efficient manner so no occupational rent is charged to prospective purchasers, the latter being one of the many marketing features that gives Balwin a competitive edge.

In 2009, as a result of the global financial crisis and lengthy delays in the Deeds Office as to registrations, Balwin's then (and former) conveyancers of Balwin at the time, devised a mechanism to ensure that Balwin registrations at the Deeds office were accelerated which mechanism was procedurally flawed and unlawful and may have resulted in facilitation payments to employees at the Deeds Office. During the period March 2009 to July 2010, Balwin advanced a total amount of R1,237,600 to the conveyancers to facilitate the mechanism.

On 29 July 2010, an article was published in the media exposing the details of an investigation into irregularities at the Deeds Office of Pretoria ("**the irregularities**"). Executives of Balwin immediately appointed independent attorneys for advice and it was resolved to approach the National Prosecuting Authority ("**NPA**") and to make a full disclosure to the NPA as to the involvement of Balwin in the suspected irregularities. Three Balwin representatives, Stephen Brookes, Rodney Gray and Desiree Hogan, co-operated closely with the relevant authorities and disclosed their involvement in the cash advances made to the conveyancers. All three witnesses were granted the status of State witnesses and who will be entitled to indemnity from prosecution in terms of Section 204 of the Criminal Procedure Act of 1977.

Balwin also immediately (1) appointed new conveyancers to regularise any shortcoming in the transfers which may have been implicated as a result of the irregularities and (2) terminated the services of its erstwhile conveyancers. The newly appointed conveyancers worked in close co-operation with the Registrar of Deeds and all deficiencies were addressed and resolved.

Post appointment of Balwin's new conveyancers, Buffet Investments acquired its shareholding in Balwin (in 2011) and has added a tremendous degree of stability and financial acumen since its acquisition through the active involvement of a number of members of Buffet Investments staff in the financial and operational decision-making of the Company. This was complemented by the appointment of Jonathan Weltman as CFO in the same year.

Since the abovementioned events took place Balwin has taken the following actions and put in place the relevant checks and balances to ensure proper transparency and good corporate governance in line with international best practice:

- Balwin appointed a new conveyancing firm and severed its ties with the conveyancing firm that introduced the mechanism;
- a Code of Ethics was introduced into Balwin;
- an Anti-Bribery and Corruption Policy was adopted by Balwin and training on the policy is compulsory for all Balwin employees;
- the social and ethics committee's terms of reference have been settled by an industry expert to ensure that the relevant checks and balances have been put in place according to international best practice; and
- the appointment of a suitably qualified internal audit function.

In 2013, Balwin's former conveyancers instituted a claim of R103.5 million against Balwin which Balwin is defending. The action includes a claim for (alleged) loss of profits as a result of *inter alia* Balwin's termination of its relationship with its former conveyancers, but this party has taken no further steps in the action with a view to pursuing its (alleged) claim. Balwin's legal counsel are of the opinion that the possibility of Balwin's former conveyancers successfully enforcing the claim is remote.

51.1 Risk factors in relation to the above are the following:

- Balwin's legal counsel are of the opinion that there is no risk that the Company may be prosecuted in respect of the aforementioned irregularity. A company is represented by its officials and insofar as the officials of Balwin are indemnified, there can be no prosecution against Balwin;
- Stephen Brookes and Rodney Gray may be called as State witnesses in a trial which is due to commence in 2016;
- If they answer frankly and honestly to all questions put to them, they will be indemnified from any prosecution as a result of their disclosures;
- If they do not answer frankly and honestly there is a risk that they will not be granted indemnity from prosecution by the presiding judge and could thereafter be prosecuted although Balwin's legal counsel are of the opinion that the possibility of a prosecution – let alone a successful prosecution – is remote; and
- Balwin has taken every possible step to ensure – in conjunction with all relevant authorities including the Deeds Office – that the affected property registrations have been reulgarised so that neither Balwin nor any of its purchasers who might have been effected thereby are in any way compromised or prejudiced – and has been assured by its new conveyancers that the steps have been successful, there is a risk (considered by Balwin's legal counsel to be miniscule/remote) that a limited number of property transfers based on defective clearance certificates could have been registered.

52. LITIGATION STATEMENT

Save for the R103.5 million claim instituted by Balwin's former conveyancers (outlined in detail in paragraph 51 above), there are no legal or arbitration proceedings nor are the Directors aware of any proceedings which are pending or threatened which may have or have had, in the 12 month period preceding the Last Practicable Date, a material effect on the financial position of Balwin.

53. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are set out in paragraph 25.2 on page 44 of this Pre-listing Statement collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Pre-listing Statement contains all information required by the Listings Requirements.

Based on a thorough understanding of Balwin and its Subsidiary, it is the opinion of the Directors, based on the three year business plan, that the prospects of the business as disclosed under paragraph 21 correctly reflect the future of Balwin as an organisation.

54. CONSENTS

The Investment Bank, Bookrunner and Sponsor, Independent Reporting Accountants and Auditors, Legal Advisors, Communications Advisor, Conveyancers, Independent Valuer, Company Secretary and Transfer Secretaries, whose names are set out in the "Corporate information and advisors" section, have given and have not, prior to the publication of this Pre-listing Statement, withdrawn their written consent to the inclusion of their names in the capacities stated and, where applicable, to their reports being included in this Pre-listing Statement.

55. EMPLOYEE SHARE OWNERSHIP SCHEME

No employee share ownership scheme is in place at Balwin as at the Last Practicable date. One of the strategic objectives of the Listing is the retention of key Balwin staff by affording them an opportunity to participate in the equity and future growth of the Company.

Given the uncertainty around trusts or conduit vehicles and the anticipated changes in related tax legislation for such vehicles, the finalisation of an appropriate employee share ownership scheme will take place once these anticipated changes are known. Once finalised, the requisite regulatory or shareholder approvals will be sought.

56. STATEMENTS AND REPORTS RELATING TO THE OFFER

56.1 Statement as to adequacy of capital

The Directors are of the opinion that:

- the working capital available to the Company is adequate for the present requirements of the Company and, accordingly, for a period of 12 months from the date of issue of this Pre-listing Statement;
- the Company will be able, in the ordinary course of business, to pay its debts;
- the assets of the Company will be in excess of its liabilities, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements for the year ended 28 February 2015; and
- the stated capital and/or reserves are adequate for the ordinary purposes of the Company.

The application for the Listing does not coincide, directly or indirectly, with the acquisition by Balwin, or its Subsidiary, of securities in, any company that is not a member of the Company.

56.2 Reports by Directors as to material changes

The Directors report that there have been no material changes in the financial and trading position or the assets and liabilities of the Company or its subsidiary between 28 February 2015 (date of the most recent financial statements) and the Last Practicable Date.

56.3 Statements as to no other listing

The Company has not applied for a listing on any exchange other than the JSE and has accordingly never been refused a listing on any exchange nor had any such application for a listing deferred.

56.4 Report by reporting accountants where business undertaking is to be acquired

As at the Last Practicable Date, Balwin has not identified any business undertaking which it will purchase directly or indirectly using the proceeds of the Offer, or any part of such proceeds, or any other funds.

56.5 Report by reporting accountants where Company will acquire a subsidiary

As at the Last Practicable Date, no part of the proceeds of the Offer, whether directly or indirectly, will be used in a manner that results in the acquisition by the Company or any company within Balwin of securities of any other legal person, with the direct or indirect result that the other juristic person will become a Subsidiary of the Company.

56.6 Report by Reporting Accountants of Company

The audited historical financial information of the Company as of and for the financial years ended 28 February 2015, 28 February 2014 and 28 February 2013, are presented in Annexure 1. The Independent Reporting Accountants' reports on the audited and reviewed financial information are contained in Annexure 2.

The *pro forma* financial information based on the forecast financial results as of 28 February 2015 is presented in Annexure 3. The forecast statements of comprehensive income for the years ending 28 February 2016 and 28 February 2017 are presented in Annexure 5. The Independent Reporting Accountants' report on the *pro forma* financial information and forecast statements are contained in Annexures 4 and Annexure 6 respectively.

The *pro forma* financial information has been prepared for illustrative purposes only and, because of its nature, may not fairly present Balwin's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the Offer going forward.

The forecast statement of comprehensive income has been prepared in accordance with IFRS for the forecast periods. The forecast statement of comprehensive income has been prepared using the accounting policies of the Company detailed in this Pre-listing Statement. The preparation of the forecast financial information is the responsibility of the Directors.

The Independent Reporting Accountants have provided confirmation to the JSE that they have reviewed this Pre-listing Statement and that the content hereof is not contradictory to any of the information contained in any of their reports.

57. ESTIMATED EXPENSES OF THE OFFER AND LISTING

As at the Last Practicable Date, the estimated expenses of the Listing and Offer (exclusive of VAT) are as follows:

Nature of expense	Payable to	Estimated amount (excluding VAT) (R'000)
Bookrunner and Sponsor	Investec	4,000
Legal advisor to the Company	Edward Nathan Sonnenbergs	1,300
Legal advisor to the Company	Brian Kahn Inc	800
Independent Reporting Accountants and Auditors to the Company	Deloitte and Touche	875
Communications advisor	Instinctif Partners	350
Pre-listing Statement printing and distribution	Ince	100
JSE listing fee	JSE	503
JSE documentation fee	JSE	97
Transfer Secretaries	Computershare	25
Other	Various	100
Total		8,150

In addition to the above, a commission of 1.50% of the Offer Price paid by a Successful Applicant per Offer Share is payable by the Company to the Bookrunner.

No preliminary expenses have been incurred in relation to the Listing, and the table above represents the total estimated cost attributable to Balwin of the Listing.

The Company has not entered into any underwriting agreements in respect of the Offer.

58. INCORPORATION BY REFERENCE

The information presented in the table below has been prepared pursuant to the provisions of the Listings Requirements by reference. Copies of the referred documentation may be obtained from 1 October 2015 until 8 October 2015 from the Company, the Sponsor and the Transfer Secretaries at their respective physical addresses which appear in the "Corporate Information and Advisors" section of this Pre-listing Statement and under the "Investor Relations – Documents" section on Balwin's website, www.balwin.co.za:

Document	Paragraph reference in this Pre-Listing Statement
King Code application checklist	26.1

59. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company and at the offices of the Sponsor at the addresses given in the "Corporate Information and Advisors" section of this Pre-listing Statement, during normal office hours from the date of issue of this Pre-listing Statement for a period of not less than 14 calendar days after the Closing Date:

- the MOI of the Company and its Subsidiary;
- the audited consolidated financial statements of the Company for the year ended 28 February 2015, 28 February 2014 and 28 February 2013, as reproduced in Annexure 1
- the King Code application checklist
- the Reporting Accountants' report on the consolidated historical financial information of Balwin for the years ended 28 February 2015, 28 February 2014 and 28 February 2013, as reproduced in Annexure 2;
- the *pro forma* statement of the financial position as at 28 February 2015 and statement of comprehensive income for the year ended 28 February 2015, as reproduced in Annexure 3;
- the Reporting Accountants' reports on the *pro forma* financial information of the Company, as reproduced in Annexure 4;
- the forecast statement of comprehensive income for the years ending 28 February 2016 and 28 February 2017, as reproduced in Annexure 5;
- the Reporting Accountants' report on the forecast financial information of the Company for the years ending 28 February 2016 and 28 February 2017, as reproduced in Annexure 6;
- summaries of the service contracts of the executive Directors of Balwin
- the written consents of the Investment Bank, Bookrunner and Sponsor; Independent Reporting Accountants and Auditors, Legal Advisors, Communications Advisor; Conveyancers, Independent Valuer, Company Secretary and Transfer Secretaries;
- all material contracts ; and
- the latest sworn appraisals or valuations relative to movable and immovable property and items of a similar nature, if applicable.

Signed at Bedfordview on 1 October 2015 by/or on behalf of the Company in terms of a resolution of the Directors.

By order of the Board

Stephen Brookes

Chief Executive Officer

BALWIN PROPERTIES LIMITED

Registered office:

Block I
Townsend Office Park
1 Townsend Avenue
Bedfordview
2007

HISTORICAL FINANCIAL INFORMATION OF BALWIN

The historical consolidated financial information of Balwin for the years ended 28 February 2015, 28 February 2014 and 28 February 2013 are set out below.

The Directors of Balwin are responsible for the preparation of the consolidated financial information contained in this Annexure I.

The consolidated financial statements for the years ended 28 February 2015, 28 February 2014 and 28 February 2013, from which the information below was extracted, were audited and reviewed by Deloitte in accordance with International Standards on Auditing, who issued an unqualified audit opinion and review conclusions on the financial statements.

Commentary related to Balwin's business, the nature of operations and the Group's financial performance has been included in the "Salient Features" section and Section 2 of this Pre-listing Statement.

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2015:

Figures in Rand	Note(s)	2015	Restated 2014	Restated 2013
Assets				
Non-current Assets				
Property, plant and equipment	3	30,697,348	28,918,002	26,440,141
Investment property	4	2,392,460	170,703,303	151,460,003
Deferred tax	7	1,899,978	478,375	1,048,550
		34,989,786	200,099,680	178,948,694
Current Assets				
Developments under construction	8	687,449,735	439,837,997	386,670,688
Loans to shareholders	5	479,931	—	—
Trade and other receivables	9	143,192,758	8,571,688	9,296,757
Other financial assets	6	33,672,067	55,300,786	51,521,844
Current tax receivable		—	—	11,128,704
Cash and cash equivalents	10	129,928,165	12,686,059	1,447,507
		994,722,656	516,396,530	460,065,500
Total Assets		1,029,712,442	716,496,210	639,014,194
Equity and Liabilities				
Equity				
Share capital	11	5,800	5,800	5,800
Foreign currency translation reserve	12	(1,437,067)	(8,596,739)	(3,542,038)
Retained income		696,256,830	455,200,168	275,207,069
		694,825,563	446,609,229	271,670,831
Liabilities				
Non-Current Liabilities				
Other financial liabilities	13	51,528,508	120,000	66,320,883
Finance lease liabilities	14	—	336,345	447,751
		51,528,508	456,345	66,768,634
Current Liabilities				
Trade and other payables	16	67,126,716	24,003,311	69,779,175
Loans from shareholders	5	229,939	3,302,027	31,420,327
Other financial liabilities	13	195,952,492	226,278,369	183,343,941
Finance lease liabilities	14	—	506,084	311,301
Current tax payable		13,263,587	13,632,362	—
Provisions	15	6,785,637	1,708,483	4,222,289
Bank overdraft	10	—	—	11,497,696
		283,358,371	269,430,636	300,574,729
Total Liabilities		334,886,879	269,886,981	367,343,363
Total Equity and Liabilities		1,029,712,442	716,496,210	639,014,194

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 28 FEBRUARY 2015:

Figures in Rand	Note(s)	2015	Restated 2014	Restated 2013
Revenue	17	1,354,928,529	734,018,928	380,318,058
Cost of sales	18	(868,037,064)	(473,682,817)	(374,213,518)
Gross profit		486,891,465	260,336,111	6,104,540
Other income	19	47,092,186	49,695,781	13,956,271
Operating expenses		(80,042,044)	(57,708,277)	(40,495,939)
Operating profit (loss)	20	453,941,607	252,323,615	(20,435,128)
Investment revenue	21	5,489,646	2,601,916	2,923,205
Finance costs	22	(4,283,353)	(10,039,743)	(9,951,807)
Profit (loss) before taxation		455,147,900	244,885,788	(27,463,730)
Taxation	23	(119,973,591)	(64,892,689)	19,772,811
Profit (loss) for the year		335,174,309	179,993,099	(7,690,919)
Other comprehensive income:				
Items that may be reclassified to profit or loss:				
Exchange differences on translating foreign operations		7,159,672	(5,054,701)	(3,542,038)
Other comprehensive income for the year net of taxation		7,159,672	(5,054,701)	(3,542,038)
Total comprehensive income (loss) for the year		342,333,981	174,938,398	(11,232,957)

BASIC AND HEADLINE EARNINGS PER SHARE

	2015	Restated 2014	Restated 2013
Basic (cents)	84	45	(2)
Headline (cents)	78	45	(2)
Tangible Net Asset Value per share (cents)	174	112	68
Net Asset Value per share (cents)	174	112	68
Shares in issue	400,000,000	400,000,000	400,000,000
Net asset value (R)	694,825,563	446,609,229	271,670,831
Reconciliation of profit for the year to headline earnings			
Profit for the year	335,174,309	179,993,099	(7,690,919)
Adjusted for:			
– Profit on disposal of property, plant and equipment	(23,678,436)	(1,987,125)	–
Headline earnings	311,495, 873	178,005,974	(7,690,919)

Net asset value per share and tangible net asset value per share calculated in accordance with International Financial Reporting Standards and the Listings Requirements on 400,000,000 Balwin shares in issue prior to the Listing and Offer (and in issue for the entire period presented).

It is further noted that as at 28 February 2015, Balwin's share structure comprised of 10,000 A class, 4,000 B class, 4,000 C class, 40,000 D class and 40,000 E class shares. This share capital was restructured prior to listing, with the effect that 400,000,000 ordinary shares were in issue prior to listing. The figures calculated above have been based on these numbers as they represent the best approximator of the share capital in issue at Balwin prior to listing.

STATEMENTS OF CHANGES IN EQUITY

Figures in Rand	Share capital	Foreign currency translation reserve	Retained income	Total equity
Group				
Balance at 1 March 2013	5,800	(3,542,038)	275,207,069	271,670,831
Profit for the year	–	–	179,993,099	179,993,099
Other comprehensive income	–	(5,054,701)	–	(5,054,701)
Total comprehensive income for the year	–	(5,054,701)	179,993,099	174,938,398
Balance at 1 March 2014	5,800	(8,596,739)	455,200,168	446,609,229
Profit for the year	–	–	335,174,309	335,174,309
Other comprehensive income	–	7,159,672	–	7,159,672
Total comprehensive income for the year	–	7,159,672	335,174,309	342,333,981
Dividends	–	–	(94,117,647)	(94,117,647)
Total contributions by and distributions to owners of company recognised directly in equity	–	–	(94,117,647)	(94,117,647)
Balance at 28 February 2015	5,800	(1,437,067)	696,256,830	694,825,563
Note(s)	11	12		

STATEMENTS OF CASH FLOWS

Figures in Rand	Note(s)	2015	Restated 2014	Restated 2013
Cash flows from operating activities				
Cash (used in) generated from operations	24	94,023,372	72,891,330	(94,159,545)
Interest income		5,489,646	2,601,916	2,923,205
Finance costs		(4,283,353)	(10,039,743)	(9,710,005)
Tax paid	25	(121,763,970)	(39,561,448)	(6,999,965)
Net cash from operating activities		(26,534,305)	25,892,055	(107,946,310)
Cash flows from investing activities				
Purchase of property, plant and equipment	3	(11,183,613)	(4,516,938)	(23,189,565)
Sale of property, plant and equipment	3	28,349,641	1,995,224	28,310
Sale of investment property	4	182,543,076	25,796,653	–
Net movement of financial assets		21,628,719	(3,778,942)	8,953,004
Net cash from investing activities		221,337,823	19,495,997	(14,208,251)
Cash flows from financing activities				
Proceeds on share issue	11	–	–	1,800
Net movement of other financial liabilities		20,950,683	5,383,119	120,592,743
Repayment of shareholders loan		(3,552,019)	(28,118,300)	(15,368,802)
Net movement of finance leases		(842,429)	83,377	517,250
Dividends paid		(94,117,647)	–	–
Net cash from financing activities		(77,561,412)	(22,651,804)	105,742,991
Total cash movement for the year		117,242,106	22,736,248	(16,411,570)
Cash at the beginning of the year		12,686,059	(10,050,189)	6,361,381
Total cash at end of the year	10	129,928,165	12,686,059	(10,050,189)

ACCOUNTING POLICIES

I. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. The consolidated annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

In the prior year the financial statements were prepared in accordance with International Financial Reporting Standards for Small, Medium sized Entities.

These accounting policies are consistent with the previous period.

I.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the group and all investees which are controlled by the group.

The group has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

I.2 Significant judgements and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated annual financial statements. Significant judgements include:

Trade receivables, loans and other receivables

The group assesses its trade receivables, loans and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, loans and other receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Provisions

Provisions were raised and management determined an estimate based on the most recent information available. Additional disclosure of these estimates of provisions are included in note 16 – Provisions.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing

the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Revenue recognition

The Group uses certain assumptions and key factors in the management of, and reporting for, the recognition of the cost of goods sold, realised on the size of developments. The assumptions are material and relate to the estimation of costs to completion of respective projects as well as the determination of the percentage of completion. The Group relies on management's experience and expertise, and monitors its estimation frequently.

1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the group is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	20
Plant and machinery	Straight line	4
Furniture and fixtures	Straight line	6
Motor vehicles	Straight line	5
Office equipment	Straight line	5
IT equipment	Straight line	3

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

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Any gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

Offset

Where a legally enforceable right to offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, such related financial assets and financial liabilities are offset.

Loans to/(from) shareholders

Loans to shareholders are classified as loans and receivables.

Loans from shareholders are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and

default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

1.8 Developments under construction

Developments under construction comprise the cost of the land and development and is stated at cost as the fair value of the developments cannot be reliably measured.

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs may continue until the asset is substantially ready for its intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised.

1.9 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

I.10 Share capital and equity

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

I.11 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

I.12 Revenue

Revenue of the group comprises:

- Revenue from the sale of developments
- Rent collection
- Other revenue in the form of interest and dividends.

Value added tax is excluded.

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the group and the amount can be measured reliably.

Revenue is recognised on the following basis:

- Revenue from the sale of developments is recognised when the group has transferred to the buyer the significant risks and rewards of ownership of the development, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the group.
- Revenue from rent collection is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.
- Interest income is recognised as interest accrues using the effective interest rate method.
- Dividends are recognised when the shareholders' right to receive payment is established.

Revenue is measured at the fair value of the consideration received or receivable and is stated net of received rebates and discounts granted.

I.13 **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

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

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

I.14 **Expenses**

Expenses, other than those specifically dealt with in another accounting policy, are recognised in profit and loss when it is probable that an outflow of economic benefits associated with a transaction will occur and that outflow can be measured reliably.

I.15 **Segmental reporting**

A segment is a distinguishable component of the group that is engaged either in providing services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risk and returns that are different from those of other segments.

I.16 **Earnings per share**

The calculation of earnings per share is based on profit for the period attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the period. Headline earnings per share is calculated in accordance with Circular 2/2012 issued by the South African Institute of Chartered Accountants.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations not yet effective

The group applies all applicable IFRSs as issued by the International Accounting Standards Board ("IASB") in preparation of the financial statements. Consequently, all IFRS statements that were effective at the date of issuing this report and are relevant to Balwin's operations have been applied. At the date of authorisation of these financial statements, the following Standards were in issue but not yet effective:

Standard interpretation	Effective date: Years beginning on or after
• Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
• IFRS 14 Regulatory Deferral Accounts	1 January 2016
• Amendments to IFRS 10, 12 and IAS 28: Investment Entities. Applying the consolidation exemption	1 January 2016
• Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project	1 January 2016
• Amendment to IAS 19: Employee Benefits: Annual Improvements project	1 January 2016
• Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements	1 January 2016
• Amendment to IAS 24: Related Party Disclosures: Annual improvements project	1 July 2014
• Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project	1 July 2014
• Amendment to IAS 40: Investment Property: Annual improvements project	1 July 2014
• Amendment to IFRS 3: Business Combinations: Annual improvements project	1 July 2014
• Amendment to IFRS 3: Business Combinations: Annual improvements project	1 July 2014
• Amendment to IFRS 13: Fair Value Measurement: Annual improvements project	1 July 2014

Management is currently assessing the impact of these Standards and Interpretations on the financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

	2015			2014		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	22,303,524	(865,176)	21,438,348	22,303,524	–	22,303,524
Plant and machinery	8,373,236	(3,447,650)	4,925,586	4,437,371	(1,629,209)	2,808,162
Furniture and fixtures	8,238,407	(7,203,484)	1,034,923	8,190,530	(6,105,462)	2,085,068
Motor vehicles	3,446,676	(1,237,721)	2,208,955	2,465,539	(1,206,349)	1,259,190
Office equipment	985,979	(649,850)	336,129	694,450	(575,266)	119,184
IT equipment	1,263,103	(509,696)	753,407	1,320,207	(977,333)	342,874
Total	44,610,925	(13,913,577)	30,697,348	39,411,621	(10,493,619)	28,918,002

	2013		
	Cost	Accumulated depreciation	Carrying value
Buildings	20,310,160	–	20,310,160
Plant and machinery	2,622,371	(726,995)	1,895,376
Furniture and fixtures	6,209,699	(3,843,530)	2,366,169
Motor vehicles	2,104,856	(768,909)	1,335,947
Office equipment	688,025	(526,169)	161,856
IT equipment	1,151,516	(780,883)	370,633
Total	33,086,627	(6,646,486)	26,440,141

Reconciliation of property, plant and equipment – 2015

	Opening balance	Additions	Disposals	Foreign exchange movements	Depreciation	Total
Buildings	22,303,524	–	–	–	(865,176)	21,438,348
Plant and machinery	2,808,162	8,361,335	(4,425,470)	–	(1,818,441)	4,925,586
Furniture and fixtures	2,085,068	106,991	–	(8,297)	(1,148,839)	1,034,923
Motor vehicles	1,259,190	1,711,563	(231,362)	–	(530,436)	2,208,955
Office equipment	119,184	325,029	(7,817)	–	(100,267)	336,129
IT equipment	342,874	678,695	(6,556)	–	(261,606)	753,407
Total	28,918,002	11,183,613	(4,671,205)	(8,297)	(4,724,765)	30,697,348

Reconciliation of property, plant and equipment – 2014

	Opening balance	Additions	Disposals	Foreign exchange movements	Depreciation	Total
Buildings	20,310,160	1,993,364	–	–	–	22,303,524
Plant and machinery	1,895,376	1,815,000	–	–	(902,214)	2,808,162
Furniture and fixtures	2,366,169	157,126	–	592,708	(1,030,935)	2,085,068
Motor vehicles	1,335,947	360,683	–	–	(437,440)	1,259,190
Office equipment	161,856	6,425	–	–	(49,097)	119,184
IT equipment	370,633	184,340	(8,099)	–	(204,000)	342,874
Total	26,440,141	4,516,938	(8,099)	592,708	(2,623,686)	28,918,002

Reconciliation of property, plant and equipment – 2013

	Opening balance	Additions	Disposals	Foreign exchange movements	Depreciation	Total
Buildings	–	20,310,160	–	–	–	20,310,160
Plant and machinery	587,536	1,801,950	–	–	(494,110)	1,895,376
Furniture and fixtures	2,765,163	734,300	–	(297,407)	(835,887)	2,366,169
Motor vehicles	1,751,812	–	–	–	(415,865)	1,335,947
Office equipment	126,374	83,797	–	–	(48,315)	161,856
IT equipment	289,682	259,358	(28,310)	–	(150,097)	370,633
Total	5,520,567	23,189,565	(28,310)	(297,407)	(1,944,274)	26,440,141

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

4. **INVESTMENT PROPERTY**

	2015			2014		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Investment property	2,392,460	–	2,392,460	170,703,303	–	170,703,303

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

No restrictions exist on the sale of investment property.

5. LOANS TO (FROM) SHAREHOLDERS

Figures in Rand	2015	2014	2013
S Brooks	(229,939)	(3,037,860)	(24,552,173)
U Gschnaidtner	477,831	(58,893)	(736,553)
RN Gray	2,100	(205,274)	(6,131,601)
The loans are unsecured, bear interest at the official interest rate with no fixed terms of repayment.			
	249,992	(3,302,027)	(31,420,327)
Current assets	479,931	–	–
Current liabilities	(229,939)	(3,302,027)	(31,420,327)
	249,992	(3,302,027)	(31,420,327)
Fair value of loans to and from shareholders			
Loans to shareholders	479,931	–	–
Loans from shareholders	(229,939)	(3,302,027)	(31,420,327)

6. OTHER FINANCIAL ASSETS

Loans and receivables			
Slade Properties Proprietary Limited	1,672	22,127,988	13,356,891
Friedshelf 966 Proprietary Limited	33,670,395	33,172,798	37,790,951
Body Corporates	–	–	374,002
The loans are unsecured, bears interest at prime related rates and have no fixed repayment term.			
	33,672,067	55,300,786	51,521,844
Current assets			
Loans and receivables	33,672,067	55,300,786	51,521,844
Fair values of loans and receivables			
Loans and receivables	33,672,067	55,300,786	51,521,844

7. DEFERRED TAX

Deferred tax asset			
Deferred tax on provisions	1,899,978	478,375	1,048,550
Deferred tax asset	1,899,978	478,375	1,048,550
Reconciliation of deferred tax asset			
At beginning of year	478,375	1,048,550	(14,595,021)
Taxable/(deductible) temporary difference movements	1,421,603	(570,175)	15,643,571
	1,899,978	478,375	1,048,550

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

8. DEVELOPMENTS UNDER CONSTRUCTION

Developments under construction	687,449,735	439,837,997	386,670,688
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9. TRADE AND OTHER RECEIVABLES

Trade receivables	142,527,091	7,405,620	8,300,801
Prepayments	–	67,705	515,630
Staff loans	665,667	1,098,363	480,326
	143,192,758	8,571,688	9,296,757

Trade and other receivables past due but not impaired:

Trade and other receivables which are less than 3 months past due are not considered to be impaired.

Trade receivables are assessed on a regular basis and provided for based on the estimated irrecoverable amounts, determined by reference to past default experience.

At 28 February 2015, Rnil (2014: Rnil ; 2013: Rnil) were past due but not impaired. The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The group does not hold any collateral as security. The carrying amount of these assets approximates their fair value.

10. CASH AND CASH EQUIVALENTS

Figures in Rand	2015	2014	2013
Cash and cash equivalents consist of:			
Cash on hand	30,430	29,491	26,187
Bank balances	129,897,735	12,656,568	1,421,320
Bank overdraft	–	–	(11,497,696)
	129,928,165	12,686,059	(10,050,189)
Current assets	129,928,165	12,686,059	1,447,507
Current liabilities	–	–	(11,497,696)
	129,928,165	12,686,059	(10,050,189)

The security held by Nedbank Ltd for facilities granted is as follows:

- (a) 1st covering bond of R8 500 000 over Erf 2171 Bedfordview
- (b) 1st covering bond of R10 500 000 over Erf 2171 Bedfordview

11. SHARE CAPITAL

Authorised

Ordinary shares of R0.10 each	5,800	5,800	5,800
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Issued

Ordinary	5,800	5,800	5,800
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The unissued shares are under the control of the directors until the next annual general meeting.

12. FOREIGN CURRENCY TRANSLATION RESERVE

Translation reserve comprises exchange differences on consolidation of foreign subsidiaries.

Balwin Properties (UK) Limited	(1,437,067)	(8,596,739)	(3,542,038)
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13. OTHER FINANCIAL LIABILITIES

Figures in Rand	2015	2014	2013
Held at amortised cost			
Mortgage bonds on development properties The loan bears interest at prime related rates and has fixed terms of repayment. These loans are payable within 12 months.	–	–	122,341,119
Standard Bank of SA Limited – 15 Orange Investment Property The loan bears interest at prime related rates and has fixed terms of repayment. These loans are payable within 12 months.	–	–	4,578,810
Buffet Investments Proprietary Limited The loan is unsecured, bears interest at prime related rates and has no fixed terms of repayment.	–	75,417,505	41,093,472
Mortgage bond The loan is secured by a fixed charge over the investment properties and a first fixed charge over all monies due to the company.	247,481,000	150,980,864	81,651,423
	247,481,000	226,398,369	249,664,824
Non-current liabilities			
At amortised cost	51,528,508	120,000	66,320,883
Current liabilities			
At amortised cost	195,952,492	226,278,369	183,343,941
	247,481,000	226,398,369	249,664,824
Fair value of the financial liabilities carried at amortised cost			
Bank loans	247,481,000	150,980,864	208,571,352
Other	–	75,417,505	41,093,472
	247,481,000	226,398,369	249,664,824

14. FINANCE LEASE LIABILITIES

Minimum lease payments due			
- within one year	–	506,084	311,301
- in second to fifth year inclusive	–	336,345	447,751
Present value of minimum lease payments	–	842,429	759,052
Non-current liabilities	–	336,345	447,751
Current liabilities	–	506,084	311,301
	–	842,429	759,052

15. **PROVISIONS**

Reconciliation of provisions – 2015

	Opening balance	Additions	Utilised during the year	Total
Leave pay	570,154	675,562	(570,154)	675,562
Other provisions	1,138,329	6,110,075	(1,138,329)	6,110,075
	1,708,483	6,785,637	(1,708,483)	6,785,637
Reconciliation of provisions – 2014				
Leave pay	534,712	570,154	(534,712)	570,154
Other provisions	3,687,577	1,138,329	(3,687,577)	1,138,329
	4,222,289	1,708,483	(4,222,289)	1,708,483
Reconciliation of provisions – 2013				
Leave pay	614,179	534,712	(614,179)	534,712
Other provisions	1,141,423	3,687,577	(1,141,423)	3,687,577
	1,755,602	4,222,289	(1,755,602)	4,222,289

16. **TRADE AND OTHER PAYABLES**

Figures in Rand	2015	2014	2013
Trade payables	39,593,737	22,732,763	63,797,527
VAT	24,341,503	768,429	5,446,272
SARS	2,009,165	371,769	299,106
Accruals	131,374	130,350	215,270
Deposits received	1,050,937	–	21,000
	67,126,716	24,003,311	69,779,175
Fair value of trade and other payables			
Trade payables	39,593,737	22,732,763	63,797,527
Other	27,532,979	1,270,548	5,981,648

17. **REVENUE**

Revenue from sale of developments	1,352,438,572	724,629,366	372,943,444
Rent collection	2,489,957	9,389,562	7,374,614
	1,354,928,529	734,018,928	380,318,058

18. **COST OF SALES**

Property expenses			
Property expenses	868,037,064	473,682,817	374,213,518

19. **OTHER INCOME**

Profit and loss on sale of assets and liabilities	38,199,473	3,929,282	–
Profit and loss on exchange differences	–	28,649,574	10,439,811
Administration and management fees received	194,941	195,323	–
Commissions received	3,912,321	2,931,283	1,147,104
Rental income	4,101,299	3,039,780	1,782,335
Recoveries	153,352	297,781	354,578
Other income	530,800	10,652,758	232,443
	47,092,186	49,695,781	13,956,271

20. **OPERATING PROFIT/(LOSS)**

Operating profit (loss) for the year is stated after accounting for the following:

	2015	2014	2013
Operating lease charges			
Premises			
• Contractual amounts	1,016,370	982,745	1,080,701
Profit on sale of property, plant and equipment	23,678,436	1,987,125	–
Profit (loss) on sale of investment property	14,521,037	(1,601,380)	–
Depreciation on property, plant and equipment	4,724,765	2,623,686	1,944,274
Employee costs	58,739,219	38,676,134	29,835,635

21. **INVESTMENT REVENUE**

Interest revenue

Other	580,784	32,263	121,488
Bank	4,209,600	1,011,782	743,738
Loan with Slade Properties Proprietary Limited	699,262	1,557,871	2,057,979
	5,489,646	2,601,916	2,923,205

22. **FINANCE COSTS**

Shareholders	3,802,021	5,612,872	3,627,176
Non-current borrowings	387,407	4,251,376	3,644,913
Finance charges	–	–	241,802
Bank	93,638	169,853	2,437,282
Other	287	5,642	634
	4,283,353	10,039,743	9,951,807

23. **TAXATION**

Major components of the tax expense (income)

Current

Local income tax – current period	121,395,195	64,322,514	(4,129,240)
Deferred			
Arising from temporary difference	(1,421,604)	570,175	(15,643,571)
	119,973,591	64,892,689	(19,772,811)

24. **CASH GENERATED FROM (USED IN) OPERATIONS**

Profit/(loss) before taxation	455,147,900	244,885,788	(27,463,730)
Adjustments for:			
Depreciation and amortisation	4,724,765	2,623,686	1,944,274
Net profit on disposal of property, plant and equipment and investment property	(38,199,473)	(385,745)	–
Loss (profit) on foreign exchange	131,948	(28,649,574)	(10,439,811)
Interest received – investment	(5,489,646)	(2,601,916)	(2,923,205)
Finance costs	4,283,353	10,039,743	9,951,807
Movements in provisions	5,077,154	(2,513,806)	2,466,687
Foreign exchange on investment property	288,804	(46,641,333)	(15,386,463)
Foreign exchange on property, plant and equipment	8,297	(592,708)	297,407
Movement in foreign currency translation reserve	7,159,673	(5,054,701)	(3,662,750)
Changes in working capital:			
Developments under construction	(247,611,738)	(53,167,309)	(75,189,655)
Trade and other receivables	(134,621,070)	725,069	(25,809,628)
Trade and other payables	43,123,405	(45,775,864)	52,055,522
	94,023,372	72,891,330	(94,159,545)

25. TAX PAID

Figures in Rand	2015	Group 2014	2013
Balance (payable)/receivable at beginning of the year	(13,632,362)	11,128,704	(501)
Current tax for the year recognised in profit or loss	(121,395,195)	(64,322,514)	4,129,240
Balance payable/(receivable) at end of the year	13,263,587	13,632,362	(11,128,704)
	(121,763,970)	(39,561,448)	(6,999,965)

26. RELATED PARTIES

Relationships

Subsidiaries	Balwin Properties (UK) Limited
Shareholder with significant influence	Slade Properties Proprietary Limited
Members of key management	SV Brooks RN Gray U Gschnaidtner J Weltman

Related party balances

Loan accounts – Owing (to)/by related parties

Slade Properties Proprietary Limited	1,672	22,127,988	13,356,981
Friedshel 966 Proprietary Limited	33,670,395	33,172,798	37,790,951

Related party transactions

Interest paid to/(received from) related parties

Slade Properties Proprietary Limited	(699,262)	(1,557,871)	(2,057,979)
SV Brooks	–	938,659	2,737,523
U Gschnaidtner	–	37,864	65,192
RN Gray	–	175,556	824,462

Rent paid to related parties

Slade Properties Proprietary Limited	–	–	859,466
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Compensation to directors and other key management

Short-term employee benefits	13,533,960	8,876,880	8,297,279
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27. DIRECTORS' EMOLUMENTS

Executive

2015

	Emoluments	Other benefits*	Total
SV Brookes	3,216,343	299,555	3,515,898
RN Gray	3,216,343	259,999	3,476,342
U Gschnaidtner	5,459,310	200,079	5,659,389
J Weltman	800,000	82,331	882,331
	12,691,996	841,964	13,533,960

2014

SV Brookes	2,818,295	170,705	2,989,000
RN Gray	2,818,295	141,606	2,959,901
U Gschnaidtner	2,818,295	109,684	2,927,979
	8,454,885	421,995	8,876,880

2013

SV Brookes	2,637,218	159,356	2,796,574
RN Gray	2,637,218	128,574	2,765,792
U Gschnaidtner	2,637,218	97,695	2,734,913
	7,911,654	385,625	8,297,279

* Other benefits comprise of medical benefits

28. **CATEGORIES OF FINANCIAL INSTRUMENTS**

	Note(s)	Financial liabilities at amortised cost	Loan and receivables	Equity and non-financial assets and liabilities	Total
Categories of financial instruments – 2015					
Assets					
Non-current Assets					
Investment property	4	–	–	2,392,460	2,392,460
Property, plant and equipment	3	–	–	30,697,348	30,697,348
Deferred tax	7	–	–	1,899,978	1,899,978
		–	–	34,989,786	34,989,786
Current Assets					
Investment Property under development	8	–	–	687,449,735	687,449,735
Loans to shareholders	5	–	479,931	–	479,931
Other financial assets	6	–	33,672,067	–	33,672,067
Trade and other receivables	9	–	143,192,758	–	143,192,758
Cash and cash equivalents	10	–	129,928,165	–	129,928,165
		–	307,272,921	724,080,456	994,722,656
Total Assets		–	307,272,921	759,070,242	1,029,712,442
Equity and Liabilities					
Equity					
Equity attributable to equity holders of parent:					
Share capital	11	–	–	5,800	5,800
Reserves	12	–	–	(1,437,067)	(1,437,067)
Retained income		–	–	696,256,830	696,256,830
		–	–	694,825,563	694,825,563
Total Equity		–	–	694,825,563	694,825,563
Liabilities					
Non-current Liabilities					
Other financial liabilities	13	51,528,508	–	–	51,528,508
Current Liabilities					
Loans from shareholders	5	229,939	–	–	229,939
Other financial liabilities	13	195,952,492	–	–	195,952,492
Current tax payable		–	–	13,263,587	13,263,587
Trade and other payables	16	40,776,048	–	26,350,668	67,126,716
Provisions	15	–	–	6,785,637	6,785,637
		236,958,479	–	46,399,892	283,358,371
Total Liabilities		288,486,987	–	46,399,892	334,886,879
Total Equity and Liabilities		288,486,987	–	741,225,455	1,029,712,442

	Note(s)	Financial liabilities at amortised cost	Loan and receivables	Equity and non-financial assets and liabilities	Total
Categories of financial instruments – 2014					
Assets					
Non-current Assets					
Investment property	4	–	–	170,703,303	170,703,303
Property, plant and equipment	3	–	–	28,918,002	28,918,002
Deferred tax	7	–	–	478,375	478,375
		–	–	200,099,680	200,099,680
Current Assets					
Inventories	8	–	–	439,837,997	439,837,997
Other financial assets	6	–	55,300,786	–	55,300,786
Trade and other receivables	9	–	8,503,983	67,705	8,571,688
Cash and cash equivalents	10	–	12,686,059	–	12,686,059
		–	76,490,828	439,905,702	516,396,530
Total Assets		–	76,490,828	640,005,382	716,496,210
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent:					
Share capital	11	–	–	5,800	5,800
Reserves	11	–	–	(8,596,739)	(8,596,739)
Retained income		–	–	455,200,168	455,200,168
		–	–	446,609,229	446,609,229
Total Equity		–	–	446,609,229	446,609,229
Liabilities					
Non-current Liabilities					
Other financial liabilities	13	120,000	–	–	120,000
Finance lease liabilities	14	–	–	336,345	336,345
		120,000	–	336,345	456,345
Current Liabilities					
Loans from shareholders	5	3,302,027	–	–	3,302,027
Other financial liabilities	13	226,278,369	–	–	226,278,369
Current tax payable		–	–	13,632,362	13,632,362
Finance lease liabilities	14	–	–	506,084	506,084
Trade and other payables	16	22,863,113	–	1,140,198	24,003,311
Provisions	15	–	–	1,708,483	1,708,483
		252,443,509	–	506,084	16,481,043
Total Liabilities		252,563,509	–	842,429	16,481,043
Total Equity and Liabilities		252,563,509	–	842,429	463,090,272
					716,496,210

29. RISK MANAGEMENT

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 5, 6, 13 and 14 cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio.

Financial risk management

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

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

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

Interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. During 2015 and 2014, the group's borrowings at variable rate were denominated in the Rand and the UK pound.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Credit risk

Credit risk is managed on a group basis.

Credit risk consists mainly of loans to shareholders, loans and receivables, cash equivalents and trade and other receivables. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The group does not hedge foreign exchange fluctuations.

The group reviews its foreign currency exposure, including commitments on an ongoing basis.

30. EVENTS AFTER THE REPORTING PERIOD

The directors declared a dividend of R313,800,218 on 20 September 2015, conditional upon the successful listing of the group.

Other than the conditional dividend declaration, the directors are not aware of any other events subsequent to 28 February 2015, not arising in the normal course of business, which are likely to have a material effect on the financial information contained in this financial statements, other than the approval of the historical financial information.

31. SEGMENTAL REPORTING

	United Kingdom			South Africa		
	2015	2014	2013	2015	2014	2013
Segmental statement of financial position						
Assets						
Property, plant and equipment	706,907	1,778,999	2,116,899	29,990,441	27,139,003	24,323,242
Investment property	2,392,460	170,703,303	151,460,003			7,716,378
Developments under construction				687,449,730	439,837,996	386,670,688
Trade and other receivables		560,937	351,286	143,192,758	8,010,751	46,736,422
Other financial assets				33,672,067	55,300,786	13,730,893
Cash and cash equivalents	1,633,426	2,252,761	1,428,006	128,294,739	10,433,298	19,501
Investments				100	100	100
Liabilities						
Trade and other payables	131,374	250,350	4,276,731	66,995,178	23,872,935	69,353,435
Other financial liabilities		85,843,624	77,800,431	247,481,000	140,434,745	168,013,402
Finance lease liabilities					842,429	759,052
Loans from shareholders		171	1,483,617	229,932	3,301,856	29,936,710
Segmental statement of comprehensive income						
Revenue	2,489,957	9,389,562	7,374,614	1,352,438,572	724,629,366	372,943,444
Cost of sales	148,124	421,770	652,627	867,888,940	473,261,047	373,560,891
Operating expenses	6,723,397	5,837,603	2,444,716	73,318,647	51,870,674	38,051,223

32. RESTATEMENT

In terms of IAS 8 – Accounting policies, changes in accounting estimates and errors, if a prior period material error is identified the financial statements needs to be restated retrospectively.

The 2014 and 2013 company and group numbers were restated due to errors identified in the current period relating to prior years. The errors relates to revenue recorded in the incorrect financial year.

Revenue of R26,645,526 with a cost of R18,752,666 was recorded in 2012 but relates to sales in 2013.

Revenue of R143,631,359 and a cost of R91,129,642 was recorded in 2013 but relates to sales in 2014.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF BALWIN

The definitions and interpretation commencing on page 15 of this Pre-listing Statement shall not apply to this Annexure 2.

"The Directors
Balwin Properties Limited
Block 1, Townsend Office Park
No 1 Townsend Avenue
Bedfordview

29 September 2015

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION INCLUDED IN THE PRE-LISTING STATEMENT*Introduction*

We have audited the consolidated historical financial information of Balwin Properties Limited ("the Group") in respect of the year ended 28 February 2015, set out in Annexure 1 of the Pre-listing statement. We have also reviewed the historical financial information of the Group in respect of the years ended 28 February 2014 and 28 February 2013 set out in Annexure 1. The historical financial information in respect of each annual period comprises the statement of financial position as at the year-end date, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the years then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the historical financial information

The Group's directors are responsible for the preparation and fair presentation of the historical financial information in accordance with the requirements of the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that is free from material misstatement, whether due to fraud or error.

The JSE Listings Requirements require the historical financial information in respect of each period to be prepared in accordance with the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, to be presented and contain the disclosures required by the JSE Listings Requirements.

Reporting Accountants' responsibility

Our responsibility is to express an opinion or conclusion on the historical financial information based on our audit or review.

We conducted our audit of the historical financial information in accordance with International Standards on Auditing (ISAs) and the review of the historical financial information was conducted in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. Both standards require that we comply with ethical requirements.

We plan and perform the audit to obtain reasonable assurance about whether the historical financial information is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the historical financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the historical financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the historical financial information.

ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the historical financial information is not prepared in all material respects in accordance with the applicable financial reporting framework. A review is substantially less in scope than an audit conducted in accordance with the ISAs and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We believe that the evidence we have obtained in our audit or review is sufficient and appropriate to provide a basis for our opinion or conclusion respectively.

Opinion

In our opinion, the historical financial information in respect of the year ended 28 February 2015 is prepared, in all material respects, in accordance with the requirements of the JSE Listings Requirements and the International Financial Reporting Standards, as set out in notes to the historical financial information.

Based on our review of the historical financial information of the Group in respect of the years ended 28 February 2014 and 28 February 2013, nothing has come to our attention that causes us to believe that the historical financial information of the Group is not prepared, in all material respects, in accordance with the requirements of the JSE Listings Requirements and International Financial Reporting Standards, as set out in the notes to the historical financial information.

Other information in the pre-listing statement

As required by paragraph 8.53 of the JSE Listings Requirements, we have read the pre-listing statement in which the historical financial information is contained, for the purpose of identifying whether there are material inconsistencies between the pre-listing statement and the historical financial information which has been subject to audit. The pre-listing statement is the responsibility of the directors. Based on reading the pre-listing statement we have not identified material inconsistencies between this report and the historical financial information which has been subject to audit. However, we have not audited the pre-listing statement and accordingly do not express an opinion on it.

Consent

We consent to the inclusion of this report, which will form part of the pre-listing statement to the shareholders of the Group, to be issued on or about 1 October 2015, in the form and context in which it appears.

Deloitte & Touche

Registered Auditors

Per P Kleb
Partner

Deloitte & Touche
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National Executive: *LL Bam Chief Executive *AE Swiegers Chief Operating Officer *GM Pinnock Audit *DL Kennedy Risk Advisory *NB Kader Tax TP Pillay Consulting *K Black Clients & Industries *JK Mazzocco Talent & Transformation *MJ Jarvis Finance *M Jordan Strategy S Gwala BPaaS *TJ Brown Chairman of the Board *MJ Comber Deputy Chairman of the Board

*A full list of partners and directors is available on request * Partner and Registered Auditor*

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited"

PRO FORMA FINANCIAL INFORMATION

The *pro forma* consolidated statement of financial position has been prepared to show the financial effects of the Listing. The *pro forma* financial effects are calculated for the year ended 28 February 2015. These *pro forma* financial effects are prepared for illustrative purposes only, to provide information about how the Listing might have affected the financial information presented by Balwin and, because of their *pro forma* nature, may not give a fair reflection of Balwin's financial position, changes in equity, results of operations or cash flows after the Listing. The *pro forma* statement of financial position has been prepared on the basis as if the Listing took place on 28 February 2015 and the *pro forma* statement of comprehensive income has been prepared on the basis as if the Listing took place on 1 March 2014.

The directors of Balwin are responsible for the preparation of the *pro forma* financial information. The *pro forma* financial information has been prepared using accounting policies that are consistent with IFRS and with the basis on which the historical financial information has been prepared in terms of the accounting policies adopted by Balwin as at 28 February 2015. The *pro forma* financial information has been prepared in accordance with the Listings Requirements and the revised Guide on *Pro Forma* Financial Information issued by SAICA.

The independent reporting accountants' assurance report on the abovementioned *pro forma* financial effects is included as Annexure 4 to this Pre-listing Statement.

Pro forma statement of financial position as at 28 February 2015:

Figures in Rand	Notes	Balance sheet as at 28 February 2015 ¹	Shareholders loans advanced since 28 February 2015 ²	Offer ³	Effects of the Offer
Assets					
Non-Current Assets					
Investment property		2,392,460	—	—	
Property plant and equipment		30,697,348	—	—	
Deferred tax		1,899,978	—	—	
		34,989,786	—	—	34,989,786
Current Assets					
Inventories		687,449,735	—	—	687,449,735
Other financial assets		33,672,067	—	—	33,672,067
Trade and other receivables		143,192,758	—	—	143,192,758
Loans to shareholders		479.93	—	—	479.93
Cash and cash equivalents	4	129,928,165		144,850,000	274,778,165
		994,722,656	—	144,850,000	1,139,572,656
Total assets		1,029,712,442	—	144,850,000	1,174,562,442
Equity and liabilities					
Equity					
Share capital	5	5,800	—	701,513,642	701,519,442
Reserves		(1,437,067)	—	—	(1,437,067)
Retained earnings	6, 7	696,256,830	(313,800,218)	(8,150,000)	374,306,612
Total equity		694,825,563	(313,800,218)	693,363,642	1,074,388,987
Liabilities					
Non-Current Liabilities					
Other financial liabilities	8	51,528,508	—	(51,528,508)	—
		51,528,508	—	(51,528,508)	—
Current Liabilities					
Trade and other payables		67,126,716	—	—	67,126,716
Loans from shareholders	9	229,939	313,800,218	(313,800,218)	229.94
Other financial liabilities	8	195,952,492	—	(183,184,916)	12,767,576
Current tax payable		13,263,587	—	—	13,263,587
Provisions		6,785,637	—	—	6,785,637
		283,358,371	313,800,218	(496,985,134)	100,173,455
Total liabilities		334,886,879	313,800,218	(548,513,642)	100,173,455
Total equity and liabilities		1,029,712,442	—	144,850,000	1,174,562,442
Net asset value per share (cents)	10	257			249
Tangible net asset value per share (cents)	10	257			249
Issued number of ordinary shares (000's)	10	400,000			472,193
Weighted number of ordinary shares (000's)	10	400,000			472,193

Notes:

- Balwin audited consolidated financial statements as at 28 February 2015.
- During the course of the 2016 financial year, pursuant to the Listing, Balwin's capital structure, which comprised multiple classes of shares, was restructured to a single class of ordinary shares (refer note 10 for additional information thereon). In terms of the capital restructure, a dividend was declared in order to achieve the redemption of all other classes of shares. This dividend remains outstanding as a shareholder loan and will be settled using part of the proceeds raised pursuant to the Offer.
- It is assumed that in terms of the Offer, Balwin raises R713,513,642 (offset by an approximate R12,000,000 in capital raising fees) by way of a primary capital raise, which amount will be used by Balwin to settle Debt Facilities with the balance of the Offer proceeds retained by Balwin to fund future opportunities.
- Increase in cash and cash equivalents reflects the net cash retained by Balwin to pursue new opportunities and is calculated as the sum of the primary capital raise of R713,513,642 less the amounts applied by Balwin to settle Debt Facilities and listing expenses as set out in notes 7, 8 and 9 respectively.
- Share capital has been increased by the amount of the assumed primary capital raise of R713,513,642 (net of anticipated capital raising fees of approximately R12,000,000), being up to 83,835,710 shares in an Offer Price Range of between R8.51 and R9.88 per share.

6. Retained earnings has been reduced by the total anticipated listing expenses comprising the listing expenses as set out in paragraph 57 to the Pre-listing Statement, excluding the capital raising fee outlined in note 5, above.
7. 15% of the total dividend paid to certain shareholders will be withheld by Balwin and paid to the South African taxation authorities in respect of dividends withholding tax.
8. Balwin will settle all Debt Facilities on Listing. For the avoidance of doubt, outstanding third party development borrowings will remain in place and will not be settled on Listing.
9. As set out in note 2 above, Balwin declared a dividend of R313,800,218 pursuant to the restructure of Balwin's share capital structure to a single class of ordinary shares for the Listing. The shareholder loan remains outstanding and will be settled with part of the proceeds raised from the Offer.
10. Net asset value per share and tangible net asset value per share calculated in accordance with IFRS and the Listings Requirements on 400,000,000 Balwin shares in issue prior to the Listing and Offer and 472,192,592 shares in issue post the Listing and Offer.
It is further noted that as at 28 February 2015, Balwin's share structure comprised of 10,000 A class, 4,000 B class, 4,000 C class, 40,000 D class and 40,000 E class shares. This share capital was restructured prior to listing, with the effect that 400,000,000 ordinary shares were in issue prior to listing. The figures calculated above have been based on these numbers as they represent the best approximator of the share capital in issue at Balwin prior to listing.
11. No other material post balance sheet date events have taken place which would require adjustment to the *pro forma* statement of financial position presented.

Pro forma statement of comprehensive income for the period ended 28 February 2015:

Figures in Rand	Notes	Income statement for the year ended 28 February 2015¹²	Effects of the Offer¹³	Pro forma income statement for the year ended 28 February 2015¹³
Revenue		1,354,928,529	–	1,354,928,529
Cost of sales	14	(868,037,064)	22,884,559	(845,152,505)
Gross profit		486,891,465	22,884,559	509,776,024
Other income		47,092,186	–	47,092,186
Operating expenses		(80,042,044)	–	(80,042,044)
Operating profit		453,941,607	22,884,559	476,826,166
Investment revenue		5,489,646	–	5,489,646
Listing costs	15	–	(8,150,000)	(8,150,000)
Finance costs	16	(4,283,353)	–	(4,283,353)
Profit before taxation		455,147,900	14,734,559	469,882,459
Taxation	17	(119,973,591)	(6,407,676)	(126,381,267)
Profit for the year		335,174,309	8,326,882	343,501,191
Other comprehensive income				
Items that may be reclassified to profit and loss				
Exchange differences on translating foreign operation		7,159,672	–	7,159,672
Other comprehensive income for the year net of taxation		7,159,672	–	7,159,672
Total comprehensive income for the year		342,333,981	8,326,882	350,660,863
Earnings per share (cents)	18	84		73
Headline earnings per share (cents)	18	78		68
Issued number of ordinary shares (000's)	18	400,000		472,193
Weighted number of ordinary shares (000's)	18	400,000		472,193
Reconciliation of profit for the year to headline earnings				
Profit for the year		335,174,309		343,501,191
Adjusted for:				
– Profit on disposal of property, plant and equipment		(23,678,436)		(23,678,436)
		311,495,873		319,822,755

Notes:

12. Balwin audited consolidated statement of comprehensive income for the year ended 28 February 2015.
13. The effects of the Offer column reflects the effects of the Offer on Balwin's statement of comprehensive income on the assumption that Balwin raised R713,513,642 (offset by an approximate R12,000,000 in capital raising fees) on 1 March 2014 by way of a primary capital raise, which amount will be used by Balwin to settle outstanding Debt Facilities and listing expenses with the balance of the Offer proceeds retained by Balwin to fund future opportunities. Please refer the notes below for a distinction of those effects which are once-off in nature and those effects which are expected to have a continuing effect on Balwin's statement of comprehensive income.
14. Balwin capitalises interest on land borrowings to cost of sales. It is assumed that interest accruing at a rate of 9.75% before tax is saved on R234,713,424 of land borrowings which are settled. This will have a continuing effect on Balwin's statement of comprehensive income until such time as Balwin's bank borrowings are increased.
15. Total anticipated once-off listing expenses comprising the listing expenses as set out in paragraph 59 to the Pre-listing Statement, excluding a capital raising fee. These expenses have been assumed capital in nature and as such no taxation impact has been calculated thereon.
16. In accordance with the SAICA guide on *pro forma* financial information, interest income on excess cash raised pursuant to the Offer has not been included in the information presented. Furthermore, no finance costs have been accounted for in respect of the shareholder loan raised based on the assumption that the shareholder loan is raised and simultaneously settled out of the proceeds raised from the Offer on 1 March 2014.
17. Tax is accrued at a rate of 28% on the reduced cost of sales and interest income. No tax deduction has been considered in relation to listing costs which are capital in nature.
18. Earnings per share and headline earnings per share calculated in accordance with IFRS and the Listings Requirements on 400,000,000 Balwin shares in issue post the Listing and Offer and 472,192,592 shares in issue post the Listing and Offer.

It is further noted that as at 28 February 2015, Balwin's share structure comprised of 10,000 A class, 4,000 B class, 4,000 C class, 40,000 D class and 40,000 E class shares. This share capital was restructured prior to listing, with the effect that 400,000,000 ordinary shares were in issue prior to listing. The figures calculated above have been based on these numbers as they represent the best approximator of the share capital in issue at Balwin prior to listing.

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION

The definitions and interpretation found on page 15 of this Pre-listing Statement shall not apply to this Annexure.

"The Directors
Balwin Properties Limited
Block I, Townsend Office Park
No 1 Townsend Avenue
Bedfordview

29 September 2015

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN THE PRE-LISTING STATEMENT

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Balwin Properties Limited by the directors. The *pro forma* financial information, as set out in Annexure 3 of the pre-listing statement, to be dated on or about 1 October 2015 ("Pre-listing Statement"), consists of the statement of financial position, the *pro forma* statement of comprehensive income and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the transaction, being the Listing as described in the pre-listing statement, on the Group's financial position as at 28 February 2015, and on the Group's financial performance for the year then ended, as if the corporate action or event had taken place at 1 March 2014, being the commencement date of the financial period for the purposes of the statement of comprehensive income and at 28 February 2015, being the last day of the financial period for the purposes of the statement of financial position. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the period ended 28 February 2015, on which an unmodified auditor's report was issued on 29 September 2015.

Directors' responsibility for the pro forma financial information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 3 of the pre-listing statement.

Reporting Accountants' responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro forma* Financial Information included in the Prospectus, which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a pre-listing statement is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the transaction had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the transaction at 28 February 2015 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable

criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Annexure 3 of the pre-listing statement.

Deloitte & Touche

Registered Auditors

Per P Kleb

Partner

Deloitte & Touche

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*A full list of partners and directors is available on request * Partner and Registered Auditor*

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited"

FORECAST FINANCIAL INFORMATION OF BALWIN

The table below sets out the profit forecasts of Balwin Holdings for the years ending 28 February 2016 and 28 February 2017 and should be read in conjunction with the independent reporting accountant's report thereon set out in Annexure 6. The directors of Balwin Holdings are responsible for the forecasted financial information as set out in the table below, which was approved by the board of directors on 21 September 2015.

The assumptions made and applied in the preparation of the profit forecast, which are considered by the board to be material and significant, are set out below. These assumptions are not an exhaustive list, nor are they intended to be. General assumptions usually applicable to profit forecasts of this nature have not been expressly set out below as such assumptions are considered implicit in the context of forecasted information, or having an insignificant effect on such forecasted financial information. Due to the nature of assimilating such information, a view is taken by the board of directors as to the impact of market conditions and/or future events. In the opinion of directors, the assumptions below are significant to the forecasts as being key factors upon which the financial results of the company will depend. However, certain assumptions may not materialise and/or certain unseen events may occur or circumstances may arise subsequent to the forecasts being made. Accordingly, the actual results achieved for the forecasted periods may differ from those forecasted.

The forecasts for the years ending 28 February 2016 and 28 February 2017 have been compiled utilising the accounting policies of Balwin as set out in Annexure 1 to the Pre-listing Statement, which have been assumed to remain in place for the duration of the forecasted period.

Figures in Rand	Notes	Forecast 2016 ^{1,2}	Forecast 2017 ²
Revenue	3, 8, 9	1,888,367,841	2,495,133,065
Cost of sales	10	(1,083,512,775)	(1,463,511,399)
Gross profit	4	804,855,066	1,031,621,666
Other income		42,224,426	43,200,000
Operating expenses	5, 6	(97,237,740)	(104,688,970)
Operating profit		749,841,752	970,132,696
Finance costs		(92,495)	(60,000)
Profit before taxation		749,749,257	970,072,696
Taxation	11	(206,947,792)	(271,620,355)
Profit for the year		542,801,465	698,452,341
Earnings per share (cents)	12	115	148
Headline earnings per share (cents)	12	115	148
Issued number of ordinary shares (000's)	12	472,193	472,193
Weighted number of ordinary shares in issue (000's)	12	472,193	472,193

Material assumptions

Assumptions considered to be material are disclosed below. The assumptions disclosed are not intended to be an exhaustive list. The forecast statements of comprehensive income have been compiled using the accounting policies of Balwin.

The profit forecasts for the years ending 28 February 2016 and 28 February 2017 are based, *inter alia*, on the following assumptions:

The forecasts incorporate the following material assumptions in respect of revenue and expenses that can be influenced by the Directors of Balwin:

1. The forecast contains actual results for the 4 months ended 30 June 2015 and have been based on the audited historic financial information for the financial year ended 28 February 2015 as presented in Annexure 1.
2. The forecasted figures assume a successful listing on the JSE on 15 October 2015.

3. Sales prices achieved are based on anticipated inflation-related price increases to those currently achieved in Balwin's comparable developments. These prices can be adjusted by management in accordance with prevailing market conditions.
4. Balwin targets a 40% Gross Profit Margin which may be amended by the Directors in the face of rising input costs.
5. Operating expenses comprise head-office costs and are expected to grow at approximately 10% per annum.
6. Once-off listing expenses of R8.15 million comprising the listing expenses as set out in paragraph 57 to the Pre-listing Statement (excluding the capital raising fee) have been included in the operating expenses for the 2016 financial year. These expenses have been assumed capital in nature and as such no taxation impact has been calculated thereon.
7. There are no anticipated acquisitions to be made outside of Balwin's ordinary course of business.

The forecast incorporates the following material assumptions in respect of revenue and expenses that cannot be influenced by the directors of Balwin:

8. Sales of 1,857 residential apartment units for the financial year ending 28 February 2016 and of 2,377 residential apartment units for the financial year ending 28 February 2017, the sale of which is influenced by prevailing South African economic conditions. Furthermore, the transfer of ownership of the residential apartments units (and the consequent recognition of sales revenue) is subject to the relevant conveyancing and deeds office approval processes.
9. The number of completed units available for sale is based on detailed building schedules which take into account a variety of construction-related variables including anticipated timing delays due to inclement weather.
10. Cost of sales is calculated based on the volume of sales and a detailed bottom-up analysis of relevant input-costs (including assumptions on inflation related to all construction expenditures such as raw material and labour costs and anticipated interest rates).
11. Income tax is provided at the current corporate tax rate of 28%.
12. Earnings per share and headline earnings per share calculated in accordance with IFRS and the Listings Requirements on an assumed 472,192,592 Balwin shares in issue post the Listing and Offer (and in issue for the entire period presented). No reconciliation between earnings per share and headline earnings per share is provided as there are no reconciling items between earnings per share and headline earnings per share.

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE FORECAST STATEMENTS OF COMPREHENSIVE INCOME OF BALWIN

The Directors
Balwin Properties Proprietary Limited
Block I, Townsend Office Park
No 1 Townsend Avenue
Bedfordview

29 September 2015

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE PROPERTY FORECAST INCLUDED IN THE PRE-LISTING STATEMENT OF BALWIN PROPERTIES PROPRIETARY LIMITED

We have examined the accompanying forecast of Balwin Properties Proprietary Limited ("the Group") for the years ending 29 February 2016 and 28 February 2017 set out in the pre-listing statement of the Group, dated on or about 1 October 2015 regarding the proposed listing on the main board of the JSE Limited and a private placement. Hereafter referred to as the "forecast".

Directors' responsibility

The directors are responsible for the forecast, including the assumptions set out in the pre-listing statement, on which it is based, and for the financial information from which it has been prepared. This responsibility, arising from compliance with the Listings Requirements of the JSE Limited, includes determining whether the assumptions, barring unforeseen circumstances, provide a reasonable basis for the preparation of the forecast; whether the forecast has been properly compiled on the basis stated; and whether the forecast is prepared and presented on a basis consistent with the accounting policies of Group.

Reporting accountants' responsibility

Our responsibility is to provide a limited assurance report on the forecast prepared for the purpose of complying with the Listings Requirements of the JSE Limited. We conducted our assurance engagement in accordance with the ISAE 3400: the International Standard on Assurance Engagements applicable to the Examination of Prospective Financial Information and the Revised Guide on Forecasts issued by The South African Institute of Chartered Accountants. This standard requires us to obtain sufficient appropriate evidence as to whether or not:

- Management's best-estimate assumptions on which the forecast is based are not unreasonable and are consistent with the purpose of the information;
- The forecast is properly prepared on the basis of the assumptions;
- The forecast is properly presented and all material assumptions are adequately disclosed; and
- The forecast is prepared and presented on a basis consistent with the accounting policies of the company or group in question for the period concerned.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and, therefore, less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

- i) the assumptions, barring unforeseen circumstances, do not provide a reasonable basis for the preparation of the forecast;
- ii) the forecast has not been properly compiled on the basis stated;
- iii) the forecast has not been properly presented and all material assumptions are not adequately disclosed; and

iv) the forecast, is not presented on a basis consistent with the accounting policies of the Group.

Actual results are likely to be different from the forecast, since anticipated events frequently do not occur as expected and the variation may be material. Accordingly no assurance is expressed regarding the achievability of the forecast.

Deloitte & Touche

Registered Auditors

Per P Kleb
Partner

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*A full list of partners and directors is available on request * Partner and Registered Auditor*

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

INDEPENDENT VALUER'S REPORT



**Industrial, Commercial and Retail: Leasing, Sales, Development & Valuation
Registered Property Valuers**

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29 September 2015

The Directors
Balwin Properties Limited,
Block I, Townsend Office Park,
No 1 Townsend Avenue,
Bedfordview,
Johannesburg

Attention: Mr Rodney Gray

Dear Sir,

**RE: INDEPENDENT PROPERTY VALUERS' REPORT OF THE PROPERTY PORTFOLIO FOR
BALWIN PROPERTIES LIMITED ("BALWIN") AS DETAILED IN THE SUMMARY SCHEDULE
ATTACHED AND FOR WHICH THERE ARE DETAILED VALUATION REPORTS HELD BY BALWIN**

In accordance with your instruction of 31 August 2015, I confirm that I have visited and inspected the 22 development projects and land portions listed in the attached schedule ("the properties") during September 2015 and have received all necessary details required in order to perform a valuation and provide you with my opinion of the properties' market values as at 15 October 2015.

I. INTRODUCTION

The valuation of the properties has been carried out by Peter Parfitt, I have carefully considered all aspects of the projects comprising the residential developments. The properties each have a detailed valuation report which has been given to the directors of Balwin Properties Ltd. The detailed reports include commentary on the current economy, nature of the properties, locality, composition, sales values, value adjustments, forward sales potential and land value of spare land earmarked for future projects.

All aspects that relate to the value of the properties have been considered in the individual valuation reports. The detailed reports further address the highest and best use of each property in terms of approved town planning. Capital development cost and expenditure projections as well as future expenditure projections have all been and considered. The value therefore indicates the fair market value for each property which is detailed in the attached report and which has been summarised on a schedule as attached hereto, for each property. There are 22 properties in total comprising the portfolio. All essential aspects of information relevant to the properties have been summarised in the schedule.

2. BASIS OF VALUATION

The valuation is based on market value.

Market value is "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." (IVS 7th edition).

Furthermore the principals of fair value measurement have been applied in the determination of value which is defined as "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." (IFRS 13)

Note that the values and calculation methodology have been sensitivity tested by way of quantitative analysis by analysing the sales rates, market demand, comparative sales rates achieved, bank funding rates, risk consideration and other inputs in various discounted cash flow models.

3. VALUE CALCULATION

The calculation of the current market value of these properties has been based on comparable sales.

In order to determine the value of the properties we have carried out the following analysis:

1. Analysis of all sales histories of residential property transactions in the area.
2. Analysis of all contractual and municipal expenses relating to the projects.
3. Relate these back to the market in terms of nature of the developments and purchaser demand.
4. Consider all the risk inputs. i.e. current economy and availability of finance, size of market
5. Consider comparative sales, trends, volume and value per square metre.

4. SPARE LAND

There are eleven properties which are land only. These are:

Property	Size (Sqm)	Physical Address	Legal Description
Amsterdam	198,206	Jacaranda Avenue Olivedale	Portion 14 of the Farm Olivedale 197
Paardevelei Retirement	83,954	Corner of Beach Road and Broadway Boulevard Paardevelei	Erven 19506, 19308, 19152 to 19156 Somerset West
Paardevelei Square	9,707	De Beers Avenue Somerset West	Erf 17955 Somerset West
The Sandown	63,695	College Ave, Milnerton Rural, Cape Town	Erven 4 and 7 Sandown Cape Town
The Boulevard	28,306	Gardner Williams Avenue Western Cape	Erf 19311 Somerset West
Majella Park	52,700	Oakdene Parks Drive Oakdene	Portion 222 of the Farm 100 Turffontein
Malakite	32,320	Corner of Hereford Road Greenstone Hill	Erf 1847 Greenstone Hill Ext 21
The Clulee	180,365	Clulee Road Linbro Park A.H Sandton	Holdings 20; 1 of 20; 21; 22; 23; 24; 25; 26; 27; 28 and 29 Linbro Park Agricultural Holdings
The Reid	173,142	35 Douglas Avenue Linbro Park AH Sandton	Holdings 30; 31; 32; 33; 34; 35; 36; 37 and 38 Linbro Park Agricultural Holdings
The Whiskin	128,272	Corner of Whiskin Ave and Ethel Ave Crowthorne Northern Johannesburg	Erven 102 to 106 Crowthorne Agricultural Holdings

5. BRIEF DESCRIPTION

Note that all properties come with dishwasher, fridge and washing machine

Property Name	Status	Basic Description	Legal Description
Balboa Park	Under construction – 60% complete	Located in the suburb of Oakdene, close to The Glen Shopping Centre, this development will comprise of 1, 2 and 3 bedroom apartments. Development will include: Lifestyle Centre, Swimming pool, Braai facilities, Walking track, Boutique gym.	Erven 743 and 744 Oakdene Ext 16, Erven 745 and 746 Oakdene Ext 17 and Erf 747 Oakdene Ext 18
Cambridge	Under construction – 22% complete	The Cambridge is situated in Bryanston. Offering 440 sectional-title apartments. Development will included the following: Lifestyle Centre, Restaurant, Swimming pool, Boutique gym.	Erven 5279 and 5280 Bryanston Ext 78
Greenstone Crest	Development – almost completed – 60% complete	Greenstone Crest will consist of 620 stunning apartments. Offering spacious 2 bedroom 2 bathroom and 3 bedroom 2 bathroom apartments. Development will included the following: Lifestyle Centre, Discovery Vitality Gym, Fitness track, a spectacular pool area, Braai facilities, wi-fi ready, Smart meters, Free eco-friendly appliances.	Erven 1361 and 1362 Greenstone Hill Ext 33
Greenstone Ridge	Development – almost completed – 92% complete	Offering 1 bedroom, 2 bedroom and 3 bedroom apartments. Development will included the following: Lifestyle Centre, Restaurant, Entertainment area, Children's play area, Braai area, Spectacular pool area, Discovery Vitality Gym, Fitness track, Squash facility, Multipurpose sports field, Spa.	Erven 1834 and 1835 Greenstone Hill
Kyalami Hills	Development – almost completed – 99% complete	Kyalami Hills is a sectional-title development being built on Maple road in Kyalami. This development will consist of 542 and offers a range of 3 bedroom garden, and 2 bedroom 2 bathroom apartments. Development will included the following: Clubhouse, Swimming pools, Walking trails, Trimfit areas within the development, Kiddies climbing walls, kids' play area, Wi-Fi ready.	Portion 76 of the Farm Bothasfontein 408 JR
Stanley Park	Development – under construction – 61% complete	Stanley Park comprises of 1, 2 & 3 bedroom apartments. This development will contain a lifestyle centre, swimming pool, braai facilities, walking track and boutique gym. This development will also have a gas reticulated system for electricity, water and gas which is a huge energy saving. Development sold out.	Erven 739 and 740 Oakdene
The William	Development – almost completed – 98% complete	The William is situated in Dainfern Johannesburg. Offering spacious 2 bedroom 2 bathroom and 3 bedroom 2 bathroom apartments. Development will included the following: Lifestyle Centre (wi-fi enabled), Eco swimming pool, Discovery Vitality gym, Trim Park Multipurpose sports field, Squash court, Organic herb garden, Wine cellar, Amici restaurant, Entertainment area, Movie room, Children's playground.	Erven 2615 and 2616 Fourways Ext 55

Westlake	Development – under construction 23% complete	Westlake Eco-Estate will comprise 770 one, two and three bedroom apartments, all including eco-friendly appliances. Development will included the following: Lifestyle Centre, Restaurant, Entertainment area, Children's play area, Braai area, Spectacular pool area, Discovery Vitality Gym, Fitness track, Squash facility, Multipurpose sports field, Spa. Phase I consists of 110 units and occupation will be 1 March 2016.	Erven 45, 46 and 47 Westlake View Ext 13
De Velde	Development – almost completed – 84% complete	De Velde is located in Somerset West. Offering 1 bedroom, 2 bedroom and 3 bedroom apartments. Development will included the following: Lifestyle Centre (wi-fi enabled), Swimming pool, Discovery Vitality gym, Fitness track, Multipurpose sports field, Squash court, Herb garden, Wine cellar, Amici restaurant, Entertainment area, Braai area, Picnic pockets, Movie room, Children's playground, Chi Chi Senses Spa. 580 units to date 113 sales.	Re Portion 53 of the Farm Stellenbosch 794
Grove Lane	Under construction – 20% complete	Grove–Lane, Equestria in Pretoria East. The development will offer the following: Braai facilities, Swimming pool, Washing machine & tumble dryer included, Dishwasher and fridge included, Gas hobs, Pre-paid gas, water & electricity, 24 security, built-in braais.	Portion 680 of the Farm The Willows 340 JR

6. VALUATION QUALIFICATIONS

Qualifications are usually detailed as a consequence of:

Sales under negotiation that have not yet been formalised; sales of a large nature where the finance may be declined; specialised properties; large exposure to a single purchaser; potential negligence of managing agents, tenant failure due to over-rent; expenses required for major repairs; maintenance or other exposure to maintain the salability and/or lettability of the building; expropriations or servitudes that may be imposed; poor sale records whereby the sale may be disputed or rendered invalid.

I have, to the best of my knowledge, considered all of these aspects in the valuation of all the properties. There are no properties that are prejudiced in value by the influence of the above factors.

I am however not responsible for the competent daily management of these properties. The owners must ensure that high management standards are maintained. I am not responsible for the change of any laws, services by local authority or economic circumstances that may adversely impact on the integrity of the buildings or the tenant profile, or legal dispute which may result in any sale or cash flow hiatus.

OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS

To my knowledge there are no contractual arrangements on the properties other than the management contracts and service contracts in place on the properties as well as numerous sales contracts affecting the ownership of various units.

To my knowledge, there are numerous sales and transfers pending, regarding the ownership of the various properties. These details have been recorded at contractual value.

7. INTRA-GROUP OR RELATED PARTY LEASES

Having inspected all the tenant schedules and leases it is noted that there are no intra-group or related party leases or sales.

8. CURRENT STATE OF DEVELOPMENT

All the properties detailed as development projects are under development.

9. **EXTERNAL PROPERTY**

None of the properties are situated outside the Republic of South Africa.

10. **RENTALS USED IN VALUATIONS**

N/A

11. **OTHER GENERAL MATTERS AND VALUATION SUMMARY**

A full valuation report is available on a property by property basis detailing tenancy, town planning, valuer's commentary, expenditure and other details. This has been given to the directors of Balwin Properties Ltd.

12. **ALTERNATIVE USE FOR A PROPERTY**

The properties have all been valued in accordance with their existing use which represents their best use and market value. No alternative uses for the properties have been considered in determination of their value.

13. **OTHER COMMENTS**

Our valuation excludes any amounts of Value-added Tax, transfer duty, or securities transfer duty.

14. **CAVEATS**

There is information that has been received from Quantity Surveyors and Architects as well as other professionals. Any information that I have received from them is assumed to be reliable and accurate. I have placed reliance on these reports and information in order to compile this report. I cannot take responsibility for any information that is not correct from any professional reports received.

15. **MARKET VALUE**

I am of the opinion that the aggregate market value of all the properties as at 15 October 2015 is an amount of R3,218,500,000.00 (excluding VAT). A summary of the individual valuations and details of each of the properties is attached.

To the best of our knowledge and belief there have been no material changes in circumstances between the date of the valuation and the date of the valuation report which would affect the valuation.

I have more than 30 years' experience in the valuation of all nature of property and I am qualified to express an opinion on the fair market value of the properties.

I trust that I have carried out all instructions to your satisfaction and thank you for the opportunity of undertaking this valuation on your behalf.

Yours faithfully,

Quadrant Properties (Pty) Ltd

Peter Parfitt

Registered Professional Property Valuer (no. 2712)

DETAILS OF SUBSIDIARIES AND THEIR DIRECTORS

Name and registration of subsidiary*	Date and place of incorporation	Issued ordinary share capital	Percentage held, directly or indirectly	Effective date of becoming a subsidiary	General description of the business**	Directors
Balwin Properties (UK) Limited 06573252 (England & Wales)	22 April 2008	1 ordinary share of £1	100%	22 April 2008	Dormant, in the process of liquidation	<ul style="list-style-type: none"> • Stephen Volker Brookes; • Rodney Norman Gray; • Ulrich Gschnaidtner; • Jonathan Weltman.

* Note there is no degree of government protection or any investment encouragement laws affecting the businesses of the entities listed above

** None of Balwin's Subsidiaries are listed on the JSE

SUMMARIES OF EXTRACTS FROM THE BALWIN MOI

Below are summarised extracts of the Balwin Memorandum of Incorporation:

Part 3: Capitalisation and Securities of the Company

II. SHARE CAPITAL AND VARIATION OF PREFERENCES, RIGHTS, LIMITATIONS AND OTHER TERMS

- II.1 The Company is authorised to issue 1,000,000,000 (1 billion) ordinary no par value Shares in the share capital of the Company ("**Ordinary Shares**") of the same class. Each such Ordinary Share shall rank *pari passu* in all respects with all other Ordinary Shares and each holder of Ordinary Shares shall be entitled to:
 - II.1.1 exercise one vote, whether in person or by proxy, on any matter to be decided on a show of hands irrespective of the number of Ordinary Shares held or the Voting Rights that such holder would otherwise be entitled to exercise in respect of the number of Ordinary Shares held;
 - II.1.2 exercise one vote, whether in person or by proxy, for each Ordinary Share held in respect of any matter to be decided by way of a poll;
 - II.1.3 vote on any matter to be decided by the Shareholders at any Shareholders Meeting, whether in person or by proxy;
 - II.1.4 vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Ordinary Share;
 - II.1.5 participate proportionally in any Distribution made by the Company; and
 - II.1.6 receive proportionally the net assets of the Company upon its liquidation.
- II.2 Notwithstanding the provisions of section 36(3), the Board will not have the power to:
 - II.2.1 increase or decrease the number of authorised Shares of any class of Shares;
 - II.2.2 reclassify any classified Shares that have been authorised but not issued;
 - II.2.3 classify any unclassified Shares that have been authorised but not issued; or
 - II.2.4 determine the preferences, rights, limitations or other terms of Shares,
 which power shall be reserved for the Shareholders as contemplated in clause II.3.
- II.3 The Shareholders may, by amendment to this MOI passed by way of Special Resolution (as contemplated in clause 7.2.2) and in accordance with the Listings Requirements (where necessary):
 - II.3.1 increase or decrease the number of authorised Shares of any class of Shares;
 - II.3.2 reclassify any classified Shares that have been authorised but not issued;
 - II.3.3 classify any unclassified Shares that have been authorised but not issued;
 - II.3.4 determine the preferences, rights, limitations or other terms of Shares;
 - II.3.5 vary any preferences, rights, limitations and other terms attaching to any class of Shares;
 - II.3.6 create any class of Shares;
 - II.3.7 convert one class of Shares into one or more other classes;
 - II.3.8 increase the number of Securities of a class; or
 - II.3.9 consolidate or subdivide any class of Securities.
- II.4 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in section 37(6) and section 37(7).
- II.5 No preferences, rights, limitations or other terms for the time being attached to any class of Securities of the Company may (unless otherwise provided by the terms of issue of the Securities of that class), whether or not the Company is being wound up, be varied in any manner without the consent in writing of the holders

of not less than 75% (seventy five percent) of the Voting Rights of the issued Securities of that class, or with the sanction of a resolution passed in the same manner as a Special Resolution of the Company, at a separate meeting of the holders of that class of Securities, in addition to any other consents (if any) required in terms of this MOI and/or the Companies Act. The provisions of this MOI relating to Shareholders' Meetings shall *mutatis mutandis* apply to any such separate meeting.

- 11.6 The holders of Securities, other than Ordinary Shares and any special Shares created for the purposes of black economic empowerment in terms of the BEE Act (as defined in the Listings Requirements) and the BEE Codes (as defined in the Listings Requirements), shall not be entitled to vote on any resolution taken by the Company save as permitted in terms of this clause 11.6 or elsewhere in this MOI, but this shall not be construed as preventing the Company, when agreeing the rights attaching to any particular class of preference Shares, including amongst such rights, a right permitting such class of preference Shares to vote at any Shareholders' Meeting:
- 11.6.1 during any special period, during which any dividend, any part of any dividend on such preference Shares or any redemption payment thereon remains in arrears and unpaid. Such special period shall be the period commencing on a day specified in this MOI, not being more than 6 (six) months after the due date of the dividend or redemption payment in question or, where no due date is specified, the end of the Financial Year in respect of which such dividend accrued or such redemption payment became due; and/or
- 11.6.2 in regard to any resolution proposed for the winding-up of the Company or the reduction of capital.
- 11.7 If any resolution is proposed as contemplated in clause 11.5, the holders of such Securities (the "**Affected Holders**") shall be entitled to vote at any meeting of ordinary Shareholders (as contemplated in clause 11.1.3), provided that:
- 11.7.1 the votes of the Securities of that class held by the Affected Holders (the "**Affected Securities**") shall not carry any special rights or privileges and the Affected Holders shall be entitled to 1 (one) vote for every Affected Security held; and
- 11.7.2 the total Voting Rights of the Affected Holders in respect of the Affected Securities shall not be more than 24.99% of the total votes (including the votes of the ordinary Shareholders) exercisable at that meeting (with any cumulative fractions of a vote in respect of any Affected Securities held by any Affected Holder rounded down to the nearest whole number).

Part 5: Shareholders' Meetings, Voting and Resolutions

26. REQUIREMENT TO HOLD A SHAREHOLDERS' MEETING

- 26.1 The Company will not be required to hold any Shareholders Meeting other than those required by the Companies Act, this MOI and/or the Listings Requirements.
- 26.2 The Company shall convene an Annual General Meeting of its Shareholders once in each calendar year, but no more than 15 (fifteen) months after the date of the previous Annual General Meeting, or within an extended time allowed by the Companies Tribunal on good cause shown.
- 26.3 To the extent required by the Companies Act, each Annual General Meeting must, as a minimum, provide for the following business to be transacted:
- 26.3.1 the presentation of: (a) the Directors' report; (b) the audited annual financial statements for the immediately preceding financial year of the Company; and (c) an audit committee report; and (d) the report of any other committee appointed by the Board from time to time, including any social and ethics committee that may have been appointed by the Board as at the date of that meeting;
- 26.3.2 the election of Directors to the extent required by the Companies Act and by this MOI;
- 26.3.3 the appointment of an Auditor for the ensuing financial year and an audit committee; and
- 26.3.4 any matter raised by Shareholders, with or without advance notice to the Company.
- 26.4 In terms of section 61(1), the Board may call a Shareholders' Meeting and submit a resolution to be voted on other than at a meeting in terms of section 60 (subject to clause 34.4).
- 26.5 Without limiting the foregoing, the Company must hold a Shareholders' Meeting in the circumstances contemplated in section 61(2).

27. LOCATION AND OVERFLOW OF SHAREHOLDERS' MEETINGS

- 27.1 The Board is authorised to determine the location of any Shareholders' Meeting, and this MOI does not limit or restrict the authority of the Company to hold any such meeting in South Africa or in any foreign country, as set out in section 61(9).
- 27.2 The Board may make such arrangements as it shall in its absolute discretion consider to be appropriate for any of the following purposes:
- 27.2.1 to regulate the level of attendance at any place specified for the holding of a Shareholders' Meeting or any adjournment of such meeting; or
 - 27.2.2 to ensure the safety of people attending a meeting at any time;
 - 27.2.3 to facilitate attendance at that meeting or adjournment,
- and may from time to time vary any such arrangements or make new arrangements in their place.

28. NOTICE OF SHAREHOLDERS' MEETINGS

- 28.1 The Company must deliver a notice of each Shareholders' Meeting in the prescribed manner and form to:
- 28.1.1 all of the Shareholders of the Company and who have elected to receive such notices as of the Record Date for the meeting; and
 - 28.1.2 the JSE,
- at least 15 (fifteen) Business Days before the meeting is to begin.
- 28.2 Any material defect in the form and manner of giving notice of a Shareholders' Meeting shall be dealt with in accordance with the provisions of sections 62(4) and 62(5) and any other applicable provisions of the Companies Act. Any immaterial defect in the form or manner of giving notice of a Shareholders' Meeting or an accidental or inadvertent failure in the delivery of the notice to any particular Shareholder to whom it was addressed, does not invalidate any action taken at the meeting.

29. ELECTRONIC PARTICIPATION IN SHAREHOLDERS' MEETINGS

- 29.1 This MOI does not limit or restrict the authority of the Company to conduct a Shareholders' Meeting entirely by Electronic Communication, or to provide for participation in a Shareholders' Meeting by Electronic Communication, as more fully contemplated in section 63(2).
- 29.2 Access to the available medium or means of Electronic Communication is at the expense of the Company.

30. VOTING

- 30.1 At a Shareholders' Meeting, voting shall take place by way of polling (except for voting in terms of clause 32.2).
- 30.2 Any Person who is Present At The Meeting, whether as a Shareholder or as proxy for a Shareholder, has the number of votes determined in accordance with the Voting Rights associated with the Securities held by that Shareholder.
- 30.3 At any Shareholders' Meeting a resolution put to the vote of the Shareholder Meetings shall be decided on a poll, and a declaration by the chairperson that a resolution has, on a poll been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect into the minute book of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, such resolution.
- 30.4 No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the voted objected to or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairperson of the meeting, whose decision, if made in good faith, shall be final and conclusive.
- 30.5 The chairperson of the Shareholders' Meeting may:
- 30.5.1 appoint any firm or Person/s to act as scrutineers for the purposes of checking the powers of attorney received and for counting the votes at the meeting; and

- 30.5.2 act on a certificate given by any such scrutineers without requiring production at the meeting of the instrument of proxy or himself counting the votes.
- 30.6 If any votes were counted which ought not to be counted or if any votes were not counted which ought to be counted, the error shall not vitiate the resolution unless:
 - 30.6.1 it is brought to the attention of the chairperson at the meeting; and
 - 30.6.2 in the opinion of the chairperson of the meeting, it is of sufficient magnitude to vitiate the resolution.
- 30.7 Any objection to the admissibility of any vote shall be raised at the meeting or adjourned meeting:
 - 30.7.1 at which the vote objected to was recorded; or
 - 30.7.2 at which the result of the poll was announced,
 and every vote not then disallowed shall be valid for all purposes. Any objection made timeously shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.
- 30.8 Any person entitled to Securities in terms of clause 19.1 may vote at any Shareholders Meeting in the same manner as if he were the registered holder of that Security, provided that (except where the directors have previously accepted his right to vote in respect of that Security) 48 (forty eight) hours at least before the time of holding the Shareholders Meeting at which he proposes to vote, he shall have satisfied the Directors that he is entitled to exercise the right referred to in clause 19.1. Several executors of a deceased Shareholder in whose name Securities stand in the Securities Register shall, for the purposes of this clause, be deemed to be joint holders of those Securities.

31. **QUORUM FOR SHAREHOLDERS MEETINGS AND ADJOURNMENTS**

- 31.1 Subject to section 64 and the remaining provisions of this clause 31, a quorum at any Shareholders' Meeting shall be at least 3 (three) Shareholders, present in person or represented by proxy, entitled attend and vote thereat. In addition:
 - 31.1.1 a Shareholders' Meeting may not begin until sufficient Persons are Present At The Meeting to exercise, in aggregate, at least 25% (twenty five percent) of all of the Voting Rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting; and
 - 31.1.2 a matter to be decided at the meeting may not begin to be considered unless sufficient Persons are Present At The Meeting to exercise, in aggregate, at least 25% (twenty five percent) of all of the Voting Rights that are entitled to be exercised on that matter at the time the matter is called on the agenda.
- 31.2 After a quorum has been established for a Shareholders' Meeting, or for a matter to be considered at a Shareholders Meeting, the Shareholders' Meeting may continue, or the matter may be considered so long as the Shareholders forming part of the quorum are Present At The Meeting for the matter to be considered at the meeting.
- 31.3 The period of 'one week' contemplated in sections 64(4) is hereby retained as a reference to 'one week'.
- 31.4 A Shareholders' Meeting, or the consideration of any matter being debated at a Shareholders' Meeting, may be adjourned as contemplated in sections 64(10), 64(11) and 64(12), it being recorded that the periods of adjournment set out in section 64(12) will apply without variation.
- 31.5 When a meeting is adjourned as a result of a direction given in terms of the Companies Act, notice of the adjourned meeting shall be given only if prescribed by the Companies Act and then only in the manner prescribed by the Companies Act but, save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting, other than for any SENS announcement required to be made in terms of the Listings Requirements.
- 31.6 Subject to clause 31.7 below:
 - 31.6.1 any Director; or
 - 31.6.2 the Company's attorneys (or where the Company's attorneys are a firm or a company, any partner, director or employee thereof); or

31.6.3 any other Person admitted by the chairperson of the meeting, or

31.6.4 any member of a committee of the Board,

may attend and speak at any Shareholders' Meeting, but may not vote, unless he is a Shareholder or the proxy or representative of a Shareholder.

31.7 Before any person may attend, vote or participate in a Shareholders' Meeting:

31.7.1 that person must present reasonably satisfactory identification; and

31.7.2 the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a Shareholder or as a proxy for a Shareholder, has been reasonably verified.

32. CHAIRPERSON OF SHAREHOLDERS' MEETINGS

32.1 The chairperson of the Board, as determined in accordance with clause 43, shall preside as the chairperson at every Shareholders' Meeting.

32.2 If there is no chairperson of the Board, or if at any Shareholders' Meeting he is not present within 10 (ten) minutes after the time appointed for holding the meeting or is unwilling to act as chairperson, the Persons entitled to vote which are present shall select a Director present to be chairperson of the Shareholders' Meeting, or if no Director be present, or if all the Directors present decline to take the chair, the Persons entitled to vote shall select one of their number which is present to be chairperson of the Shareholders' Meeting.

In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the Shareholders Meeting at which the show of hands takes place, or at which the poll is demanded, shall not be entitled to a second or casting vote.

33. SHAREHOLDERS' RESOLUTIONS

33.1 For an Ordinary Resolution to be approved by Shareholders, it must be supported by more than 50% (fifty percent) of the Voting Rights exercised on the resolution.

33.2 For a Special Resolution to be approved by Shareholders, it must be supported by at least 75% (seventy five percent) of the Voting Rights exercised on the resolution.

33.3 For as long as the Company is listed on the JSE, if any of the Listings Requirements require an Ordinary Resolution to be passed with a 75% (seventy five per cent) majority, the resolution shall instead be required to be passed by a Special Resolution.

34. SHAREHOLDERS ACTING OTHER THAN AT A MEETING

34.1 A resolution for:

34.1.1 a change of the Company's name;

34.1.2 the undertaking of the Company of any odd-lot offer;

34.1.3 an increase in the authorised share capital of the Company; and

34.1.4 the approval of amendments to the MOI,

and any other resolution that could be voted on at a Shareholders' Meeting (other than any Shareholders' Meeting convened in terms of the Listings Requirements as referred to in clause 34.4 below) may instead:

34.1.5 be submitted for consideration to the Shareholders entitled to exercise Voting Rights in relation to the resolution; and

34.1.6 voted on in writing by Shareholders entitled to exercise sufficient Voting Rights in relation to the resolution within 20 (twenty) Business Days after the resolution was submitted to them.

34.2 A resolution contemplated in clause 34.1:

34.2.1 will have been adopted if it is supported by Persons entitled to exercise sufficient Voting Rights for it to have been adopted as an Ordinary Resolution or Special Resolution, as the case may be, at a properly constituted Shareholders' Meeting; and

- 34.2.2 if adopted, has the same effect as if it had been approved by voting at a meeting.
- 34.3 The resolution contemplated in clause 34.1 may consist of several documents each signed by one or more Shareholders.
- 34.4 Notwithstanding clauses 34.1 to 34.3 above, all Shareholders' Meetings convened in terms of the Listings Requirements must be held 'in person' and may not be held by means of a written resolution as is contemplated in section 60 of the Act.

Part 6: Authority of the Board, General Powers and Duties of Directors

35. AUTHORITY OF THE BOARD, GENERAL POWERS AND DUTIES

- 35.1 The business and affairs of the Company will be managed by or under the direction of the Board, which will have the authority to exercise all of the powers and perform any of the functions of the Company, except to the extent that the Companies Act or this MOI provides otherwise.
- 35.2 The Directors shall have the power from time to time to delegate or allocate to any one of their members or to any other Person, whether in the Republic or not, such of the powers as are vested in the Directors pursuant to the Companies Act (including any and every other statute or ordinance from time to time in force concerning companies and necessarily affecting the Company) or under this MOI, as they may deem fit.
- 35.3 The Directors may:
- 35.3.1 establish and maintain any non-contributory or contributory pension, superannuation, provident and benefit fund for the benefit of; and
 - 35.3.2 give pensions, gratuities and allowances to and make payments for or towards the insurance of, any individuals who are employees or ex-employees (including Directors or ex-Directors) of the Company, or of any Company which is or was a Subsidiary of the Company or is or was in any way allied to or associated with it or any such Subsidiary, and the wives, widows, families and dependants of such individuals.
- 36.1 The Directors may from time to time appoint:
- 36.1.1 executive Directors (with or without specific designation) of the Company;
 - 36.1.2 any Director to any other executive office of the Company; and
 - 36.1.3 any one of the Directors as the chief executive office of the Company,
- as the Directors shall think fit, for a period as the Directors shall think fit, and may from time to time remove or dismiss such persons from office and appoint another or others in his or their place or places.
- 36.2 Any executive Directors appointed in terms of clause 36.1 shall be subject to the same provisions as to removal and disqualification as the other Directors of the Company. An executive Director of the Company shall, without prejudice to any claims for damages which such Director may have against the Company:
- 36.2.1 cease to be a Director of the Company if for any reason he ceases to be employed by the Company; and
 - 36.2.2 cease to be employed or appointed as such if for any reason he ceases to be a Director.
- 36.3 The remuneration of a Director appointed to any position or executive office in terms of clause 36.1:
- 36.3.1 shall be determined by a disinterested quorum of the Directors or a committee of the Board constituted for the purpose of determining the remuneration of a Directors;
 - 36.3.2 shall be in addition to or in substitution of any ordinary remuneration as a Director of the Company;
 - 36.3.3 may consist of such remuneration (as contemplated in section 30(6)) as the Directors may direct.
- 36.4 The Board may from time to time entrust to and confer upon a Director appointed to any position or executive office in terms of clause 35.1 for the time being such of the powers vested in the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and upon such terms and with such restrictions as they may think fit; and they may confer such powers either collaterally or to the exclusion of, and in substitution for, all or any of the powers of the Directors, and may from time to time revoke or vary all or any such powers. A Director appointed to any position or executive office pursuant to the provisions hereof shall not be regarded as an agent or delegate of the Directors and after powers have

been conferred upon him by the Board in terms hereof he shall be deemed to derive such powers directly from this clause.

37. BORROWING POWERS

- 37.1 The Directors may, from time to time, at their discretion:
 - 37.1.1 raise or borrow for the purposes of the Company such sums as they think fit;
 - 37.1.2 secure payment or repayment of any such sums or any other sum, as they think fit, whether by the creation and issue of debt instruments (whether secured or unsecured), mortgage or charge upon all or any of the property or assets of the Company; or
 - 37.1.3 make such regulations regarding the transfer of debt instruments, the issue of certificates therefor and all such other matters incidental to debt instruments as the Directors think fit (subject to clause 15).
 - 37.1.4 For the purposes of clause 37.1, the powers of the Board shall be unlimited.

Part 7: Directors and Officers

38. COMPOSITION OF THE BOARD AND ELECTION OF DIRECTORS

- 38.1 In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement, whether in terms of the Companies Act or this MOI, to appoint an audit committee or a social and ethics committee, the Board shall comprise not less than 4 (four) Directors.
- 38.2 All of the Directors (including Alternate Directors) will be elected by an Ordinary Resolution at any Shareholders Meetings or at the Annual General Meeting, as the case may be. The provisions of section 68(2) will apply to the election of Directors, provided that a Director may not be elected in accordance with section 60(3).

39. RETIREMENT AND RE-ELECTION OF NON-EXECUTIVE DIRECTORS

- 39.1
 - 39.1.1 At each Annual General Meeting of the Company, at least $\frac{1}{3}$ (one third) of the non-executive (as contemplated in section 3.84(f)(ii) of the Listings Requirements) Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to $\frac{1}{3}$ (one third), but not less than $\frac{1}{3}$ (one third), shall retire from office, provided that the Annual General Meeting may not be conducted in terms of section 60 of the Companies Act.
 - 39.1.2 The Directors to retire in terms of clause 39.1.1 shall be those who have been longest in office since their last election, but in the case of Directors who were elected on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot.
 - 39.1.3 Any Director appointed by the Board in terms of clause 39.7 after the conclusion of the Company's preceding Annual General Meeting shall, in addition to the Directors retiring in terms of clause 39, retire from office at the conclusion of the Annual General Meeting held immediately after his appointment unless the appointment of that Director is confirmed by the shareholders at such Annual General Meeting.
 - 39.1.4 Notwithstanding anything to the contrary contained herein, if at the date of any Annual General Meeting any Director shall have held office for a period of 3 (three) years since his last election and appointment, he shall retire at such meeting either as one of the Director's to retire in terms of clause 39.1.1 by rotation or additionally thereto. Accordingly, life directorships and directorships for an indefinite period are not permissible.
 - 39.1.5 The length of time a Director has been in office shall be computed from his last election, appointment or date upon which he was deemed re-elected and Directors are not permitted to serve for an indefinite period.
 - 39.1.6 Retiring Directors may be re-elected provided that they are eligible.
 - 39.1.7 No Person other than a retiring Director shall be eligible for election as a Director at any Annual General Meeting, unless:
 - 39.1.7.1 the Directors recommended such other Person for election; or
 - 39.1.7.2 that Person has been nominated in accordance with clause 39.2;

- 39.1.8 A retiring Director shall continue to act as a Director throughout the meeting at which he retires and his retirement shall become effective only at the end of such meeting.
- 39.1.9 The Board, through its nomination committee, shall provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Directors past performance and contribution.
- 39.2 Any Shareholder shall be entitled to nominate any Person for election as a Director at any Shareholders' Meeting.
- 39.3 The Company may not permit an individual to serve as a Director if that individual is ineligible or disqualified in terms of the Companies Act.
- 39.4 In addition to the grounds of ineligibility and disqualification of Directors as contemplated in section 69:
 - 39.4.1 a Director shall cease to be eligible to continue to act as a Director if he absents himself from all meetings of the Board occurring within a period of 6 (six) consecutive months, without the leave of the Board, and the Board resolves that his office shall be vacated, provided that this clause 39.4 shall not apply to a Director who is represented by an Alternate Director who does not so absent himself;
 - 39.4.2 no Person who is a Director of any company which is a competitor of the Company (as determined in the discretion of the Board) shall be eligible for appointment as a Director.
- 39.5 An individual may be appointed as an Alternate Director to more than one Director. Where an individual is an Alternate Director to more than one Director or where an Alternate Director is also a Director, he shall have a separate vote, on behalf of each Director he is representing in addition to his own vote, if any.
- 39.6 There will no ex officio Directors, as contemplated in section 66(4)(a)(ii), and no Person will have the right to effect the direct appointment and removal of one or more Directors, as contemplated in section 66(4)(a)(i).
- 39.7 The Board may appoint an individual who satisfies the requirements for election as a Director to fill any vacancy and serve as a Director of the Company on a temporary basis until the earlier of the date of the next Annual General Meeting of the Company (unless his appointment is confirmed by shareholders at such Annual General Meeting of the Company) and the date on which the vacancy has been filled by election in terms of this clause 38.2 and, during that period, any individual so appointed has all of the powers, functions and duties, and is subject to all of the liabilities, of any other Director of the Company. The authority of the Board in this regard is not limited or restricted by this MOI.
- 39.8 If the number of Directors is below the minimum number fixed in accordance with this MOI, the remaining Directors must, as soon as possible, and, in any event, not later than 3 (three) months from the date that the number of Directors falls below such minimum, fill the vacancy/ies in accordance with clause 39.7 or convene a Shareholders Meeting for the purposes of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the Board or invalidate anything done by the Board or the Company while their number is below the minimum number fixed in accordance with this MOI.
- 39.9 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated clause 39.8, their number remains below the minimum number fixed in accordance with this MOI, they may, for as long as their number is reduced below such minimum, act only for the purposes of filling vacancies in their body in terms of section 68(3) or for calling Shareholders' Meetings.

40. VACANCIES ON THE BOARD

- 40.1 A Director shall vacate his office if:
 - 40.1.1 he resigns by written notice to the Company;
 - 40.1.2 any of the circumstances contemplated in section 69 and/or section 70 arise;
 - 40.1.3 he is removed in terms of section 71; and/or
 - 40.1.4 he is otherwise removed or becomes ineligible or disqualified in accordance with any provisions of this MOI.

- 40.2 Section 70 shall apply to any vacancy on the Board which may arise from time to time.
- 40.3 An Alternate Director shall cease to be an Alternate Director if the Director to whom he is an Alternate Director ceases for any reason to be a Director, provided that if:
- 40.3.1 an Alternate Director has been appointed as an Alternate Director to more than one Director such Alternate Director shall cease to be an Alternate Director when the last Director for whom he is an Alternate Director ceases to be a Director; and
 - 40.3.2 any Director retires by rotation in terms of clause 39.1.9, but is re-elected at the Annual General Meeting, the appointment of the Alternate Director appointed to such Director shall not cease but shall remain in force as though the Director to whom he is an alternate had not retired.

41. FURTHER ELIGIBILITY OR QUALIFICATION REQUIREMENTS

- 41.1 Subject to clause 39.4, there are no further eligibility requirements or qualifications prescribed by the Company in this MOI for a person to become or serve as a Director in addition to those set out in section 69. The provisions of this clause 41.1 shall not detract from any requirements or qualifications which are prescribed by law or contract on any Director.
- 41.2 For the purposes of this clause 41, "Director" includes an Alternate Director, and a Prescribed Officer or a Person who is a member of a committee of the Board, irrespective of whether or not the Person is also a member of the Board as more fully contemplated in section 69(1).

42. DIRECTORS' MEETINGS

- 42.1 The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.
- 42.2 The right of the Directors to requisition a meeting of the Board, as set out in section 73(1)(b) may be exercised by:
- 42.2.1 at least 25% (twenty five percent), in the case of a Board that has at least 12 (twelve) members; or
 - 42.2.2 any one Director, despite the provisions of section 73(1)(b)(ii).
- 42.3 This MOI does not restrict or limited the authority of the Board to conduct a meeting entirely by Electronic Communication, or to provide for participation in a meeting by Electronic Communication, as more fully contemplated in section 73(3). A resolution passed during the course of such proceedings shall be valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted.
- 42.4 Subject to clause 42.5, no Directors meeting may be convened without notice to all of the Directors. The Directors may determine what period of notice shall be given of meetings of Directors and may determine the means of giving such notice which may include telephone, telegram, telex, telefax or any form of Electronic Communication.
- 42.5 Notwithstanding anything to the contrary contained in this MOI, if all Directors of the Company:
- 42.5.1 acknowledge actual receipt of notice;
 - 42.5.2 are Present At A Meeting; or
 - 42.5.3 waive notice of the meeting,
- the meeting may proceed even if the Company failed to give the required notice of that meeting, or there was a defect in the giving of the notice.
- 42.6 Subject to clause 42.7, a majority of the Directors must be Present At A Meeting before a vote may be called at that Directors meeting, at which a majority must be non-executive Directors and one of whom must be the chief executive officer or another executive Director designated by the chief executive officer or, failing such designation, designated by the chairperson of the Board for the time being in office.
- 42.7 If, within 30 (thirty) minutes from the time appointed for a Directors' meeting a quorum is not present, the meeting shall stand adjourned to such day, time and place as the Directors then present determine (or, if that day is not a Business Day, to the next Business Day), and all the Directors shall be notified in writing

of the date, time and place of the adjourned meeting at least 2 (two) Business Days before the date of the adjourned meeting, provided that where those Directors present determine that matters which require urgent consideration, the meeting shall stand adjourned to such date and time as they may determine (and they shall be required to give prior written notice, to those Directors who were not present, of the date and the time as soon as possible but in any event at least 24 (twenty four) hours before the adjourned meeting). If, at such adjourned meeting, a quorum is not present within 30 (thirty) minutes from the time appointed for the meeting, the Directors (or their Alternate Directors) then present shall constitute a quorum.

42.8 Each Director has one vote on a matter before the Board, as contemplated in section 73(5)(c).

42.9 A majority of the votes cast on a resolution is sufficient to approve that resolution.

42.10 The Company shall keep minutes of the meetings of the Board, and any of its committees, and include in those minutes:

42.10.1 any declaration given by notice or made by a Director, as required by section 75;

42.10.2 every resolution adopted by the Board.

42.10.3 must be dated and sequentially numbered; and

42.10.4 are effective as of the date of the resolution, unless the resolution states otherwise.

43. Any minutes of a meeting, or a resolution, signed by the chairperson of the meeting, or by the chairperson of the next meeting of the Board, is evidence of the proceedings of that meeting, or adoption of that resolution, as the case may be.

44. **DIRECTORS ACTING OTHER THAN AT A MEETING**

A decision that could be voted on at a meeting of the Board may instead be adopted by written consent of the majority of the Directors, given in person, or by Electronic Communication, provided that each Director has received notice of the matter to be decided. Such resolution, inserted into the minute book, shall be as valid and effective as if it had been passed at a meeting of Directors. Any such resolution may consist of several documents and shall be deemed to have been passed on the date on which it was signed by the last Director who signed it (unless a statement to the contrary is made in that resolution).

45. **CHAIRPERSON OF THE BOARD**

45.1 The Board shall be entitled to appoint any Director as the chairperson, deputy chairperson and/or lead independent director (as the case may be) and to determine the period for which they, respectively, shall hold office. If at any meeting the chairperson, deputy chairperson, and/or lead independent director (as the case may be) is not present within 5 (five) minutes after the time appointed for holding it, the Directors present may choose one of their number to be a chairperson, deputy chairperson, and/or lead independent director (as the case may be) of the meeting.

45.2 The Directors may elect more than one deputy chairperson and determine the period for which each such Person is to hold office. If more than one deputy chairperson is elected, the Directors shall, upon the election, determine the order of their seniority. At any meeting of the Directors, the chairperson, or if he is not present or willing to act as such, the most senior deputy chairperson present and willing to act as such, shall act as chairperson.

45.3 Notwithstanding the provisions of section 73(5)(e), the chairperson (or deputy chairperson or lead independent director (as the case may be)) of the Board will not have a second or casting vote in addition to his deliberative vote.

46. **DIRECTORS' COMPENSATION**

46.1 The Company may pay remuneration to its Directors for their services as Directors only in accordance with a Special Resolution approved within the previous 2 (two) years as more fully contemplated in section 66(8) and (9) and the authority of the Board in this regard is not restricted or limited by this MOI.

46.2 For the avoidance of doubt, it is recorded that this clause 46 does not apply to remuneration paid to any Director for their services as employees of the Company.

46.3 A Director may be employed in any other capacity in the Company (except that of Auditor) or as a Director or employee of a company controlled by, or itself a major subsidiary of, the Company, and, in such event, his appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors or a committee of the Board constituted for this purpose.

46.4 Each Director (including an Alternate Director) may be paid their travelling and other expenses, properly and necessarily incurred by them in and about the business of the Company, and in attending meetings of the Directors or of committees thereof; and, if any Director is required to perform extra services, serve on any committees of the Board, to devote special attention to the business of the Company, to reside abroad or be specifically occupied about the Company's business, he may be entitled to receive such remuneration as is determined by a disinterested quorum of Directors, which may be either in addition to or in substitution for any other remuneration payable.

47. INDEMNIFICATION OF DIRECTORS

47.1 The Company is authorised to advance expenses to a Director; or indemnify a Director, in respect of the defence of legal proceedings, as more fully contemplated in section 78(4).

47.2 The Company is authorised to indemnify a Director in respect of liability, as more fully contemplated in section 78(5).

47.3 The Company is authorised to purchase insurance to protect the Company or a Director, as more fully contemplated in section 78(7).

47.4 For the purposes of this clause 47, "Director" includes a former Director and an Alternate Director and a Prescribed Officer or a Person who is a member of a committee of the Board, irrespective of whether or not the Person is also a member of the Board, as more fully contemplated in section 78(1).

48. PERSONAL FINANCIAL INTEREST

48.1 Each Director shall, subject to the exemptions contained in section 75(2) and the qualifications contained in section 75(3), comply with all of the provisions of section 75 in the event that they (or any person who is a Related Person to them) have a Personal Financial Interest in any matter to be considered by the Board.

48.2 A decision by the Board, or a transaction or agreement approved by the Board, is valid despite any Personal Financial Interest of a Director (or any person who is a Related Person to them), subject to the provisions of section 75.

48.3 For the purposes of this clause 48, "Director" includes an Alternate Director, a Prescribed Officer and a Person who is a member of a committee of the Board, irrespective of whether or not the Person is also a member of the Board, as more fully contemplated in section 75(1).

49. COMMITTEES OF THE BOARD

49.1 The Board may appoint any number of committees of Directors and may delegate to any committee any of the authority of the Board, as more fully contemplated section 72(1)(a) and (b). Except to the extent contemplated in this MOI or a resolution establishing a committee provides otherwise, the committee may include Persons who are not Directors, as more fully contemplated in section 72(2)(a), but any such Person must not be ineligible or disqualified to be a Director in terms of section 69 and no such Person has a vote on a matter to be decided by the committee.

49.2 Except to the extent contemplated in this MOI or a resolution establishing a committee provides otherwise, the committee may consult with or receive advice from any Person and has the full authority of the Board in respect of any matter referred to it, as more fully contemplated in section 72(2)(b) and (c).

49.3 If and for so long as it is required to do so in terms of the Companies Act and unless the Company is except from doing so by the Companies Tribunal in terms of section 72(5), the Board shall appoint a social and ethics committee having the powers and functions prescribed in terms of section 72 and the Regulations.

49.4 The Company must appoint an audit committee in the manner and for the purposes set out in Part D of Chapter 3 of the Companies Act.

THIRD-PARTY, INTRA-GROUP, DIRECTOR AND EMPLOYEE LOANS AND BORROWINGS

THIRD-PARTY LOANS AND BORROWINGS AS AT THE LAST PRACTICABLE DATE

Loan owing to	Loan owing by	Amount (R'000)	Interest rate	Maturity	Security	Terms and conditions of payment/renewal	Finance for debts repayable within 12 months	Conversion and redemption rights	Details of how loans arose
Investec	Balwin	228,075	Prime – 0.25%	Revolving 12-month facility	Ring-fenced to development-specific pre sales levels/mortgage bonds	Monthly	Cash resources	N/A	Development financing for specific phases of development
Investec	Balwin	28,873	Prime	All land debt to be fully repaid on Listing	Mortgage bonds	Monthly	Offer proceeds on Listing	N/A	Land financing for acquisition of land parcels
Investec	Balwin	8,504	Prime	Revolving 12-month facility	Mortgage bonds	Monthly	Cash resources	N/A	Working capital facility to fund operational cash flow requirements
Nedbank	Balwin	66,280	Prime	Revolving 12-month facility	Ring-fenced to development-specific pre sales levels/mortgage bonds	Monthly	Cash resources	N/A	Development financing for specific phases of development
Nedbank	Balwin	42,574	Prime – 0.50%	All land debt to be fully repaid on Listing	Mortgage bonds	Monthly	Offer proceeds on Listing	N/A	Land financing for acquisition of land parcels
Absa	Balwin	66,563	Prime	Revolving 24-month facility	Ring-fenced to development-specific pre sales levels/mortgage bonds	Monthly	Cash resources	N/A	Development financing for specific-phases of development
Balwin	Friedshelf 966 Proprietary Limited	33,670	N/A	N/A	N/A	N/A	N/A	N/A	Historic sale of property on loan account
Balwin	Development bodies corporate	375	N/A	N/A	N/A	N/A	N/A	N/A	Amounts advanced to bodies corporate on new development hand-overs

INTRA-GROUP LOANS AS AT THE LAST PRACTICABLE DATE

As at the Last Practicable Date, there are no intra-group loans and borrowings.

DIRECTOR AND EMPLOYEE LOANS AND BORROWINGS AS AT THE LAST PRACTICABLE DATE

As at the Last Practicable Date, there are no director or employee loans and borrowings, other than as set out in Annexure II.

FINANCIAL ASSISTANCE FOR SUBSCRIPTION OF SECURITIES

Background

Pursuant to the Listing, 23 individuals comprising certain staff and contractors of Balwin ("**Interested Investors**") indicated to Balwin an intent to acquire Balwin shares on Listing:

These Interested Investors were, however, unable to secure commercial bank funding to participate in the Offer on commercially acceptable terms on account of, inter alia, the following considerations:

- commercial banks generally require a minimum share value to loan cover of between 2.0 – 4.0x;
- minimum share value to loan cover requirements (as set out above) are likely to increase for loans secured against the newly listed Balwin shares, especially against the background of the recent volatility in global equity markets and the downward revision of South Africa's gross domestic product growth numbers;
- the rate of return required by commercial banks is likely to be excessively expensive for Interested Investors on account of available security in Balwin Shares; and
- the annual dividend yield of Balwin is not sufficient to cover the required interest payments to the banks; and

Financial assistance

Pursuant to the above, the shareholders of Balwin approved the provision of a limited-recourse loan facility ("**Loan Facility**") to each of the Interested Investors to acquire shares on Listing, and the terms related thereto. The aggregate loan facility is R25 million.

Salient terms of the Loan Facility are as follows:

- the value of the loan advanced will be equal to the aggregate value of the Balwin shares acquired (with such loan funding) on Listing ("**Initial Loan Amount**");
- the loan will be secured by way of a pledge by the Interested Investors of the Balwin shares acquired and any proceeds received from the sale of the pledged shares;
- the loan will accrue interest bi-annually at a variable rate, which rate will be equal to the official rate of interest published by SARS from time to time in respect of loans obtained by an employee from his or her employer (7.0% per annum as at the Last Practicable Date);
- accrued interest on the loan will "roll", and will only be settled in cash upon the final settlement of the outstanding loan balance;
- whilst the loan is outstanding, Interested Investors may elect to receive any dividends paid by Balwin on the pledged shares in cash or to be applied (net of any DWT, if applicable) toward partial settlement of the loan balance outstanding;
- the loan is for a term of 5 years from the date of Listing, at which point:
 - an Interested Investor will be required to settle the outstanding loan amount (calculated as the sum of the Initial Loan Amount, plus interest accrued and less dividends received which an Interested Investor has elected to apply against the outstanding loan balance (net of DWT, if applicable) on the Balwin shares) ("**Outstanding Balance**") in cash prior to the release by Balwin of the pledge over the shares; or
 - an Interested Investor may request that Balwin sell such number of pledged shares required to settle the Outstanding Balance in order to secure the release of the pledge of the remaining unsold Balwin shares:
 - if the value of the Balwin shares sold exceeds the Outstanding Balance, the excess proceeds will be paid by Balwin to the Interested Investor; or
 - if the value of the Balwin shares sold is less than the Outstanding Balance, Balwin will have no further claim against the Interested Investors in respect of the shortfall.
- in the event of an Interested Investor wishing to settle/partially settle the Outstanding Balance before the Repayment Date (other than from dividends received by the pledged shares from Balwin), an early repayment fee shall become payable to Balwin, which fee shall be calculated as the market value of the pledged shares at that point in time less the sum of the Outstanding Balance and any applicable taxes payable ("**Early Settlement Fee**");

- the Early Settlement Fee will not apply:
 - in the event that up to 50% of the Outstanding Balance is settled between 3 and 4 years after the Listing; or
 - in the event that no more than 75% of the Outstanding Balance is settled as a result of early repayment after the 4th anniversary of the Listing.

Interested Investors are:

- Amber Claire Heywood
- Andreas Walter Lehmacher
- Armand Botes
- Christopher Clark Davis
- Desiree Lynette Hogan
- Filip Yves Theodoor Deheyder
- Jaco Stephan Geldenhuys
- Johannes Petrus Du Preez
- Jonathan Weltman (CFO)
- Kyle Gallagher
- Leon Eugene Dumont
- Luisa Amelia Thomas
- Marco Ricardo Vicente Ascensao
- Mark Johannes Geldenhuys
- Michael Nico Le Grange
- Nico Johan Herman Jacobs
- Pieter Hendrik Botha
- Roger-Nicholas Brookes
- Rosemary Marais
- Samantha Jane Gray
- Shaun Graham Maistry
- Vincent Van Emmenis
- Wynand Lodewyk Jordaan

OTHER DIRECTORSHIPS

This section sets out the details of the companies and close corporations of which the Directors of Balwin have been directors or members at any time in the previous five years preceding the Last Practicable Date:

First name	Surname	Entity name	Roll in the entity	Enterprise status
Stephen	Brookes	None	N/A	N/A
Jonathan	Weltman	None	N/A	N/A
Ronen	Zekry	None	N/A	N/A
Hilton	Saven	Mazars Inc	Director	In business
		Mazars (Cape) Management Services	Member	In business
		Truworths International	Director	In business
		The Truworths Chairman's Foundation	Trustee	In business
		The Truworths International Share Trust	Trustee	In business
		Monarch Insurance Company	Director	In business
		Lewis Group	Director	In business
		Boardroom Corporate Services	Director	In business
		Herthco Nominees	Director	In business
		Consolidated Aone Trade And Invest	Director	In business
		Life Vincent Pallotti Orthopaedic Centre	Director	In business
		Three Streams Holdings	Director	In business
		Praxity – Global Alliance	Director	In business
		Praxity IVZW (Belgium)	Director	In business
		SAICA	Member	In business
Rex	Tomlison	Kelly Group	Director	Delisted
		CIB Insurance Administrators	Director	In business
		CIB Insurance Company	Director	Dormant
		Cliptheticket Holdings	Director	Dormant
		Cyan Capital	Director	In business
		Diga Digital Intelligence	Director	In business
		International Player Management	Director	In business
		Telkom SA SOC	Director	In business
		Tsogo Sun Holdings	Director	In business
		Kravinetix	Director	In business
		Teichman Resources	Director	In business
		The Tomlinson Family Trust	Trustee	In business
		Umfolozi Sugar Mill	Director	In business

First name	Surname	Entity name	Roll in the entity	Enterprise status
Hilton	Saven	Mazars Inc	Director	In business
		Mazars (Cape) Management Services	Member	In business
		Truworths International	Director	In business
		The Truworths Chairman's Foundation	Trustee	In business
		The Truworths International Share Trust	Trustee	In business
		Monarch Insurance Company	Director	In business
		Lewis Group	Director	In business
		Boardroom Corporate Services	Director	In business
		Herthco Nominees	Director	In business
		Consolidated Aone Trade And Invest	Director	In business
		Life Vincent Pallotti Orthopaedic Centre	Director	In business
		Three Streams Holdings	Director	In business
		Praxity – Global Alliance	Director	In business
		Praxity IVZW (Belgium)	Director	In business
		SAICA	Member	In business
Basani	Maluleke	Transcend Capital	Director	In business
		A T Kearney	Director	In business
		ATA Capital	Director	In business
		C4 Suite	Director	In business
		K2014093135	Director	In business
		ACV Fund	Director	In business
		K2014176899	Director	In business
		K2014176855	Director	In business
Kholeka	Mzondeki	K2015219110	Director	In business
		Telkom SA SOC	Director	In business
		Aveng Limited	Director	In business
		Masana Petroleum Solutions	Director	In business
		Reunert	Director	In business
		Sentula Mining	Director	In business
		Bauba Platinum	Director	In business

ANNEXURE 13 – ISSUE OF SHARES

This section sets out the details of all allotments, issues and offers of shares by Balwin and its major Subsidiaries that have taken place in the three years preceding the Last Practicable Date.

Number of securities allotted in pursuance of any issues or offers	Price and terms of issue or offer	By whom offers were made	Issued proportionately to all securities holders? If not, explain the basis of the issue and allotment	Date of issue or offer	Value of the asset acquired or to be acquired from the proceeds of the issue or offer	Details of, and reasons for any premium/ discount on the issue/ offer and details of any differentials between premiums/ discounts	
							Details of share repurchases
Existing Balwin shareholders							
399,960,000 Shares issued	Increase in issued share capital to existing shareholders on adoption of new MOI in anticipation of listing	Existing shareholders	Yes	13 October 2015	N/A	N/A	N/A



BALWIN PROPERTIES LIMITED
(previously Balwin Properties Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2003/028851/06)
Share code: BWN
ISIN: ZAE000209532
("Balwin" or "the Company" or "the Issuer")

APPLICATION FORM TO PARTICIPATE IN THE OFFER TO BE COMPLETED BY QUALIFYING INVESTORS

The definitions commencing on page 15 of the Pre-listing Statement to which this application form is attached, apply mutatis mutandis throughout this application form, unless the context clearly indicates otherwise.

The Offer comprises an offer to Qualifying Investors

- to subscribe for up to 83,835,710 Shares in the share capital of Balwin (issued at the Offer Price within the Offer Price Range) in order to raise aggregate proceeds for Balwin of a minimum of R713,513,642; and
- thereafter, should there be sufficient interest from Qualifying Investors, to acquire up to 82,922,675 Shares in the share capital of Balwin from Balwin's existing shareholders (at the Offer Price).

The Offer will be made at a subscription price of between R8.51 and R9.88 per Share. The price may however be outside of this range. Successful Applicants will be advised of their allocation of Shares by not later than Friday, 9 October.

In addition to the Offer Shares should there be further significant interest from Qualifying Investors, the Bookrunner in consultation with Mr Brookes may, at their discretion, allocate additional Shares owned by Mr Brookes to such Qualifying Investors without increasing the maximum number of Shares in the Company, subject to Mr Brookes' total shareholding in Balwin not being less than 35.1% of the total Shares in issue.

Dematerialised shares

The allocated Shares will be issued to Successful Applicants in Dematerialised form only. Applicants, if they have not already done so, must appoint a CSDP directly; or a Broker, to receive and hold the Dematerialised Shares on their behalf. Should an Applicant require a physical certificate for his/her Shares, such Applicant will have to materialise their Shares following the Listing, for which a fee will be charged, and should therefore contact its CSDP to do so. It is noted that there are risks associated with holding Shares in certificated form, including the risk of loss or tainted scrip, which are no longer covered by the JSE Guarantee Fund. All Shareholders who elect to convert their Dematerialised Shares into Certificated Shares will have to Dematerialise their Shares should they wish to trade them under the terms of Strate. Applicants must contact their CSDP or Broker and advise it that they have submitted an application form to participate in the Offer. Applicants must further make arrangements for payment of the aggregate subscription price for such allocated Shares to the designated account notified by Balwin. Payment must be received by Tuesday, 13 October 2015 at the latest. Against receipt of payment by Balwin of the subscription price payable by the Successful Applicants in respect of the allocated Shares, the allocated Shares will be issued to Successful Applicants and delivered to their CSDP or Broker on the Listing Date. Details of the CSDP or Broker must be conveyed by Successful Applicants to the Bookrunner before 12:00 on Tuesday, 13 October 2015.

The Offer is not an offer to the public as contemplated in section 95(1)(h) of the Companies Act and, accordingly, no prospectus will be issued or registered in respect of the Offer. The Offer will only be made to Qualifying Investors, who, subject to certain conditions, comprise selected institutional investors, invited investors and private clients of selected stock broking companies in South Africa, to whom the Offer under the Private Placement will be addressed and made

Please refer to the instructions overleaf before completing this application form.

This application form, when completed, should be sent by email to Tomi Amosun (tomi.amosun@investec.co.za), Marc Green (mgreen@investec.co.za) and Dino Zuccollo (dino.zuccollo@investec.co.za) or hand delivered to:

Investec Corporate Finance, a division of Investec Bank Limited
2nd Floor
100 Grayston Drive
Sandown
Sandton
2196
Attention: Tomi Amosun/Marc Green/Dino Zuccollo

The application form must be received by no later than 17:00 on 8 October 2015.

NO LATE APPLICATIONS WILL BE ACCEPTED

Reservation of rights

The Directors of Balwin reserve the right to accept or refuse any application(s), either in whole or in part, or to pro rate any or all application(s) (whether or not received timeously) in such manner as they may determine.

The Directors of Balwin reserve the right to accept or reject, either in whole or in part, any applications should the terms contained in this Pre-listing Statement of which this application form forms part and the instructions herein are not properly complied with.

To the Directors:

Balwin Proprietary Limited

1. I/we, the undersigned, confirm that I/we have full legal capacity to contract and, having read the Pre-listing Statement, hereby irrevocably apply for and request you to accept my/our application for the under mentioned number of Shares at the under mentioned price per Share or any lesser number that may in your absolute discretion be allotted to me/us.
2. I/we wish to receive my/our allocated Shares in Dematerialised form and will email/hand this application form to Tomi Amosun, Marc Green and Dino Zuccollo, and will provide appropriate instructions to my/our CSDP or Broker, as the case may be. I/We accept that payment in respect of this application will be made by me/us and received into the designated account notified by the Bookrunner by 12:00 on 13 October 2015 at the latest.
3. I/we understand that the Offer in terms of this Pre-listing Statement is subject to certain conditions set out in the Pre-listing Statement.

4. I/we confirm that I/we understand:

- a. the manner in which the aforesaid agreements and the private placement have been/will be implemented (the salient terms of which are set out in Section 1 of the Pre-listing Statement); and
- b. that the proceeds received by Balwin from the private placement will be used by Balwin to settle the Debt Facilities and provide the Company with added balance sheet capacity for future land acquisitions and development activities.

5. I/we warrant and represent to Balwin that I/we:

- a. are a Qualifying Investor; and
- b. fall within one of the categories of persons listed in Section 96(1) of the Companies Act.

6. By affixing my/our signature hereto I/we accept the terms of the Offer as set out in the Pre-listing Statement and hereby give the representations, warranties and undertakings:

- a. that Applicants are, as per the Pre-listing Statement, deemed to give; and
- b. set out in this application form.

Dated: _____

Signature: _____

Assisted by (where applicable): _____

Telephone number: _____

Cellphone number: _____

Email address: _____

Name of corporate body		
First names in full (if individual)		
Postal address (preferably PO Box address)		Postal code
Total number of Shares applied for	(Enter figures only – not words)	
Price offered per Share	(in cents)	

Required information must be completed by a CSDP or Broker with their stamp and signature affixed thereto:

CSDP name	
CSDP contact person	
CSDP contact telephone number	
CSA or bank CSD account number	
Scrip account number	
Settlement bank account number	
Stamp and signature of CSDP or Broker	

INSTRUCTIONS:

1. Copies or reproduction of the application form will be accepted at the discretion of the Directors of Balwin.
2. Please refer to the particulars of the Offer commencing on page 13 of the Pre-listing Statement. Applicants should consult their Broker, banker or other professional advisor in case of doubt as to the correct completion of this application form.

3. Qualifying Investors must submit only one application form.

4. No receipts will be issued for application forms.

5. All alterations to this application form must be authenticated by a full signature.

In determining the basis of allocation, the date that Qualifying Investors committed to applying for the placement of the Shares in terms of the Offer will be taken into account.