

# Balwin Properties revenue up 19%, profit down 7%

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Balwin Properties CEO Stephen Brookes says the sectional title developer's 10-year plan is on track as the company wades through challenging economic conditions.



The group's revenue for the six months to August rose 19% but its basic and headline earnings per share fell 5% and its profit fell 7%.

Sales volumes fell, it said, but the average selling price rose to more than R1.2m, from R991,551 a year earlier.

Balwin listed in the JSE real estate holding and development sector on October 15, 2015.

The group develops and sells sectional title estates, including surrounding infrastructure, in the mid to upper market segment, focusing on high-density, high-growth areas in Johannesburg, Pretoria, the Western Cape and KwaZulu-Natal.

Estates are typically 500 to 1,500 sectional title residential apartments and the group has a pipeline of 35,595 apartments across 24 locations, with a 10- to 12-year development horizon.

Balwin declared a dividend of 10c per share, in line with the board's dividend policy of distributing 30% of after-tax profit to

shareholders.

"The slightly lower sales volumes achieved compared to the prior corresponding period is a function of fewer developments coming to market for sales due to the delays experienced in obtaining certain council approvals for The Blyde, The Whisken, The Reid and Ballito Hills, which resulted in construction delays and therefore the handing over of an anticipated 300 apartments to clients," Balwin said in its results statement.

This affected the financial performance of the business negatively because of the timing difference of the registrations taking place against initial timelines.

In addition, it said, the large number of early stage developments under way required the company to invest extensively in civils and infrastructure works ahead of the construction of apartments starting across these new suburbs.

Balwin has three large-scale developments requiring this investment.

Market commentators have recognised that Balwin's returns can be erratic because of mismatching the pace of building with the time it takes to acquire approvals.

Balwin's share price was up less than 1% following the release of the results. It is down about 23% year-to-date.

*Source: BDpro*

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