

ASX release

14 August 2016

BWR – a total return REIT – 2017 results

BlackWall's total return REIT, BWR, has capped off a strong year declaring a final distribution of 6.5 cents per unit taking the full year distribution to 11 cents per unit. Distributions from the Trust are 100% tax deferred, and for the full year equate to a 8.4% per annum yield on the last closing price or 9.2% against the issue price of the rights issue and placement which closed earlier this year. On top of this, net tangible assets have grown by 10% to \$1.40 per unit.

Gross Assets	\$163 million - up 18%
Debt	42% LVR
NTA	\$93.3 million - \$1.40 pu
EPU	27 cpu – up 15%

“Along with its stable property portfolio BWR also participates in BlackWall's more dynamic deep value plays. The past 12 months have seen a number of these mature,” said BlackWall CEO Stuart Brown, “because the Trust is relatively small, such investments can have a significant effect on NTA and earnings.” Over the past three years BWR has generated a total return of 40%.

In its 2016 report, BlackWall pointed to both the Bakehouse Quarter and 55 Pyrmont Bridge Road as potential sources of capital growth. In June 2017, an option arrangement with respect to the Bakehouse was entered into at \$380 million and BlackWall announced it had completed the turn-around of 55 Pyrmont Bridge Road, which was revalued at \$111 million. The combined effect has been to add 20 cents per unit to the Trust's NTA which will grow by a further 13 cents per unit if the sale of the Bakehouse Quarter completes in late 2018.

The Bakehouse Quarter is a large scale mixed use precinct located in North Strathfield Sydney that has been developed by the group for almost 20 years. 55 Pyrmont Bridge Road is a 14,500 sqm media and technology hub on Sydney's CBD fringe, acquired in a distressed debt deal structured by BlackWall with NAB. BWR holds significant stakes in both projects along with other investors, in syndicates structured and managed by BlackWall.

“We have always said that the Bakehouse would be re-rated so the value gain should not be a surprise to BWR investors,” said Mr Brown, “however, more significant for BWR is the fact that the investment will be converted to cash and we can re-deploy it into active positions. We would expect to be able to grow our asset base by up to \$100 million over the next few years.”

The Trust has also reported progress with the leasing up of Canberra North in the ACT. BWR grew a small investment in the property to 100% ownership in June 2016. Previously the building was leased to Telstra and is a prominent office building in the Northbourne Avenue commercial zone adjacent to the Dickson retail precinct.

BlackWall has been repositioning it as a multi-tenant commercial hub including its flexible space provider WOTSO WorkSpace. In June 2016, the property was generating annualised gross revenue of \$1.5 million, which has grown by 47% to \$2.2 million. Fully let, the building is expected to generate gross revenue of just over \$3 million.

Canberra North will soon benefit from the completion of the Canberra Metro providing light rail services from Gungahlin to the CBD. “The Dickson interchange linking local bus services with the new light rail system is being constructed in front of our building” said Mr Brown.

For more information contact Stuart Brown (Chief Executive Officer) or Tim Brown (Chief Financial Officer) on + 612 9033 8611.