

## ASX Release

21 February 2018

### BWF & BWR half year results

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#### BlackWall Limited (BWF)

BlackWall Limited has recorded a strong result for the six months to December 2017 with recurring revenue from WOTSO and the property/funds business up 35% on the corresponding period last year.

**An interim fully franked dividend of 1.9 cents per share** has been declared to be paid on 11 April 2018.

BWF December 2017	
Recurring Income up 35%	\$6.6 m
Performance Fees	\$8.1 m
NPAT	\$6.8m
EPS	11.5 cps
Net Asset Backing	49 cps

The \$6.8 million after tax profit includes a performance fee from the restructure of the wholesale investment trust controlling 55 Pyrmont Bridge Road and the accrual of a performance fee from the Penrith Fund No. 3. Since listing 7 years ago, BlackWall has generated over \$17 million in performance and transaction fees. At 31 December 2017, the company's net asset backing has grown to 49 cents per share.

"The property industry is benefitting from rising office rents and lower cap rates," said BlackWall CEO, Stuart Brown, "it remains to be seen if this will continue, however, as our activity is concentrated in turnaround urban renewal projects and the WOTSO rollout, we are creating new value rather than passive reliance on market movements."

In addition to the Pyrmont transaction, BlackWall completed the syndication of the building housing WOTSO Adelaide and is working towards completion of the sale of the Bakehouse Quarter to Yuhu Group.

#### BlackWall Property Trust (BWR)

BlackWall's listed property trust has posted a \$5.2 million profit for the half year to December 2017, declaring an **interim distribution of 5 cents per unit** to be paid on 9 April 2018. As the trust has significant carry forward tax losses, distributions are paid as returns of capital. "We have been moving the trust away from reliance on deals with corporates in big space to servicing a large number of smaller businesses and freelancers, both directly and through WOTSO" said Blackwall CFO Tim Brown, "not only does this spread leasing risk but it should generate better cash flow." Property income has grown 23% on the 2016 half year.

The trust holds a portfolio of predominantly commercial real estate which is valued on a weighted average fully-let yield of 8.3%. In addition, the trust takes positions in property investment structures managed by BlackWall. At the moment these positions are in 55 Pyrmont Bridge Road and the Bakehouse Quarter. Recently BWR has grown its control of the Pyrmont property to the extent that it has been consolidated onto the trust's balance sheet.

The sale of the Bakehouse Quarter, if it completes as expected in October 2018, will generate around \$30 million of cash and NTA uplift of 7 cents per unit. BWR's NTA at 31 December 2017 was \$1.41 per unit.

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