

ASX Release

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BWF 2016 Result – Operating Revenue Up 38%

BlackWall Limited (**BWF**) has capped off another strong financial year reporting a 38% increase in operating revenue and lifting its full year dividend by 17% to 3.5 cents fully franked. This equates to a grossed up dividend yield of 8.6% on the 12 August closing share price of 55 cents. Net profit after tax was \$2.9 million.

The company's operations are split into three complementary segments. WOTSO WorkSpace generated revenue of \$3.4 million, up 80% on 2015, Property Services and Funds Management under BlackWall Property Funds lifted revenue 19% to approximately \$5 million, and investment activities helped grow BWF's NTA by 9% to \$18.7 million.

“Although both BlackWall Property Funds and direct investments are growing, it is WOTSO's collaborative workspace and serviced office business that is transforming the company,” said BlackWall CEO, Stuart Brown.

WOTSO has signed up over 700 members and has an active database of 6,000 followers since it commenced operations in 2014. The model was initially worked up in real estate controlled by BlackWall. In the past six months growth has gained momentum with the model extended to lease deals and joint ventures in property owned by third parties.

WOTSO operates in Sydney, ACT, Brisbane, the Gold Coast and Adelaide and recently announced a joint venture arrangement in Singapore.

Unlike traditional property operations WOTSO's margin growth is above the inflation rate. Where demand is high, margins can grow quickly because costs are fixed. “Gross revenue at our Neutral Bay site has grown annually by 10% over the past three years, whereas our operating costs have only increased with CPI.” said Mr Brown. “Neutral Bay is now generating \$850 per square metre per annum and we would hope for similar margin growth over the next 24 months.”

If the WOTSO outlets in start-up phase grow in the same manner as more mature operations, the business is expected to be generating revenue over \$10 million within four years on a profit margin of 25-35%.

WOTSO REVENUE


