



ASX Release

18 August 2017

2017 results – growth across all businesses

BlackWall Limited today announced an after-tax profit of \$3.6 million, up 22% on the previous year. The result also featured a significant increase in gross revenue, up \$6.6 million to \$17.4 million. Net tangible asset backing also grew to 37 cents per share.

“Our top line has been gaining momentum for a few years now on the back of WOTSO’s growth. This year we have also seen some growth in management and performance fees from BlackWall Property Funds,” said BlackWall CFO, Tim Brown.

BlackWall Limited’s operations are across two wholly-owned subsidiaries, WOTSO WorkSpace providing flexible office and workspace and BlackWall Property Funds, a boutique deep value property fund manager.

BlackWall’s funds management business has a track record of event driven fees. “Over the past five years we have generated roughly \$10 million of performance and transaction fees,” said Mr Brown.

The result doesn’t yet reflect BlackWall’s biggest transaction, the \$380 million sale of the Bakehouse Quarter. In the last few days of the 2017 financial year the group announced that it had negotiated a call option arrangement that, if exercised, will see the site sold in late 2018. The transaction will crystallise a long and lucrative investment for the high net worth syndicate that bought the site from Arnott’s Biscuits in 1997. “The original investors have now been with the project for over 20 years and on completion they will have earned an IRR of 15.4% per annum compounded quarterly,” said BlackWall CEO, Stuart Brown.

“For many years we have been saying that the Bakehouse Quarter will be re-rated, so while we are pleased with the sale result, we are not surprised by the price,” said Mr Brown. “The outcome is obviously a great result for our investors and, when completed, will generate around \$245 million of cash for our investor network. We are working on a number of opportunities for those investors to reinvest this capital.”

BlackWall’s total return REIT is one of the largest investors in the Bakehouse Quarter and will receive over \$30 million in cash when the transaction settles. BlackWall has flagged that this capital has been earmarked for deep value and opportunistic positions. “One of our focuses when redeploying this capital will be finding opportunities to grow WOTSO’s foot print and we expect to have the two WOTSO buildings in Adelaide and Brisbane syndicated off the balance sheet before Christmas,” said Mr Brown.

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	2017	2016
Revenue (\$m)	17.4	10.8
Profit before tax (\$m)	4.9	3.5
NPAT (\$m)	3.6	2.9
EPS	6.2c	5.7c
Final dividend	1.8c	1.8c
Payable	Oct 20	

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