



BLACKWALL LIMITED

(ASX: BWF)

ACN 146 935 131

Notice of General Meeting, Explanatory Statement, Independent Expert's Report and Proxy Form

**General Meeting to be held at Level 1, 50 Yeo Street, Neutral Bay
NSW on 10 May 2019 commencing at 11.30 am**

Independent Expert's Report

The Independent Expert's opinion is that the proposed Transactions on which they were required to opine (resolutions 1 and 2) are **fair and reasonable** to non-associated Unitholders.

The Notice of General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

A Message From the Directors

Enclosed with this letter is a notice of meeting for BWF. The document sets out a series of transactions in contemplation of the sale of our most significant project and BWR's largest investment, that is, the Bakehouse Quarter at North Strathfield.

The Bakehouse Quarter has been held by a syndicate known as the Kirela Development Unit Trust – (**Kirela**) for over 21 years. The sale represents a significant milestone in our history. In contemplating the strategy after the Bakehouse Quarter Sale completes the directors had regard to the factors, principles and observations set out below. We feel they are useful in providing context for investors considering the resolutions to be put to the upcoming meetings.

Market Conditions

Following the GFC the Australian property market has had almost a decade of sustained and exceptional growth. This, in the main, was driven by low interest rates pushing yields down to what we feel are unsustainable levels. We do not see property and credit markets continuing on the path they have for the past 10 years. Therefore we expect conditions that are more conducive to our property investment model.

Our Property Investment Model

We look for assets that have a problem we understand and can fix. These “problems” are usually driven by unsustainable debt or vacancy. Also, we look at real estate that is suitable for adaptive reuse and urban renewal at a price which mitigates, at least in part, the risks associated with changes of use.

Throughout our 25-year history we have a strong track record of finding and executing turn around projects. The Bakehouse Quarter, 55 Pyrmont Bridge Road and BWR itself are all examples. Our success is despite the fact that, in the past, we have not had the luxury of cash reserves. We have had to create opportunistic investment structures and raise the capital on a deal by deal basis. This is generally a slow process and opportunities are sometimes missed.

More often than not, the best opportunities present when investors and institutions are least likely to invest. Our aim is to use the Bakehouse Quarter Sale to give BWR and BWF a liquid capital base to move quickly when suitable deals present.

The Bakehouse Quarter, BWR and BWF

As previously announced BlackWall has negotiated the sale of the Bakehouse Quarter.

The proposed transactions offer Kirela investors the opportunity to continue to invest with us by rolling part or all of their investment into BWR.

For BWR the proposed transactions will grow its NTA to approximately \$220 million adding around \$100 million of cash to its balance sheet. Importantly the Transactions are priced on an NTA for NTA basis. In the short term the amount of cash on the BWR balance sheet may have a negative impact on earnings. We are comfortable with this as history shows us that the opportunity cost of not having cash in times of financial stress is far greater than low returns on cash while you wait.

Further, as part of the proposal BWR will acquire two assets from BWF generating roughly \$10 million of cash for BWF. The assets to be sold are more suited to the BWR balance sheet and the cash will be used by BWF for the rollout of WOTSO WorkSpace and for opportunities in BlackWall Asset Management.

The BlackWall Board of Directors

4 April 2019

Notice is given that a General Meeting of BlackWall Limited (ACN 146 935 131) (**BlackWall** or **BWF**) will be held at Level 1, 50 Yeo Street, Neutral Bay, NSW on 10 May 2019 commencing at 11.30 am.

AGENDA

Condition Precedent

Unless the Board of Directors of BlackWall determine otherwise, each Transaction the subject of the resolutions to be considered is subject to the condition precedent that the Bakehouse Quarter Sale is completed (**Condition Precedent**).

Resolution 1 – Disposal of PBT Units to BWR

To consider, and if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

That, subject to the BWR Kirela Resolutions being passed, approval is given under Listing Rule 10.1, section 208 of the Corporations Act and for all other purposes for BlackWall to sell to BWR the 6.47 million PBT Units held by BlackWall for a total of \$10.36 million in cash as part of the PBT Sale and as described in the Explanatory Statement.

Short explanation: Resolution 1 seeks Unitholder approval for the sale of PBT Units from BlackWall to BWR for the purposes of Listing Rule 10.1 and section 208 of the Corporations Act. The sale of PBT Units constitutes the disposal of a “substantial asset” to a Related Party of BlackWall. In addition, section 208 of the Corporations Act provides that a public company cannot give a “financial benefit” to a Related Party of the company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply or the holders of ordinary securities have approved the giving of the financial benefit to the related party at a general meeting. Further information about Resolution 1 is contained in the Explanatory Statement.

Resolution 2 – Disposal of FV Units to BWR

To consider, and if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

That, subject to the BWR Kirela Resolutions being passed, approval is given under Listing Rule 10.1, section 208 of the Corporations Act and for all other purposes for BlackWall to sell to BWR the FV Units held by BlackWall (being all the FV Units on issue) as part of the FV Sale for \$2.68 million in cash and as described in the Explanatory Statement.

Short explanation: Resolution 2 seeks Unitholder approval for the sale of FV Units from BlackWall to BWR for the purposes of Listing Rule 10.1 and section 208 of the Corporations Act. The sale of FV Units constitutes the disposal of a “substantial asset” to a Related Party of BlackWall. In addition, section 208 of the Corporations Act provides that a public company cannot give a “financial benefit” to a Related Party of the company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply or the holders of ordinary securities have approved the giving of the financial benefit to the related party at a general meeting. Further information about Resolution 2 is contained in the Explanatory Statement.

Voting Exclusions

For the purposes of Listing Rule 14.11 and the Corporations Act, the following voting exclusion statements apply to the Resolutions. BlackWall will disregard any votes cast in favour of the following Resolutions by or on behalf of the following persons (or class of persons) or an Associate of that person (or persons):

Resolution	Excluded Parties
Resolution 1	A party to the transaction, including BWR.
Resolution 2	A party to the transaction, including BWR.

However, BlackWall need not disregard a vote on a Resolution if it is cast by:

- the person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board of Directors



Richard Hill
Director
4 April 2019

Explanatory Statement

This Explanatory Statement has been prepared to provide information to Shareholders about the business to be conducted at the Meeting.

1. The Proposed Transactions

1.1 Rationale for Transactions

BlackWall's operations are split into three complementary segments. Two of these (BlackWall Asset Management and WOTSO WorkSpace) are operating businesses with the final segment being a portfolio of investments in property investment structures managed by BlackWall Asset Management and often housing WOTSO's collaborative work spaces.

BlackWall's NTA has grown to just over \$30.279 million or 49 cents per share. As disclosed in the 31 December 2018 audited financial statements the investment portfolio includes the following:

- Units in BlackWall Property Trust (**BWR**);
- Units in Pymont Bridge Trust (**PBT**);
- All of the units (**FV Units**) in the trust which holds the property (**FV**) located in Fortitude Valley in Brisbane, Queensland which houses WOTSO; and
- Units in the Kirela Development Unit Trust (**Kirela**) which owns BlackWall's largest project known as the Bakehouse Quarter. That investment is held in a wholly owned subsidiary of BWF known as Bakehouse Management Pty Limited (**Bakehouse Management**).

As previously disclosed BlackWall has negotiated the sale of the Bakehouse Quarter with the transaction to complete in April 2019. In anticipation of this BlackWall has structured a proposal under which Kirela investors will be offered the opportunity to "roll" their investment into BWR by way of a cash and scrip takeover of Kirela by BWR (**Kirela Acquisition**). In effect the Kirela Acquisition is a capital raising for BWR and will generate roughly \$100 million of cash after completion and grow its market capitalisation to approximately \$220 million.

BWF will accept BWR's proposal in relation to the 2,087 Kirela Units it holds and receive BWR units by way of consideration. As a consequence, BWF's holding in BWR will grow by approximately 552,000 BWR units. In addition, it is proposed, subject to Shareholder approval, that BWR will acquire from BWF:

- 6.47 million units in PBT (**PBT Units**) at their NTA of \$1.60 per unit for a total of \$10.36 million in cash (**PBT Sale**);
- All of the FV Units at the independent valuation of FV (less debt) being \$2.68 million in cash (**FV Sale**),

(the **Transactions**).

These proposed Transactions are the subject of the Resolutions.

Both of the above assets are consistent with BWR's objectives and, in the case of the PBT units, grow BWR's control of a trust in which it already holds an investment.

For BWF, the sale of these assets will generate roughly \$10 million of cash. The use of the cash added to the BWF balance sheet will include the following activities:

- fund the continued roll out of WOTSO's collaborative workspace network. Specifically, the capital will fund the fit out of new premises.
- BlackWall expects there to be some consolidation in the collaborative workspace market and that there may be opportunities for WOTSO to grow through acquisitions.
- in 2009 the group acquired two distressed funds management platforms (one became BWR) and, if suitable opportunities presented, BlackWall Asset Management could also grow through acquisition.

The sales of FV Units and the PBT investment continue a pattern of BlackWall recycling positions on its balance sheet without losing control of the underlying assets, thereby maintaining its annuity style management fees from them.

As described above, BlackWall has negotiated the sale of the Bakehouse Quarter, BWR's largest investment position. That project is held through a wholesale investment trust known as the Kirela Development Unit Trust (**Kirela**) and BWR is Kirela's largest investor. The Transactions are subject to a Condition Precedent that the Bakehouse Quarter Sale proceeds.

1.2 Interests of Unitholders

As Shareholders will see, the Transactions involve the proposed sale by BWF of assets to Related Parties of BWF, being BWF's Responsible Entity itself or its parent – see paragraphs 1.3 and 1.4 below. This means that there are no independent directors in respect of the Transactions. As there are no independent directors in relation to the assessment of the proposed Transactions, none of the directors of BWR and BWF can independently address the actual, perceived or potential conflicts of interest that may arise under the proposed Transactions. Nor will they be able to provide BWR Unitholders and BWF Shareholders with an independent assessment of, and recommendation for, the proposed Resolutions.

The Board has carefully considered the Transactions to ensure that the interests of Shareholders are protected, and is satisfied that this is the case. The factors taken into consideration by the Board include:

- the assets being acquired are readily valued, and pricing is based on an independent valuation, so the risk of gain or loss of value is minimised;
- the Board has obtained an Independent Expert's Report for the benefit of Shareholders which considers the Transactions, which is included with this Notice and which provides a fair and reasonable conclusion;
- the proposed acquisition of PBT Units is consistent with the approach taken by BWR when acquiring PBT Units from unrelated third parties in the past. BWR has previously acquired \$1.3 million of PBT Units and in each case the transactions were priced at the then prevailing NTA backing for PBT Units;
- in the case of the FV Sale, a third-party sale of the asset would necessarily require the appointment of a selling agent and the requisite marketing campaign. Such a sale process would require the property to be sold at a premium to the independent valuation (to cover the transaction costs) for BWF to be in a better position to the proposed transaction. Further, such sales processes are uncertain, can be time consuming and in the circumstance where they are unsuccessful can stigmatise the asset in the "eyes of the market" which can have a long-term depressive effect on the value of the asset; and
- the acquisition of the assets is consistent with BWF's business strategy and stated objectives;
- the Transactions will not proceed unless approved by Shareholders at the Meeting.

1.3 The PBT Sale

BlackWall holds 6,475,000 of the 34,375,000 million PBT Units on issue. The PBT Units are units in the Pymont Bridge Trust (**PBT**) which holds a subordinated debt position secured against a property located at 55 Pymont Bridge Road, Pymont, NSW. The property has been independently valued at \$126 million. The National Australia Bank holds a first-ranking mortgage of \$50 million (giving rise to a bank debt, loan to value ratio of just under 40%). The subordinated second-ranking debt held by PBT has a value of \$55 million.

Further details of the independent valuation are set out in the Independent Expert's Report enclosed with this Notice.

Therefore, each PBT Unit has an NTA of \$1.60 and the PBT units held by BlackWall have a value of \$10.36 million. Subject to the passing of the BWR Kirela Resolutions and Resolution 1, BWF has agreed to sell its entire holding in PBT for cash at NTA.

To implement the PBT Sale, Shareholders will be asked at the Meeting to approve Resolution 1 (**PBT Resolution**). Further details of the PBT Resolution are set out below.

1.4 The FV Sale

In 2016 a trust wholly owned by BlackWall acquired FV as a vacant office building. The property was purchased to house BlackWall's wholly owned collaborative workspace business WOTSO WorkSpace. The WOTSO business is now well established and has entered into a lease on arm's length commercial terms with the property owner. The property has been independently valued at \$4.78 million. BlackWall has agreed to sell all of the FV Units at a total price that equates to the independent valuation less senior debt of \$2.10 million, subject to BWR unitholders passing the BWR Kirela Resolutions and BWF Shareholder approvals.

To implement the FV Sale, Shareholders will be asked at the Meeting to approve Resolution 2 (**FV Resolution**). Further details of the FV Resolution are set out below.

1.5 Financial Effect of Transactions

Below is a pro-forma BlackWall position which updates the audited balance sheet set out in the BlackWall Financial Statements for the half year ending 31 December 2018 with adjustments to reflect the following:

- BWF's investment in Kirela is exchanged for BWR units on a scrip for scrip basis at an NTA equating to \$405 per Kirela unit and \$1.53 per BWR unit;
- BWF sells 6,475,000 million PBT Units for cash at a price of \$1.60 per unit; and
- BWF sells all of its FV Units for \$2.68 million cash.

BWF Balance Sheet

	DECEMBER 2018	Proforma Transactions	After Transactions
Assets			
Cash and receivables	\$881,000	\$13,040,000	\$13,921,000
Investment - Pymont	\$10,360,000	(\$10,360,000)	\$0
Investment - Bakehouse Quarter	\$845,000	(\$845,000)	\$0
Investment - WOTSO Fortitude Valley, QLD	\$4,780,000	(\$4,780,000)	\$0
Investment - BlackWall Property Trust	\$16,198,000	\$845,000	\$17,043,000
Other financial assets	\$1,348,000		\$1,348,000
Property, plant and equipment	\$4,907,000		\$4,907,000
Total Assets	\$39,319,000	(\$2,100,000)	\$37,219,000
Liabilities			
Payables and liabilities	\$6,940,000		\$6,940,000
Borrowings	\$2,100,000	(\$2,100,000)	\$0
Total Liabilities	\$9,040,000	(\$2,100,000)	\$6,940,000
Net Assets	\$30,279,000	\$0	\$30,279,000
Less Non Controlling Interests	\$0		\$0
Net Assets Attributable to owners	\$30,279,000	\$0	\$30,279,000
Number of units on issue	61,455,445		61,455,445
Net Asset Backing per share	\$0.49		\$0.49

1.6 Scenario Analysis

The PBT Sale and the FV Sale are separate transactions. They will only proceed if the relevant resolution is passed at this Meeting and if the relevant resolutions at the BWR Meeting are passed. As a consequence, it is possible that the PBT Sale is approved but the FV Sale is not, the inverse occurs, or neither is approved. This will have the following effect on the pro-forma BlackWall balance sheet set out in section 5:

- if the PBT Sale is not approved, BWF will continue to hold its investment in PBT and will have \$10.36 million less in cash;
- if the FV Sale is not approved, BWF will continue to hold its investment in FV and will have \$2.68 million less in cash; and
- if neither transaction is approved BWF will continue to hold its investment in PBT and FV and will have \$13.04 million less cash.

1.7 Trading in Shares

As at the date of this Notice, a total of 66,635,378 Shares are quoted on ASX. Set out below is a table showing relevant trading prices of Shares on ASX.

Comparative trading period price of Shares	Price of Shares
Highest trading price in the 4 months prior to the date this Notice was lodged with ASX	\$0.94
Lowest trading price in the 4 months prior to the date this Notice was lodged with ASX	\$0.785

Last available closing price of Units on ASX prior to the date of the Notice – 4 April 2019	\$0.825
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1.8 Directors' interests

Details of Directors relevant interest in Shares are set out in Schedule 1.

1.9 Costs of the Transactions

BlackWall estimates it will incur fees for services provided in connection with the Transaction, including for legal, taxation and corporate advisers, in the amount of not more than \$400,000 (not including GST).

The total amount of cash that BlackWall may become obliged to pay to satisfy all expenses incurred by it and relating to the Transactions will be provided from BlackWall's existing cash balance.

2. Resolution 1 – Disposal of PBT Units to BWR

2.1 Background

Shareholder approval for the purpose of Listing Rule 10.1 and section 208 of the Corporations Act is required for BlackWall to complete the sale of all of its 6.47 million PBT Units for a total of \$10.36 million in cash to BWR as part of the PBT Sale. Resolution 1 seeks this Shareholder approval.

The PBT Acquisition is subject to approval by BWR unitholders at the BWR Meeting.

2.2 Listing Rules information requirements

Listing Rule 10.1 provides that the approval of holders of an entity's ordinary securities is required where an entity or its subsidiaries proposes to, or agrees to, dispose of or acquire, a "substantial asset" from among others, a Related Party of the entity, and any person whose relationship to the entity is such that, in ASX's opinion, the transaction should be approved by the holders of the entity's ordinary securities.

Substantial asset

An asset is a "substantial asset" if its value, or the value of the consideration for it, is 5% or more of the equity interests of the entity as set out in the latest accounts of the relevant company given to ASX under the Listing Rules

BlackWall's annual report for the period ending 31 December 2018 (as lodged with ASX on 26 February 2019) shows that its total equity position was approximately \$30.279 million. Five percent of this amount is \$1.514 million.

The value of the PBT Units to be sold to BWR exceeds 5% of the equity interests of BlackWall as set out in the latest accounts given to ASX under the Listing Rules. Consequently, the Transactions will result in the sale of a substantial asset to BWR.

Related Parties

BWF's wholly-owned subsidiary, BlackWall Fund Services Limited (**BFS**) is the responsible

entity of BWR. As a result, BWR is a Related Party of BlackWall for the purpose of Listing Rules 10.1.

Requirement for Shareholder approval

On the basis of the above conclusions, the completion of the Transactions will result in the sale of a substantial asset to a Related Party of BlackWall. Consequently, Resolution 1 seeks Shareholder approval of the acquisition for the purpose of Listing Rule 10.1.

In the event that Shareholders do not approve Resolution 1, the Transaction will not proceed.

When will the transaction occur?

Completion of the PBT Sale is expected to occur not less than 28 days after the later of completion of the Bakehouse Quarter Sale and Shareholder approval.

Independent Expert's Report

In accordance with the requirements of Listing Rule 10.10.2, BlackWall has commissioned Shine Wing to provide the Independent Expert's Report on the Transactions.

The Independent Expert's Report sets out a detailed examination of the Transactions to enable Shareholders to assess the merits of, and decide whether or not to approve, Resolution 1.

To the extent that it is appropriate, the Independent Expert's Report sets out further information in respect of the Transactions and concludes that the Transactions are **fair and reasonable** to the Shareholders who are not associated with BWR.

Shareholders are encouraged to read carefully the Independent Expert's Report so as to understand its scope, the methodology of the assessment, the sources of information and the assumptions made.

The Independent Expert's Report is set out in Annexure A to this Explanatory Statement.

The Independent Expert's Report is also available on BlackWall's website (www.blackwall.com.au), and if requested by a Shareholder, BlackWall will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

2.3 Corporation Act requirements

Section 208 of the Corporations Act provides that a public company cannot give a "financial benefit" to a "related party" of the company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply or the holders of ordinary securities have approved the giving of the financial benefit to the related party at a general meeting.

BWR is a Related Party of BWF for the purpose of section 208 of the Corporations Act as BWF is the parent company of BWR's Responsible Entity. Consequently, the transfer of the PBT Units constitutes the giving of a financial benefit to a Related Party of BWR for the purposes of section 208 of the Corporations Act.

The Corporations Act requires that BWF give the financial benefit within 15 months following the approval of Resolution 1.

2.4 Directors' recommendation

Each of the Directors of BWF is also a director of BWR. Other than as Directors or as ordinary security holders in BWF and BWR, the Directors do not hold any interest in the outcome of the proposed Resolution 1.

The Directors recommend that Shareholders vote in favour of Resolution 1.

The Chair intends to exercise all available proxies in favour of Resolution 1.

3. Resolution 2 – Disposal of FV Units to BWR

3.1 Background

Shareholder approval for the purpose of Listing Rule 10.1 and section 208 of the Corporations Act is required for BlackWall to complete the sale of all FV Units at the independent valuation of FV (less debt) being \$2.68 million in cash to BWR as part of the FV Sale. Resolution 2 seeks this Shareholder approval.

The FV Acquisition is subject to approval by BWR unitholders at the BWR Meeting.

3.2 Listing Rules information requirements

Listing Rule 10.1 provides that the approval of holders of an entity's ordinary securities is required where an entity or its subsidiaries proposes to, or agrees to, dispose of or acquire, a "substantial asset" from among others, a Related Party of the entity, and any person whose relationship to the entity is such that, in ASX's opinion, the transaction should be approved by the holders of the entity's ordinary securities.

Substantial asset

An asset is a "substantial asset" if its value, or the value of the consideration for it, is 5% or more of the equity interests of the entity as set out in the latest accounts of the relevant company given to ASX under the Listing Rules.

BlackWall's annual report for the period ending 30 June 2018 (as lodged with ASX on 31 August 2018) shows that its total equity position was approximately \$29.532 million. Five percent of this amount is \$1.477 million.

The value of FV Units exceeds 5% of the equity interests of BlackWall as set out in the latest accounts given to ASX under the Listing Rules. Consequently, the Transactions will result in the sale of a substantial asset to BWR.

Related Parties

BWF's wholly-owned subsidiary, BlackWall Fund Services Limited (**BFS**) is the responsible entity of BWR. As a result, BWR is a Related Party of BlackWall for the purpose of Listing Rules 10.1.

Requirement for Shareholder approval

On the basis of the above conclusions, the completion of the Transactions will result in the sale of a substantial asset to a Related Party of BlackWall. Consequently, Resolution 2 seeks Shareholder approval of the acquisition for the purpose of Listing Rule 10.1.

In the event that unitholders do not approve Resolution 2, the Transaction will not proceed.

When will the transaction occur?

Completion of the FV Sale is expected to occur not less than 28 days after the later of the completion of the Bakehouse Quarter Sale and Unitholder approval.

Independent Expert's Report

In accordance with the requirements of Listing Rule 10.10.2, BlackWall has commissioned Shine Wing to provide the Independent Expert's Report on the Transactions.

The Independent Expert's Report sets out a detailed examination of the Transactions to enable Shareholders to assess the merits of, and decide whether or not to approve, Resolution 2.

To the extent that it is appropriate, the Independent Expert's Report sets out further information in respect of the Transactions and concludes that the Transactions are **fair and reasonable** to the Shareholders who are not associated with BWF.

Shareholders are encouraged to read carefully the Independent Expert's Report so as to understand its scope, the methodology of the assessment, the sources of information and the assumptions made.

The Independent Expert's Report is set out in Annexure A to this Explanatory Statement.

The Independent Expert's Report is also available on BlackWall's website (www.blackwall.com.au), and if requested by a Shareholder, BlackWall will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

3.3 Corporation Act requirements

Section 208 of the Corporations Act provides that a public company cannot give a "financial benefit" to a "related party" of the company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply or the holders of ordinary securities have approved the giving of the financial benefit to the related party at a general meeting.

BWR is a Related Party of BWF for the purpose of section 208 of the Corporations Act as BWF is the parent company of BWR's Responsible Entity. Consequently, the transfer of the FV Units constitutes the giving of a financial benefit to a Related Party of BWF for the purposes of section 208 of the Corporations Act.

The Corporations Act requires that BWF give the financial benefit within 15 months following the approval of Resolution 2.

3.4 Directors' recommendation

Each of the Directors of BWF is also a director of BWR. Other than as Directors or as ordinary security holders in BWF and BWR, the Directors do not hold any interest in the outcome of the proposed Resolution 2.

The Directors recommend that Shareholders vote in favour of Resolution 2.

The Chair intends to exercise all available proxies in favour of Resolution 2.

Glossary

In this Notice and Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

Announcement Date

Associate	Has the meaning set out in the Listing Rules and, as appropriate, as defined in the Corporations Act.
ASX	ASX Limited ACN 008 624 691
ASX Business Day	Has the meaning given to the term “business day” in the Listing Rules.
Bakehouse Quarter	The property owned by Kirela in North Strathfield referred to in a Contract for the sale and purchase of land between Kirela and Austrump North Strathfield One Pty Ltd ACN 628 961 900 dated 28 September 2018.
Bakehouse Quarter Sale	Means the sale of the Bakehouse Quarter, as announced by BlackWall on the ASX.
BFS or Responsible Entity	BlackWall Fund Services Limited ABN 68 450 446 692.
BlackWall or BWF	BlackWall Limited ACN 146 935 131 (ASX: BWF).
BlackWall Asset Management	Division of BlackWall Limited that is involved in property and funds management.
BWR	BlackWall Property Trust ARSN 109 684 773, the responsible entity of which is BFS.
BWR Meeting	Meeting of unitholders of BWR to be held immediately prior to this General Meeting.
BWR Kirela Resolutions	The Kirela Resolutions to be considered at the BWR Meeting.
Board	Board of Directors of BlackWall.
Business Day	A day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Western Australia.
Chair	The chair of the Meeting.
Condition Precedent	The completion of the Bakehouse Quarter Sale.
Constitution	The Company’s constitution.
Corporations Act	Corporations Act 2001 (Cth).
Director	Director of BlackWall
Explanatory Statement	This explanatory statement which accompanies and

	forms part of the Notice of General Meeting.
FV	The real property located at 84a Brunswick Street, Fortitude Valley, Brisbane, Queensland.
FV Resolution	Resolution 2.
General Meeting or Meeting	The General Meeting of Shareholders of BlackWall or any adjournment thereof, convened by the Notice.
Kirela	Kirela Pty Limited (ACN 079 721 127) as trustee for the Kirela Development Unit Trust.
Kirela Acquisition	The acquisition of Kirela Units by BWR.
Kirela Unit	Ordinary unit in Kirela
Listing Rules	The listing rules of ASX, as amended from time to time.
NTA	Net tangible assets.
Notice or Notice of General Meeting	The notice of General Meeting which accompanies the Explanatory Statement.
Option	An option to acquire a Unit.
PBT	Pymont Bridge Unit Trust.
PBT Sale	The acquisition of PBT Units.
PBT Resolutions	Resolution 1.
PBT Units	Units in PBT
Proxy Form	The proxy form accompanying the Notice.
Related Body Corporate	Has the meaning given to that term in the Corporations Act.
Related Party	Has the meaning given to it in the Listing Rules.
Relevant Interest	As defined in the Corporations Act 2001 (Cth).
Resolution	A resolution set out in the Notice.
Section	A section of this Explanatory Statement.
Security	A Share or an Option.
Share	Ordinary share in the capital of BlackWall.
Shareholder	A registered holder of a Share.
Transactions	PBT Transaction and FV Transaction.
WOTSO WorkSpace	WOTSO WorkSpace Pty Limited (A.C.N 098 931 563).

Schedule 1

Directors relevant interest in Shares 28 February 2018

Richard Hill (non-executive director)	1,969,278
Seph Glew (executive director)	8,911,680
Robin Tedder (non-executive director)	9,229,844
Stuart Brown (executive director and CEO)	4,114,038
Timothy Brown (executive director and CFO)	1,118,141

Options held by Directors over unissued Shares

	Expiry Date	Number of Options	Exercise price
Richard Hill	28 February 2021	250,000	\$1.00
Seph Glew	28 February 2021	500,000	\$1.00
Robin Tedder	28 February 2021	250,000	\$1.00
Stuart Brown	28 February 2021	2,000,000	\$1.00
Timothy Brown	28 February 2021	500,000	\$1.00

Annexure A

Independent Experts Report

**The Expert has concluded that the Proposed Transactions as a whole are FAIR and
REASONABLE to the Non-Associated Shareholders**

27 March 2019

The Independent Board Committee
BlackWall Limited
Level 1, 50 Yeo Street
NEUTRAL BAY NSW 2089

Dear Sirs

Independent Expert's Report

Introduction

This Independent Expert's Report (the "**IER**" or the "**Report**") has been prepared to accompany the Notice of General Meeting and Explanatory Memorandum ("**NOM**") to unitholders for the General Meeting of BlackWall Limited ("**BlackWall**" or "**BWF**") to be held on or around 10 May 2019. At that meeting unitholder approval will be sought for a series of transactions announced on 13 November 2018, as set out below:

- 6.47 million units in Pyrmont Bridge Trust ("**PBT**") ("**PBT Units**") for a total of \$10.36 million in cash ("**PBT Sale**");
- All of the units ("**FV Units**") in the trust that owns a property located in Fortitude Valley for \$2.68 million in cash ("**FV Sale**")

(hereinafter collectively referred to as the "**Proposed Transactions**")

The Proposed Transactions are both with BlackWall Property Trust ("**BWR**") which is a related party to BlackWall.

The Directors of BlackWall have engaged ShineWing Australia Corporate Finance Pty Ltd ("**SWA**") to prepare an IER to express an opinion as to whether the Proposed Transactions are fair and reasonable to BlackWall shareholders not associated with the Proposed Transactions ("**the Non-Associated Shareholders**" or "**Shareholders**"). We have had regard to Regulatory Guide 111 Content of Expert Reports ("**RG111**"), in our assessment of the fairness and reasonableness of the Proposed Transactions.

The Proposed Transactions are all conditional upon the completion of the Bakehouse Quarter Sale to YUHU Group ("**YUHU**") and the approval of a number of related transactions by the non-associated unitholders in BlackWall Property Trust ("**BWR**"). We have therefore assumed that the Bakehouse Quarter Sale will be settled on 18 April 2019 ("**Transaction Date**") and that the related transactions are approved by BWR unitholders at a separate meeting, when evaluating whether the Proposed Transactions are, as a whole, fair and reasonable to Non-Associated Shareholders. (Further details of the related transactions are set out in Section 1 of this Report).

Summary and conclusion

We have considered the terms of the Proposed Transactions, as outlined in Section 1 of this Report and in the NOM, and have concluded that the Proposed Transactions are FAIR and REASONABLE to the Non-Associated Shareholders of BlackWall.

Fairness Assessment

Details of the basis of our assessment of the Proposed Transactions are set out in Section 2.4 of the Report. We have formed our opinion in relation to fairness as follows.

- (1) For the PBT Sale, a comparison of:
 - the fair market value of PBT units acquired; and
 - the cash consideration offered by BWR.
- (2) For the FV Sale, a comparison of:
 - the fair market value of the units in the trust that owns the Fortitude Valley property ("**FV Units**") and
 - the cash consideration offered by BWR.

The Proposed Transactions will be fair if the consideration offered by BWR is equal to or greater than the assets disposed of by BlackWall.

The result of our fairness analysis is summarised below.

Table 1 – Fairness assessment

Proposed Transactions \$	Ref	Fair value of assets acquired	Fair value of consideration paid
PBT Sale	7.1	10,360,000	10,360,000
FV Sale	7.2	2,680,000	2,680,000

Source: SWA analysis

Following our assessment above, we have concluded that as a whole, the Proposed Transactions are fair to BlackWall Shareholders.

Our opinion is based solely on information available at the date of this Report as detailed in Appendix B. The principal factors that we have taken into account in forming our opinion are set out in our Report.

Reasonableness Assessment

Pursuant to Regulatory Guide 111 ("**RG 111**"), an offer may be reasonable if, despite not being fair, after considering other significant factors, the expert is of the view that there are sufficient reasons for shareholders to approve the Proposed Transactions. In assessing the reasonableness of the Proposed Transactions, we have considered the following advantages, disadvantages and other factors.

Advantages	
Fairness	As set out in Section 7 of our Report, the Proposed Transactions are fair to Shareholders. The value of the assets sold by BlackWall is equal to the value of consideration paid by BWR.
Non NTA Dilutive	The Proposed Transactions do not impact on BlackWall's NTA per share.
Cash consideration for re-investment into core operations	The cash consideration received from the Proposed Transactions will be able to be reinvested into the core operating businesses of BlackWall.

Disadvantages	
Loss of income from assets sold	If the Proposed Transactions are approved BWF will receive approximately \$13 million in cash. Until this is reinvested into higher yielding assets it may decrease earnings per BWF share for Shareholders.

Following our assessment above, we have concluded that as a whole, the Proposed Transactions are reasonable.

Accordingly, we have concluded that the Proposed Transactions as a whole are FAIR AND REASONABLE to the Non-Associated Shareholders.

As a result of our assessment, we have concluded that the following Resolutions are fair and reasonable to the Non-Associated Shareholders:

- Resolution 1
- Resolution 2

Other matters

ShineWing Australia Corporate Finance has prepared a Financial Services Guide (“FSG”) in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

This Report has been prepared solely for the purpose of assisting the Non-Associated Unitholders in considering the merits of the Proposed Transactions. We do not assume any responsibility or liability to any party as a result of reliance on this Report for any other purpose.

The ultimate decision whether to approve the Proposed Transactions should be based on each Unitholder’s assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If Unitholders are in doubt about the action they should take in relation the Proposed Transactions, or matters dealt with in this Report, Unitholders should seek their own independent professional advice.

This letter should be read in conjunction with the full text of our Report as attached including the appendices.

Yours faithfully

ShineWing Australia Corporate Finance Pty Ltd



Phillip Rundle
Director



John Blight
Director

Financial Services Guide

We are required to issue to you, as a retail client, a Financial Service Guide (FSG). The FSG, dated 27 March 2019, is designed to assist retail clients in their use of the general financial product advice provided by ShineWing Australia Corporate Finance Pty Ltd ABN 13 068 744 114 ("**ShineWing Australia Corporate Finance**") as a corporate authorised representative (389399) of ShineWing Australia Wealth Pty Ltd ABN 34 006 341 386, Australian Financial Services License (AFSL) number 236556 ("**ShineWing Australia Wealth**"). This FSG contains information about:

1. Who we are, what our engagement is and who engaged our services;
2. The services we are authorised to provide under the AFSL held by ShineWing Australia Wealth;
3. Remuneration that we may receive in connection with the preparation of the general financial product advice;
4. Any relevant associations, relationships and or referrals arrangements;
5. Our internal and external complaints handling procedures and how you may access them;
6. The compensation arrangements that ShineWing Australia Wealth has in place;
7. Our privacy policy; and
8. Our contact details.

This FSG forms part of an Independent Expert's Report ("**Report**") which has been prepared for inclusion in a Notice of Meeting to Unitholders dated on or around 29 March 2019 prepared by BlackWall Limited ("**Notice of Meeting**"). The purpose of the Notice of Meeting is to help you make an informed decision in relation to a financial product.

1) About us

ShineWing Australia Corporate Finance is a related entity of ShineWing Australia and independent member of ShineWing International Limited – members in principal cities throughout the world.

The general financial product advice in our Report is provided by ShineWing Australia Corporate Finance and not by ShineWing Australia which provide services primarily in the areas of audit, tax and business consulting.

ShineWing Australia Corporate Finance has been engaged by the Responsible Entity to issue a Report for inclusion in the Notice of Meeting

2) Financial services we are authorised to provide and our responsibility to you

We are authorised by ShineWing Australia Wealth to provide general financial product advice for securities only to retail and wholesale clients.

ShineWing Australia Wealth is responsible for the financial services we provide.

The Report contains only general financial product advice as it was prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice in the Report having regard to your circumstances and consider obtaining personal financial advice from an appropriately licensed person before you act on the general advice in the Report.

You should also consider all other parts of the Notice of Meeting before making any decision in relation to the financial product.

The Report has been prepared for the Independent Board Committee of BlackWall Fund Services Limited. You have not engaged us directly but have received a copy of the Report because you have been provided with a copy of the Notice of Meeting.

Neither ShineWing Australia Corporate Finance nor ShineWing Australia Wealth are acting for any person other than The BlackWall Fund Services Limited.

ShineWing Australia Corporate Finance and ShineWing Australia Wealth are responsible and accountable to you for ensuring there is a reasonable basis for the conclusions in the Report.

3) Fees, commission and other benefits we may receive

ShineWing Australia Corporate Finance charges fees for providing reports, which are agreed to upfront, and paid by, the entity who engages us to provide the report.

Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In this case, RE has agreed to pay us approximately \$20,000 for preparing the Report.

Except for the fees referred to above, neither ShineWing Australia, nor any of its directors, authorised representatives, employees, associates or related entities, received any pecuniary benefit, directly or indirectly, for or in connection with the provision of the Report. All employees receive a salary and bonus based on overall productivity and not linked to our opinions expressed in this Report.

Further details may be provided on request.

4) Associations, relationships and referrals

The ShineWing Australia group, including ShineWing Australia, ShineWing Australia Corporate Finance and ShineWing Australia Wealth are members of ShineWing International Limited, consisting of independent member firms and correspondents.

ShineWing Australia and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products in the ordinary course of its business. Partners of ShineWing Australia through their shareholdings will receive a direct benefit from the fees received.

No individual involved in the preparation of the Report holds an interest in, or is a substantial creditor of the Responsible Entity or has other material financial interests in the transactions proposed under the Notice of Meeting.

ShineWing Australia group does not pay commissions or provide any benefits to any person for referring customers to them in connection with the Report.

5) Complaints

Internal complaints resolution

If you have concerns with the general advice provided in the Report, please contact us at the details provided in section 8 below. If your concerns are not addressed in a timely manner, please send your complaint in writing to the General Manager, ShineWing Australia Wealth Pty Ltd, Level 10, 530 Collins St, Melbourne, VIC 3000.

External dispute resolution

If your concern is not resolved, or if you are not satisfied with the decision, you may contact the Financial Ombudsman Service (FOS). FOS independently and impartially resolves disputes between consumers, including some small businesses, and participating financial services providers. The FOS provides an independent dispute resolution process covering complaints about financial services. You may contact the FOS by:

Financial Ombudsman Service
GPO Box 3, Melbourne VIC 3001
Toll free: 1300 780 808,
Email: info@fos.org.au
Website: www.fos.org.au

The Australian Securities & Investments Commission (ASIC) is Australia's corporate, markets and financial services regulator. ASIC contributes to maintaining Australia's economic reputation by ensuring that Australia's financial markets are fair and transparent, and is supported by informed investors and consumers alike. ASIC seeks to protect consumers against misleading or deceptive and unconscionable conduct affecting all financial products and services. You may contact ASIC by:

Australian Securities & Investments Commission
GPO Box 9827, Your Capital City
Phone: 1300 300 630
Website: www.asic.gov.au;

Before you send your concern to any of these respective bodies, please contact them first to understand the process of lodging your concern with them.

6) Compensation arrangements

The law requires ShineWing Australia Wealth to have arrangements in place to compensate certain persons for the loss or damage they suffer from certain breaches of the Corporations Act by its representatives. ShineWing Australia Wealth has internal compensation arrangements, as well as

professional indemnity insurance that satisfy these requirements.

7) Privacy Statement

We are required or authorised to collect personal information from you by certain laws. Details of these laws are in our privacy policy.

Our full privacy policy is available at <http://www.shinewing.com.au/privacy-policy>. It covers:

- how you can access the personal information we hold about you and ask for it to be corrected;
- how you may complain about a breach of the Privacy Act 1988 (Cth), or a registered privacy code and how we will deal with your complaint; and;
- how we collect, hold, use and disclose your personal information in more detail.

We will update our privacy policy from time to time.

Where you have provided information about another individual, you must make them aware of that fact and the contents of this privacy statement.

8) Contact Details—ShineWing Australia Corporate Finance and ShineWing Australia Wealth

Level 10, 530 Collins Street
Melbourne, VIC 3000
Australia

T: +61 3 8635 1800
F: +61 3 8102 3400

www.shinewing.com.au

This Financial Services Guide has been authorised for distribution by the authorising licensee.

References to 'we' or 'us' or 'ours' should be read as ShineWing Australia Corporate Finance Pty Ltd (ABN 13 068 744 114), in its capacity as a corporate authorised representative (389399) of ShineWing Australia Wealth Pty Ltd (ABN 34 006 341 386), AFSL 236556.

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1. Overview of the Proposed Transactions

As previously announced, BlackWall has negotiated the sale of the Bakehouse Quarter, BWR's largest investment position. That project is held through a wholesale investment trust known as the Kirela Development Unit Trust ("**Kirela**") and BWR is Kirela's largest investor. The Proposed Transactions are subject to a Condition Precedent that the Bakehouse Quarter Sale proceeds, although the Condition Precedent may be waived by the Directors in their absolute discretion. The Proposed Transactions are also conditional on the BWR Kirela Resolutions being passed – these will be considered at the BWR Meeting to be held immediately before the BlackWall meeting.

BWF will accept BWR's proposal in relation to the 2,087 Kirela Units it holds. As a consequence, its holding in BWR will grow by approximately 546,000 BWR units. We note that our Report is not required to opine on the sale of Kirela Units held by BWF.

1.1. PBT Sale

BlackWall holds 6,475,000 of the 34,375,000 million PBT Units on issue. The PBT Units are units in the Pyrmont Bridge Trust (PBT) which holds a subordinated debt position secured against a property known as 55 Pyrmont Bridge Road. The property has been independently valued at \$126 million. The National Australia Bank holds a first-ranking mortgage of \$50 million (giving rise to a bank debt, loan to value ratio of just under 40%). The subordinated second-ranking debt held by PBT has a value of \$55 million.

To implement the PBT Sale, Shareholders will be asked at the Meeting to approve Resolution 1 (**PBT Resolution**) as set out in the NOM.

The PBT Sale will only proceed if all of the BWR Kirela Resolutions are passed by BWR Non-Associated Unitholders.

1.2. FV Sale

In 2016 a trust wholly owned by BlackWall acquired FV as a vacant office building. The property was purchased to house BlackWall's wholly owned collaborative workspace business WOTSO WorkSpace ("**WOTSO**"). The WOTSO business is now well established and has entered into a lease on arm's length commercial terms. The property has been independently valued at \$4.78 million. BlackWall has agreed to sell all of the FV Units at a total price that equates to the independent valuation less senior debt of \$2.10 million, subject to BWR unitholders passing the BWR Kirela Resolutions and BWF Shareholder approvals.

To implement the FV Sale, Shareholders will be asked at the Meeting to approve Resolution 2 (**FV Resolution**) as set out in the NOM.

The FV Sale will only proceed if all of the BWR Kirela Resolutions are passed by BWR Non-Associated Unitholders.

2. Purpose and scope of the report

2.1. Purpose

SWA has been appointed by the Directors of BlackWall to prepare an IER expressing our opinion as to whether or not the Proposed Transactions are fair and reasonable to the Non-Associated Unitholders of BWR. In making this assessment we have considered the collective effects of each element of the Proposed Transactions.

This Report is to accompany the NOM being provided to Shareholders and has been prepared to assist the Directors in fulfilling their obligation to provide Shareholders of BlackWall with full and proper disclosure to enable them to assess the merits of the Proposed Transactions and to assist them in their consideration of whether or not to approve the Resolutions related to the Proposed Transactions.

This Report should not be used for any other purpose and we do not accept any responsibility for use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our report,

in whole or in part, should be reproduced without the written consent of SWA, as to the form and context in which it may appear.

2.2. Scope

The scope of the procedures we undertook in forming our opinion on whether the Proposed Transactions are fair and reasonable to Shareholders has been limited to those procedures we believe are required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards.

Our assessment involved determining the fair market value of various securities, assets and liabilities. For the purposes of our opinion, the term fair market value is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and a knowledgeable, willing, but not anxious vendor, acting at arm's length.

2.3. Summary of regulatory requirements

Chapter 10 of the Listing Rules

Listing Rule 10.1 provides that any transaction involving a substantial asset between a listed entity and a related party of the entity requires shareholder approval. BWF's wholly-owned subsidiary, BlackWall Fund Services Limited ("BFS") is the responsible entity of BWR. As a result, BWR is a Related Party of BlackWall for the purpose of Listing Rules 10.1. Accordingly, an IER is required to be commissioned under Listing Rule 10.10.2.

Listing Rule 10.1 applies to the substantial assets to be disposed of by BWF to:

- (a) BWR in relation to the disposal of PBT units (PBT Sale); and
- (b) BWR in relation to the disposal of the FV Units (FV Sale).

2.4. Basis of assessment

The Corporations Act does not define the meaning of "fair and reasonable". In preparing this Independent Expert's Report, SWA has had regard to RG 111 which establishes certain guidelines for independent expert's reports prepared for the purposes of the Corporations Act.

RG 111 provides the following guidance on the meaning of "fair and reasonable" in the context of a takeover offer:

- 1) an offer is "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. The comparison is made assuming 100% ownership of the target and irrespective of whether the consideration is scrip or cash; and
- 2) RG 111 states that an offer is "reasonable" if it is fair. It might also be reasonable if despite being "not fair" the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer. These might include:
 - a. The offeror's pre-existing entitlement, if any, in the shares of the target company;
 - b. Other significant shareholdings in the target company;
 - c. The liquidity of the market in the target company's shares;
 - d. The likely market price if the offer is unsuccessful; and
 - e. The probability of an alternative offer.

In our opinion, the most appropriate basis on which to evaluate the Proposed Transactions is to assess the likely overall impact on the Non-Associated Shareholders and to form a judgement as to whether the expected benefits outweigh any disadvantages that might result from approving the transactions.

In forming our opinion as to whether or not the Proposed Transactions are fair and reasonable to the Non-Associated Shareholders, we have considered and compared the following:

- the fair value of assets disposed of under the Proposed Transactions to be the fair value of consideration received;
- the advantages and disadvantages to the Non-Associated Shareholders if the Proposed Transactions are approved; and
- Where applicable, we have considered whether or not appropriate premiums (for control or significant influence) have been reflected in our valuation calculations.

2.5. Independence

Prior to accepting this engagement, SWA considered its independence with respect to the Proposed Transactions by reference to ASIC Regulatory Guide 112 “Independence of Experts” (“**RG 112**”).

SWA has no involvement with, or interest in, the outcome of the Proposed Transactions other than that of independent expert. SWA is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this Report.

Except for that fee, SWA will not be entitled to any other financial or other benefit, whether direct or indirect, in connection with the issuing of this Report. The payment of this fee is in no way contingent upon the success or failure of the Proposed Transactions.

ShineWing has also prepared an independent expert report for the non-associated unitholders in BWR in connection with related party transactions connected with the Proposed Transactions. In particular we have opined on the PBT Transaction for BWR unitholders. We note that we concluded this transaction was fair and reasonable to the non-associated unitholders of BWR.

2.6. Sources of Information

Appendix B to this Report sets out details of information referred to and relied upon by us during the course of preparing this Report and forming our opinion.

As the assets of BlackWall primarily comprise investment property assets, in accordance with ASIC Regulatory Guide 112 we have utilised the services of independent valuation firms for the purpose of valuing the investment property assets held by BWR. Further detail in respect of the valuation prepared by the independent property valuation experts are set out in Sections 5.4 and 6.1.2 of this Report.

The RE has agreed to indemnify SWA, and its owner practice, their partners, directors, employees, officers and agents (as applicable) against any claim arising out of misstatements or omissions in any material supplied by the Company, its subsidiaries, directors or employees, on which we have relied.

2.7. Reliance on Information

This Report is based upon financial and other information provided by the RE, as detailed in Appendix B of this Report. We have considered and relied upon this information. We believe the information provided to be reliable, complete and not misleading, and have no reason to believe that any material facts have been withheld. The information provided was evaluated through analysis, inquiry and review for the purpose of forming an opinion as to whether the Proposed Transactions are fair and reasonable.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or due diligence investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

Where we have relied on the views, opinions and judgement of management, the information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of direct external verification or validation.

2.8. Assumptions

In forming our opinion, the following has been assumed:

- all relevant parties have complied, and will continue to comply, with all applicable laws and regulations and existing contracts and there are no alleged or actual material breaches of the same or disputes (including, but not limited to, legal proceedings), other than as publicly disclosed and that there has been no formal or informal indication that any relevant party wishes to terminate or materially renegotiate any aspect of any existing contract, agreement or material understanding, other than as publicly disclosed;
- that matters relating to title and ownership of assets (both tangible and intangible) are in good standing, and will remain so, and that there are no material legal proceedings, or disputes, other than as publicly disclosed;
- information in relation to the Proposed Transactions provided to the Shareholders or any statutory authority by the parties is complete, accurate and fairly presented in all material respects;
- if the resolutions relating to the Proposed Transactions are approved, they will be implemented in accordance with its disclosed terms; and
- the legal mechanisms to implement the Proposed Transactions are correct and effective.

3. Profile of BlackWall

3.1. Overview

BlackWall is an ASX-listed integrated property funds management business with the following operating sectors:

- BlackWall Asset Management which is the property and funds management business.
- WOTSO which is the co-working space business.
- BlackWall also holds investments in a number of property and investment assets related to the above two operations.

3.2. Consolidated Statement of Profit or Loss

BlackWall's main sources of income are rental income from WOTSO, fund and property management fees from managed investment trusts and their underlying property assets and income from its investment assets and properties. The historical consolidated statements of profit or loss for BlackWall are set out in the table below,

Table 2 – BWF Consolidated Profit or Loss

\$'000	FY17	FY18	6 months to 31 Dec 2018
Revenue			
WOTSO	6,155	8,449	4,828
BlackWall Asset Management	9,549	13,640	4,221
Investments	1,720	3,905	1,622
Total revenue	17,424	25,994	10,671
Expenses			
WOTSO operating	(5,083)	(7,641)	(4,187)
Other operating	(5,458)	(5,345)	(3,340)
Property outgoings	(191)	(218)	(82)
Depreciation	(548)	(853)	(379)
Property finance costs	(176)	(131)	(51)
Share of loss from joint ventures	-	-	(66)
Loss on deconsolidation of subsidiary	-	-	(104)
Goodwill impairment	(1,044)	(1,042)	-
Total expenses	(12,500)	(15,230)	(8,209)
Profit before income tax	4,924	10,764	2,462
Income tax expense	(1,355)	(2,841)	(643)
Profit from continuing operations	3,569	7,923	1,819
Loss from discontinued operation	-	-	(164)
Profit and other comprehensive income	3,569	7,923	1,655

Source: BWF annual report June 2018 and BWF interim financial report for the half year ended December 2018

3.3. Consolidated Balance Sheet

The historical consolidated balance sheet of BlackWall as at 30 June 2018 and 31 December 2018 are set out in the table below.

Table 3 –BWF Consolidated Balance Sheet

\$'000	As at 30 June 2018	As at 31 December 2018
Cash and cash equivalents	923	558
Trade and other receivables	1,044	323
Loan to Malaysia Joint Venture	-	270
Loan to WOTSO Bondi	545	-
Investments	15,774	14,513
Total current assets	18,286	15,664
Investment - BWR	15,658	16,198
Financial assets	130	-
Loan to WOTSO Bondi	-	545
Performance fees receivable	4,293	433
Property, plant and equipment	250	4,907
Investment - Pelathon Management	-	100
Goodwill	-	-
Total non-current assets	20,331	22,183
Total current liabilities	7,293	5,513
Total non-current liabilities	1,792	2,055
Total Liabilities	9,085	7,568
Net assets	29,532	30,279
Share capital	16,318	16,565
Reserves	85	73
Retained earnings	13,277	13,641
Non-controlling interests	(148)	-
Total equity	29,532	30,279

Source: BWF annual report June 2018 and BWF interim financial report for the half year ended December 2018

4. Valuation methodologies

4.1. Introduction

SWA has assessed the value of the Proposed Transactions using the concept of fair market value. Fair market value is commonly defined as:

“the price that would be negotiated in an open and unrestricted market between a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length.”

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. Special purchasers may be willing to pay higher prices to gain control or obtain a special value that they expect to realise from the acquisition, such as the capacity to reduce or eliminate competition, ensure a source of material supply or sales, achieve cost savings arising on business combinations following acquisitions or other synergies which could be enjoyed by the purchaser. Our valuation is not premised on the existence of a special purchaser.

4.2. Valuation methodologies

RG111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, capital reductions, schemes of arrangement, takeovers and prospectuses. The methodologies include:

- The discounted cash flow (“**DCF**”) method including the estimated realisable value of any surplus assets.
- The application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets.
- Net asset value on a going concern basis (“**NAV**”);
- The quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value.
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix C to this Report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe the above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

4.3. Selected valuation methodologies

Valuation of PBT

Net assets on a going concern basis

In valuing PBT we have utilised the net assets on a going concern methodology for the following reasons:

- The main asset of PBT is a second mortgage over the property located at 55 Pyrmont Bridge Road, Pyrmont NSW.
- The recoverability of the asset held by PBT is directly connected to the valuation of the underlying property and level of first mortgage borrowings over the asset.

In assessing the recoverable value of this asset we have engaged an independent property valuer to value the property asset that the second mortgage is attached to.

SWA has relied on the independent valuation for the purposes of this report and did not undertake its own valuation of the property (refer Section 4.4).

Valuation of FV Units

Net assets on a going concern basis

In valuing FV Units we have utilised the net assets on a going concern methodology for the following reasons:

- The sole asset of the trust is the property located at 84 Brunswick Street, Fortitude Valley QLD.
- The recoverability of FV Units is directly connected to the valuation of the underlying property and level of first mortgage borrowings over the asset.

In assessing the recoverable value of this asset we have engaged an independent property valuer to value the property asset that the second mortgage is attached to.

SWA has relied on the independent valuations for the purposes of this report and did not undertake its own valuation of the property (refer Section 4.4).

4.4. Valuation of investment properties

Given that property valuations are not our area of expertise and require specialised knowledge of market conditions in a particular area, we have engaged property valuation experts to act as independent specialists and provide valuations of:

1. 55 Pyrmont Bridge Road (in connection with the value of the second mortgage over this property owned by PBT); and
2. 84 Brunswick Street, Fortitude Valley owned by BlackWall and to be acquired by BWR.

SWA has relied on the independent valuations for the purposes of this report and did not undertake its own valuations of the properties. SWA does not have any reason to believe that it is not reasonable to rely on these valuations for this purpose. SWA has undertaken a review of the independent valuations. In particular, we have, analysed in detail the valuations, reviewed them for outliers, and compared assumptions with FY19 budgets where appropriate.

We have concluded that:

- The property valuers were independent of BlackWall
- The engagement instructions were appropriate and did not limit the scope of the valuations
- The property valuations were compiled by reputable companies and by valuers who have the appropriate qualifications in accordance with the standards of the Australian Property Institute, and
- The valuation methods appear to be consistent with those generally applied in the industry (i.e. discounted cash flow, capitalisation of net income and direct comparison (i.e. value per square meter of net lettable area), with valuation conclusions selected having regard to the results of each methodology.

5. Valuation of PBT

Under the PBT Sale, BlackWall would dispose units in PBT to BWR.

PBT's sole asset is a second mortgage over the property located at 55 Pyrmont Bridge Road, Pyrmont NSW. The face value of the second mortgage is currently \$55,000,000. The terms of the mortgage entitle PBT to a coupon of 7% per annum. PBT unitholders receive an annual distribution from the trust funded out of the coupon payment net any trust expenses.

We have determined the value of PBT by assessing the value of the second mortgage (i.e. the recoverability of its face value). This assessment is made by determining whether there is sufficient

value in the property after repayment of the first mortgage to repay the second mortgagee in its entirety to PBT unitholders. This assessment is summarised in the table below.

Table 4 – Value of the property after first mortgage

55 Pyrmont Bridge Road	\$'000
Independent property valuation @ 1 November	126,000
Less: First Mortgage Value	50,000
Value of property after first mortgage	76,000

Source: SWA analysis

Based on the above assessment the full face value of the PBT second mortgage is recoverable for PBT unitholders.

Management has advised that there are no other material assets or liabilities in PBT, nor is there expected to be at the proposed Transaction Date. Based on the nature of PBT's investment, this is considered to be a reasonable assumption. As such, the value of PBT units as at Transaction Date has been assessed as follows.

Table 5 – Valuation of PBT per unit

PBT	
NAV of PBT as at Transaction Date (\$'000)	55,000
Number of units on issue	34,375,000
NAV value per unit (\$)	1.60

Source: SWA analysis

6. Valuation of FV Units

Under the FV Sale, BWF will dispose of 100% of FV Units in the trust that owns the property located at 84 Brunswick Street, Fortitude Valley Brisbane Queensland. The trust also has senior debt over the property but no other material assets or liabilities as at the date of our Report.

We have valued the FV Units on a NAV basis. The assessed value of FV Units is set out below.

Table 6 – Valuation of FV Units

FV Units	Note	\$
Independent valuation of Fortitude Valley property	1	4,780,000
Senior Debt	2	(2,100,000)
Net asset value		2,680,000

Source: Independent property valuation and SWA analysis

- (1) The property is a three level commercial building providing office accommodation on three floors and retail accommodation on part of the ground floor. We have engaged an independent property valuation of the property for the purpose of this Report and have reviewed this valuation in accordance with the procedures set out in Section 4.4.
- (2) The outstanding value of the senior debt facility at the date of our Report is \$2.1M. The current facility expires on 31 December 2018. Management advises that it is in discussions with NAB to renew the facility and expect the renewal to be in place prior to completion. Management further notes that if the transaction completes BWR would have the financial capacity to purchase the asset unencumbered with the NAB facility

7. Valuation Summary and Conclusion on Assessment of fairness

7.1. PBT Sale

In assessing whether the PBT Sale is fair to the Non-Associated Shareholders of BlackWall, we have compared whether the value of the equity interest in PBT to be acquired by BWR is not less than the cash consideration to be paid by BWR. Our assessment is summarised in the table below.

Table 7 – PBT Acquisition Fairness Assessment

	Valuation per unit	No. of ordinary units	\$
Fair market value of equity interest of PBT owned by BWF	1.60	6,475,000	10,360,000
Total equity interest of PBT to be acquired by BWR			10,360,000
Cash consideration paid by BWR			10,360,000

Source: SWA analysis

As the fair value of the equity interest in PBT to be acquired by BWR is equal to the cash consideration to be paid by BWR, and in the absence of any other relevant information, in our opinion, the PBT Sale is fair to the Non-Associated Shareholders of BlackWall.

7.2. FV Sale

Table 8 – FV Sale Fairness Assessment

	\$
Fair market value of FV Units	2,680,000
	2,680,000
Cash consideration paid by BWR	2,680,000

Source: SWA analysis

As shown in the table above, the cash consideration is equal to the fair market value of FV Units. In the absence of any other relevant information, we are of the view the FV Sale is fair to the Non-Associated Shareholders of BlackWall.

8. Reasonableness Assessment

In accordance with RG 111 an offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, the expert believes there are sufficient reasons for the Unitholders to approve the Proposed Transactions in the absence of a superior offer.

Whilst the Proposed Transactions are fair, we have assessed the reasonableness of the Proposed Transactions (as a whole) by considering factors arising thereto. Set out below is a summary of factors we have considered in our reasonableness assessment.

8.1. Advantages

8.1.1 No impact on NTA per unit

The pro forma balance sheet of BlackWall post completion of the Proposed Transactions (as set out in Section 1.4 of the NOM) shows that the NTA per share in BlackWall post completion is \$0.49. The NTA per share of BlackWall pre the Proposed Transactions is \$0.49. Therefore, an advantage of the Proposed Transactions is that they are non-dilutive to the NTA of BlackWall for Shareholders.

8.1.2 Disposal of non-core assets

The two core operating businesses of BlackWall are the asset management and WOTSO businesses. BlackWall does take investment positions in the funds and properties which it manages and operates under the asset management and WOTSO businesses. If the Proposed Transactions are approved BlackWall will receive approximately \$13 million in cash to further invest in the core operating businesses.

As set out in the NOM Management have advised that the \$13 million cash will be applied added to the following activities:

- fund the continued roll out of WOTSO's collaborative workspace network. Specifically, the capital will fund the fit out of new premises.
- BlackWall expects there to be some consolidation in the collaborative workspace market and that there may be opportunities for WOTSO to grow through acquisitions.
- in 2009 the group acquired two distressed funds management platforms (one became BWR) and, if other suitable opportunities are identified, BlackWall Asset Management could grow further through acquisition.

This represents an advantage to Shareholders of approving the Proposed Transactions as it will provide funding for further investment in the operating businesses of BlackWall.

8.2. Disadvantages

8.2.1 Loss of income from assets sold

Both the PBT Units and FV Units are currently providing a level of investment income to BlackWall. Until this cash (from the sale of PBT Units and FV Units) is reinvested in higher yielding assets, there may be a negative impact on earnings per share. This is a potential short term disadvantage to Shareholders.

Appendix A - Qualification, limitation and consent

Qualifications and independence

ShineWing Australia Corporate Finance is an authorised representative of ShineWing Australia Wealth Pty Ltd ABN 34 006 341 386, Australian Financial Services Licence 236556.

ShineWing Australia Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, ShineWing Australia Corporate Finance considered its independence with respect to BWR and all other parties involved in the Proposed Transactions with reference to the ASIC Regulatory Guide 112 “Independence of expert” and APES 110 “Code of Ethics for Professional Accountants” issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to BWF, its shareholders and all other parties involved in the Proposed Transactions.

ShineWing Australia Corporate Finance and its related entities do not have at the date of this Report, and have not had within the previous two years, any shareholding in or other relationship with BWF or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transactions.

ShineWing has also prepared an independent expert report for the non-associated unitholders in BWR in connection with related party transactions connected with the Proposed Transactions. In particular we have opined on the PBT Transaction for BWR unitholders. We note that we concluded this transaction was fair and reasonable to the non-associated unitholders of BWR.

ShineWing Australia Corporate Finance has no involvement with, or interest in the outcome of the transaction, other than the preparation of this Report.

ShineWing Australia Corporate Finance will receive a fee based on commercial rates for the preparation of this Report. This fee is not contingent on the outcome of the transaction. ShineWing Australia Corporate Finance’s out-of-pocket expenses in relation to the preparation of this Report will be reimbursed. ShineWing Australia Corporate Finance will receive no other benefit for the preparation of this Report.

ShineWing Australia Corporate Finance considers itself to be independent in terms of RG 112.

Draft reports

An advance draft of this Report was provided to the management of the Responsible Entity for their comments as to its factual accuracy. As a result, certain changes were made to factual statements in this Report. However, no alterations were made to the methodology, valuations or conclusions as a result of these factual reviews.

Analysis undertaken

In preparing this Report, we have used and relied upon the information set out in Appendix B and representations made by the management of the Responsible Entity. All material information and explanations requested to prepare this Report have been made available.

We have considered and relied upon this information. We believe that the information from which this Report was compiled was reliable, complete and appropriate for our purposes and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of preparing our Report. However, we do not warrant that our enquiries have identified or verified all the matters which an audit, extensive examination or ‘due diligence’ investigation might disclose. None of these additional tasks have been undertaken.

ShineWing Australia Corporate Finance has been provided with historical and pro forma information prepared by the Responsible Entity and whilst ShineWing Australia Corporate Finance has in part relied upon this information in preparing this Report, the Responsible Entity remains responsible for all aspects of this information.

Other than this Report, ShineWing Australia Corporate Finance has not been involved in the preparation of the Notice of Meeting or any other document prepared in respect of the Proposed Transactions.

Accordingly, we take no responsibility for the content of the Notice of Meeting as a whole or any other document prepared in respect of the Notice of Meeting other than this Report.

Market changes

Our opinions are based on economic, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time.

Our valuations as at the valuation date does not take into account events that have occurred subsequent to our valuation date, that were not expected to occur at that date.

Indemnity

Recognising that ShineWing Australia Corporate Finance may rely on information prepared by the Responsible Entity and its officers, the Responsible Entity has agreed to make no claim against ShineWing Australia Corporate Finance to recover any loss or damage which Responsible Entity may suffer as a result of reasonable reliance by ShineWing Australia Corporate Finance on the information provided by the Responsible Entity, and to indemnify ShineWing Australia Corporate Finance and its officers and employees, who may be involved in or in any way associated with the preparation of this Report, against any and all losses, claims, damages and liabilities arising out of or related to the performance of services by ShineWing Australia Corporate Finance in connection with our assessment and occasioned by reliance by ShineWing Australia Corporate Finance on information provided by the Responsible Entity or its representatives which is subsequently found to be false or misleading or not complete. Complete information is deemed to have been provided, which at the time of completing our Report, should have been available to ShineWing Australia Corporate Finance and would reasonably have been expected to have been made available to ShineWing Australia Corporate Finance to enable us to form our opinion.

Consents

ShineWing Australia Corporate Finance consents to the inclusion of this Report in the form and context in which it accompanies the Notice of Meeting to be issued to the Shareholders of BWF including the Non-Associated Shareholders. Neither the whole nor any part of this Report or any reference thereto may be included in any other document without the prior written consent of ShineWing Australia Corporate Finance as to the form or context in which it appears.

Appendix B - Sources of information

In preparing this Report, we have considered the following key sources of information:

- Notice of Meeting and Explanatory Memorandum to BWF Shareholders dated 20 March 2019
- PBT unitholder register as at the Report Date;
- S&P Global;
- Mergermarket;
- Independent property valuation reports;
- IBIS WORLD reports: L6712a June 2018 Office Property Operators in Australia, L6712b November 2018 Retail Property Operators in Australia, L6712c June 2018 Industrial and Other Property Operators in Australia;
- Other publicly available information; and
- Discussions and correspondences with Management.

Appendix C – Industry Overview¹

BlackWall's core operations are directly linked to the property market and therefore investment in BlackWall will be impacted by the overall property industry market conditions. The property industry in Australia is characterised into various sectors being, residential, office, retail and industrial. For the purpose of this report we have only focused on the office, retail and industrial sectors representing the core sectors that BlackWall is exposed to through its operations.

Office Property Sector

The office property sector has experienced strong growth over the past five years supported by strong tenant demand and increasing property values. The sector has achieved an annual growth rate of 11.3% across 2013 – 2018. This trend includes a projected decline of 2.0% in 2017-8. Increased investor activity from both domestic and international has further strengthened asset values. Foreign investors have played a large role in stabilising the industry's operating environment. Pension funds, sovereign wealth funds and local superannuation funds also invest in office property due to the steady returns.

Retail Property Sector

Strong demand for retail property has supported capital values over the past five years. However, retail property operators have been impacted by the market factors impacting on the retail sector. Competition from online retailers and an oversupply of retail property are among the key challenges. Vacancy rates have improved but this is expected to be due to the increasing use of long-term leasing agreements. Industry revenue is expected to increase at an annualised 13.7% over the five years through 2018-19 including a modest 4.9% for the 2018-19 year as the impacts from strong online shopping continues to limit demand.

Industrial Property Sector

Industrial property values have risen over the period 2013 – 2018 with the low interest rate environment encouraging investment in the sector. However, this has pushed yields down, because rental incomes have remained stable while property values have risen. This trend reflects strong demand for industrial property and industrial property operation with industry revenue expected to increase 14% in the 2017-18 year.

Overall industry outlook

Overall it is expected that the property industry will continue to perform well over the next five years. Changes in economic conditions will impact separate property class performance with retail properties expected to face the most significant challenges.

¹ IBIS WORLD reports: L6712a June 2018 Office Property Operators in Australia, L6712b November 2018 Retail Property Operators in Australia, L6712c June 2018 Industrial and Other Property Operators in Australia

Appendix D - Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future.

Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Net Asset Value Methods

Asset based valuations involve the determination of the fair market value of a business based on the net realisable value of the assets used in the business. Valuation of net realisable assets involves:

- separating the business or entity into components which can be readily sold, such as individual business Units or collection of individual items of plant and equipment and other net assets; and
- ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The net realisable value of the assets can be determined on the basis of:

- orderly realisation (NRV): this method estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value;
- liquidation: this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value; or
- continuing operations (NAV): this is a valuation of the net assets on the basis that the operations of the business will continue. It estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding entity. Adjustments may need to be made to the book value of assets and liabilities to reflect their value based on the continuation of operations.

The net realisable value of a trading entity's assets will generally provide the lowest possible value for the business. The difference between the value of the entity's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The net realisable value of assets is relevant where an entity is making sustained losses or profits but at a level less than the required rate of return, where it is close to liquidation, where it is a holding entity, or where all its assets are liquid. It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business. The net realisable assets methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the entity's value could exceed the realisable value of its assets.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

The price that an entity's security trades on an exchange can be an appropriate basis for valuation where:

- the security trades in an efficient market place where 'willing' buyers and sellers readily trade the entity's security; and
- the market for the entity's security is active and liquid.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company.

The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Appendix F - Glossary of terms

Glossary	
\$ or AUD	Australian dollars
'000	Thousand
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BlackWall, BWF	BlackWall Funds Limited
BWR or the Trust	BlackWall Property Trust
Corporations Act or the Act	<i>Corporations Act 2001 (Cth)</i>
DCF	Discounted cash flow
FSG	Financial Services Guide
FYXX	Financial year ended 30 June 20XX
FV Units	All of the units in the trust that owns a property located in Fortitude Valley
FV Resolution	Resolution 1
FV Sale	Sale of Fortitude Valley for a cash consideration of \$2.68 million
Kirela	Kirela Development Unit Trust
m	Million
NAV	Net asset value
Notice of Meeting or NOM	Notice of Meeting and Explanatory Memorandum to BWF Unitholders dated on or around 29 March 2019
Non-associated Unitholders or Unitholders	Unitholders of BWF who are not directly or indirectly associated with the Proposed Transactions
PBT	Pymont Bridge Trust
PBT Resolution	Resolution 2
PBT Sale	6.47 million units in PBT for a total of \$10.36 million in cash
PBT Units	Units in PBT
Proposed Transactions	The transactions to be voted on by unitholders as set out in Resolution 1 and Resolution 2 of the Notice of Meeting
Report or IER	This Independent Expert's Report
RG 111	Regulatory guide 111 - <i>Content of Expert Reports</i>
RG 112	Regulatory guide 112 - <i>Independence of Experts</i>
ShineWing Australia Corporate Finance or SWA	ShineWing Australia Corporate Finance Pty Ltd
WOTSO	Blackwall's wholly owned collaborative workspace business WOTSO WorkSpace
YUHU	YUHU Group

Lodge your vote:



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(outside Australia) +61 3 9415 4000

BWF

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

XX



Vote and view the Notice of Meeting online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I999999999

PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 11:30 am (Sydney time) Wednesday, 8 May 2019

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of BlackWall Limited hereby appoint

☐ the Chairman of the Meeting

 OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of BlackWall Limited to be held at BlackWall Limited, 50 Yeo Street, Neutral Bay, NSW on Friday, 8 May at 11:30 am (Sydney time) and at any adjournment or postponement of that Meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Disposal of PBT Units to BWR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Disposal of FV Units to BWR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /