
CEO's Address – General Meeting 10 May 2019

I would like to welcome our BlackWall Limited (BWF) shareholders and BlackWall Property Trust (BWR) unitholders to this important EGM.

As has been well documented, settlement of the Bakehouse Quarter occurred on 18 April 2019. Today's meetings will consider a series of resolutions with respect to transactions involving both BWR and BWF. I do not intend to go through the detail of the proposal as it is covered in the meeting documentation, however, I note that, if approved, the proposal puts our business into a very strong financial position and simplifies our structure. Specifically:

- BWF's balance sheet will be comprised of around \$10 million in cash and a \$17 million investment in BWR.
- BWF's cash will assist in the continued rollout of WOTSO's growing flexible workspace business.
- BlackWall Asset Management earns fee income from the management of listed and unlisted property investment structures, the largest being BWR. BWR's gross assets will grow to over \$370 million, gearing will be less than 35% and the trust will have around \$100 million in cash.

The proposal has been driven by the successful sale of the Bakehouse Quarter. The Bakehouse acquisition was structured by our founders Seph Glew and Paul Tresidder in the late 1990s. The financing and real estate strategies they employed have generated an IRR in excess of 15% per annum over a 22 year period. Further, the principles established by Seph and Paul continue to underpin our activities and will guide the manner in which BlackWall Asset Management deploys the cash held in BWR. As explained in the notice of meeting:

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.

It is not overstating things to say that almost all of BlackWall's operations have been borne from the remarkable success of the Bakehouse Quarter. A tangible example of this is WOTSO. From the start of planning the project, the aim was to build elements of shared services available to the onsite office tenants and local public alike. Later the idea of a "members club" like an airport lounge was considered. With the growth of collaborative workspace these early plans transformed into WOTSO and through it our involvement with the Bakehouse will continue. In an arrangement that was separate to the sale process, WOTSO has agreed terms with Yuhu Group to grow its operation at the site to 11,000 sqm. We understand that this will make WOTSO at the Bakehouse one of Australia's largest collaborative workspaces.

We thank you for your attendance today and for your continued support.