



BLACKWALL LIMITED
ACN 146 935 131
NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that An Extraordinary General Meeting will be held at:

TIME: 10.30 am EST
DATE: 20 December 2019
PLACE: Level 1, 50 Yeo Street, Neutral Bay NSW

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting including the Explanatory Statement should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10.30am (EST) on 18 December 2019.

AGENDA

1. RESOLUTION 1 – APPROVAL OF EQUAL CAPITAL REDUCTION

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

“That, subject to Resolution 2 being passed, for the purposes of section 256B and section 256C(1) of the Corporations Act, and for all other purposes, approval is given for the Company to reduce its share capital by the Company making a pro rata in specie distribution of 86% of the share capital of WOTSO Limited on the basis of 1 WOTSO Share for every 1 Share held (subject to rounding) at the Record Date on the terms and conditions set out in the Explanatory Statement.”

2. RESOLUTION 2 – AMENDMENT TO CONSTITUTION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That for the purposes of section 136(2) of the Corporations Act and for all other purposes, the constitution of the Company is amended by inserting the following immediately after the existing clause 9.7:

9.8 Power to reduce capital

The Company may return capital by a reduction of capital in any manner, including by distributing securities (including shares) of any other body corporate to Shareholders.

9.9 Distribution of specific assets

Where the Company reduces its share capital by way of a distribution of shares or other securities in another body corporate:

- (a) the Shareholders are deemed to have agreed to become members of that body corporate and are bound by the constitution of that body corporate;*
- (b) each Shareholder appoints the Company or any of the Directors as its agent to execute any transfer of shares or other securities, or other document required to give effect to the distribution of shares or other securities to that Shareholder; and*
- (c) any binding instruction or notification between the Shareholder and the Company (including any instructions relating to payment of dividends or to communications from the Company) will be deemed to be a similarly binding instruction or notification to the other body corporate until that instruction or notification is revoked or amended in writing addressed to the other body corporate (to the maximum extent permitted under Australian law, or the other body corporate's constitution).*

9.10 Ancillary powers regarding distributions

Instead of making a distribution or issue of specific assets, shares, debentures or other securities to a particular Shareholder, the Directors may make a cash payment to that Shareholder, or allocate some or all of the assets, shares, debentures or other securities to a trustee or nominee to be sold (at the

Shareholders' risk and expense, including as to brokerage and withholding tax) on behalf of, and for the benefit of, or in respect of, that Shareholder, if:

- (a) the distribution or issue would otherwise be illegal or unlawful;
- (b) the distribution or issue would give rise to parcels of securities which do not constitute a Marketable Parcel;
- (c) in the Directors' discretion, the distribution or issue would be unreasonable having regard to:
 - (i) the number of Shareholders in the place where the distribution or issue would be made; and/or
 - (ii) the number and value of securities that would be offered; and/or
 - (iii) the cost of complying with the legal requirements, and requirements of a regulatory authority, in the place; or
- (d) the Shareholder so agrees."

Dated: 19 November 2019

By order of the Board



Company Secretary

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Please follow the instructions on the Proxy Form if you wish to appoint a proxy.

Where the name of the proxy is not specified, the Chair will be appointed as the Shareholder's proxy.

A Shareholder may direct their proxy how to vote by marking the relevant box next to each Resolution in the Proxy Form (that is, 'for', 'against' or 'abstain'). Shareholders are encouraged to direct their proxy how to vote. If a Shareholder does not mark a voting box in respect of a Resolution, their proxy can vote or abstain as they choose, subject to any voting exclusions that apply to the proxy.

Proxy Forms must be received by no later than 10.30am (EST) on 18 December 2019. Proxy Forms received after this time will not be effective. Please follow the instructions on the Proxy Form for lodgement.

Jointly held shares

Where shares are held jointly and more than one joint holder votes (either personally or by proxy, attorney or representative) in respect of a Resolution, the vote of the holder named first in the Register of Members will be accepted to the exclusion of the votes of other joint holders.

Appointing an attorney

A Shareholder may appoint an attorney to act on their behalf at the Meeting. If you wish to appoint an attorney, such appointment must be made by a duly executed power of attorney. If the power of attorney has not previously been provided to the Company or its share registry, Computershare, a copy must be provided before the Meeting.

Body corporates

Where a Shareholder is a body corporate or a body corporate is appointed as a proxy, the body corporate will need to ensure that:

- it appoints an individual as its corporate representative in accordance with section 250D of the Corporations Act to exercise its powers at the Meeting. A "Certificate of Appointment of Corporate Representative" signed in accordance with section 127 of the Corporations Act or by a duly appointed

attorney can be used for this purpose. A copy of the certificate is available from the Share Registry;

- the instrument appointing the corporate representative must be provided to the Company or its share registry, Computershare, before the Meeting.



This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. OVERVIEW OF DISPOSAL OF INTEREST IN WOTSO AND IN SPECIE DISTRIBUTION

1.1 Background to the Demerger

On 2 August 2019, BlackWall announced that the Board has resolved to proceed with a proposal to spin off WOTSO WorkSpace as a stand-alone business (Demerger). WOTSO is BlackWall's wholly owned flexible workspace operator.

As announced, the proposal is subject to Shareholder approval and the purpose of the Meeting is to seek that approval.

The Board believes that both WOTSO and BlackWall will be better placed to maximise their potential with separate dedicated management teams.

Prior to the Demerger, BlackWall consisted of three separate business units: the WOTSO Business, BlackWall's asset, fund and property management activities (Core Business) and an investment in BlackWall's AREIT, the BlackWall Property Trust (BWR).

As announced, WOTSO intends to list on the ASX in its own right and expand operations, including by raising additional capital and seeking strategic partnerships. This Explanatory Memorandum includes information relating to the proposed capital raising to be conducted following the successful implementation of the Demerger, and the Prospectus for the proposed offer of new WOTSO Shares is enclosed.

The aim is for WOTSO to demerge such that BlackWall's approximately 1,200 shareholders will hold their existing BWF shares and receive new WOTSO shares on a pro rata basis. On completion of the Demerger, shareholders' interests will be managed by two separate management teams in separate corporate structures, BlackWall focused on the Core Business and WOTSO on flexible workspace.

From an operational perspective the process has already begun. As announced in the 2019 BlackWall annual report, former BlackWall CEO, Stuart Brown, has stood down and moved across to head up WOTSO. BlackWall founder, Seph Glew, has taken on the role of BlackWall Chairman. Stuart Brown, along with Richard Hill (former BlackWall Chairman) and Robin Tedder will remain on the BlackWall board as Non-Executive Directors. Jess Glew has joined the BlackWall board, and Tim Brown and Jess Glew are installed as BlackWall's joint Managing Directors. WOTSO's proposed board appointments are set out in the attached Prospectus.

All assets required to operate WOTSO's activities are either held directly by, or through subsidiaries of, WOTSO Limited (WOTSO). WOTSO is currently a wholly owned subsidiary of BlackWall Limited, and is a public company. A list of WOTSO's subsidiaries and a structure diagram is included in the Prospectus accompanying this Notice of Meeting.

The table below sets out the Board's reasons for and expected benefits from the Demerger:

| Reason | Benefit |
|---|--|
| Dedicated management team. | Although WOTSO's business is underpinned by real estate and funds management disciplines at the operational level, the way that WOTSO's staff are recruited, trained, promoted and rewarded is different to that of BlackWall. Further, the skill sets and career progression of each are different. Focused and separate management teams will allow each a more defined path for current and future employees and should facilitate more focused and therefore more successful HR practices. |
| Separate corporate and capital structure. | Leaving aside BlackWall's strategic investment in BWR, in general its activities are "capital light" and as a consequence BlackWall's share capital is not expected to grow. WOTSO's growth will be dependent on the growth of its network. This will take capital to fund new fitout. Demerging resolves this conflict. |
| Simplification of operations. | A simplified earnings profile will be more transparent leading to better comparatives and benchmarking. It is expected this will lead to a more appropriate valuation of each. |

BWF proposes to distribute 86% of WOTSO Shares on issue to Eligible Shareholders on a 1 for 1 basis (as an in specie distribution), that is, for every 1 BWF share held you will receive 1 WOTSO share. BWF will retain the remaining 14% of WOTSO Shares on issue as at the date of the Demerger.

Post the Demerger, BlackWall will continue with its Core Business which has been in operation for over 20 years. BlackWall launched the WOTSO brand in 2014 and has internally funded its growth to date. Today WOTSO has 17 sites covering just over 43,000 sqm. The WOTSO network includes a flagship operation at the Bakehouse Quarter in North Strathfield, Sydney. In April 2019 BlackWall settled the sale of the Bakehouse Quarter to YUHU Group and agreed the terms of a leaseback to grow WOTSO's existing Bakehouse operation by 5,100 sqm. WOTSO North Strathfield can accommodate businesses of all sizes under its flexible workspace model.

On the sale of the Bakehouse Quarter over \$100 million of cash was rolled into the BlackWall Property Trust with the effect of doubling its net assets and creating an avenue for BlackWall to expand its property investment activities. In addition, BlackWall's property portfolio has significant value-add opportunities.

1.2 The WOTSO Business

WOTSO is a provider of regional and suburban office space on flexible terms. WOTSO's customers are largely sole traders and SMEs; however, WOTSO also has a role to play in corporate real estate, as WOTSO offers CBD employees a flexible suburban and regional option.

More details of the WOTSO Business are set out in the attached Prospectus.

1.3 ATO Ruling

BWF has sought a class ruling from the ATO on behalf of Shareholders to confirm the taxation outcomes of the Demerger for them (the ATO Ruling). This has included seeking confirmation from the ATO as to whether BWF Shareholders can disregard any capital gains made under the Demerger arising from the distribution of WOTSO Shares to Shareholders (i.e. in respect of the Capital Reduction) and whether any dividend deemed to be distributed under the Demerger for tax purposes is to be treated as a demerger dividend and therefore not assessable income of BWF Shareholders.

The method to be applied by the Board to determine the Capital Reduction Amount of the distribution of the WOTSO Shares will be calculated by reference to the 5 day pre- and post-demerger Volume Weighted Average Price (VWAP) of BlackWall Shares on the ASX – with the decrease in BlackWall's market capitalisation as a result of the demerger (calculated by reference to those VWAPs) being the market value of WOTSO.

As that value is not able to be determined now, it is not possible to specify in this Notice of Meeting the exact proportion of cost base ascribed to BWF and WOTSO shares following the Demerger. These details will be advised as soon as they are known.

For the avoidance of doubt, BWF may proceed with the Demerger notwithstanding that an ATO Ruling is not obtained, or is obtained on terms that the BWF Board does not consider favourable.

1.4 WOTSO

WOTSO Limited is an unlisted public company incorporated for the specific purpose of holding the subsidiaries that operate the WOTSO Business.

Please refer to Schedules 2 and 3, which set out the financial and ownership structure of WOTSO pre and post Demerger.

Given WOTSO will not be listed on the ASX immediately following the Demerger, ongoing disclosure of information to shareholders will mostly be by shareholder updates communicated directly to shareholders, and by statutory returns. If and when WOTSO is admitted to the ASX, WOTSO will be subject to the ASX disclosure requirements.

1.5 Advantages and disadvantages of the Demerger

The Directors are of the view that the following non-exhaustive list of advantages and disadvantages may be relevant to a Shareholder's decision on how to vote on Resolutions 1 and 2:

Advantages

In addition to the advantages and reasons for the Demerger set out in section 1.1 above:

- (a) Shareholders will retain their current shareholding in BWF, and (other than Overseas Shareholders – refer to Section 2.10) also receive a proportional shareholding in WOTSO.
- (b) Whilst it continues to be held by BWF, WOTSO is unlikely to garner the appropriate market valuation, nor optimum management focus and budgetary allocation which it warrants and requires for advancement in the quickest possible period. Following the proposed Demerger, and subject to the availability of funding, WOTSO will be better placed to advance the WOTSO Business with a view to unlocking value for Shareholders.
- (c) The underlying value of WOTSO can be unlocked over time with the benefits of capital raised for the purpose of advancing WOTSO.
- (d) It is hoped that as separate entities the combined value of BWF and WOTSO will exceed the BWF market capitalisation prior to the Demerger.

Disadvantages

- (a) For so long as WOTSO is an unlisted company, there will not be a liquid market for WOTSO Shares and will therefore not be readily tradeable. Whilst every effort will be made to unlock the value of WOTSO and establish liquidity in the WOTSO Shares (likely through an ASX listing in due course), there is no guarantee that this will be achieved.
- (b) Although WOTSO intends to provide regular shareholder updates, for so long as WOTSO is not listed on ASX it will not be subject to ASX continuous disclosure rules.

1.6 Future of the Company following completion of the Demerger

Following completion of the Demerger, the Company will continue with its Core Business.

Except as described in section 1.1 above, there are no changes proposed to the Board of the Company as a result of the Demerger.

1.7 Future of the Company if the Demerger is not approved

In the event Shareholders do not approve the Demerger, the Company will not transfer its interest in WOTSO to Shareholders and the Demerger will not be completed. Shareholders will not receive any WOTSO Shares.

1.8 Future of WOTSO if the Demerger is approved, including ASX listing

Following completion of the Demerger, ongoing activities of WOTSO will be to:

- (a) continue to develop the WOTSO Business, subject to any corporate, divestment or co-funding opportunities involving WOTSO that the WOTSO Board considers deliver better value;

- (b) pursue other opportunities in the coworking sector including pursuing any acquisition opportunities that may arise; and
- (c) raise capital and pursue a listing on the ASX.

Although the Demerger is not contingent on an ASX listing, the WOTSO Board is proposing to pursue an ASX listing in the near-term following completion of the Demerger, with a view to raising the capital it will need to pursue its objectives. Please refer to Section 2.21 for the potential parameters and impact of the ASX listing.

1.9 Directors' recommendation and voting intentions

After considering all relevant factors, subject to Section 1.10, the Directors unanimously recommend the Shareholders vote in favour of Resolutions 1 and 2 for the following reasons:

- (a) after a full and proper assessment of all available information they believe that the proposed Demerger of WOTSO is in the best interests of the Shareholders and the Company;
- (b) in the opinion of the Directors, the advantages of the Demerger outweigh its disadvantages as set out in Section 1.5; and
- (c) the Directors are satisfied that the Demerger is the best option available to realise the value of WOTSO in the current circumstances, taking account of the lack of value ascribed to WOTSO currently on ASX.

The Directors currently have a relevant interest in approximately 25.6 million Shares (representing approximately 40.6% of all Shares) and have advised their intention is to vote in favour of the Demerger all of the Shares held by them at the time of the General Meeting, in the absence of a superior proposal.

1.10 The Board retains ultimate discretion whether to proceed with the Demerger

The Board retains discretion whether to proceed with the proposed Demerger. Even if the Shareholders approve Resolutions 1 and 2, the Board may still resolve not to proceed with the Demerger should market conditions and other factors impacting on the Demerger (including whether or not the ATO grants the ATO Rulings) cause the Directors to believe that proceeding with the Demerger would not be in the best interests of Shareholders.

2. RESOLUTION 1 – APPROVAL OF REDUCTION OF CAPITAL

2.1 Overview

As detailed in Section 1, the Company is proposing to dispose of 86% of its interest in WOTSO to Shareholders via the Demerger.

Accordingly, following Shareholders approving Resolutions 1 and 2, the Company will arrange for the distribution of the appropriate number of WOTSO Shares to the Shareholders (collectively comprising an 86% interest in WOTSO) pursuant to an equal reduction of capital.

Each of the Company's Eligible Shareholders will receive 1 WOTSO Share for every 1 Share held on the Record Date.

The proposed Demerger will deliver to Shareholders (as at the Record Date) 86% of the issued capital of WOTSO, which in turn will own the WOTSO Business.

Relevant general information in respect of the Demerger is set out in Section 1. In addition, the following specific information is provided.

2.2 Timetable

The anticipated timetable for the capital reduction and in specie distribution is set out below (assuming a draft ruling from ATO is received prior to the Meeting).

| | |
|---|--------------------------|
| Despatch of this Notice of Meeting | 19 November 2019 |
| Proxy Forms must be submitted by registered Shareholders | 10.30am 18 December 2019 |
| Meeting to approve the capital reduction and the constitutional amendment at 10:30 (EST) | 20 December 2019 |
| Company notifies ASX that Shareholders have approved the Resolutions | |
| The following dates are indicative only and will depend on the Board making a final determination to proceed with the Demerger. | |
| Ex date for the capital reduction – the date on which Shares commence trading on ASX without the entitlement to participate in the distribution | 3 January 2020 |
| Record Date for capital reduction | 6 January 2020 |
| Completion of Demerger including in specie distribution of WOTSO Shares to Eligible Shareholders | 10 January 2020 |
| Share certificates for WOTSO Shares are posted to Eligible Shareholders | 13 January 2020 |

The timetable above (other than the date of the Meeting) is indicative only, and may be changed at the discretion of the Directors (subject to the Listing Rules) or as required by ASX.

2.3 WOTSO Shares not immediately listed on ASX

WOTSO is an unlisted Australian public company. The WOTSO Shares will not be listed on the ASX or any other securities exchange at the time of the distribution to Eligible Shareholders.

In the near term, following the distribution of WOTSO Shares to Eligible Shareholders, WOTSO is proposing to pursue capital raisings with a view to listing on the ASX. There is no guarantee that this proposal will be successful. Please refer to Section 2.21 for the potential parameters and impact of those capital raisings and an ASX listing.

2.4 Requirements under section 256B and section 256C of the Corporations Act

The in specie distribution of WOTSO Shares to Eligible Shareholders by way of capital reduction is an equal reduction of capital under the Corporations Act and (if so determined) partly by way of Demerger Distribution. Under section 256C of the Corporations Act, an equal reduction must be approved by an ordinary resolution passed at a general meeting of the Company.

Section 256B of the Corporations Act provides that the Company may only reduce its share capital if the reduction:

- (a) is fair and reasonable to the Shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and
- (c) is approved by Shareholders under section 256C of the Corporations Act.

For the reasons set out in this Explanatory Statement, the Directors are of the view that the proposed capital reduction is fair and reasonable to Shareholders and that the reduction of capital will not prejudice the Company's ability to pay its creditors.

2.5 The effect of the proposed equal reduction of capital on the Company

A pro forma balance sheet of the Company as at 30 June 2019 is contained in Schedule 1 which shows the financial impact of the capital reduction on the Company.

2.6 The effect of the proposed equal reduction of capital on Shareholders

Eligible Shareholders will not be required to pay any additional consideration for the WOTSO Shares. The terms of the capital reduction are the same for each Eligible Shareholder (subject to Section 2.10).

As at the date of this Notice of Meeting, the Company has 63,115,445 Shares and 4,500,000 Options on issue.

Excluding any Shares issued on the exercise of Options, no additional Shares will be issued as a result of the Demerger.

The Directors propose to distribute 1 WOTSO Share for every 1 Share held by Shareholders on the Record Date. Therefore, the number of WOTSO Shares distributed will depend on the number of Shares on issue as at the Record Date.

Assuming that no Options are exercised prior to the Record Date, there will be 63,115,445 shares on issue on the Record Date and the 1:1 ratio will result in 63,115,445 WOTSO Shares being available for distribution to Shareholders (being 73,634,686 less the 14% to be retained by BWF).

A summary of the financial impact of the Demerger is set out in Schedule 1.

The number of Shares held by Shareholders will not change, and Shareholders will retain their current percentage shareholding interest in the Company, after the Demerger. However, if the Demerger is implemented, the value of the Shares is expected to be less than the value of the Shares held prior to the Demerger because, after the Demerger, the Company's interest in WOTSO will be reduced from 100% to 14% (before any future WOTSO capital raising). The rights attaching to Shares will not be altered by the Demerger.

Given the capital reduction is equal and the Company will still have positive net assets following the Demerger, the Directors consider the capital reduction is fair and reasonable to Shareholders as a whole.

2.7 The effect of the proposed equal reduction of capital on Option holders

In order to receive WOTSO Shares pursuant to the Demerger, Option holders must exercise their Options and be registered on the Company's share register on the Record Date.

All employee Option holders are able to exercise their Options prior to the Record Date and receive WOTSO Shares pursuant to the Demerger.

As of the date of this Notice of Meeting, the Company has the following Options on issue (all of which are unlisted):

| Number of Options | Exercise Price Pre Demerger | Expiry |
|---------------------------|-----------------------------|----------|
| 4,500,000 C Class Options | \$1.00 per share | 28/02/21 |

None of these Options will be exercised prior to the Demerger. It is proposed that these Options will be restructured. Details of the restructuring of the Options are set out in section 4.

2.8 Capital structure of the Company

Below is a table showing the Company's capital structure pre and post Demerger (assuming all of the Options are exercised and none of the Options are exercised).

| | All Options exercised | No Options exercised |
|--|-----------------------|----------------------|
| Balance at the date of this Notice | 63,115,445 | 63,115,445 |
| Exercise of Options | 4,500,000 | - |
| Balance following completion of the Demerger | 67,615,445 | 63,115,445 |

2.9 Capital Structure of WOTSO

Below is a table showing WOTSO's capital structure pre and post Demerger, (assuming none of the Options are exercised and assuming all of the Options are exercised).

| | WOTSO Shares (all Options exercised) | % | WOTSO Shares (no Options exercised) | % |
|---|--|-------------|---|-------------|
| Balance at the date of this Notice | | | | |
| - BWF | 73,634,686 | 100 | 73,634,686 | 100 |
| Balance following completion of the Demerger | | | | |
| - BWF | 10,519,241 | 13.5* | 10,519,241 | 14* |
| - Shareholders (collectively) | 67,615,445 | 86.5* | 63,115,445 | 86* |
| - TOTAL | 78,134,686 | 100% | 73,634,686 | 100% |

* Pre any capital raising post Demerger

2.10 Overseas Shareholders

The distribution of WOTSO Shares under the reduction of capital and Demerger Distribution (if any) to Shareholders with registered addresses overseas is subject to legal and regulatory requirements in those relevant overseas jurisdictions.

The Company has determined that it would be unreasonable to issue WOTSO Shares under the Demerger to those Shareholders on the Record Date with an address outside Australia and New Zealand (Overseas Shareholders) having regard to:

- (a) the number of shareholders with addresses outside these countries;
- (b) the number and value of the shares those shareholders would otherwise have been entitled; and
- (c) the cost of complying with the legal requirements, and requirements of regulatory authorities, in each of the countries concerned.

Shareholders who have a registered address outside Australia and New Zealand as at the date of this Notice are able to update their registered address on BWF's share register prior to the Record Date by contacting the Company's share registry, Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) or the Company Secretary. If a Shareholders' registered address remains outside Australia as at the Record Date they will be treated as an Overseas Shareholder for the purposes of the Demerger.

Accordingly, Overseas Shareholders on the Record Date will not be issued the WOTSO Shares to which they would otherwise be entitled and instead their WOTSO Shares will be issued to BWF to be held on their behalf, pending a liquidity opportunity. Such an opportunity may arise pre ASX listing and the Board will consider whether it is in the interest of Overseas Shareholders

to sell the relevant WOTSO Shares at that time. In any event, the Board will make arrangements to sell the relevant WOTSO Shares on the ASX following any future listing of WOTSO on that exchange.

Following sale of the WOTSO Shares, BWF will then pay the net proceeds from the sale of any such WOTSO Shares to the Overseas Shareholder (net of fees and brokerage). The proceeds will be paid to Overseas Shareholders in Australian Dollars. BWF will deal with the Overseas Shareholders' WOTSO Shares on a best efforts only basis with a view to delivering value to the Overseas Shareholder. BWF does not accept any liability to the Overseas Shareholders for any loss that may be suffered as a result, including in connection with foreign exchange rates.

As the return of capital and Demerger Distribution (if any) is being represented and satisfied by the distribution of WOTSO Shares and there is no guarantee as to the value that might be obtained, the net proceeds of sale to such Overseas Shareholders may be more or less than the notional dollar value of the reduction of capital.

2.11 Trading WOTSO Shares

Following the Demerger and prior to the proposed IPO of WOTSO (refer to Section 2.21), WOTSO will be an unlisted company and there will not be a liquid market for WOTSO Shares. Nevertheless, Eligible Shareholders will be permitted to sell and trade their WOTSO Shares, at their own risk, during this period.

Eligible Shareholders may contact WOTSO's share registry (which will be advised in due course), or the Company Secretary to request a share transfer form, which is necessary to give effect to any transfer of WOTSO Shares that they may wish to undertake.

As outlined in Section 2.10 above, Overseas Shareholders on the Record Date will not be issued the WOTSO Shares to which they would otherwise be entitled and instead their WOTSO Shares will be issued to BWF to be held on their behalf, pending an IPO or other liquidity opportunity.

If, before the IPO or other liquidity event, an Overseas Shareholder has identified a buyer and wishes to obtain value for the WOTSO Shares to which they would otherwise have been entitled if they were an Eligible Shareholder, BWF will act on their instructions to transfer such WOTSO Shares to the buyer nominated by the Overseas Shareholder. This has the effect of affording Overseas Shareholders substantially the same opportunity to derive value from WOTSO Shares as Eligible Shareholders in the period prior to the proposed IPO.

In order to take advantage of this opportunity, an Overseas Shareholder will be required to submit a share transfer form to BWF, together with an executed direction form (setting out the terms on which BWF is instructed to execute the share transfer form). Overseas Shareholders can obtain a share transfer form and associated direction form from BWF by contacting the Company's share registry, Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) or the Company Secretary.

Overseas Shareholders wishing to take advantage of this opportunity do so on the same basis as Eligible Shareholders that wish to sell their WOTSO Shares, namely that:

- (a) all arrangements between the Shareholder and the transferee, including as to transfer price and settlement arrangements, will be a matter for the Shareholder and the transferee, and neither BWF nor WOTSO will have or assume any risk or liability in that regard;

- (b) compliance with all applicable laws and regulations in all relevant jurisdictions will be a matter for the Shareholders and the transferee, and neither BWF nor WOTSO will have or assume any risk or liability in that regard; and
- (c) any costs, fees or duty associated with a transfer of WOTSO Shares will be for the account of the Shareholder or the transferee (as the case may be), and neither BWF nor WOTSO will assume any liability in that regard.

2.12 Board of directors of WOTSO

The proposed Board of WOTSO is set out in the Prospectus. The appointment of the new board will be made contemporaneously with the completion of the Demerger.

2.13 Directors' interests

Set out in the table below are details of Directors' relevant interests in the securities of the Company at the date of this Notice and the WOTSO Shares and Options that they will receive if the Demerger is approved and all Options (including those held by Directors and identified below) are exercised prior to the Record Date:

| BWF Director | Shares | C Class Options | WOTSO Shares (on Demerger) | WOTSO Options (to be issued following Demerger) |
|--------------|-----------|-----------------|----------------------------|---|
| Seph Glew | 8,920,000 | 500,000 | 8,920,000 | 500,000 |
| Tim Brown | 1,455,000 | 500,000 | 1,455,000 | 500,000 |
| Jessica Glew | 535,000 | 500,000 | 535,000 | 500,000 |
| Stuart Brown | 4,614,038 | 2,000,000 | 4,614,038 | 2,000,000 |
| Richard Hill | 1,969,278 | 250,000 | 1,969,278 | 250,000 |
| Robin Tedder | 8,152,424 | 250,000 | 8,152,424 | 250,000 |

2.14 Rights attaching to WOTSO Shares

Refer to Schedule 3 for a summary of the rights attaching to WOTSO Shares.

2.15 Risk factors

On completion of the Demerger, the Shareholders will become direct shareholders in WOTSO and should be aware of the general and specific risks that may affect WOTSO and the value of its securities. These risk factors are outlined in Schedule 4.

2.16 Tax consequences

BWF considers the proposed Demerger should qualify for demerger tax relief (Demerger Relief). However, BWF has applied to the Commissioner of Taxation (Commissioner) for a class ruling in connection with the Demerger. BWF considers that a decision from ATO not to grant Demerger Relief should not impact the Demerger and the Demerger may still proceed, if approved by Shareholders.

On the assumption that a favourable class ruling is obtained from the ATO, the following is a general summary of the Australian taxation consequences for Australian resident Shareholders who receive WOTSO Shares in respect of the capital reduction. The taxation information below assumes the Shareholder is an Australian resident who holds their Shares on capital account and is not subject to the taxation of financial arrangement provisions contained in Division 230 of the Income Tax Assessment Act (1997) (ITAA 1997).

The information below is not a complete analysis of all taxation implications relevant to the proposed Demerger and all Shareholders should obtain independent tax advice regarding the income tax and capital gains tax implications specific to their circumstances. Specifically, Shareholders who hold their Shares on revenue account (for example, Shareholders who are share traders and certain institutional investors), and Shareholders who are not residents of Australia for income tax purposes, should seek independent taxation advice.

The information below does not consider the future tax implications associated with holding or selling the Shares or WOTSO Shares following implementation of the Demerger.

The information below has been prepared based on the taxation laws, regulations, rulings and administrative guidance and judicial interpretations as at the date of this Explanatory Statement. It is important to note the ultimate interpretation of taxation law rests with the courts and that the law, and the way the revenue authorities seek to administer the law, may change over time. Accordingly, information below represents an interpretation of existing law based upon generally accepted interpretations of that law.

Australian Tax laws are complicated and subject to legislative and interpretive change both prospectively and (occasionally) retrospectively. Changes in the tax law or interpretation of the tax law subsequent to the date of this Explanatory Statement may alter the tax treatment of the Demerger.

There could also be implications for Shareholders in addition to those described above. The information provided below is general in nature and the individual circumstances of each shareholder may affect the tax implications of the Demerger for that shareholder. Shareholders should seek appropriate independent professional advice that considers the tax implications in respect of their own specific circumstances.

(a) Demerger tax relief

The information below has been prepared on the basis that shareholders who are residents of Australia and who hold their Shares on capital account for tax purposes should be eligible to choose Demerger Relief. Broadly, Demerger Relief ensures that any CGT consequences from the Demerger may be deferred, and that the dividend component (if any) of a distribution is not taxed in the hands of the Shareholders.

(b) CGT Consequences

The capital reduction will give rise to a CGT event for Shareholders representing the distribution of WOTSO Shares. The CGT event will happen at the time BWF makes the distribution in satisfaction of the Capital Reduction amount.

Shareholders can choose whether or not to obtain demerger roll-over relief.

(i) Where demerger roll-over relief is chosen

(A) CAPITAL GAIN IS DISREGARDED

If Demerger Relief is available, for Shareholders who choose demerger roll-over relief, any capital gain made arising from the CGT event happening to their Shares under the Capital Reduction will be disregarded.

(B) CGT COST BASE IN SHARES AND WOTSO SHARES

Shareholders will need to apportion the CGT cost base of their original Shares between their original Shares and new WOTSO Shares in accordance with the market values of the Shares and WOTSO Shares (or a reasonable approximation of these market values) just after the Demerger.

Further information in relation to the apportionment of costs bases will be provided by BWF subsequent to the Demerger being implemented.

(C) TIME OF ACQUISITION OF WOTSO SHARES

For Shareholders who choose demerger roll-over relief, in determining the availability of the CGT discount on a subsequent sale of WOTSO Shares, WOTSO Shares should be taken to have been acquired at the same time the shareholder acquired their original BWF Shares. Shareholders should seek appropriate tax advice to determine the application of the CGT discount in their specific circumstances.

(ii) Where demerger roll-over relief is not chosen

(A) CAPITAL GAIN IS NOT DISREGARDED

If Demerger Relief is available, for Shareholders who do not choose to obtain demerger roll-over relief, any capital gain made arising from the Capital Reduction under the Demerger will not be disregarded.

Shareholders may be entitled to discount CGT treatment. Shareholders should seek appropriate tax advice to determine the application of the CGT discount in their specific circumstances.

The CGT cost base (and reduced cost base) will be reduced by the relevant Capital Reduction amount. A Shareholder will make a capital gain if the Capital Reduction amount for each BWF Share they hold exceeds their CGT cost base. In this case, the CGT cost base of the Share will be reduced to nil and the amount of the capital gain will be equal to the excess of the Capital Reduction amount over the Shareholder's cost base in their BWF Share immediately before the Capital Reduction Amount is received.

Shareholders will not make a capital loss as a result of the return of capital under the Demerger.

(B) CGT COST BASE IN SHARES AND WOTSO SHARES

Shareholders who do not choose to obtain demerger roll-over relief should

apportion the first element of the CGT cost base in their Shares between those Shares and WOTSO Shares received under the Demerger. The method of apportionment is the same as the method for Shareholders who choose to obtain demerger roll-over relief as discussed above.

(C) TIME OF ACQUISITION OF WOTSO SHARES

Where demerger roll-over relief is not chosen, all of the WOTSO Shares transferred to Shareholders will be treated as having been acquired at the time they are transferred to the Shareholders. This will be relevant to Shareholders in determining the availability of the CGT discount on a subsequent sale of WOTSO Shares. Shareholders should seek appropriate tax advice to determine the application of the CGT discount in their specific circumstances.

Application of demerger tax integrity measures

In certain circumstances part of an in specie distribution can be treated as a dividend for Australian tax purposes. The dividend component would be that amount of the in specie distribution to the extent it is not represented by the Capital Reduction Amount. BWF expects to determine the Capital Reduction Amount by reference to the allocation as noted in the ATO class ruling (broadly, by reference to the market value of the WOTSO and volume weighted average price (VWAP) of BWF Shares after the Demerger). The dividend component should therefore be that amount by which the market value of the in specie distribution exceeds the Capital Reduction Amount. A dividend that satisfies the requirements to be a demerger dividend would not be assessable to Shareholders.

However, the Commissioner may make a determination under Section 45B of the Income Tax Assessment Act 1936 (ITAA 1936) to deem certain payments to be treated as taxable dividends for taxation purposes. Having regard to the circumstances of the Demerger, BWF does not consider the Commissioner should apply Section 45B to the proposed Demerger. For completeness, should the Commissioner make a determination under Section 45B in respect of the Demerger all or part of the Demerger Distribution may be treated as an unfranked dividend. This amount would be assessable income for Australian resident Shareholders or subject to dividend withholding tax for non-resident Shareholders (generally at the rate of 30% on the gross amount, subject to any applicable double tax agreement).

Taxation implications for the Company

The transfer of shares in WOTSO from BWF to the Shareholders is not expected to have any material adverse tax implications for BWF.

2.17 Lodgement with ASIC

The Company has lodged with ASIC a copy of this Notice of Meeting and the Explanatory Statement in accordance with section 256C(5) of the Corporations Act. The Company has also lodged with ASIC a copy of the Prospectus that accompanies this Notice of Meeting at the same time the Notice of Meeting was lodged with ASIC.

ASIC and its officers take no responsibility for the contents of this Notice or the merits of the transaction to which this Notice relates.

2.18 Disclosure to the ASX and ASIC

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules of ASX.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

2.19 Other material information

There is no information material to the making of a decision by Shareholders whether or not to approve the Resolutions (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders) other than as disclosed in this Explanatory Statement, the accompanying Prospectus and information the Company has previously disclosed to Shareholders.

2.20 Other legal requirements

Under ASIC Regulatory Guide 188, an invitation to Shareholders to vote on Resolution 1 for the in specie distribution of WOTSO Shares to Shareholders constitutes an offer of securities under Chapter 6D of the Corporations Act and a prospectus is required unless an exemption applies. As no exemption applies, the Company has prepared a short-form prospectus that contains information in relation to WOTSO (Prospectus).

The Prospectus accompanies this Notice of Meeting and has been lodged with ASIC at the same time as this Notice of Meeting. The Company recommends that all Shareholders read the Prospectus carefully and in conjunction with this Notice of Meeting. The Prospectus also allows Shareholders to sell their WOTSO Shares within the first 12 months after receiving them, without disclosure under Chapter 6D of the Corporations Act.

Resolution 1 is an ordinary resolution.

2.21 Impact of further capital raisings and an ASX listing

Following the Demerger, WOTSO proposes to raise capital to expand its operations. It intends to do so in one or more of the following ways:

- (a) by an entitlement offer to WOTSO Shareholders, to raise up to \$10 million;
- (b) by placements to strategic partners, to raise up to a further \$30 million; and
- (c) by an ASX listing to raise up to a further \$10 million.

The Demerger will proceed whether or not these capital raisings proceed.

Further information about the impact of potential capital raisings is set out in the Prospectus.

3. RESOLUTION 2 – AMENDMENT TO CONSTITUTION

3.1 General

Under the Corporations Act, a member must give consent to becoming a member of a company. Accordingly, in order to give effect to the Demerger, each Shareholder must give its consent to becoming a member of WOTSO and for the Company to be its agent in the execution of any documents required to give effect to the Demerger. The Constitution does not currently contain such an express consent.

Approval is being sought from Shareholders for the insertion of clauses 9.8 and 9.9 of the Constitution so that where the Company reduces its share capital by way of a distribution of shares or other securities in another body corporate (as it is doing under the Demerger):

- (a) Shareholders are deemed to have agreed to become members of that body corporate and are bound by the constitution of that body corporate;
- (b) each of the Shareholders appoints the Company or any of the Directors as its agent to execute any transfer of shares or other securities, or other document required to give effect to the distribution of shares or other securities to that Shareholder; and
- (c) any binding instruction or notification between the Shareholder and the Company will be deemed to be a similarly binding instruction or notification to WOTSO.

Consenting to become a member of WOTSO does not impose any specific liabilities upon a Shareholder, nor does it prohibit a Shareholder from subsequently selling or otherwise dealing with the WOTSO Shares to be received under the Demerger.

Additionally, approval is being sought from Shareholders for the insertion of clause 9.10 of the Constitution so that on a distribution the Directors may determine to make a cash payment to certain Shareholders rather than a distribution of specific assets. This facilitates the proposed treatment of Overseas Shareholders in Section 2.10 and ensures that the Company will be able to sell the WOTSO Shares to which Overseas Shareholders would otherwise be entitled and distribute the proceeds to the respective Shareholders.

A copy of the Constitution is available on request from the Company Secretary.

No other changes to the Constitution have been proposed.

3.2 Demerger conditional on amendment of Constitution

Resolution 1 (to effect the Demerger) is conditional on Shareholders approving Resolution 2 (to amend the Constitution). This means that in order to implement the Demerger, Shareholders need to approve both Resolution 1 and Resolution 2.

3.3 Special resolution

Resolution 2 is a special resolution, and therefore requires approval of at least 75% of the votes cast by Shareholders entitled to vote (in person, by proxy, by attorney or corporate representative) on the resolution.

4. AMENDMENT TO MANAGEMENT OPTIONS

4.1 Existing C Class Options

Currently, BWF has the following C Class Options on issue:

| Holder | C Class Options | Proposed to be amended under Resolution |
|-----------------|------------------|---|
| Stuart Brown | 2,000,000 | 3(a) |
| Tim Brown | 500,000 | 3(b) |
| Jessica Glew | 500,000 | 3(c) |
| Seph Glew | 500,000 | 3(d) |
| Robin Tedder | 250,000 | 3(e) |
| Richard Hill | 250,000 | 3(f) |
| Other employees | 500,000 | 3(g) |
| TOTAL | 4,500,000 | |

4.2 The terms of the Options

The terms of the C Class Options are as follows:

The C Class Options expire on the earlier of:

- (a) 28 February 2021; and
- (b) the date that the Option holder is dismissed by the Company or a Related Body Corporate for fraud, defalcation or misconduct.

The Options may be exercised between the date upon which the Company lodges its half yearly report and preliminary final report with the ASX and the date one month later, or as the Directors otherwise determine. The Directors may grant free Options over unissued Shares in the Company to employees (or their associates) of the Company or its subsidiaries selected by the Directors from time to time. The Directors themselves are also eligible to participate, subject to compliance with the requirements of the ASX Listing Rules and the Corporations Act. The Directors may determine in their absolute discretion the number of Options granted to an employee under the Option Plan.

The exercise price for Options subsequently granted under the Option Plan will be not less than the average closing Share price for the Company's Shares on the last five business days prior to the issue of the Options, adjusted for constructions of capital, bonus issues, cash issues and any other event which requires the making of an adjustment.

The Options may be granted at any time, subject to the ASX Listing Rules and the Corporations Act.

The terms of the Options contain provisions to adjust the number of options and exercise price of the options to take into account the effect of any capital reconstruction, rights issue or bonus issue of the Company. The Directors have discretion to vary the expiry dates and exercise conditions attaching to Options issued under the Option Plan.

As a result of the Demerger and the return of capital to BWF Shareholders, the capital structure of BWF is significantly altered and the value of the underlying Shares will be affected. To reflect this change, and in keeping with the purpose of the BWF Employee Share Option Plan and its use, the Board has resolved to amend those Options.

As a result, the Board has determined that Options that have been issued to employees in 2018 (pursuant to the BWF Employee Share Option Plan) should be amended as follows:

- the exercise price for the existing Options should be reduced from \$1.00 to \$0.50 per Share; and
- the expiry date for the Options should be extended from 28 February 2021 to 28 February 2023.

Once the Demerger is completed, WOTSO proposes to issue the same number of Options in WOTSO as they currently have in BWF to each of the Executives, so they are in the same economic position as were previously, albeit with an extended exercise period. In other words, the two Options will have a combined exercise price of \$1.00, equivalent to the current exercise price of the Options when they were issued.

However, under ASX listing rule 6.23.3, a change to the exercise price or exercise period of existing options cannot be made without ASX granting a waiver of that listing rule. BWF will apply to ASX for that waiver. If that application is unsuccessful, the terms of the existing C Class Options will remain unchanged.

GLOSSARY

A\$ and \$ means Australian Dollars.

ASIC means the Australian Securities and Investments Commission.

AREIT means Australian Real Estate Investment Trust.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ATO Rulings has the meaning given in Section 1.3.

Board means the board of directors of BWF.

BWF Group means BWF and each of its subsidiaries from time to time.

BWR means Blackwall Property Trust (ASX: BWR), ARSN 109 684 773.

C Class Options means the existing options over Shares issued to Directors and employees of the Company.

Capital Reduction means a reduction of the share capital of BWF as set out in the Capital Reduction Resolution.

Capital Reduction Amount means an amount equal to 86% of the share capital of WOTSO.

Capital Reduction Resolution means the ordinary resolution to approve the Capital Reduction to be considered at the general meeting set out in the Notice of Meeting.

CBD means central business district.

Company, BlackWall or BWF means BlackWall Limited ACN 146 935 131.

Constitution means the constitution of the Company.

Core Business means the core business of BWF, as described in section 1.1.

Corporations Act means the Corporations Act 2001 (Cth).

Demerger means, collectively the capital reduction and distribution by way of in specie distribution of 86% of all WOTSO Shares to Shareholders.

Demerger Entities has the meaning given in Section 1.1.

Directors means the directors of the Company.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date, other than an Overseas Shareholder.

Employee Option Rules means the Rules of the BWF Limited Employee Incentive Option Plan.

Entitlement Offer has the meaning given in the Prospectus.

Executives means the Directors and employees of the Company set out in the table in section 4.1.

Explanatory Statement means this explanatory memorandum which accompanies the Notice.

IPO means initial public offering.

Listing Rules means the official listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice of Meeting or Notice means this notice of meeting including this Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Overseas Shareholders has the meaning given in Section 2.10.

Prospectus has the meaning given in Section 2.20.

Proxy Form means the proxy form accompanying the Notice.

Record Date means the record date for the Demerger in the timetable in Section 2.2.

Related Body Corporate has the meaning it has in the Corporations Act.

Section means a section of this Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

SME means small-to-medium enterprise.

VWAP means volume weighted average price.

WOTSO means WOTSO Limited ACN 636 701 267.

WOTSO Business means the WOTSO Business as described in the Prospectus.

WOTSO Constitution means the constitution of WOTSO.

WOTSO Group means WOTSO and each of its subsidiaries from time to time.

WOTSO Options means options over WOTSO Shares proposed to be issued to directors and employees of WOTSO as described in section 4.

WOTSO Share means a fully paid ordinary share in the capital of WOTSO.

WOTSO Shareholder means a holder of a WOTSO Share following the Demerger.

1. Financial effect of the Demerger

The effect of the Demerger is that:

- BlackWall's approximately 1,200 shareholders will hold their existing BWF shares and receive new WOTSO shares on a pro rata basis; and
- BlackWall will hold a cornerstone investment in WOTSO of approximately 14%.

As a consequence of the transaction, at the point of Demerger, BWF's shareholders pro-rata holding of BWF and WOTSO will not change. As stated earlier one of the reasons for the Demerger is that it is expected that the combined value of the two entities will be greater after the Demerger. The information in this Schedule gives investors the financial position of BlackWall once WOTSO has demerged from it. Financial information on WOTSO as a standalone entity is included in the Prospectus attached to this Notice of Meeting.

The financial information for BWF included below is:

- The consolidated balance sheet for BWF as at 30 June 2019 (BWF Balance Sheet); and
- The pro forma balance sheet for BWF as at 30 June 2019 (BWF Demerger Balance Sheet).

The BWF Balance Sheet and BWF Demerger Balance Sheet together form the "BWF Financial Information".

The BWF Financial Information presented should be read in conjunction with:

- the risk factors set out in Schedule 4;
- the other information in this Notice of Meeting; and
- the BWF financial statements (BWF Accounts) for the period ending 30 June 2019 which were released on 26 August 2019.

Shareholders should note that past results are not a guarantee of future performance. All amounts disclosed in this section are presented in Australian dollars.

1.1 Basis of preparation and presentation of the BWF Financial Information

The Directors are responsible for the preparation and presentation of the BWF Financial Information. The BWF Financial Information included in this Notice of Meeting is intended to present potential investors with information to assist them in understanding the historical financial position of BWF and the Demerger's effect on it.

The BWF Financial Information is presented in an abbreviated form and does not include all of the presentation, disclosures, statements and comparative information as required by Australian Accounting Standards (AAS) applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

The BWF Financial Information is:

- prepared in accordance with the recognition and measurement principles prescribed in AAS issued by the Australian Accounting Standards Board (AASB);
- consistent with International Financial Reporting Standards (IFRS) and interpretations issued

by the International Accounting Standards Board (IASB);

- in accordance with the accounting policies of BWF;
- derived from the audited general purpose financial statements of BWF for the year ended 30 June 2019 which were audited by ESV in accordance with Australian Auditing Standards (ESV issued an unqualified audit opinion on these financial statements).

1.2 Preparation of the BWF Demerger Balance Sheet

The BWF Demerger Balance Sheet shows the BWF Balance Sheet with pro-forma adjustments to illustrate the financial position of BlackWall after WOTSO has been Demerged.

The BWF Demerger Balance Sheet is:

- provided for illustrative purposes only;
- prepared on the assumption that the transaction was implemented as at 30 June 2019;
- does not illustrate the financial position that may be contained in future financial statements of BWF following the Demerger;
- solely for inclusion in this Notice of Meeting and has been derived from the historical balance sheet of BWF as at 30 June 2019, adjusted for the effects of the pro forma adjustments described below.

If approved, the Demerger is expected to be implemented as soon as possible.

1.3 BWF Balance Sheet and BWF Demerger Balance Sheet as at 30 June 2019

| | BWF Balance Sheet | BWF Demerger Balance Sheet |
|--------------------------|----------------------|----------------------------|
| Cash and Current Assets | \$14,972,000 | \$9,331,000 |
| Investments & Loans | \$16,311,000 | \$15,509,000 |
| Fixed Assets | \$5,651,000 | \$246,000 |
| Other Assets | \$433,000 | \$433,000 |
| Investment in WOTSO | - | \$5,000,000 |
| TOTAL ASSETS | \$37,367,000 | \$30,519,000 |
| TOTAL LIABILITIES | (\$5,859,000) | (\$4,783,000) |
| NET ASSETS | \$31,508,000 | \$25,736,000 |

Impact of the Demerger on accounting

Accounting for demerger transactions is addressed in the AASB Interpretation 17 'Distributions of Non-cash Assets to Owners'. That interpretation requires that any obligations for distributions made by a company to its shareholders should be recognised once declared and, where required, approved by the shareholders. Furthermore, the distribution payable must be measured at the fair value of the assets to be distributed.

The distribution payable is charged to equity. In this regard, the fair value of the distribution payable will be allocated between share capital (Capital Reduction) and demerger reserve (Demerger Distribution). The value of the Capital Reduction will be determined by reference to the tax allocation which is expected to be supported by an ATO ruling. The amount recorded in demerger reserve, the Demerger Distribution, will be the difference between the distribution payable and the Capital Reduction amount.

On the Record Date, BWF will recognise a distribution payable based on the fair value of WOTSO. This liability will be settled through the transfer of the WOTSO shares. At that time, the difference between the historic cost of the net assets distributed and the fair value of the distribution payables will be recognised in BWF's income statement.

(a) Pro Forma adjustments

The Pro Forma adjustments are as follows:

(i) WOTSO Demerger

In accordance with the Notice of Meeting BWF is distributing an 86% interest in WOTSO which holds the WOTSO Business.

The Capital Reduction and Demerger Distribution will be recognised as part of the implementation of the Demerger.

The actual measurement of the distribution payable will be by reference to the 5 day pre and post-demerger Volume Weighted Average Price (VWAP) of Blackwall Shares – with the decrease in Blackwall's market capitalisation as a result of the demerger (calculated by reference to those VWAPs) being 86% of the market value of WOTSO.

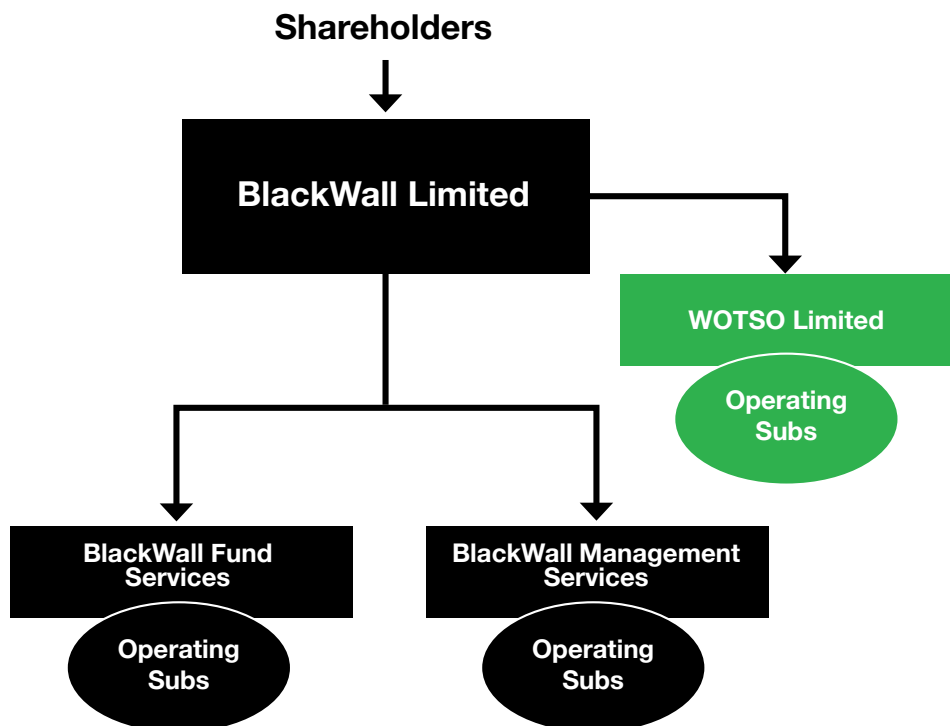
(ii) Transaction costs

This relates to transaction costs associated with the demerger of WOTSO.

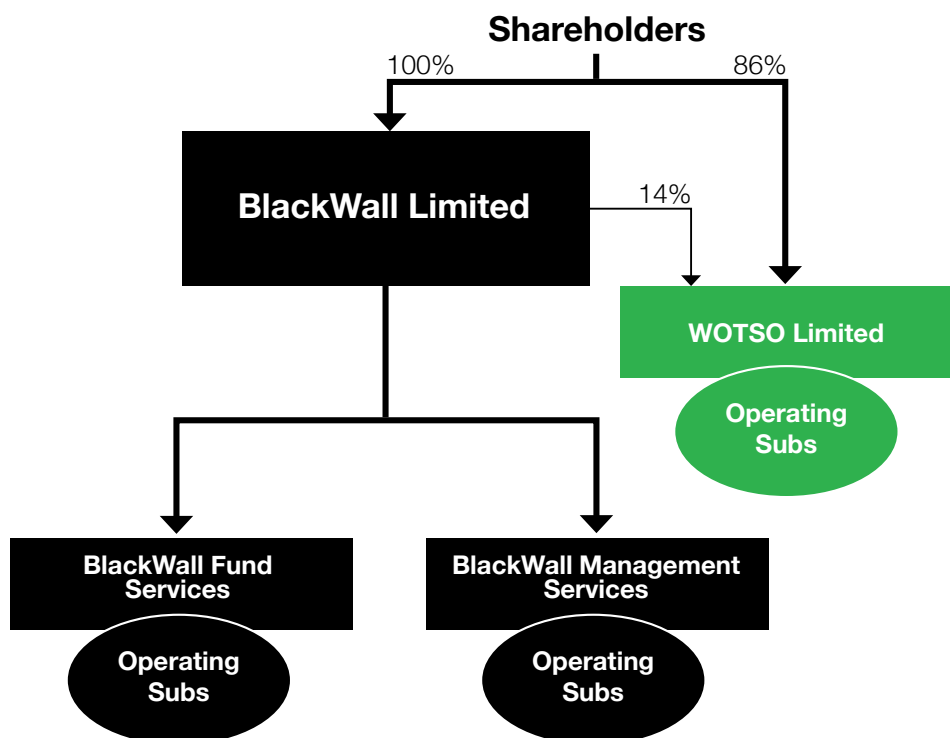
2. Financial information for WOTSO

The financial information contained with respect to WOTSO as a stand alone entity is included in the Prospectus attached to this Notice of Meeting.

Pre demerger



Post demerger



WOTSO Shares proposed to be distributed to Shareholders will not be quoted on the ASX and consequently shareholders will not be able to trade WOTSO Shares on the ASX. Once the shares are registered in the name of the Shareholder as a result of the Prospectus being issued by the Company, they may sell or transfer those shares if they can find a buyer.

The following is a summary of the more significant rights and liabilities attaching to WOTSO Shares to be distributed to Shareholders. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders as shareholders of WOTSO. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to WOTSO Shares are set out in the WOTSO Constitution, a copy of which is available to view at the Company's registered office.

1. General meetings and notices

General meetings of WOTSO are to be held in accordance with the Corporations Act, and each WOTSO Shareholder will be entitled to receive notice of a general meeting in accordance with the Corporations Act and, except in certain circumstances, attend and vote at general meetings of WOTSO.

2. Voting rights

Subject to any special rights or restrictions for the time being attached to any class of WOTSO Shares and to the WOTSO Constitution, at a general meeting, each WOTSO Shareholder present in person, or by attorney, corporate representative or proxy, or who delivers a direct vote, has one vote on a show of hands, and one vote for each fully paid WOTSO Share on a poll, or for a partly paid WOTSO Share, a fraction of a vote equal to the proportion which the amount paid on the WOTSO Share bears to the total issue price of the WOTSO Share.

Voting at any meeting of WOTSO Shareholders is by a show of hands (unless a poll is demanded). Direct votes are counted only on a poll. The quorum required for a meeting of WOTSO Shareholders is two members present in person, or by attorney, corporate representative or proxy. Direct votes are not counted as part of the quorum.

3. Dividend rights

Under the WOTSO Constitution, the directors may determine or declare that a dividend is payable, fix the amount and the time for payment, and determine the method of payment of the dividend to each WOTSO Shareholder entitled to that dividend. The directors may rescind or alter any such determination or declaration before payment is made.

If a dividend is paid, it will be paid in proportion to the number of WOTSO Shares held by a WOTSO Shareholder and, in the case of partly paid WOTSO Shares, in proportion to the percentage of the issue price that has been paid (excluding amounts credited and amounts paid in advance of a call).

Interest is not payable in respect of any dividend.

4. **Capitalisation of profit**

WOTSO may capitalise profits. Subject to the constitution and the terms of the issue of shares, the Directors may resolve to apply the sum in paying up any amounts unpaid on WOTSO Shares or in paying up in full unissued shares as fully paid.

5. **Winding-up**

If WOTSO is wound up, the liquidator may, with the sanction of a special resolution of WOTSO Shareholders, distribute among WOTSO Shareholders the whole or any part of the property of WOTSO and may determine how to distribute the property as between WOTSO Shareholders or different classes of WOTSO Shareholders.

6. **Transfer of Shares**

WOTSO Shareholders may transfer WOTSO Shares by instrument in writing in any form the directors approve, or by any other method of transfer of marketable securities required or permitted by the Corporations Act and approved by the directors.

7. **Issue of further WOTSO Shares**

Subject to the Corporations Act, the issue of shares (including partly paid shares and redeemable preference shares) in WOTSO is under the control of the WOTSO Board. The WOTSO Board has the power to issue shares, options and other securities convertible into shares to any person at any time and for such consideration as it determines.

8. **Small holdings**

The WOTSO Directors may give a divestment notice to a WOTSO Shareholder whose holding of WOTSO Shares is valued at less than a marketable parcel of shares under the ASX Listing Rules. The divestment notice notifies the WOTSO Shareholder that WOTSO intends to sell the WOTSO Shares the subject of the divestment notice within 6 weeks of the date of the divestment notice.

Following the 6 week period, WOTSO will be entitled to sell the WOTSO Shares the subject of the divestment notice unless:

- (a) the WOTSO Shares were valued at more than a marketable parcel of shares at the time the WOTSO Shareholder acquired them; and
- (b) the WOTSO Shareholder notified WOTSO in writing that the WOTSO Shareholder wishes to retain its WOTSO Shares.

1. Specific risks to WOTSO

(a) Additional requirements for capital and dilution

WOTSO may require additional funding to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which WOTSO may incur.

WOTSO proposes to seek to raise further funds through equity (likely including by way of an IPO on the ASX) or debt financing, joint ventures or other means. Failure to obtain sufficient financing for WOTSO's activities and future projects may result in delay and indefinite postponement of the development and growth of WOTSO. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to WOTSO and might involve substantial dilution to WOTSO Shareholders.

(b) Exchange rate risk

International income is denominated in local currency, whereas the income and expenditure of WOTSO are generally in, and will be taken into account in, Australian dollars, exposing WOTSO to the fluctuations and volatility of the rate of exchange between local currencies and the Australian dollar as determined in international markets.

(c) Environmental and approvals risk

WOTSO's operations will be subject to the laws and regulations of all jurisdictions in which it carries on business. WOTSO intends to conduct its activities in a responsible manner and in accordance with all applicable laws. However, WOTSO may be the subject of accidents or unforeseen circumstances that could subject WOTSO to extensive liability.

Laws and regulations are constantly changing, and are generally becoming more restrictive. There is a risk that laws and regulations could become more onerous making WOTSO's operations more expensive. There is no assurance that future changes in regulation, if any, will not adversely affect WOTSO's operations.

Government approvals and permits will be required in connection with WOTSO's operations. To the extent such approvals are required and there are delays in obtaining them or they are not obtained or maintained on acceptable conditions, WOTSO may be delayed or prohibited from proceeding with planned expansion of WOTSO.

Failure to comply with applicable laws, regulations and permit requirements may result in enforcement actions (including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed) and may include corrective measures requiring capital expenditures or remedial actions.

(d) Government regulation

The countries in which WOTSO operates may be subject to political, economic, contractual and other uncertainties. Future government actions concerning the economy or the operation and regulation of business could have a significant effect on WOTSO. WOTSO's activities may be subject to political, economic and other uncertainties, including the risk of civil rebellion, expropriation, nationalisation, enforceability or renegotiation or nullification of existing contracts or other agreements, changes in law or taxation policies, currency exchange restrictions, foreign ownership restrictions and changing political conditions.

(e) Sovereign risk

WOTSO has businesses situated overseas. They are thus subject to the risks associated with operating in foreign countries. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Any future material adverse changes in government policies or legislation that affect foreign ownership, development or activities of companies involved in coworking, may affect the viability and profitability of WOTSO.

(f) Legal environment

The introduction of new legislation or amendments to existing legislation by governments (including the introduction of tax reform), developments in existing common law or the respective interpretation of the legal requirements in any of the legal jurisdictions that govern WOTSO's operations or contractual obligations, could impact adversely on the assets, operations, and, ultimately, the financial performance of WOTSO. The same adverse impact is possible as a result of the introduction of new government policy or amendments to existing government policy, including such matters as compliance with landlord regulations and taxation.

(g) Premises availability

WOTSO's ability to operate is dependent upon its ability to source and acquire premises. Premises are not always available and the market for premises experiences fluctuations in supply and demand. If WOTSO is unable to source appropriate premises economically or at all then this would have a material adverse effect on WOTSO's financial or trading position.

(h) Litigation risk

WOTSO is subject to litigation risks. All industries, including the coworking industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit.

Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which WOTSO is or may become subject could have a material effect on its financial position, results of operations or WOTSO's activities.

(i) Reliance on key personnel

WOTSO's prospects will depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. The loss of the services of one or more of such key management personnel could have a material adverse effect on WOTSO. WOTSO's ability to manage its operating and expansion activities, and hence its success, will depend in large part on the efforts of these individuals. Shareholders must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

(j) Counter party risk

WOTSO will likely enter into a number of commercial agreements with third parties. There is a risk that the counterparties may not meet their obligations under those agreements.

The ability of WOTSO to achieve its stated objectives will depend on the performance by the counterparties, with whom WOTSO has contracted, or will contract with, of their obligations under the relevant agreements. If any party defaults in the performance of its obligations, it may be necessary for WOTSO to approach a court to seek a legal remedy, which can be costly.

(k) Taxation

In all places where WOTSO has operations, in addition to the normal level of income tax imposed on all industries, WOTSO may be required to pay government royalties, indirect taxes, goods and services tax and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

2. General investment risks

Some of the general risks of investment which are considered beyond the control of WOTSO are as follows:

(a) Economic risks

Economic conditions, both domestic and global, may affect the performance of WOTSO. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs. WOTSO's future possible revenues and WOTSO Share price can be affected by these factors, all of which are beyond the control of WOTSO or its directors.

(b) Taxation

The acquisition and disposal of WOTSO Shares will have tax consequences, which will differ depending on the individual financial affairs of each Shareholder. All Shareholders in WOTSO are urged to obtain independent financial and tax advice about the consequences of acquiring WOTSO Shares.

(c) Contractors

WOTSO is unable to predict the risk of the insolvency or managerial failure by any of the contractors used (or to be used in the future) by WOTSO in any of its activities or the insolvency or other managerial failure by any of the other service providers used (or to be used in the future) by WOTSO for any activity.

(d) Force Majeure

WOTSO may now or in the future be adversely affected by risks outside the control of WOTSO including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(e) Insurance

WOTSO intends to insure its operations in accordance with industry practice. However, in certain circumstances WOTSO's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of WOTSO.

3. Nature of investment

The directors and management of WOTSO will, to the best of their knowledge, experience and ability (in conjunction with senior management) endeavour to anticipate, identify and manage the risks inherent in the activities of WOTSO, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of WOTSO and its business operations. The ability of WOTSO's directors and management to do so may be affected by matters outside their control and no assurance can be given that WOTSO's directors and management will be successful in these endeavours.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by WOTSO or Shareholders. The above factors, and others not specified, may in the future materially affect the financial performance of WOTSO and the value of WOTSO Shares.



BLACKWALL LIMITED ACN 146 935 131

SHORT FORM PROSPECTUS

For an offer to issue up to 63,115,445 WOTSO Shares to Shareholders of BlackWall pursuant to a Capital Reduction by way of in specie distribution contemplated in the Capital Reduction Resolution in the Notice of Meeting dated 19 November 2019 and to facilitate secondary trading of those shares.

IMPORTANT NOTICE

This Prospectus is important and requires your immediate attention. You should read this Prospectus in its entirety and consult your professional adviser in respect of the contents of this Prospectus.

This Prospectus is a short form prospectus prepared in accordance with Section 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, but refers to parts of other documents lodged with ASIC, the contents of which are therefore taken to be included in this Prospectus.

Indicative Timetable

| | |
|-----------------------------------|------------------|
| Despatch of the Notice of Meeting | 19 November 2019 |
|-----------------------------------|------------------|

Before 10.30am

| | |
|--|------------------|
| Proxy Forms must be submitted by registered Shareholders | 18 December 2019 |
|--|------------------|

Meeting to approve the capital reduction and the constitutional amendment at 10:30am (EST)

| | |
|--|------------------|
| BWF notifies ASX of the outcome of the meeting | 20 December 2019 |
|--|------------------|

The following dates are indicative only and will depend on the Board making a final determination to proceed with the Demerger.

Ex-date for the capital reduction – the date on which Shares commence trading on ASX without the entitlement to participate in the distribution

3 January 2020

Record Date for capital reduction

6 January 2020

Completion of Demerger including in specie distribution of WOTSO Shares to Eligible Shareholders

10 January 2020

Share certificates for WOTSO Shares are posted to Eligible Shareholders

13 January 2020

The timetable above (other than the date of the Meeting) is indicative only, and may be changed at the discretion of the Directors (subject to the Listing Rules) or as required by ASX.

Important Information

General

This Prospectus is dated 19 November 2019 and a copy of this Prospectus was lodged with ASIC on that date. ASIC and ASX take no responsibility for the content of this Prospectus, or the merits of the investment to which this Prospectus relates.

No WOTSO Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus, being the expiry date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with this Prospectus.

This Prospectus, including the Notice of Meeting which is incorporated by reference into this Prospectus, is important and should be read in its entirety. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to lodge or register this Prospectus in any jurisdiction other than Australia.

In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to Shareholders and professional advisers whom Shareholders may consult.

Independent advice

If you are uncertain about the terms and conditions of the Offer, you should seek the advice of an appropriately qualified financial adviser.

No ASX listing

As WOTSO is an unlisted public company, WOTSO Shares will not be listed on the ASX or any other securities exchange upon issue. However, WOTSO intends to pursue an ASX listing in the near-term following completion of the Offer.

Defined terms

Defined terms and abbreviations used in this Prospectus are defined in Section 10.

Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means this Prospectus alone does not contain all the information that is generally required to satisfy the disclosure requirements of the Corporations Act. Rather, it incorporates all other necessary information by reference to information contained in the Notice of Meeting lodged with ASIC on 18 November 2019. This Prospectus is issued pursuant to section 710 of the Corporations Act.

In referring to the Notice of Meeting, the Company:

- (a) identifies the Notice of Meeting as being relevant to the offer of WOTSO Shares under this Prospectus and contains information that will assist Shareholders and their professional

advisers in making an informed assessment of:

- (i) the rights and liabilities attaching to the WOTSO Shares; and
- (ii) the assets and liabilities, financial position and performance, profits and losses and prospects of WOTSO;
- (b) refers Shareholders and their professional advisers to this Prospectus which summarises the material information in the Notice of Meeting deemed to be incorporated in this Prospectus;
- (c) informs Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours during the Offer Period; and
- (d) advises that the information in the Notice of Meeting will be primarily of interest to Shareholders and their professional advisers or analysts.

Forward-looking statements

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believes', 'estimate', 'intend', 'scheduled' or 'continue' or other similar words. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward-looking statements or information.

Whilst the Company considers the expectations reflected in any forward-looking statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined in Schedule 4 of the Notice of Meeting, as well as other matters not yet known to the Company or not currently considered material to WOTSO, may cause actual events to be materially different from those expressed, implied or projected in any forward looking statements or information. Any-forward looking statement or information contained in this Prospectus is qualified by this cautionary statement.



1. Background - WOTSO Limited Demerger from BlackWall Limited

On 2 August 2019, BlackWall announced a proposal to spin off WOTSO WorkSpace as a stand-alone business (Demerger). WOTSO is BlackWall's wholly owned flexible workspace operator.

The proposal is subject to BlackWall Shareholder approval and the purpose of this document is to give BlackWall Shareholders information about WOTSO to assist their consideration of the resolutions put before the meeting. In addition, the document is required pursuant to ASIC Regulatory Guide 188, which requires that an invitation to Shareholders to vote on Resolution 1 for the in specie distribution of WOTSO Shares to Shareholders constitutes an offer of securities under Chapter 6D of the Corporations Act and a prospectus is required.

The Board believes that both WOTSO and BlackWall will be better placed to maximise their potential as separate entities with dedicated management teams.

As announced, WOTSO intends to list on the ASX in its own right and expand operations, including by raising additional capital and seeking strategic partnerships.

The proposal is for WOTSO to demerge such that BlackWall's approximately 1,200 shareholders will hold their existing BWF shares and receive new WOTSO shares on a pro rata basis. BlackWall will hold a cornerstone investment in WOTSO of approximately 14%.

From an operational perspective, the Demerger process has begun. Former BlackWall CEO, Stuart Brown, stood down and moved across to head up WOTSO as Managing Director and part of the BlackWall senior executive team has moved across to focus solely on WOTSO operations. If the Demerger is approved, the existing BlackWall appointed WOTSO board members will immediately resign from the board and be replaced with the directors outlined later in this document.

All assets required to operate WOTSO's activities are either held directly by, or through subsidiaries of, WOTSO Limited (WOTSO).

2. Details of the Capital Reduction Offer

2.1 Terms and conditions of the Capital Reduction Offer

The terms and conditions of the Capital Reduction Offer are set out in the Notice of Meeting accompanying this Prospectus.

The Capital Reduction Resolution of the Notice of Meeting is as follows:

"That, subject to Resolution 2 being passed, for the purposes of section 256B and section 256C(1) of the Corporations Act, and for all other purposes, approval is given for the Company to reduce its share capital by the Company making a pro rata in specie distribution of 86% of the share capital of WOTSO Limited on the basis of 1 WOTSO Share for every 1 Share held at the Record Date on the terms and conditions set out in the Explanatory Statement."

Pursuant to the Capital Reduction Resolution, the Company is inviting Shareholders to vote on a reduction of capital by way of an in specie distribution of WOTSO Shares to Shareholders on a pro rata basis. This represents 1 WOTSO Share for every 1 Share held by Shareholders on the Record Date.

The Demerger will only proceed if:

- (a) the Capital Reduction Resolution (and Resolution 2) is passed by Shareholders;
- (b) the Board of BWF makes a final determination to proceed with the Demerger, taking into account all information available to it including whether BWF has received the ATO Rulings.

Based on ASIC Regulatory Guide 188, the invitation to vote on the Capital Reduction Resolution of the Notice of Meeting constitutes an offer to transfer the WOTSO Shares for the purposes of section 707(3) of the Corporations Act.

Accordingly, the Company has prepared this Prospectus.

The distribution of WOTSO Shares under the reduction of capital to Shareholders with registered addresses overseas is subject to legal and regulatory requirements in those relevant overseas jurisdictions. The Company has determined that it would be unreasonable to issue WOTSO Shares under the Demerger to those Shareholders on the Record Date with an address outside Australia and New Zealand (Overseas Shareholders).

Accordingly, Overseas Shareholders on the Record Date will not be issued the WOTSO Shares to which they would otherwise be entitled and instead their WOTSO Shares will be issued to BWF to be held on their behalf, pending a liquidity event in the form of a sale opportunity (either pre or post ASX listing).

As at the date of this Prospectus, there are 893,174 Shares held by a small number of Overseas Shareholders. Overseas Shareholders will be notified as to the progress of the sale by the nominee.

2.2 Effect of the Capital Reduction Offer on WOTSO

The effect of the Offer on WOTSO will be that it will no longer be a wholly owned subsidiary of BlackWall.

2.3 Action required by Shareholders

No action is required by Shareholders under this Prospectus in relation to the Capital Reduction Offer.

Should Shareholder approval be obtained for the Demerger and the conditions to the Demerger are satisfied, the WOTSO Shares will be transferred to Eligible Shareholders in accordance with the terms set out in the Notice of Meeting.



A prospectus is normally required to include an application form for shares. ASIC has granted relief from this requirement in ASIC Corporations (*Application Form Requirements*) Instrument 2017/241 so that an application form is not required to be included in this Prospectus in relation to the Capital Reduction Offer.

In due course, Eligible Shareholders will receive a share certificate for the WOTSO Shares to which they are entitled.



3. Purpose and effect of the Offer

3.1 Effect on the Company's Financial Position

The Pro forma Statement of Financial Position in Section 5 has been prepared to illustrate the financial position of WOTSO following completion of the Demerger. The Pro forma Statement of Financial Position is intended to be illustrative only, will not reflect the actual position and balances as at the date of this Prospectus or at the completion of the Offer and should be read in conjunction with the financial information in the Notice of Meeting.

3.2 WOTSO's Capital Structure Following Demerger and Proposed Capital Raisings

The table below show WOTSO's capital structure post Demerger and the dilution of control if all options over WOTSO shares are exercised.

| Balance following completion of the Demerger | No Options Exercised | | All Options Exercised | |
|--|----------------------|-----|-----------------------|-------------|
| BWF | 10,519,241 | 14% | 10,519,241 | 13.5% |
| Option Holders | | 0% | 4,500,000 | 5.8% |
| Shareholders (collectively) | 63,115,445 | 86% | 63,115,445 | 80.7% |
| - TOTAL | 73,634,686 | | 78,134,686 | 100% |

Following, but subject to, the Demerger, WOTSO proposes to raise capital to expand its operations. It intends to do so in one or more of the following ways:

- (a) by an entitlement offer to BlackWall Shareholders that received WOTSO shares under the Demerger to raise up to \$10 million;
- (b) by placements to strategic partners, to raise up to a further \$30 million; and
- (c) by an offer prior to ASX listing to raise up to a further \$10 million.

The Demerger will proceed whether or not these capital raisings proceed. The table below sets out the impact of the proposed capital raising on WOTSO's capital structure, and the maximum level of dilution of BWF Shareholders. The table assumes that:

- all options have been exercised;
- each capital raising raises the maximum amount stated;
- no existing Shareholders participate in the strategic placement or the ASX listing offer;
- each capital raising is priced on the same basis as the Demerger.

| WOTSO Shareholders | Number of WOTSO Shares | % |
|------------------------------|------------------------|-------|
| On Demerger | | |
| - BWF | 10,519,241 | 13.5% |
| - BWF Shareholders | 67,615,445 | 86.5% |
| Entitlement Offer | | |
| - BWF | 10,519,241 | 10.6% |
| - BWF Shareholders | 88,168,077 | 89.4% |
| Strategic Placement | | |
| - BWF | 10,519,241 | 6.5% |
| - BWF Shareholders | 88,168,077 | 54.3% |
| - New placement shareholders | 63,657,894 | 39.2% |
| At Listing | | |
| - BWF | 10,519,241 | 5.7% |
| - BWF Shareholders | 88,168,077 | 48.1% |
| - New placement shareholders | 63,657,894 | 34.7% |
| - New listing shareholders | 21,038,482 | 11.5% |

Shareholders should take into account these potential capital raisings, and the dilutionary impact on their proposed shareholdings in WOTSO, when deciding how to vote on Resolution 1.

Shareholders (and investors generally) should be aware that the commentary above regarding a possible IPO and ASX listing does not constitute an offer of WOTSO securities, and any such offering will be the subject of a disclosure document to be made available when the securities are so offered. Anyone wishing to acquire shares in the potential IPO will need to complete an application form that will accompany the requisite disclosure document.

4. About WOTSO

Introduction

WOTSO is a provider of regional and suburban office space on flexible terms. Our customers are largely sole traders and SMEs; however, we also have a role to play in corporate real estate, as WOTSO offers CBD employees a flexible suburban and regional option. WOTSO was established by BlackWall in 2014 and, at the date of this Prospectus, is a wholly owned operating subsidiary of BlackWall.

On 2 August 2019, BlackWall announced that it would proceed with a proposal to spin off WOTSO (WOTSO Spin-Off) to become a stand-alone business with separate management and boards. This Prospectus accompanies the notice of meeting for a BlackWall shareholders meeting seeking approval for the WOTSO Spin-Off.

WOTSO

While many other coworking businesses operate in CBDs across Australia, WOTSO's strategy is to focus on in the suburbs.

Viable workspace in suburban and regional locations caters to a number of growing trends in the workforce – for example, it is increasingly used by corporates as a way of facilitating flexible work arrangements for their staff and is a workspace solution for the growing number of freelance consultants and technology based SMEs. At a more practical level, it addresses the challenges of lengthy commutes to CBD offices that many workers face, particularly those in large cities or where transport infrastructure is inadequate or inefficient. The average daily commute in major Australian cities is over an hour.

Coworking - what we think it's about!

Globally, the coworking narrative has been dominated by a number of international players, some of which have suggested that they are disrupting commercial real estate generally.

WOTSO doesn't aspire to disrupt real estate, rather we aim to improve it. We don't want to compete with landlords and tenants, we want to work closely with them.

The changes to where and how we work are about technology. Our business model is built on the premise that a significant and growing percentage of sole traders, SME's and employees:

- want to work (at least for some of the week) near home, but not from it;
- believe commerce, innovation and productivity is not confined to the CBD; and
- demand community and social amenity at or around the workplace.

What we do

WOTSO looks through the traditional office lease to our customers. We see ourselves as a retail and corporate service provider, as opposed to a manager administering a contract. Our role is to provide a space, amenity and atmosphere that facilitates our customers' business. We sell office space week to week and month to month, removing the friction often associated with the provision of commercial office space.

Our customers are attracted to WOTSO because they are well-designed spaces in prominent locations surrounded by parking, transport and amenities. WOTSO is distinguished from its peers by its "street presence". We achieve this by choosing high profile sites with signage as big as we can get. If the opportunity presents we will decorate our buildings or facades with eye catching street art. Our aim



is that potential customers know where a WOTSO is before they have a need for our services. When they need us, we win their business by making the transaction easy as we don't require a long lock-in contract. We aim to build long-term relationships on short-term contracts.

WOTSO's business model

WOTSO's network is comprised of just over 43,000sqm of space. The current network has been built over the past 5 years with a relatively small capital base by a management team managing a \$500 million property portfolio **and** the WOTSO Business.

On completion of the transactions contemplated in this document WOTSO will have senior executive team and staff focused solely on:

- our existing and prospective customers;
- growing our network; and
- improving systems and efficiency for greater scalability of our brand and services.

WOTSO, in some respects, is like a hotel. We generate revenue from customers/members in a real estate linked operating business. That said, we do not intend WOTSO itself to own the buildings from which it operates, as some hotel chains do. For this reason, WOTSO employs a number of structures with property owners including leases, management/franchise arrangements and joint ventures.

WOTSO Turnover - Regardless of the type of structure used at a particular site, WOTSO's revenue is a function of receipts from its members. We term these receipts WOTSO Turnover and see it as a key element for tracking the business's performance. The table below shows the WOTSO Turnover since we began operations (this information is drawn from the BWF 2019 annual report).

| June 2014 | June 2015 | June 2016 | June 2017 | June 2018 | June 2019 |
|---------------|---------------|---------------|---------------|---------------|----------------|
| \$1.2 million | \$1.9 million | \$3.4 million | \$6.2 million | \$9.5 million | \$13.8 million |

Leased Sites – WOTSO Turnover at these sites is brought directly onto WOTSO's profit and loss account (P&L). In leased sites, the cost of occupancy is shown in the WOTSO Rent line of the P&L. WOTSO Operating expenses include staff, electricity, consumables, marketing and other onsite costs.

Management/Franchise Agreements – Here we do not enter into a lease but apply WOTSO's branding, systems, marketing and network to generate WOTSO Turnover on behalf of the property owner. In this case, WOTSO takes less risk as we do not pay set up costs. However, in some cases the set up costs are funded by WOTSO as a loan secured against the business, fixtures and fitting at that site such as WOTSO Bondi. Under such arrangements we charge fees based on a percentage of WOTSO Turnover. Accordingly only our fee income is brought onto the P&L.

Joint Ventures – In some cases we will establish a separate entity to operate WOTSO at a particular site or jurisdiction. This is the approach we have taken with respect to Malaysia with UEM Sunrise Berhad. UEM is a large-scale developer in Malaysia, Australia and other countries. WOTSO will license its brand, IP and systems to the JV Co. It is expected that such arrangements will be "equity accounted" and as such only licensing fees and WOTSO's share of profits or losses will be brought onto the P&L.

Partnerships, Capital Requirements and Strategic Placement

WOTSO aims to become the ubiquitous coworking brand in the suburbs and regional areas. The scale and success to which we aspire requires both deal flow and capital for fit out.

The cost of fitting out is in the range of \$500 to \$1,000 per sq metre. Therefore, to double the size of our footprint will require up to approximately \$40 million. In this regard, WOTSO is working towards the following capital initiatives:

- Entitlement offer to WOTSO (BWF) shareholders raising between \$5 million - \$10 million; and
- Strategic Placement(s) raising between \$15 million - \$30 million.

We see our best chance of success through working with conventional property groups. It is obvious to us that our most valuable partners will be those with a financial and business interest in what we do and it is these groups we are targeting for our Strategic Placement.

WOTSO's products and services are needs based - no matter our marketing spend, brand profile, loyalty or equity, we cannot sell an office or desk to someone that doesn't need one. As a consequence, our revenue builds over time.

Lease leverage is the biggest risk facing our roll out. To mitigate it, we structure our leases in such a way that rent steps up with expected occupancy or, alternatively, we negotiate a low base with a turn-over component. In short, we give away revenue upside over the long term to mitigate the build-up risk. In broad terms, we are aiming to get our portion of rent to turnover at maturity in the 35% - 40% range.

WOTSO Board & Management

Half of the BlackWall management team have moved across with WOTSO - Stuart Brown (former BlackWall CEO) will be Managing Director and Thomas Aitchison (former BlackWall General Manager – Property) will take on the role of Chief Operating Officer.

WOTSO will have a Board of Directors independent to that of the BlackWall board although BlackWall will appoint a nominee director. The WOTSO board will take up their position immediately upon the Demerger becoming effective. Currently the WOTSO board is comprised of BlackWall nominees including Stuart Brown.

John Tuxworth, Non-Executive Chairman

John has nearly 40 years' experience in senior executive and non-executive roles, primarily within the funds management industry. This includes nine years as an Executive Director with Rothschild Australia Asset Management and, more recently, as the founder of Peoplefirst and Associates - a management consultancy specialising in financial services. He was appointed as a non-executive director of GDI Property Group in early 2018. John holds a B.Comm UNSW, Senior Associate Australian Society of CPAs, F.Fin Finsia AMP Harvard Business School and FAICD.

Stuart Brown, Managing Director

Stuart has been in property investment for over 20 years and has been involved with BlackWall and its predecessors' funds, property and development management activities since 2000. Stuart has run debt and equity raisings in relation to listed and unlisted real estate structures with over a half a billion dollars in value. Stuart has been involved in all aspects of the establishment and growth of WOTSO since it began operations in 2014, driving its strategic direction, in particular the transaction to spin it off as a separate and standalone entity. In his earlier career, Stuart practised as a solicitor in the areas of real estate, mergers and acquisitions and corporate advisory with Mallesons and Gilbert + Tobin. Stuart is also an independent Director of Coogee Boys' Preparatory School and Randwick District Rugby Union Football Club.



Rose Herceg, Non-Executive Director

Rose has built a career as one of Australia's most respected futurists and social forecasters. Rose's first business, Pophouse, launched in 1999 and became Australia's most regarded company for innovation, social trends and business strategy. BRW Magazine named Rose the number one innovative thinker in the country and Pophouse the country's best place to go for new business models and emerging trends data. In 2007, Rose sold her company to the STW Group. Rose was appointed as the Chief Strategy Officer for the STW Group, now WPP AUNZ after its merger with global communications powerhouse WPP. Rose has had audiences with some of the most distinguished leaders of the global community, including Lord David Putnam, media giant Oprah Winfrey, former Chairman of Telstra Bob Mansfield, and Google founder Larry Page. Rose has written three books – her latest, 'The Power Book', has been translated into several languages and is sold throughout Europe, Asia & the Middle East, and will soon launch in the US market. Rose received the Small Businesswoman of the Year Award from Prime Minister John Howard in 2002.

Peter Walsh, Non-Executive Director

Peter has close to 30 years' experience in senior roles across funds management, property development and advisory. With extensive experience both in Australia and internationally, Peter has held senior roles at Macquarie Bank Limited and Ray White Invest (now White and Partners). Peter founded Greenbush Group, his own property development and advisory company out of Sydney. Peter served on the Board of St Augustine's College and was actively involved in North Curl Curl Surf Club and the Harbord Harlequins Rugby Club. Peter holds a Bachelor of Business and qualified CPA.

Timothy Brown, Non-Executive Director (BlackWall Limited Appointee)

Tim is Joint Managing Director and Chief Financial Officer for the BlackWall Group and its funds. Tim joined the Group in 2008 as Financial Controller and became Chief Financial Officer in 2009. He has a Bachelor of Commerce from the University of New South Wales and is a member of the Institute of Chartered Accountants of Australia. With over 20 years' experience in the financial services and property industries, he started his career with Deloitte and joined Lendlease Corporation in 2002. Tim is also on the board of Eastern Suburbs Cricket Club and Coogee Boys' Preparatory School.

5. Financial Information

The financial information for WOTSO includes:

- The pro forma balance sheet as at 30 June 2019 (WOTSO Pro Forma Balance Sheet); and
- The historical EBITDA generated by WOTSO (WOTSO Earnings History) drawn from the segment report contained in the notes to the audited BlackWall's 2019 financial statements,

collectively the "WOTSO Financial Information".

The Directors of BWF are responsible for the preparation and presentation of the WOTSO Financial Information. The WOTSO Financial Information is included to present Shareholders with information to assist them in understanding the historical financial position of WOTSO in the context of the proposed Demerger.

If approved, the Demerger is expected to be implemented as soon as possible. **The WOTSO Financial Information is included for illustrative purposes only and is not a representation of WOTSO's financial position in the future. Further, past results are not a guarantee of future performance.**

The WOTSO Financial Information should be read in conjunction with the risk factors set out in the Notice of Meeting and the BlackWall financial statements for the year ending 30 June 2019 released on 26 August 2019 (BWF Annual Report). The BWF Annual Report was audited by BlackWall's auditor ESV Accounting and Business Advisors who issued an unqualified audit report.

The WOTSO Financial Information is presented in an abbreviated form and does not include all of the presentation, disclosures, statements and comparative information as required by AAS applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001. All amounts disclosed in this section are presented in Australian dollars.

5.1 WOTSO Pro Forma Balance Sheet

The WOTSO Pro Forma Balance Sheet has been:

- provided for illustrative purposes only;
- prepared solely for inclusion in this Prospectus;
- prepared in accordance with the recognition and measurement, but not all of the disclosure requirements of the AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain transactions contemplated to occur as part of the asset transfer and Demerger as if occurred as at 30 June 2019, specifically the injection of equity by BWF into WOTSO used for the purpose of fit out at various WOTSO sites.

WOTSO Pro Forma Balance Sheet

| | |
|--------------------------|----------------------|
| Cash and Current Assets | \$2,299,000 |
| Investments & Loans | \$802,000 |
| Fixed Assets | \$8,747,000 |
| TOTAL ASSETS | \$11,848,000 |
| TOTAL LIABILITIES | (\$1,076,000) |
| NET ASSETS | \$10,772,000 |

5.2 WOTSO Historical EBITDA

Set out below is the historical EBITDA (WOTSO Earnings History) generated by WOTSO in each full year shown to 30 June. The WOTSO Earnings History has been:

- prepared in accordance with the recognition and measurement principles prescribed in AAS issued by the AASB, which is consistent with IFRS and interpretations issued by the IASB;
- prepared in accordance with BlackWall's accounting policies;
- derived from the Segment Report included in the BlackWall financial statements (BWF Annual Report) for the year ending 30 June 2019 and 30 June 2017;
- prepared solely for inclusion in this Prospectus.

WOTSO Earnings History

| | 2016 | 2017 | 2018 | 2019 |
|---------------|------------|------------|------------|--------------|
| Revenue | 3,455 | 6,175 | 8,599 | 10,197 |
| Expenses | (2,997) | (5,274) | (7,641) | (8,935) |
| EBITDA | 458 | 901 | 958 | 1,262 |

6. Information deemed to be incorporated in this Prospectus

6.1 Short form prospectus

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, however it incorporates by reference information contained in a document that has been lodged with ASIC.

The Notice of Meeting contains all the information that Shareholders require in relation to the Demerger and the Notice of Meeting in its entirety is deemed to be incorporated in this Prospectus.

The material provisions of the Notice of Meeting are summarised later in this Prospectus and will primarily be of interest to Shareholders and their professional advisers.

A copy of the Notice of Meeting has been sent to Shareholders with this Prospectus. However, Shareholders and their professional advisers may also obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours.

6.2 Summary of material provisions of Notice of Meeting

The material provisions of the Notice of Meeting are summarised below. The Sections and Schedules referred to below are a reference to Sections and Schedules (respectively) in the Explanatory Statement to the Notice of Meeting:

(a) Section 1.1 – Background to the Demerger

This Section provides an overview of the Demerger.

(b) Section 1.2 – The WOTSO Business

This Section and Section 4 of this Prospectus gives a description of the WOTSO Business.

(c) Section 1.3 - ATO Ruling

This Section describes the ATO Ruling that the Company will seek.

(d) Section 1.4 – WOTSO

This Section provides information about WOTSO, the wholly owned public company owning the WOTSO Business, in respect of which BWF will undertake a capital reduction and distribution by way of in specie distribution of WOTSO Shares to Shareholders.

(e) Section 1.5 – Advantages and disadvantages of the Demerger

This Section outlines the principal advantages and disadvantages to Shareholders of the Demerger.

(f) Section 1.6 - Future of the Company following completion of the Demerger

This Section clarifies the Company's anticipated future plans if the Demerger is completed.

(g) Section 1.7 - Future of the Company if the Demerger is not approved

This Section clarifies the Company's anticipated future plans if the Demerger is not completed.

(h) Section 1.8 - Future of WOTSO if the Demerger is approved, including ASX listing

This Section clarifies that WOTSO's anticipated future plans if the Demerger is completed will be to:

- (i) continue to develop WOTSO;
- (ii) pursue other opportunities including pursuing any acquisition opportunities that may arise; and
- (iii) raise capital and pursue listing on the ASX at a later stage.

(i) Section 1.9 – Directors' recommendation and voting intentions

This Section includes a recommendation from the Directors that Shareholders vote in favour of the Demerger including the Capital Reduction Resolution. This Section also sets out the reasons why the Directors unanimously recommend that Shareholders vote in favour of the Demerger. It also states that the Directors intend to vote their BWF Shares in favour of the Demerger.

(j) Section 1.15 – The Board retains ultimate discretion whether to proceed with the Demerger

This Section confirms the Board retains the ultimate discretion whether to proceed with the proposed Demerger.

(k) Section 2.1– General

This Section provides a brief overview of the Demerger including the expected number of WOTSO Shares to be received by Shareholders for every Share held. Shareholders will receive one WOTSO Share for every one BWF Share held on the Record Date.

(l) Section 2.2 – Timetable

This Section sets out the indicative timetable for the Demerger.

(m) Section 2.3 – WOTSO Shares not immediately listed on ASX

This Section includes a statement that at the time of the distribution to Shareholders the WOTSO Shares will not be listed on the ASX or any other securities exchange. However following the distribution, WOTSO proposes to pursue capital raisings with a view to listing on the ASX.

(n) Section 2.4 – Requirements under section 256B and section 256C of the Corporations Act

This Section includes a statement that the Directors believe that the Capital Reduction is fair and reasonable to Shareholders and that the Capital Reduction will not prejudice the Company's ability to pay its creditors.

(o) Section 2.5 and Schedule 1 – The effect of the proposed equal reduction of capital on the Company

This Section refers to the Schedule which contains a pro forma balance sheet of the Company as at 30 June 2019 showing the financial impact of the capital reduction on the Company (assuming that no further Shares are issued).

(p) Section 2.6 – The effect of the proposed equal reduction of capital on Shareholders

This Section outlines the effect of the proposed capital reduction on Shareholders which is that Shareholders registered on the Record Date will receive a pro rata distribution in specie of WOTSO Shares.

(q) Section 2.7 – The effect of the proposed equal reduction of capital on Option holders

This Section outlines the effect of the proposed capital reduction on Option holders which is that the number of Options on issue following the Demerger will remain the same, but the exercise price of each Option will be reduced by the same amount as the amount returned in relation to each Share. However, it is proposed that these Options will be restructured as part of the Proposal. Details of the restructuring of the Options are set out in section 4 of the Notice of Meeting.

(r) Sections 2.8 and 2.9 – Capital structure of the Company and WOTSO

These Sections provide the capital structure of the Company and WOTSO at the date of the notice of meeting and a pro forma capital structure of the Company and WOTSO upon completion of the Demerger.

(s) Section 2.10 – Overseas Shareholders

This Section sets out the rights and restrictions of Overseas Shareholders in relation to the Demerger.

(t) Section 2.11 – Trading WOTSO Shares

This Section outlines how Shareholders may sell their WOTSO Shares prior to the proposed IPO of WOTSO.

(u) Section 2.13– Directors' interests

This Section details the number of securities of the Company in which the WOTSO Directors have an interest prior to the Demerger and the number of WOTSO Shares they are likely to receive if the Demerger is completed.

(v) Section 2.14 and Schedule 3 – Rights attaching to WOTSO Shares

This Section and Schedule contains a summary of the more significant rights and liabilities attaching to WOTSO Shares.

(w) Section 2.15 and Schedule 4 – Risk factors

This Section and Schedule lists a number of specific and general risks that may have a material effect on the financial position and performance of WOTSO and the value of its shares.

(x) Section 2.16 – Taxation consequences

This Section outlines the potential Australian tax consequences relating to the Demerger to Shareholders.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation

consequences for Shareholders.

(y) Section 3.1 – General

This Section describes the proposed amendments to the Constitution. The amendments are to allow the Company to give effect to the Demerger and to sell the WOTSO Shares to which Overseas Shareholders would otherwise be entitled.

7. Additional information

7.1 Material Contracts

(a) Franchise Agreements

The following table lists each of the WOTSO sites subject to a franchise arrangement:

| Franchise Site | Premises | Area (sqm) |
|----------------|--|------------|
| Adelaide | 217-219 Flinders Street, Adelaide, SA 5000 | 1,151 |
| Brisbane | 84a Brunswick Street, Fortitude Valley, QLD 4006 | 920 |
| Canberra North | 490 Northbourne Ave, Dickson, ACT 2603 | 5,368 |
| Canberra South | 14 Wormald Street, Symonston, ACT 2609 | 1,408 |
| Gold Coast | 194 Varsity Parade, Varsity Lakes, QLD 4227 | 2,289 |
| Mosman | 743 Military Road, Mosman, NSW 2088 | 83.5 |
| Neutral Bay | 50 Yeo Street, Neutral Bay, NSW 2089 | 1,638 |

Each of these sites is either controlled or managed by a party (WOTSO Related Party) which is currently a related party of WOTSO (but will cease to be a related party following the Demerger), and the franchisee (Franchisee) is a WOTSO Related Party.

Under the franchise agreement (Franchise Agreement) entered into in relation to each site listed above, WOTSO (or a subsidiary) has granted the Franchisee a franchise to conduct the WOTSO business from the specified franchise premises, and not from any other place. The Franchisee may use WOTSO's specified intellectual property (such as trade marks) in conducting the business.

Under the Franchise Agreement, WOTSO must provide services to the Franchisee including:

- a set-up guide;
- manuals;
- names of approved suppliers;
- draft budgets, management accounts and book keeping systems;
- training;
- design and set up assistance;
- public relations and promotional campaigns.

Under the Franchise Agreement, WOTSO receives a monthly franchise fee based on a percentage of the income received by the Franchisee.

(b) WOTSO Leases

The following table lists details for each of the leases entered into for sites at which the WOTSO Business operates:

| Location | Premises | Area (sqm) | Start Date | Expiry Date | Options | Lessee |
|-------------------|--|------------|-------------|-------------|------------|---------------------------------|
| North Strathfield | 5 George Street, North Strathfield, NSW 2137 | 1,490 | 1 Jul 2016 | 30 Jun 2021 | 3x 5 years | WOTSO North Strathfield Pty Ltd |
| | H2, 5-9 George Street, North Strathfield, NSW 2137 | 4,051 | 11 Jun 2019 | 10 Jun 2029 | 2x 5 years | WOTSO North Strathfield Pty Ltd |
| | H1, 9 George Street, North Strathfield, NSW 2137 | 5,391 | 1 Jul 2018 | 30 Jun 2028 | 2x 5 years | WOTSO North Strathfield Pty Ltd |
| Bondi Junction | 13 Bronte Road, Bondi Junction, NSW 2022 | 753 | 1 Dec 2017 | 30 Nov 2026 | N/A | WOTSO Bondi Junction Pty Ltd |
| Chermside | Westfield Chermside, 395 Hamilton Rd Chermside, QLD 4032 | 1,370 | 10 Jul 2018 | 9 Jul 2023 | 1x 5 years | WOTSO Chermside Pty Ltd |
| Hobart | Ground, 162 Macquarie Street, Hobart, TAS 7000 | 652 | 1 Jul 2019 | 30 Jun 2024 | 2x 5 years | WOTSO Hobart Pty Ltd |
| | Level 1, 162 Macquarie Street, Hobart, TAS 7000 | 791 | 1 Jul 2019 | 30 Jun 2024 | 2x 5 years | WOTSO Hobart Pty Ltd |
| | Level 2, 162 Macquarie Street, Hobart, TAS 7000 | 744 | 1 Jul 2019 | 30 Jun 2024 | 2x 5 years | WOTSO Hobart Pty Ltd |

| | | | | | | |
|----------------|--|-------|-------------|-------------|------------|-------------------------------------|
| Kuala Lumpur | Summer Suites, No. 8 Jalan Cendana, Kampung Baru, Kuala Lumpur 50300 | 1,375 | 13 Nov 2018 | 12 Nov 2021 | 4x 3 years | UEM Sunrise WOTSO Malaysia Sdn Bhd* |
| Penrith | 95b Station Street, Penrith, NSW 2750 | 469 | 1 Aug 2019 | 31 Jul 2024 | 1x 5 years | WOTSO North Strathfield Pty Ltd |
| Pymont | Level 2, 55 Pymont Bridge Road, Pymont, NSW 2009 | 966 | 1 Jul 2019 | 30 Jun 2024 | 2x 5 years | WOTSO Pymont Pty Ltd |
| | Level 3, 55 Pymont Bridge Road, Pymont, NSW 2009 | 2,115 | 1 Jul 2019 | 30 Jun 2024 | 2x 5 years | WOTSO Pymont Pty Ltd |
| Sunshine Coast | 30 Chancellor Village Boulevard, Sippy Downs, QLD 4556 | 1,247 | 1 Jul 2019 | 30 Jun 2024 | 1x 5 years | WOTSO Sunshine Coast Pty Ltd |
| Woden | 1-7 Neptune Street, Woden, ACT 2606 | 1,216 | 21 Oct 2019 | 20 Oct 2024 | 1x 5 years | WOTSO Woden Pty Ltd |
| Zetland | 1-5 Link Road, Zetland, NSW 2017 | 2,600 | 15 Sep 2019 | 14 Sep 2024 | 2x 5 years | WOTSO Zetland Pty Ltd |

* UEM Sunrise WOTSO Malaysia Sdn Bhd is an incorporated joint venture owned 50% by WOTSO. All other lessees are WOTSO wholly-owned subsidiaries.

(c) WOTSO standard form leases and landlord leases

The WOTSO standard form leases are all in substantially the same terms, save for commercial differences. The institutional landlord leases are in the landlord's standard form, subject to negotiated amendments, and are in substantially the same terms, save for commercial differences.

All leases impose on WOTSO usual obligations to:

- pay rent on time;
- keep the premises clean and maintained, excluding structural repair;
- use the premises as commercial offices, with no material constraint on the ability to sub-let or licence parts of the premises;
- return the premises at the end of the term in good condition, except for fair wear and tear (one North Strathfield lease imposes a make good obligation).

These leases:

- do not require provision of a Bank Guarantee (or cash) by way of security (except for Zetland, Chermside and Woden);
- impose on the lessors the obligation to keep the relevant building in good, clean and structurally sound condition; and
- do not include any conditions that are unusual or more onerous than would be expected in an arms-length commercially negotiated office lease of similar premises, except for Zetland, Chermside and Woden, which require the payment of turnover rent.

7.2 Interests of WOTSO Directors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting:

- (a) Other than interests in ASX listed entities, no WOTSO Director holds, or during the last two years before lodgement of this Prospectus with ASIC, held, an interest in:
 - (i) the formation or promotion of WOTSO;
 - (ii) property acquired or proposed to be acquired by WOTSO in connection with its formation or promotion or the Offer; or
 - (iii) the Offer; and
- (b) except as set out in this Prospectus or the Notice of Meeting, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any WOTSO Director either to induce him to become, or to qualify, as a WOTSO Director or otherwise for services rendered by them in connection with the formation or promotion of WOTSO or the Offer.

7.3 Interests of advisors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting, no promoter of WOTSO or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of WOTSO;
- (b) any property acquired or proposed to be acquired by WOTSO in connection with its formation or promotion or the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of WOTSO or the Offer.

7.4 Substantial WOTSO Shareholders

As at the date of this Prospectus, the Company holds the 73,634,686 WOTSO Shares on issue.

On completion of the Demerger the substantial WOTSO Shareholders (being the WOTSO Shareholders with a Relevant Interest in 5% or more of the WOTSO Shares on issue) will be as set out below assuming:

1. no outstanding Options are exercised;
2. there is no change in BWF shareholdings between the date of this Prospectus and the Record Date);
3. the proposed capital raisings referred to in this document have not occurred.

| Name of WOTSO Shareholder | Number of BWF Shares in which the shareholder has a Relevant Interest (as last notified to BWF) | Number of WOTSO Shares in which the WOTSO Shareholder has a Relevant Interest | Percentage Relevant Interest in WOTSO |
|---------------------------|---|---|---------------------------------------|
| BlackWall Limited | N/A | 10,519,241 | 14.00% |
| Joseph (Seph) Glew | 8,913,097 | 8,913,097 | 12.10% |
| Robin Tedder | 8,152,424 | 8,152,424 | 11.07% |
| Paul Tresidder | 7,806,633 | 7,806,633 | 10.60% |
| Stuart Brown | 4,614,038 | 4,614,038 | 6.27% |

* These figures do not include any WOTSO Shares which BWF will hold on behalf of Overseas Shareholders.

7.5 Litigation

To the knowledge of the Directors, other than as disclosed in the Notice of Meeting or in this Prospectus, as at the date of this Prospectus, WOTSO is not involved in any legal proceedings, and the Directors are not aware of any legal proceedings pending or threatened against WOTSO or any of the entities that will become subsidiaries of WOTSO.

7.6 Dividend policy

The Company does not expect WOTSO to declare any dividends in the near future as its focus will primarily be on using cash reserves for growth of WOTSO.

Any future determination as to the payment of dividends by WOTSO will be at the discretion of the WOTSO Directors and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of WOTSO, future capital requirements and general business and other factors considered relevant by the WOTSO Directors. No assurances can be given by the Directors in relation to the payment of dividends by WOTSO or that franking credits may attach to any dividends.

7.7 Exposure period

The Corporations Act prohibits the Company from transferring the WOTSO Shares in the seven day period after the date of lodgement of this Prospectus. This period may be extended by ASIC by up to a further seven days. This period is an exposure period to enable this Prospectus to be examined by market participants prior to the transfer of the WOTSO Shares. Given the General Meeting will be held on 20 December 2019 and the Demerger will occur some time after that date, the exposure period will be expired by the time the Demerger occurs.

8. Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this section;
- (b) has not authorised or caused the issue of this Prospectus or the making of the Offer; and
- (c) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this section.

John Tuxworth has given and has not, before lodgment of this Prospectus with ASIC, withdrawn his consent to be named in this Prospectus as a prospective director of WOTSO in the form and context in which he is named.

Rose Herceg has given and has not, before lodgment of this Prospectus with ASIC, withdrawn her consent to be named in this Prospectus as a prospective director of WOTSO in the form and context in which she is named.

Peter Walsh has given and has not, before lodgment of this Prospectus with ASIC, withdrawn her consent to be named in this Prospectus as a prospective director of WOTSO in the form and context in which he is named.



9. Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Company Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.



Stuart Brown

Director, BlackWall Limited

For and on behalf of BlackWall Limited

19 November 2019

10. Definitions

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the official Listing Rules of the ASX.

ATO Rulings means the class ruling BWF has sought from the ATO on behalf of Shareholders to confirm the taxation outcomes of the Demerger for them.

BlackWall or BWF or the Company means BlackWall Limited ACN 146 935 131.

Board means the board of Directors unless the context indicates otherwise.

Capital Reduction means the equal reduction of capital of the Company proposed to be satisfied by an in specie distribution and transfer to Shareholders (in proportion to their holdings of Shares) of WOTSO Shares held by the Company (subject to treatment of Overseas Shareholders described in section 2.1).

Capital Reduction Offer means the offer of Shares under the Capital Reduction pursuant to Resolution 1 of the Notice of Meeting.

Capital Reduction Resolution means Resolution 1 of the Notice of Meeting to be put to Shareholders at the Meeting.

Constitution means the constitution of BWF.

Corporations Act means the Corporations Act 2001(Cth).

Demerger means, the capital reduction and distribution by way of in specie distribution of all WOTSO Shares to Shareholders.

Directors means the directors of the Company.

EST means Eastern Standard Time, Sydney, New South Wales.

Explanatory Statement means the explanatory statement accompanying and forming part of the Notice of Meeting.

Notice of Meeting means the Notice of General Meeting of the Company dated 19 November 2019 in which the Capital Reduction Resolution is to be considered.

Offer means the Capital Reduction Offer.

Option means an option to acquire a Share.

Overseas Shareholders means Shareholders on the Record Date with an address outside Australia and New Zealand.

Prospectus means this short form prospectus prepared in accordance with section 712 of the Corporations Act and dated 19 November 2019.

Record Date means date for determining Eligible Shareholders in respect of the Offer as specified in the timetable set out in Section 2.2 of the Explanatory Statement (unless extended).



Relevant Interest has the meaning given in chapter 6 of the Corporations Act 2001 (Cth).

Schedule means a schedule of the Notice of Meeting.

Section means a section of this Prospectus or the Notice of Meeting, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

WOTSO means WOTSO Limited ACN 636 701 267.

WOTSO Business means the business conducted by WOTSO.

WOTSO Director means a director of WOTSO.

WOTSO Share means a fully paid ordinary share in the capital of WOTSO.

WOTSO Shareholder means a holder of WOTSO Shares.



BLACKWALL

BlackWall Limited
ABN 37 146 935 131

BWF

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

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:30am (AEDT) on Wednesday, 18 December 2019.**

Proxy Form

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

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

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

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



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

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 Extraordinary General Meeting of BlackWall Limited to be held at Level 1, 50 Yeo Street, Neutral Bay 2089 on Friday, 20 December 2019 at 10:30am (AEDT) 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 |
|---|--------------------------|--------------------------|--------------------------|
| Resolution 1: Approval of Equal Capital Reduction | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2: Amendment to the Constitution | <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.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

BWF

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Computershare

