



Notice of Extraordinary General Meeting and Explanatory Memorandum

The Extraordinary General Meeting of Shareholders of
BlackWall Limited (ACN 146 935 131)

will be held at the Boardroom, Level 1, 50 Yeo Street, Neutral Bay NSW and
virtually via Zoom on
12 October 2023 at 10:45am (AEDT)

This Notice and Explanatory Memorandum has been prepared to assist BWF Shareholders to
understand the business to be put to BWF Shareholders at the forthcoming Extraordinary Meeting of
BWF Shareholders.

Notice of Meeting

Notice is given that an Extraordinary General Meeting (**Meeting**) of Shareholders of BlackWall Limited (**BWF** or the **Company**) will be held at 10:45am (AEDT) on 12 October 2023 at the Boardroom, Level 1, 50 Yeo Street, Neutral Bay NSW and virtually via Zoom.

Shareholders of the Company (**BWF Shareholders**) will have the capacity to vote virtually however, we encourage you to appoint a proxy prior to the Meeting in case of any unexpected technical issues on the day.



How to join, vote and ask questions virtually during the Meeting

1. To join the meeting visit <https://us02web.zoom.us/j/87503146413?pwd=SnpoCTFCUFdwZWU1ZUptVWFjUT09> (Meeting ID 875 0314 6413) from a desktop, mobile or tablet device with internet access. We recommend you install the Zoom app prior to the meeting.
2. Enter the passcode: **Blackwall**
3. BWF Shareholders who have not appointed a proxy will be given the opportunity to cast their vote electronically during the Meeting. BWF Shareholders will be given instructions on how to access the voting platform during the Meeting. BWF Shareholders must ensure they have located their SRN or HIN in advance of joining the Meeting as they will be required to enter their SRN or HIN before voting.
4. BWF Shareholders will be offered the opportunity to submit questions via the chat box or ask questions during the Meeting. The process will be moderated by the Company Secretary.

Item 1 - Resolution 1: Approval of acquisition of Pelorus Shares from LR10.1 Related Parties

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 10.1 of the ASX Listing Rules and all other purposes approval is given for the acquisition by BlackWall Limited ACN 146 935 131 (**BWF**) of issued shares in Pelorus Private Equity Limited ACN 091 209 639 (**Pelorus**) from persons to whom ASX Listing Rule 10.1 applies on the terms and conditions described in the Explanatory Memorandum accompanying this Notice."*

Voting Exclusion: A voting exclusion applies to this Resolution – see Section 1 for details.

Item 2 - Resolution 2: Approval of issue of BWF Shares to LR10.11 Related Parties

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 10.11 of the ASX Listing Rules and all other purposes approval is given for the issue of a total of up to 55,124,002 ordinary shares in the capital of BWF to Pelorus shareholders that are persons to whom ASX Listing Rule 10.11 applies (**LR10.11 Related Parties**) on the terms and conditions described in the Explanatory Memorandum accompanying this Notice."*

Voting Exclusion: A voting exclusion applies to this Resolution – see Section 1 for details.

Item 3 - Resolution 3: Approval of issue of BWF Shares to Pelorus Shareholders that are not LR10.11 Related Parties

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 7.1 of the ASX Listing Rules and all other purposes approval is given for the issue of a total of up to 48,762,048 ordinary shares in the capital of BWF to Pelorus shareholders that are not LR10.11 Related Parties on the terms and conditions described in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion: A voting exclusion applies to this Resolution – see Section 1 for details.

1. Voting Exclusions**Voting Exclusion Statement for Resolution 1: Approval of acquisition of Pelorus Shares from LR10.1 Related Parties**

The Company will exclude votes cast on Resolution 1 by:

- (a) Seno Management Pty Limited as trustee for Taipa Trust or any of its associates;
- (b) Mr Richard Hill & Mrs Evelyn Hill as trustees for Richard Hill Super Fund A/C or any of their associates;
- (c) Jagar Holdings Pty Ltd or any of its associates;
- (d) Tampopo Pty Ltd as trustee for The Hill Family Trust or any of its associates;
- (e) I.P.U.T. Nominees Pty Ltd or any of its associates;
- (f) PRSC Pty Ltd or any of its associates;
- (g) Ms Sophie May Glew or any of her associates;
- (h) Ms Elizabeth Glew or any of her associates; and
- (i) any person who will obtain a material benefit as a result of the acquisition of Pelorus Shares from the LR10.1 Related Parties under the Takeover Bid (except for a benefit solely by reason of being a holder of ordinary securities in BWF).

However, the Company does not need to disregard a vote cast on Resolution 1 if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution that way;
- the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Exclusion Statement for Resolution 2: Approval of issue of BWF Shares to LR10.11 Related Parties

The Company will exclude votes cast on Resolution 2 by or on behalf of:

- (a) Seno Management Pty Limited as trustee for Taipa Trust or any of its associates;
- (b) Mr Richard Hill & Mrs Evelyn Hill as trustees for Richard Hill Super Fund A/C or any of their associates;
- (c) Jagar Holdings Pty Ltd or any of its associates;
- (d) Tampopo Pty Ltd as trustee for The Hill Family Trust or any of its associates;
- (e) I.P.U.T. Nominees Pty Ltd or any of its associates;
- (f) PRSC Pty Ltd or any of its associates;
- (g) Frolic Events Pty Limited as trustee for The Revelry Super Fund A/C or any of its associates;
- (h) Ms Sophie May Glew or any of her associates;
- (i) Ms Elizabeth Glew or any of her associates; and
- (j) any person who will obtain a material benefit as a result of the issue of BWF Shares to the LR10.11 Related Parties under the Takeover Bid (except for a benefit solely by reason of being a holder of ordinary securities in BWF).

However, the Company does not need to disregard a vote cast on Resolution 2 if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution that way;
- the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Exclusion Statement for Resolution 3: Approval of issue of BWF Shares to Pelorus Shareholders that are not LR10.11 Related Parties

The Company will exclude votes cast on Resolution 3 by or on behalf of:

- (a) Relevant Pelorus Shareholders, being Pelorus Shareholders that are not LR10.11 Related Parties, or any of their associates; and
- (b) any person who will obtain a material benefit as a result of the issue of the BWF Shares to the Relevant Pelorus Shareholders under the Takeover Bid (except for a benefit solely by reason of being a holder of ordinary securities in BWF).

However, the Company does not need to disregard a vote cast on Resolution 3 if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution that way;
- the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; andthe holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. Entitlement to Vote

Individual BWF Shareholders may vote in person or by proxy. A corporate BWF Shareholder may vote by proxy or through a body corporate representative.

If you hold your shares jointly with another person, please note that the holder appearing first in the share register is entitled to attend and vote the shares to the exclusion of the other holders.

3. Eligibility

It has been determined that under the Corporations Regulations 7.11.37, for the purposes of the Meeting, securities will be taken to be held by the persons who are the registered holders at 7.00pm (AEDT) on 10 October 2023. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

4. Requirements for Resolutions

Resolutions 1, 2 and 3 are ordinary resolutions and therefore each will be passed if more than 50% of votes cast by BWF Shareholders present and entitled to vote on the resolution (whether in person or by proxy, attorney or representative) are cast in favour of the resolution.

5. Voting by Proxy

For details on voting by proxy please see the instructions set out on the personalised proxy form accompanying this notice of meeting. Proxy forms must be received by the Company's share registry no later than 10:45am (AEDT) on 10 October 2023.

By Order of the Board

12 September 2023



Seph Glew
Chairman

Explanatory Memorandum

This Explanatory Memorandum is for the information of BWF Shareholders in connection with the business to be conducted at the Extraordinary General Meeting of BlackWall Limited to be held at the Boardroom, Level 1, 50 Yeo Street, Neutral Bay NSW and virtually via Zoom on 12 October 2023 at 10:45am (AEDT).

The Directors recommend that BWF Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions. If in any doubt about how you should vote, consult your financial or other professional adviser. The following information should be noted in respect of the various matters contained in the accompanying Notice.

1. **Overview of Takeover Bid**

As announced to market by BWF on 24 August 2023, BWF proposes to acquire all of the issued shares in Pelorus (**Pelorus Shares**) by way of an off-market scrip takeover bid pursuant to Chapter 6 of the Corporations Act (**Takeover Bid**).

The Takeover Bid is to purchase all of the Pelorus Shares from current Pelorus shareholders (**Pelorus Shareholders**) in consideration for the issue of fully paid ordinary shares in BWF (**BWF Shares**). A Pelorus Shareholder who validly accepts the Takeover Bid will receive one (1) new BWF Share for every three (3) Pelorus Shares it holds.

If all Pelorus Shareholders accept the Takeover Bid, BWF will issue a maximum of 103,886,050 BWF Shares.

Further information will be available in the bidder's statement to be lodged by BWF in relation to the Takeover Bid (**Bidder's Statement**).

As required by ASIC policy, BWF has engaged an independent expert, Moore Australia, (**Independent Expert**) to provide a report on whether the acquisition of Pelorus Shares from the LR10.1 Related Parties (as defined below) is fair and reasonable to BWF Shareholders other than the LR10.1 Related Parties (**Independent Expert's Report**). The Independent Expert's Report is attached as Appendix B of this Notice.

In its Independent Expert's Report, the Independent Expert concludes that the Takeover Bid and associated offer of BWF Shares to the Pelorus Shareholders is fair and reasonable to the non-associated BWF Shareholders, the key reason being that the Independent Expert considers the offer is fair at all ranges of the primary analysis of comparing the value of the BWF Shares offered as consideration for the acquisition of the Pelorus Shares to be acquired and BWF will have more diverse assets than currently held which may reduce risk and increase its attractiveness. BWF Shareholders are encouraged to read the Independent Expert's Report in full.

The approval of the Resolutions is a condition to the Takeover Bid. Subject to BWF Shareholders approving the Resolutions and the other conditions to which the Takeover Bid is subject being satisfied or otherwise waived in accordance with the terms of the Takeover Bid, the contracts resulting from acceptances under the Takeover Bid are anticipated to become unconditional and therefore the Takeover Bid is anticipated to occur within one month of the closing date for Takeover Bid offers. The closing date is expected to be 19 October 2023 (unless extended in accordance with the Corporations Act) (**Closing Date**).

An indicative timetable for the Takeover Bid is as follows:*

Date	Event
24 August 2023	Announcement of the Takeover Bid
18 September 2023	Date of lodgement of Bidder's Statement with ASIC and ASX
18 September 2023	Expected date of despatch of Bidder's Statement to Pelorus Shareholders

Date	Event
18 September 2023	Offer open date
19 October 2023	Offer close date (unless extended in accordance with the <i>Corporations Act 2001</i> (Cth))

*Please note that the key dates of the Takeover Bid are subject to change and may be varied by BWF in accordance with the Corporations Act. Any changes to the timetable for the Takeover Bid will be announced by BWF to the ASX.

2. Resolutions

2.1. Resolution 1 – Approval of acquisition of Pelorus Shares from LR10.1 Related Parties

Resolution 1 seeks shareholder approval pursuant to ASX Listing Rule 10.1 for the acquisition of Pelorus Shares from Pelorus Shareholders which may have a value that exceeds 5% of the value of BWF's equity interests (as determined by reference to its 30 June 2023 financial statements) in order to implement the Takeover Bid.

ASX Listing Rule 10.1 provides that a company must not, subject to certain exceptions, acquire a substantial asset from, or dispose of a substantial asset to, a related party or the related party's associates without the approval of holders of the company's ordinary securities.

Based on the proposed Takeover Bid consideration and BWF's market capitalisation at the date of this Notice, the Pelorus Shareholders who are related parties of BWF or are directly controlled by Joseph Glew and Richard Hill (being directors of BWF) that will, in aggregate, receive consideration valued at more than 5% of the BWF securities if they fully accept the Takeover Bid offer and are considered related parties of BWF for the purposes of ASX Listing Rule 10.1 (**LR10.1 Related Parties**) are outlined in the table below:

Name	Listing Rule 10.1 category	Pelorus Shares held	% in Pelorus	Number of BWF Shares to be issued	BWF Shares as % of BWF securities on issue
Entities controlled by Joseph Glew					
Seno Management Pty Limited <Taipa Trust>	10.1.1 – entity controlled by a director of BWF (Joseph Glew)	109,725,435	35.21%	36,575,145	54.20%
Jagar Holdings Pty Ltd	10.1.1 – entity controlled by a director of BWF (Joseph Glew)	12,534,528	4.02%	4,178,176	6.19%
I.P.U.T. Nominees Pty Ltd	10.1.1 – entity controlled by a director of BWF (Joseph Glew)	4,383,301	1.41%	1,461,101	2.17%
PRSC Pty Ltd	10.1.1 – entity controlled by a director of BWF (Joseph Glew)	1,438,233	0.46%	479,411	0.71%
Ms Sophie May Glew	10.1.1 – child of a director of BWF (Joseph Glew)	250,000	0.08%	83,334	0.12%
Ms Elizabeth Glew	10.1.1 – parent of a director of BWF (Joseph Glew)	10,353	0.003%	3,451	0.01%
Total		128,341,850	41.18%	42,780,618	63.40%

Name	Listing Rule 10.1 category	Pelorus Shares held	% in Pelorus	Number of BWF Shares to be issued	BWF Shares as % of BWF securities on issue
Entities controlled by Richard Hill					
Mr Richard Hill & Mrs Evelyn Hill <Richard Hill Super Fund A/C>	10.1.1 – entity controlled by a director of BWF (Richard Hill)	28,729,438	9.22%	9,576,480	14.19%
Tampopo Pty Ltd <The Hill Family Trust>	10.1.1 – entity controlled by a director of BWF (Richard Hill)	7,540,818	2.42%	2,513,606	3.72%
Total		36,270,256	11.64%	12,090,086	17.92%

Accordingly, for the purposes of ASX Listing Rule 10.1, BWF seeks BWF Shareholder approval for the acquisition of the Pelorus Shares held by the LR10.1 Related Parties under the Takeover Bid.

The following information is provided to BWF Shareholders pursuant to, and in accordance with, ASX Listing Rule 10.5:

- The name of each LR10.1 Related Party, the Listing Rule 10.1 category that applies to each party and the details of their Pelorus Shares being acquired by BWF are outlined in the table above.
- Each Pelorus Shareholder who validly accepts the Takeover Bid will receive one (1) new BWF Share in consideration for every three (3) Pelorus Shares it holds.
- Subject to all Takeover Bid conditions being satisfied or otherwise waived in accordance with the terms of the Takeover Bid, the Takeover Bid is anticipated to occur within one month of the Closing Date. An indicative timetable of the Takeover Bid is included in section 1 of this Explanatory Memorandum.
- The acquisition of the Pelorus Shares held by the LR10.1 Related Parties is being undertaken pursuant to the Takeover Bid. Please refer to Appendix A for a summary of the terms of the Takeover Bid.
- The Independent Expert's Report on the proposed acquisition of Pelorus Shares from the LR10.1 Related Parties under the Takeover Bid is attached as Appendix B of this Notice.

(a) Advantages if Resolution 1 is passed

If BWF Shareholders approve Resolution 1 (in conjunction with Resolutions 2 and 3), there will be no impediment to the LR10.1 Related Parties accepting the Takeover Bid under the ASX Listing Rules, Corporations Act or the constitution of BWF. Given the Takeover Bid is subject to an 80% minimum acceptance condition, if the LR10.1 Related Parties are in a position to accept the Takeover Bid, the likelihood of the Takeover Bid successfully completing increases significantly. If the LR10.1 Related Parties cannot accept the Takeover Bid, the 80% minimum acceptance condition under the Takeover Bid will not be satisfied.

(b) Disadvantages

The key potential disadvantages and risks associated with Resolution 1 and the Takeover Bid proceeding are set out on page 4 of the Independent Expert's Report.

(c) What will happen if Resolution 1 is not passed?

If BWF Shareholders do not approve Resolution 1, the LR10.1 Related Parties will be incapable of accepting the Takeover Bid which means the 80% minimum acceptance condition will not be satisfied.

(d) Board Recommendation:

In the Independent Expert's Report, the Independent Expert, has concluded that the Takeover Bid and associated offer of BWF Shares to the Pelorus Shareholders is fair and reasonable to the non-associated BWF Shareholders.

The Directors (other than Joseph Glew and Richard Hill, who are interested in Resolution 1) are of the opinion that the potential disadvantages and risks are substantially outweighed by the potential advantages and benefits of BWF acquiring the Pelorus Shares from the LR10.1 Related Parties under the Takeover Bid. Accordingly, having regard to their assessment and the Independent Expert's conclusions, the Directors (other than Joseph Glew and Richard Hill) consider that Resolution 1 is in the best interests of BWF Shareholders.

However, BWF Shareholders should consider their individual circumstances and make their own determination as to how to vote on Resolution 1.

2.2. Resolution 2 – Approval of issue of BWF Shares to LR10.11 Related Parties

Resolution 2 seeks BWF Shareholder approval for the issue of ordinary BWF Shares to BWF related parties under the Takeover Bid, pursuant to ASX Listing Rule 10.11.

ASX Listing Rule 10.11 provides that a company must not, subject to certain exceptions, issue or agree to issue equity securities to a related party, certain substantial holders or their associates (**LR10.11 Related Parties**) without the approval of holders of the company's ordinary securities.

The LR10.11 Related Parties are outlined in the table below:

Name	Listing Rule 10.11 category	Number of BWF Shares to be issued
Seno Management Pty Limited <Taipa Trust>	10.11.1 – entity controlled by a director of BWF (Joseph Glew)	36,575,145
Mr Richard Hill & Mrs Evelyn Hill <Richard Hill Super Fund A/C>	10.11.1 – entity controlled by a director of BWF (Richard Hill)	9,576,480
Jagar Holdings Pty Ltd	10.11.1 – entity controlled by a director of BWF (Joseph Glew)	4,178,176
Tampopo Pty Ltd <The Hill Family Trust>	10.11.1 – entity controlled by a director of BWF (Richard Hill)	2,513,606
I.P.U.T. Nominees Pty Ltd	10.11.1 – entity controlled by a director of BWF (Joseph Glew)	1,461,101
PRSC Pty Ltd	10.11.1 – entity controlled by a director of BWF (Joseph Glew)	479,411
Frolic Events Pty Limited <The Revelry Super Fund A/C>	10.11.1 – entity controlled by a director of BWF (Timothy Brown)	253,298
Ms Sophie May Glew	10.11.1 – child of a director of BWF (Joseph Glew)	83,334
Ms Elizabeth Glew	10.11.1 – parent of a director of BWF (Joseph Glew)	3,451

Accordingly, for the purposes of ASX Listing Rule 10.11, BWF seeks BWF Shareholder approval for the issue of BWF Shares to the LR10.11 Related Parties under the Takeover Bid.

If BWF Shareholders approve the issue of BWF Shares to the LR10.11 Related Parties under the Takeover Bid in accordance with ASX Listing Rule 10.11, an approval is not required under ASX Listing Rule 7.1 for the issue of BWF Shares to those LR10.11 Related Parties (Exception 14 of ASX Listing Rule 7.2). However, the BWF Shares to be issued to other Pelorus Shareholders under the Takeover Bid will be taken into account for determining whether the 15% cap on issues of securities set out in ASX Listing Rule 7.1 is exceeded unless BWF Shareholder approval is obtained under ASX Listing Rule 7.1. This approval is being sought under Resolution 3.

The following information is provided to BWF Shareholders pursuant to, and in accordance with, ASX Listing Rule 10.13:

- The name of each LR10.11 Related Party, the ASX Listing Rule 10.11 category that applies to each LR10.11 Related Party and the details of the BWF Shares to be issued to each LR10.11 Related Party (assuming their acceptance of the Takeover Bid) are outlined in the table above.
 - The maximum number of BWF Shares that will be allotted and issued to Pelorus Shareholders under the Takeover Bid will be 103,886,050 BWF Shares, with a maximum of 55,124,002 BWF Shares being issued and allotted to the LR10.11 Related Parties.
 - Subject to all Takeover Bid conditions being satisfied or otherwise waived in accordance with the terms of the Takeover Bid, the BWF Shares are expected to be issued to LR10.11 Related Parties under the Takeover Bid within one month of the Closing Date. An indicative timetable of the Takeover Bid is included in section 1 of this Explanatory Memorandum.
 - The issue of BWF Shares to the LR10.11 Related Parties is being undertaken pursuant to the Takeover Bid. Please refer to Appendix A for a summary of the terms of the Takeover Bid.
 - The BWF Shares to be issued under the Takeover Bid have an implied issue price of \$0.60 per BWF Share.
- The BWF Shares issued under the Takeover Bid will be issued as fully paid ordinary shares of BWF which rank equally from the date of issue with existing BWF Shares.

(a) Advantages if Resolution 2 is passed

If BWF Shareholders approve Resolution 2 (in conjunction with Resolutions 1 and 3), there will be no impediment to the LR10.11 Related Parties accepting the Takeover Bid under the ASX Listing Rules, Corporations Act or the constitution of BWF. Given the Takeover Bid is subject to an 80% minimum acceptance condition, if the LR10.11 Related Parties are in a position to accept the Takeover Bid, the likelihood of the Takeover Bid successfully completing increases significantly. If the LR10.11 Related Parties cannot accept the Takeover Bid, the 80% minimum acceptance condition under the Takeover Bid will not be satisfied.

(b) Disadvantages

The key potential disadvantages and risks associated with Resolution 2 and the Takeover Bid proceeding are set out on page 4 of the Independent Expert's Report.

(c) What will happen if Resolution 2 is not passed?

If BWF Shareholders do not approve Resolution 2, the LR10.11 Related Parties will be incapable of accepting the Takeover Bid which means the 80% minimum acceptance condition will not be satisfied.

(d) Board Recommendation

The Directors (other than Joseph Glew, Richard Hill and Timothy Brown, who are interested in Resolution 2) are of the opinion that the potential disadvantages and risks are substantially outweighed by the potential advantages and benefits of issuing the BWF Shares to the LR10.11 Related Parties under the Takeover Bid. Accordingly, having regard to their assessment, the Directors (other than Joseph Glew, Richard Hill and Timothy Brown) consider that Resolution 2 is in the best interests of BWF Shareholders.

However, BWF Shareholders should consider their individual circumstances and make their own determination as to how to vote on Resolution 2.

2.3. Resolution 3 – Approval of issue of BWF Shares to Pelorus Shareholders that are not LR10.11 Related Parties

ASX Listing Rule 7.1 provides that a company must not, without prior approval of shareholders, issue or agree to issue equity securities if the equity securities will themselves or when aggregated with all other equity securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period (**Placement Capacity**).

The maximum number of BWF Shares that will be allotted and issued to Pelorus Shareholders that are not LR10.11 Related Parties (**Relevant Pelorus Shareholders**) under the Takeover Bid will be 48,762,048 BWF Shares.

If Resolution 2 is passed and the Takeover Bid proceeds, in circumstances where the Takeover Bid is fully accepted by Pelorus Shareholders, the corresponding issue of BWF Shares to the Relevant Pelorus Shareholders would cause BWF to exceed its Placement Capacity. The additional 10% placement capacity

under ASX Listing Rule 7.1A approved by BWF Shareholders at BWF's 2022 annual general meeting is not applicable to the issue of BWF Shares under the Takeover Bid since the BWF Shares will not be issued for cash consideration.

Accordingly under Resolution 3, BWF seeks shareholder approval for the issue of up to 48,762,048 ordinary BWF Shares to the Relevant Pelorus Shareholders under the Takeover Bid, which would constitute approximately 28.45% of BWF's fully diluted share capital following completion of the Takeover Bid.

The following information is provided to BWF Shareholders pursuant to, and in accordance with, ASX Listing Rule 7.3:

- Full acceptance of the Takeover Bid will result in the issue of up to 48,762,041 ordinary BWF Shares to the Relevant Pelorus Shareholders.
- Subject to all Takeover Bid conditions being satisfied or otherwise waived in accordance with the terms of the Takeover Bid, the BWF Shares are expected to be issued under the Takeover Bid within one month of the Closing Date. An indicative timetable of the Takeover Bid is included in section 1 of this Explanatory Memorandum.
- The issue of BWF Shares to the Relevant Pelorus Shareholders is being undertaken pursuant to the Takeover Bid. Please refer to Appendix A for a summary of the terms of the Takeover Bid.
- The BWF Shares to be issued under the Takeover Bid have an implied issue price of \$0.60 per BWF Share.

(a) Advantages if Resolution 3 is passed

If BWF Shareholders approve Resolution 3 (in conjunction with Resolutions 1 and 2), there will be no impediment to the Relevant Pelorus Shareholders accepting the Takeover Bid under the ASX Listing Rules, Corporations Act or the constitution of BWF.

(b) Disadvantages

The key potential disadvantages and risks associated with Resolution 3 and the Takeover Bid proceeding are set out on page 4 of the Independent Expert's Report.

(c) What will happen if Resolution 3 is not passed?

If BWF Shareholders do not approve Resolution 3, the Takeover Bid will fail.

Appendix A Material terms of Takeover Bid

1. Offer

- (a) BlackWall offers to acquire all of your Pelorus Shares, together with all Rights attaching to them, on the following terms and conditions.
- (b) This Offer relates to Pelorus Shares that exist or will exist as at the Register Date.
- (c) You may only accept this Offer for all of your Pelorus Shares.
- (d) By accepting this Offer, you undertake to transfer to BlackWall not only the Pelorus Shares to which this Offer relates but also all Rights attached to those Pelorus Shares (see clauses 6.4 and 6.5).
- (e) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of your Pelorus Shares, then:
 - (i) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those Pelorus Shares;
 - (ii) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other of your Pelorus Shares; and
 - (iii) this Offer will be deemed to have been withdrawn immediately at that time.

2. Consideration

- (a) Subject to the terms of this Offer, the consideration offered is 1 New BlackWall Share for every 3 Pelorus Shares that you hold, or you will hold.
- (b) If, at the time this Offer is made, you are an Ineligible Foreign Shareholder, you will not receive BlackWall Shares as consideration under the Offer. Instead, you are offered and will receive a cash amount as part of the Nominee sale process determined in accordance with clause 7.
- (c) If you elect to participate in the Offer, any entitlement that you have to BlackWall Shares under this Offer will be calculated by dividing the number of Pelorus Shares you hold by 3. If this calculation results in an entitlement to a fraction of a BlackWall Share, the number of BlackWall Shares you are entitled to pursuant to this Offer will be rounded up to the nearest whole number of BlackWall Shares.
- (d) If BlackWall reasonably believes that a Pelorus Shareholder's holdings have been manipulated to take advantage of this rounding up, then any fractional entitlement will be rounded down.
- (e) The New BlackWall Shares to be issued under the Offer will be issued fully paid and will rank equally in all respects with all other BlackWall Shares currently on issue.

3. Offer Period

This Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of the Offer, being 18 September 2023, and ending at 7.00pm (Sydney Time) on:

- (a) the End Date; or
- (b) any date to which the period of the Offer is extended in accordance with the Corporations Act, whichever is the later.

4. Official Quotation of New BlackWall Shares

- (a) BlackWall has been admitted to the official list of ASX. Securities of the same class as those to be issued as Offer Consideration have been granted official quotation by ASX.
- (b) This Offer and any contract that results from your acceptance of this Offer are subject to a condition that:
 - (i) BlackWall applies to ASX within 7 days after this Bidder's Statement is given to Pelorus, for the admission of the New BlackWall Shares to official quotation; and

- (ii) permission for admission to official quotation by ASX of the New BlackWall Shares to be issued under the Offers which are accepted, is granted no later than 7 days after the end of the Offer Period.
- (c) The condition in clause 4(b) is required by section 625(3) of the Corporations Act, is not a defeating condition for the purposes of the Corporations Act, and is not of the same nature as the conditions set out in Appendix 2. Section 625(3) of the Corporations Act provides that this Offer cannot be freed of the condition prescribed in that section, and consequently no statement made by BlackWall can be taken to be a waiver of that condition. If this condition is not fulfilled all contracts resulting from acceptance of the Offer will be void automatically.
- (d) Official quotation of securities by ASX is not granted automatically on application. However, BlackWall has no reason to believe that the New BlackWall Shares to be issued under the Offer will not be admitted to quotation by ASX.

5. How to accept this Offer

5.1 Acceptance Deadline

Acceptances must be received in the manner specified below prior to the close of the Offer Period at 7.00pm (Sydney Time) on the End Date, unless extended or withdrawn.

5.2 Acceptance procedure for Pelorus Shareholders

To accept this Offer you must complete and sign your Acceptance Form in accordance with the instructions on it and lodge it by returning it (together with all other documents required by the instructions on the Acceptance Form) to the address indicated under clause 5.2(a) so that your acceptance is received before the end of the Offer Period.

(a) Accepting the Offer

(i) By post

Completed Acceptance Forms and accompanying documentation can be sent to:

BlackWall Limited (Pelorus Takeover Offer)
PO Box 612
Neutral Bay NSW 2089

A reply paid envelope (not able to be used by Pelorus Shareholders outside Australia) is enclosed for your convenience.

(ii) By hand

Completed Acceptance Forms and accompanying documentation can be hand delivered to:

BlackWall Limited (Pelorus Takeover Offer)
50 Yeo Street
Neutral Bay NSW 2089

(iii) By email

To accept via email, scan your completed Acceptance Form and accompanying documentation and send a copy to:

Re: BlackWall Limited (Pelorus Takeover Offer)
info@blackwall.com.au

The transmission of the Acceptance Form and other documents is at your own risk.

(b) Acceptance Form

The Acceptance Form which accompanies this Offer forms part of it. Subject to clause 5.4, the requirements on the Acceptance Form must be observed in accepting this Offer in respect of your Pelorus Shares.

(c) Beneficial owners

Beneficial owners whose Pelorus Shares are registered in the name of a trust company or other nominee should contact that nominee for assistance in accepting this Offer.

5.3 Authority to accept the Offer

When accepting the Offer, you should ensure that:

- (a) if the Acceptance Form is executed by a corporation, it is signed by 2 directors, a director and a company secretary, or by the sole director in the case of an Australian company with a sole director;
- (b) if the accepting Pelorus shareholder is 2 or more joint holders, all such holders sign the Acceptance Form;
- (c) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney is provided with your Acceptance Form; and
- (d) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Pelorus Shareholder, a certified copy of the relevant grant of probate or letters of administration is provided with your Acceptance Form.

5.4 When acceptance is complete

Acceptance of this Offer will not be complete until the completed or signed (as applicable) Acceptance Form has been received at the address (either postal address or email address, as applicable) set out in clause 5.2(a) and the requirements of this clause 5 have otherwise been met, provided that:

- (a) BlackWall may in its sole discretion and without notice to you waive any or all of those requirements at any time (including requirements in relation to the manner or method of acceptance, or the deadline for receipt of acceptances specified under clause 5.2); and
- (b) where such requirements have been complied with in respect of some but not all of your Pelorus Shares, BlackWall may, in its sole discretion, deem your acceptance of this Offer complete in respect of those Pelorus Shares for which the requirements have been complied with but not in respect of the remainder (unless BlackWall waives those requirements in accordance with clause 5.4).

Where BlackWall elects to waive any requirement of this clause 5, your acceptance of this Offer will be complete regardless of any failure by you to comply with the waived requirement.

6. Consideration for your Pelorus Shares

6.1 How the Offer Consideration for your Pelorus Shares will be provided

The obligation of BlackWall to issue and allot any New BlackWall Shares to which you are entitled as Offer Consideration under the Offer will be satisfied by BlackWall:

- (a) entering your name in the BlackWall share register; and
- (b) dispatching or procuring the dispatch to you an uncertificated holding statement in your name by pre-paid ordinary mail to your address as shown on the Register (or such other address as you may notify in writing to BlackWall).

If your Pelorus Shares are held in a joint name, an uncertificated holding statement or a confirmation of issue will be issued in the name of the joint holders.

6.2 When Offer Consideration is provided

Subject to clause 6.3 and the Corporations Act, if the contract resulting from your acceptance of this Offer becomes unconditional, BlackWall will provide the Offer Consideration to which you are entitled on acceptance of this Offer on or before the earlier of:

- (a) 1 month after the date this Offer is validly accepted by you or, if this Offer is subject to a defeating condition when accepted, within 1 month after this Offer or the contract resulting from your acceptance of this Offer becomes unconditional; and
- (b) 21 days after the end of the Offer Period.

6.3 Where additional documents are required

Where the Acceptance Form or any subsequent request from BlackWall requires additional documents to be given with your acceptance (such as a certified copy of any of a power of attorney, grant of probate or letters of administration, or any other document reasonably requested by BlackWall to give better effect to your acceptance):

- (a) if the documents are given with your acceptance, BlackWall will provide the consideration in accordance with clause 6.2; or
- (b) if the documents are given after acceptance and before the end of the Offer Period and this Offer is subject to a defeating condition at the time that BlackWall is given the documents, BlackWall will provide the consideration by the end of whichever of the following periods ends earlier:
 - (i) 1 month after the contract resulting from your acceptance of this Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period; or
- (c) if the documents are given after acceptance and before the end of the Offer Period and this Offer is unconditional at the time that BlackWall is given the documents, BlackWall will provide the consideration by the end of whichever of the following periods ends earlier:
 - (i) 1 month after BlackWall is given the documents; and
 - (ii) 21 days after the end of the Offer Period; or
- (d) if the documents are given after the end of the Offer Period, BlackWall will provide the consideration within 21 days after the documents are given; but if at the time BlackWall is given the documents, the contract resulting from your acceptance of this Offer is still subject to 1 or more of the conditions referred to in paragraph (d) of Appendix 2, BlackWall will provide the consideration within 21 days after that contract becomes unconditional.

If you do not provide BlackWall with the required additional documents within 1 month after the end of the Offer Period, BlackWall may, in its sole discretion, rescind the contract resulting from your acceptance of this Offer.

6.4 Where BlackWall is entitled to any Rights

If BlackWall becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give BlackWall all documents necessary to vest those Rights in BlackWall or otherwise to give BlackWall the benefit or value of those Rights. If you do not give those documents to BlackWall, or if you have received the benefit of those Rights, then BlackWall may deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by BlackWall) of those Rights in accordance with clause 6.5.

6.5 Rights generally

If:

- (a) you have (or any previous holder of your Pelorus Shares has) received the benefit of any Rights (whether in respect of non-cash benefits or otherwise); or
- (b) you are (or any previous holder of your Pelorus Shares is) entitled to receive the benefit of any Rights under the terms that provide for or otherwise apply to those Rights,

then BlackWall may deduct the value (as reasonably assessed by BlackWall) of such Rights from any Offer Consideration otherwise payable to you.

If BlackWall does not, or cannot, make such a deduction, you must pay such value or amount to BlackWall.

6.6 Clearances for certain Pelorus Shareholders

- (a) If, at the time you accept the Offer, any consent, authority, clearance or approval is required for you to receive any consideration under this Offer, including any consent, authority, clearance or approval of:
 - (i) the Reserve Bank of Australia (whether under the *Banking (Foreign) Exchange Regulations 1959* (Cth) or otherwise);
 - (ii) the Minister for Foreign Affairs (whether under the *Charter of the United Nations Act 1945* (Cth), the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth) or any other regulations made thereunder, or otherwise);
 - (iii) the Australian Commissioner of Taxation; or

- (iv) any other person as required by any other law of Australia that would make it unlawful for BlackWall to provide the Offer Consideration for your Pelorus Shares, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive, and you will not be entitled to receive, any consideration for your Pelorus Shares unless and until all requisite consents, authorities, clearances or approvals have been received by BlackWall.
- (b) If BlackWall determines, acting reasonably and in good faith that it is liable to pay an amount to the Commissioner of Taxation pursuant to Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) (**TAA**) with respect to the acquisition of Pelorus Shares from a Pelorus Shareholder, BlackWall will, for any such Pelorus Shareholder:
 - (i) determine the amount required to be paid to the Commissioner of Taxation (**Payment Amount**);
 - (ii) remit the Payment Amount to the Commissioner of Taxation within the time required under the TAA; and
 - (iii) after deduction of the Payment Amount, provide the net proceeds (including, where applicable, the requisite net number of BlackWall Shares after an adjustment in respect of deduction on account of the Payment Amount to reduce the number of BlackWall Shares provided), to that Pelorus Shareholder for the purposes of this Offer.
- (c) If BlackWall is required by law to retain or withhold (and pay to a Regulatory Authority) any amount of the Offer Consideration you are entitled to under this Offer, the retention or payment by BlackWall of that amount in conjunction with providing the remaining Offer Consideration to be provided to you in accordance with clause 6 will constitute full and proper provision of the Offer Consideration to you under this Offer.

7. Ineligible Foreign Shareholders

- (a) If you are an Ineligible Foreign Shareholder, you will not be entitled to receive BlackWall Shares as the consideration for your Pelorus Shares as a result of accepting this Offer. In this event, BlackWall will:
 - (i) arrange for the issue to a nominee approved by ASIC (**Nominee**) of the number of BlackWall Shares to which you and all other Ineligible Foreign Shareholders would have been entitled but for clause 7(b) and the equivalent provision in each other offer under this Offer;
 - (ii) cause the BlackWall Shares so issued to be offered for sale by the Nominee on the ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee (at the risk of the Ineligible Foreign Shareholder); and
 - (iii) cause the Nominee to pay to you the amount ascertained in accordance with the formula (for the avoidance of doubt, subject to adjustment under section 7(a)(i), if applicable):

$$\frac{N \times YS}{TS}$$

where:

- N** = the amount which is received by the Nominee upon the sale of all BlackWall Shares under this clause 7 less brokerage and sale expenses;
- YS** = the number of BlackWall Shares which would, but for clause 7(b), otherwise have been allotted to you; and

TS = the total number of BlackWall Shares allotted to the Nominee under this clause 7.

- (b) You will receive your share (if any) of the net proceeds of the sale of BlackWall Shares by the Nominee in Australian currency.
- (c) Payment will be made by cheque posted to you at your risk by ordinary mail (or, if you have an overseas address, by airmail) at the address provided on your Acceptance Form within the period required by the Corporations Act.
- (d) Under no circumstances will interest be paid on your share of the net proceeds of the sale of BlackWall Shares by the Nominee, regardless of any delay in remitting these proceeds to you.
- (e) The Nominee may sell the BlackWall Shares in such manner, at such price or prices and on such terms as the Nominee determines, and at the risk of the Ineligible Foreign Shareholders. The Nominee will sell the BlackWall Shares on ASX following the issue of those shares to it.
- (f) As the market price of BlackWall Shares will be subject to change from time to time, the sale price of the BlackWall Shares sold by the Nominee and the proceeds of those sales cannot be guaranteed. Neither BlackWall nor the Nominee gives any assurance as to the price that will be achieved for the sale of the BlackWall Shares by the Nominee.
- (g) The Nominee will be appointed by, and will provide the Nominee services to, BlackWall. In acting as Nominee, the Nominee will not be acting as agent or sub-agent of any Ineligible Foreign Shareholder, does not have duties or obligations (fiduciary or otherwise) to any Ineligible Foreign Shareholder and does not underwrite the sale of the BlackWall Shares.

8. Conditions of this Offer

8.1 Conditions

Subject to this clause 8, this Offer and the contract that results from acceptance of this Offer are subject to fulfilment of the Conditions set out in Appendix 2.

8.2 Nature of Conditions

Each of the Conditions:

- (a) constitutes and will be construed as a separate, several and distinct condition;
- (b) is a condition subsequent; and
- (c) until the expiration of the Offer Period (or in the case of the Condition referred to in paragraph (d) of Appendix 2, until 3 Business Days after the end of the Offer Period) will be for the benefit of BlackWall alone and may be relied upon only by BlackWall.

8.3 Effect of breach or non-fulfilment

The breach or non-fulfilment of any of the Conditions does not, until the end of the Offer Period, prevent a contract arising to acquire your Pelorus Shares resulting from your acceptance of this Offer but, if at the end of the Offer Period (or, in the case of the Condition in paragraph (b) of Appendix 2 ('No Prescribed Occurrences') at the end of 3 Business Days after the end of the Offer Period), in respect of any Condition:

- (a) BlackWall has not declared this Offer (and it has not become) free from that Condition; and
- (b) that Condition has not been fulfilled,

all contracts resulting from the acceptance of the Offer and all acceptances that have not resulted in binding contracts are void.

8.4 BlackWall may decide the Offer is free from all or any of the Conditions

BlackWall may at any time, but in compliance with the Corporations Act, declare the Offer free from all or any of the Conditions by notice in writing to Pelorus:

- (a) in the case of the Condition referred to in paragraph (b) of Appendix 2 ('No Prescribed Occurrences') – not later than 3 Business Days after the end of the Offer Period; or
- (b) in any other case – not later than 7 days before the end of the Offer Period.

8.5 Date for giving notice on status of Conditions

The date for giving a notice on the status of the Conditions as required by section 630(1) of the Corporations Act is 13 October 2023, subject to variation in accordance with section 630(2) of the Corporations Act in the event that the Offer Period is extended.

9. Effect of acceptance

9.1 Revocation of acceptance

Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of this Offer or otherwise dispose of your Pelorus Shares, except as follows:

- (a) if, by the times specified in clause 9.2, the Conditions have not all been fulfilled or waived, then this Offer will automatically terminate and your Pelorus Shares will be returned to you; or
- (b) if the Offer Period is varied in a way that postpones for more than 1 month the time when BlackWall has to meet its obligations under the Offer and, at that time, this Offer is subject to 1 or more of the Conditions, then you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.

9.2 Times

The relevant times for the purposes of clause 9.1(a) are:

- (a) in the case of the defeating Condition referred to in paragraph (b) of Appendix 2 ('No Prescribed Occurrences') – 3 Business Days after the end of the Offer Period; and
- (b) in the case of all other defeating Conditions in Appendix 2 – the end of the Offer Period.

9.3 Your Agreement

By signing and returning the Acceptance Form, or otherwise accepting this Offer, you will be deemed to have:

- (a) irrevocably authorised BlackWall to alter the Acceptance Form on your behalf by:
 - (i) inserting on the Acceptance Form correct details of your Pelorus Shares (including details of a parcel of Pelorus Shares required by clause 12.4(b));
 - (ii) filling in any blanks remaining on the Acceptance Form; and
 - (iii) rectifying any errors in, and omissions from, the Acceptance Form,as may be necessary to make the Acceptance Form a valid acceptance of this Offer, to enable registration of the transfer of your Pelorus Shares to BlackWall, and agreed to provide any document reasonably requested by BlackWall to make the Acceptance Form a valid acceptance of this Offer or to otherwise give better effect to your acceptance; and
- (b) irrevocably accepted this Offer in respect of all your Pelorus Shares despite any difference between that number and the number of Pelorus Shares shown on the Acceptance Form; and
- (c) agreed to the terms and conditions of this Offer and, subject to the Conditions being fulfilled or waived, agreed to transfer to BlackWall of your Pelorus Shares; and
- (d) represented and warranted to BlackWall, as a fundamental condition which goes to the root of the contract resulting from your acceptance of this Offer, that at the time of acceptance and at the time of transfer of your Pelorus Shares to BlackWall:
 - (i) you have paid to Pelorus all amounts which are due for payment in respect of your Pelorus Shares; and
 - (ii) all of your Pelorus Shares are fully paid and free from all Encumbrances and restrictions on transfer of any nature; and
 - (iii) you have full power and capacity to sell and transfer the legal and beneficial ownership of those Pelorus Shares (including any Rights); and
 - (iv) BlackWall will acquire good title to your Pelorus Shares and full beneficial ownership of them, free from all Encumbrances; and

(e) on this Offer, or any contract resulting from acceptance of this Offer, becoming unconditional:

- (i) irrevocably appointed BlackWall and each BlackWall Director from time to time individually as your agent and attorney on your behalf to:
 - (A) attend and vote in respect of your Pelorus Shares at all general meetings of Pelorus; and
 - (B) receive from Pelorus or any other party, and retain, any share certificates which were held by Pelorus, or any other party, whether pursuant to the terms of any employee incentive scheme (including any employee share scheme) or otherwise; and
 - (C) sign all documents (including an instrument appointing 1 of BlackWall's Directors as a proxy in respect of any or all of your Pelorus Shares and any application to Pelorus for a replacement certificate in respect of any share certificate which has been lost or destroyed) and resolutions relating to your Pelorus Shares, and generally to exercise all powers and rights which you may have as an Pelorus Shareholder and perform such actions as may be appropriate in order to vest good title in your Pelorus Shares in BlackWall, and to have agreed that, in exercising such powers, any such BlackWall Director is entitled to act in BlackWall's interests as the beneficial owner and intended registered holder of your Pelorus Shares,

and such appointment will terminate on the earlier of the withdrawal of your acceptance of this Offer (either in accordance with its terms or under section 650E of the Corporations Act) and the registration of BlackWall as the registered holder and beneficial owner of your Pelorus Shares; and

while such appointment continues:

- (ii) agreed not to vote in person at any general meeting of Pelorus or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on the BlackWall Board by clause 9.3(e)(i); and
- (iii) represented and warranted to BlackWall you are not a person who is (or acting on behalf of a person who is) a citizen or resident of a jurisdiction other than Australia and its external territories; and
- (iv) irrevocably authorised BlackWall to apply for the issue to your account of that number of New BlackWall Shares corresponding to your entitlement under this Offer at the date of application; and
- (v) agreed to accept the New BlackWall Shares to which you have become entitled by acceptance of this Offer subject to the terms of this Offer and the BlackWall Constitution, agreed that you will be bound by the BlackWall Constitution, and authorised BlackWall to place your name on its share register in respect of those New BlackWall Shares; and
- (vi) irrevocably authorised and directed BlackWall to direct Pelorus to pay to BlackWall, or to account to BlackWall for, all Rights in respect of your Pelorus Shares, subject to BlackWall accounting to you for any such Rights received by BlackWall if this Offer is withdrawn or any contract resulting from your acceptance to this Offer is rescinded or rendered void; and
- (vii) except where Rights have been accounted for under clause 9.3(e)(vi), in accordance with clause 6.5, irrevocably authorised BlackWall to reduce the number of New BlackWall Shares you are entitled to by a value, as reasonably assessed by BlackWall of all Rights in respect of your Pelorus Shares; and
- (viii) irrevocably authorised BlackWall to notify Pelorus on your behalf that your place of address for the purposes of serving notices upon you in respect of your Pelorus Shares is the address specified by BlackWall in the notification; and
- (ix) acknowledged and agreed that, except as permitted by and in accordance with applicable law, you will not knowingly offer or resell in, or to persons in, the United States of America any New BlackWall Shares which you acquire at any time.

By accepting this Offer you will be deemed to have agreed to the matters set out in clauses 9.3(a) to 9.3(e) (inclusive).

BlackWall may at any time deem the receipt of a signed Acceptance Form to be a valid acceptance of this Offer even though you omit to include your share certificate(s) (if any), or there is non-compliance with any 1 or more of the other requirements for acceptance but, if BlackWall does so, BlackWall is not obliged to make the Offer Consideration available to you until all of the requirements for acceptance have been met.

10. Withdrawal

BlackWall may withdraw unaccepted Offers at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

11. Variation

BlackWall may vary this Offer in accordance with the Corporations Act.

12. Acceptances by transferees and nominees

12.1 Who may accept this Offer

During the Offer Period:

- (a) any person who is able to give good title to a parcel of your Pelorus Shares may accept this Offer (if they have not already accepted an offer in the form of this Offer) as if an offer on terms identical with this Offer has been made to them; and
- (b) any person who holds 1 or more parcels of Pelorus Shares as trustee, nominee, or otherwise on account of another person, may accept as if a separate and distinct offer had been made in relation to:
 - (i) each of those parcels; and
 - (ii) any parcel they hold in their own right.

12.2 Holding shares

- (a) A person is taken to hold Pelorus Shares if the person is, or has a right to be registered as, the holder of those Pelorus Shares.
- (b) A person who has a right to be registered as a holder of Pelorus Shares may accept this Offer by completing and signing the Acceptance Form in accordance with the instructions on it and lodging it by returning it (together with all other documents required by the instructions on the Acceptance Form) to the address (either postal address or email address, as applicable) indicated under clause 5.2(a) so that the acceptance is received before the end of the Offer Period.

12.3 Holding shares on trust or as a nominee

A person is taken to hold Pelorus Shares on trust for, as nominee for, or on account of, another person if they:

- (a) are entitled to be registered as the holder of particular Pelorus Shares; and
- (b) hold their interest in the Pelorus Shares on trust for, as nominee for, or on account of, that other person.

12.4 Effective acceptance

- (a) An acceptance of an offer under clause 12.1(b) is ineffective unless:
 - (i) the person who holds on account of another person, gives BlackWall a notice stating that the Pelorus Shares consist of a separate parcel; and
 - (ii) the acceptance specifies the distinct number of Pelorus Shares in that parcel.
- (b) References in this Offer to your Pelorus Shares will be treated to relate to that separate distinct parcel.

12.5 Notice of acceptance

- (a) A notice under clause 12.4(a)(i) of these terms must be made in writing.

- (b) A person may, at the one time, accept for 2 or more parcels under this clause as if there had been a single offer for a separate parcel consisting of those parcels.

13. Other matters

13.1 Notices and other communications

Subject to the Corporations Act, a notice or other communication given by BlackWall to you in connection with this Offer will be deemed to be duly given if it is in writing and:

- (a) is delivered at your address as recorded on the Register or the address shown in the Acceptance Form; or
- (b) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

13.2 Return of documents

If:

- (a) this Offer is withdrawn after your Acceptance Form has been sent to BlackWall, but before it has been received; or
- (b) for any other reason BlackWall does not acquire the Pelorus Shares to which your Acceptance Form relates,

you may request BlackWall by notice in writing to return to you all documents (other than the Acceptance Forms) to such address as you nominate. Where such address is inside Australia, those documents will be sent to you by prepaid ordinary mail. Where such address is outside Australia, those documents will be sent to you by pre-paid airmail. BlackWall intends to destroy the Acceptance Forms in the above circumstances.

13.3 Costs and expenses

All costs and expenses of the preparation, despatch and circulation of the Bidder's Statement and this Offer and all stamp duty payable in respect of a transfer of Pelorus Shares in respect of which Offers are accepted, will be paid by BlackWall.

13.4 Foreign laws

This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer and to receive New BlackWall Shares as Offer Consideration.

13.5 Governing law

This Offer and any contract resulting from acceptance of it is governed by the law in force in New South Wales, Australia.

Appendix B Independent Expert's Report

BLACKWALL LIMITED

Independent Expert's Report and Financial Service Guide.

Report on acquisition of assets (Pelorus Acquisition) involving persons of influence requiring shareholder approval.

6 SEPTEMBER 2023

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6 September 2023

The Directors
BlackWall Limited
50 Yeo Street,
Neutral Bay, NSW, 2089

Dear Directors

INDEPENDENT EXPERT REPORT ON ACQUISITION OF ASSETS (PELORUS ACQUISITION) INVOLVING PERSONS OF INFLUENCE REQUIRING SHAREHOLDER APPROVAL

1. We refer to our engagement letter dated 21 August 2023 and are pleased to submit our Independent Expert **Report** on the above **Proposal**.
2. This summary should be read with the body of our Report which sets out our scope of work, reasoning and findings. It should also be read with the Notice of Meeting provided to Shareholders by the Company.

1.1. Introduction

3. BlackWall Limited (**BWF** or **Company**) is an Australian fund manager company listed on the ASX. It earns fees from the management of property asset funds, investment income as well as holding investments in WOTSO Property, (ASX:**WOT**). BWF owns around 10% of WOT.
4. Pelorus Private Equity Limited (**Pelorus**) is an unlisted public investment company. Pelorus owns around 19% of WOT. It also holds interests in other properties as well as some unlisted investments. It derives investment income.
5. On 24 August 2023, BWF announced its intention to acquire up to 100% of the equity of Pelorus via an off-market takeover bid under which BWF offers scrip consideration of 1 BWF share for every 3 Pelorus shares, (**Pelorus Acquisition**).
6. WOT is a listed Australian stapled group comprising two public companies, WOTSO Limited and Planloc Limited, and a diversified REIT, BlackWall Property Trust. WOT is a provider and operator of flexible short-term workspaces. It has features of a REIT in that it owns many of its properties. Flexible workspaces are also provided from third-party leased premises.
7. BWF, Pelorus and WOT have some shareholdings, directors and management in common.
8. An independent expert's report is being authored by RSM Australia for Pelorus shareholders that will accompany the Pelorus target's statement. Directors advise that that independent expert's report is required under the Corporations Act (**Act**). MAV also issued an independent expert's report on the Pelorus Acquisition for the benefit of WOT securityholders.
9. Directors have received confirmation from ASX that BWF shareholder approval and our **Report** is required under ASX Listing Rule 10.1 (**LR**), as an acquisition of a substantial asset involving a person(s) in a position of influence. Directors advise that BWF shareholder approval is not required under Chapter 2E (Related party transactions) or any other provisions of the Act.
10. We regard the acquisition by BWF of the shares in held in Pelorus by the Persons of Influence which constitute substantial assets, as the **Proposal** for the purpose of our assessment.

1.2. Purpose of this Report

11. As noted, shareholder approval of the Proposal is required by the ASX.

12. Therefore, the Directors of BWF have engaged us (**MAV**) to prepare this Independent Experts Report for the purpose of assisting Non-Associated Shareholders to evaluate the Proposal. The scope of the Report is to assess whether the Proposal is fair and reasonable to BWF Non-Associated Shareholders in accordance with ASX LR10.1 and any related ASIC Regulatory Guides.
13. The Non-Associated Shareholders are those BWF shareholders who are not Persons of Influence (see Glossary). The Persons of Influence are excluded from voting on the Proposal.

1.3. Basis of evaluation

14. Fairness is a “quantitative” assessment. “Reasonableness is a “qualitative” assessment. In order to assess if the Proposal is fair and reasonable, we have:
 - Undertaken a quantitative assessment. The risk to Non-Associated Shareholders is if BWF overpays for the acquisition of Pelorus.
 - In this context, the Proposal is fair if the financial benefit in the form of the value of a BWF share before the Proposal is equal to or less than the value of the assets acquired being 3.0x Pelorus shares.
 - We also assessed it as fair if the minority value of a BWF share after the Proposal is greater than or equal to the control value of a BWF share before the Proposal.
 - Assessed the qualitative merits as reasonable if it is fair, or despite not being fair, if the advantages to Shareholders outweigh the disadvantages.

1.4. Summary of quantitative assessment

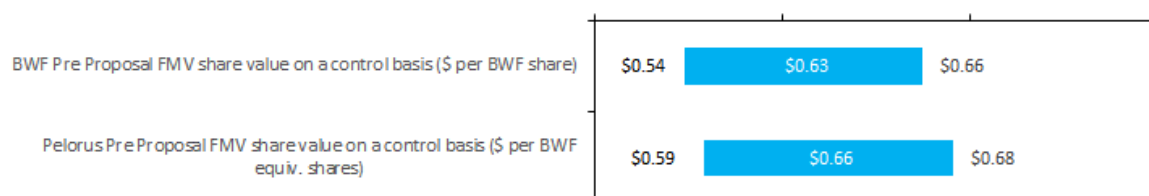
15. Table 1 below sets out a comparison with the price under the Proposal as well as our comparison of the position of BWF Shareholders Pre and Post Proposal.

Table 1

\$ per share			
Fairness assessment	Low	Mid	High
Comparison to the Proposal price			
BWF Pre Proposal FMV share value on a control basis (\$ per BWF share)	\$0.54	\$0.63	\$0.66
Pelorus Pre Proposal FMV share value on a control basis (\$ per BWF equiv. shares of)	\$0.59	\$0.66	\$0.68
Higher = Fair / (Lower = not fair)	\$0.05	\$0.03	\$0.02
Evaluation	Fair	Fair	Fair
Comparison of the position of BWF shareholders Pre and Post Proposal			
BWF Pre Proposal FMV share value on a control basis (\$ per BWF share)	\$0.54	\$0.63	\$0.66
BWF Post Proposal FMV share value on a minority basis (\$ per BWF share)	\$0.48	\$0.54	\$0.56
Higher = Fair / (Lower = not fair)	-\$0.06	-\$0.09	-\$0.10
Evaluation	Not Fair	Not Fair	Not Fair

16. Graphically, the above Table amounts can be represented as:

Comparison to the Proposal price



Comparison of the position of BWF shareholders



17. We estimate that the Pre Proposal BWF 1x share price is lower than the Proposal price of 3.0x Pelorus shares under the Proposal at all ranges shown. Our analysis compares both BWF and Pelorus on a control basis because we think that best reflects the interests of BWF Non-Associated Shareholders.

BWF value Pre Proposal

18. The Pre Proposal value for a BWF share is based upon an assessment of the fair market value per share on a control basis which ranges from 54 cents to 66 cents. This assessment was made using an adjusted net asset basis at the low and mid-range, and a market share price for the high range on a control basis. We have some reservations as to whether the BWF market share price represents a liquid and active price.
19. The main influences of value of BWF are:
- Differences in the BWF values is an estimate of the valuation of its fund management rights for which we took a DCF approach with a market cross check. As the management rights extend only to February 2031, at the low range value, we assumed a 50% probability truncation risk of no renewal. At the mid-range value, we assumed a 75% probability of renewal of management rights. We assume that the market price of BWF shares includes the intangible value of management rights.
 - The value of its investment in WOT. BWF records its investment in WOT at the 30 June 2023 WOT share price of \$1.14. However, we have some reservations as to whether the WOT price represents a liquid and active market price. It is also significantly below its net asset backing, where WOT assets are mostly represented by underlying property valuations. We have therefore assumed for our low and mid-range asset based assessments scenarios for an uplift in value of the WOT investment asset. We highlight that given that we make the same proportional value assumption for the WOT assets that are also included in Pelorus, our overall opinion is not sensitive to the value of WOT.
20. Other adjustments to 30 June 23 amounts include the value of other minor assets (investment in Indigo Black) and transaction costs, not significant to our overall opinion.

21. The value determined is then divided by the Pre-Proposal number of shares to derive the Pre Proposal share price.

Pelorus value Pre Proposal

22. Pelorus's value is based upon an adjusted net asset method on a control basis. We think that the fair market value of the adjusted net assets of Pelorus per BWF equivalent shares ranges from 59 cents to 68 cents.
23. The main influence of value of Pelorus is the value of its investments. This includes:
- Investments in listed securities, which mainly include WOT securities. We apply the same proportional uplift in value for WOT as described in paragraph 19 (i.e., same uplift % as adopted for BWF). Also included are some shares in BWF which we value at the same prices assessed above.
 - Investments in property, mortgage and property related securities and convertible notes. These are recorded by Pelorus at market values ultimately based on independent specialist property valuations from M3 Valuers. We have adopted those valuations.
 - Other relatively minor unlisted investments. These are recorded by Pelorus at investment cost. We valued these either at \$nil, 50% or book values at the low, mid and high ranges respectively. We valued the investment in Indigo Black on the same basis as for BWF.
24. Other adjustments to 30 June 23 reported net assets include an estimate of minor transaction costs.
25. The adjusted net asset value is then divided by the Pre Proposal number of shares converted to BWF share equivalent at the 1:3 exchange ratio to derive the Pre Proposal share price.

BWF value Post Proposal

26. The BWF Post Proposal value is based upon the fair market value of both BWF and Pelorus combined on a minority basis. This is then divided by the post Proposal number of shares including shares issued under the Proposal to derive the post Proposal share price on a minority basis.
27. The comparison of a Pre Proposal control value of BWF shares with a Post Proposal BWF minority value (including Pelorus) shows a negative impact at all ranges. This demonstrates that there is no control premium for BWF shares under the Proposal. However, it is not certain that a control premium is required in the circumstances of the Proposal as there is no practical change in control. Therefore, we also made the comparison of Pre and Post Proposal values on a control basis only. In this case, the comparison was positive at all ranges, which would not change our overall opinion.

Fairness opinion

28. We are most persuaded by the comparison of the Proposal price at the Mid values. As the Pre Proposal value of the BWF 1x share price financial benefit offered is lower than the value of the 3.0x Pelorus shares acquired, we conclude that the Proposal is **Fair** to the Non-Associated Shareholders.
29. Put another way, for the Pelorus share price in BWF Shares equivalent terms to equal our estimate of the BWF Pre Proposal mid-range value of 63 cents, we calculate a required exchange ratio of 1.0 BWF to 2.8 Pelorus shares. This is lower than the of 1.0:3.0 ratio under the Proposal. If an exchange ratio of 1.0:2.8 was used, then around 109.4 million BWF shares would be issued instead of 103.9 million BWF Shares under the Proposal. Therefore, we think there is an underpayment of around 5.5 million BWF Shares to be issued to Pelorus shareholders under the Proposal which is why our opinion is **Fair**.
30. We are less persuaded by the comparison of the BWF share price Pre and Post Proposal, as that is not the primary form of analysis required for approval under ASX LR 10 and that there may be no practical change in control.

1.5. Summary of qualitative assessment

31. We summarise the advantages and disadvantages of the Proposal and also any alternatives to the Proposal if it is not approved:

Advantages of the Proposal

- The offer is Fair at all ranges of the primary analysis of comparing the BWF price per share given to the price of the Pelorus shares acquired from the Persons of Influence.
- The offer to acquire Pelorus Shares is made equally to all Pelorus shareholders. There is no selective treatment of any shareholders in Pelorus, particularly the Persons of Influence.
- BWF will have a more diverse assets than Pre Proposal which may reduce risk and increase its attractiveness. It is possible that there may be upside in the value of Pelorus's unlisted assets which we have not considered.
- BWF will increase its direct holding in WOT, whose assets it manages. This may increase alignment of interests.
- Anticipated minor savings through removal of duplicated costs in areas such as audit, compliance and corporate services.
- The Proposal does not result in any change in Board control of BWF.
- A greater number of BWF Shares on issue which may improve the liquidity of BWF Shares.

Disadvantages of the Proposal

- As there is an overlap between the price ranges evaluated, it is possible the Proposal could be viewed as Not Fair at different combinations of prices (e.g., high BWF, low Pelorus values).
- The Proposal is not Fair if viewed as a control transaction. The Non-Associated BWF shareholders are diluted from holding around 67% in BWF to around 27% Post Proposal and no control premium is observed. However there is no practical change in control as the Directors and Persons of Influence for BWF are the same Pre and Post Proposal.
- The transaction costs associated with the Proposal. However these are relatively minor and have been incurred regardless of whether Proposal proceeds.

If the Proposal is NOT approved

- The Directors have advised that if the Proposal is not approved, then the Pelorus Acquisition will fail and BWF will continue as is.

32. In our opinion the position of BWF Shareholders is more advantageous Post Proposal than Pre Proposal and therefore the Proposal is reasonable to BWF Non-Associated Shareholders.

1.6. Summary of Opinion

On the balance of the above matters considered, we think that the Proposal is **Fair and Reasonable** to the Non-Associated shareholders of BWF.

1.7. Summary of disclosures and limitations

Our opinion is subject to the limitations and disclaimers set out in the body of this Report.

Changes in market conditions

Our analysis and conclusions are based on market conditions existing at the date of this Report which is also the valuation date. A limitation of our conclusion is that market conditions may change between the date of this Report and when the various aspects of the Proposal are concluded.

Individual shareholder circumstances

Acceptance or rejection of the Proposal is a matter for individual shareholders based upon their own views of value, risk, and portfolio strategy. Shareholders who are in doubt as to the action that they should take in relation to the Proposal should consult their professional advisor.

Financial Services Guide

Our Financial Services Guide is attached in **Appendix 4**. This includes the contact details of whom to address any concerns with this Report.

We thank you for the opportunity to assist you in this important matter.

Yours faithfully

Moore Australia (VIC) Pty Ltd

Holder of Australian Financial Services License No.247362



Colin Prasad
Director – Corporate Finance
Business Valuation Specialist

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GLOSSARY

Term	Meaning
ACT	Corporations Act 2001.
APES	Accounting Professional and Ethical Standard.
ASIC (GN)	Australian Securities and Investments Commission. Guidance Note.
ASX (LR) (GN)	Australian Securities Exchange. Listing Rules. Guidance Note.
AUM	Assets under management.
BWF	BlackWall Limited (Company).
CFME	Capitalised future maintainable earnings.
Company	BlackWall Limited (BWF).
DCF	Discounted cash flow.
Directors	Directors of BWF.
EBITDA	Earnings before interest tax depreciation and amortisation.
FMV	Fair Market Value.
FY	Financial Year ending 30 June.
MAV	Moore Australia (Vic) Pty Ltd – the author(s) of this Report.
NoM	Notice of Meeting including explanatory memorandum.
Non-Associated Shareholders	Being those BWF shareholders who are not Persons of Influence.
Pelorus	Pelorus Private Equity Limited is an unlisted public investment company.
Pelorus Acquisition	Same as the Proposal.

Term	Meaning
Persons of Influence	<p>The following persons who are directors of both BWF and Pelorus, and their shareholdings associated with them from whom BWF will acquire a substantial asset:</p> <ul style="list-style-type: none"> • Joseph Glew. • Richard Hill. • Timothy Brown.
Proposal	The offer by BWF to acquire 100% of Pelorus shares by offering 1 BWF share for each 3 Pelorus shares.
QMP	Quoted market price.
REIT	Real Estate Investment Trust.
RG	ASIC Regulatory Guide
Securities	Each WOT stapled security comprises one share in each of WOTSO and Planloc and one unit in BWR attributable to equity holders. See WOT definition below.
Shareholders	BWF shareholders.
Shares	BWF shares.
VWAP	Volume weighted average price.
WOT	WOTSO Property is a listed Australian stapled group comprising two public companies, WOTSO Limited (WOTSO) and Planloc Limited (Planloc), and a diversified REIT, Blackwall Property Trust (BWR).

2.0 THE PROPOSAL

2.1. Pelorus Acquisition

33. The NoM sets out the Proposal for the Pelorus Acquisition.
34. Under the Pelorus Acquisition, BWF will acquire up to 100% of the equity of Pelorus by issuing 1 BWF share for 3 Pelorus shares.
35. Given there are 311.7 million Pelorus shares on issue, this means that BWF intends to issue up to 103.9 million BWF shares to Pelorus shareholders.
36. The Proposal is subject to:
 - Due Diligence.
 - Conditions imposed by ASX or ASIC, (i.e. shareholder approvals).
37. Table 2 below sets out significant shareholdings of BWF Pre Proposal and the expected impact of BWF shares issued to Pelorus shareholders if the Proposal proceeds in full.

Table 2: BWF shareholding pre Proposal

BWF Top shareholders		Associated with	Pre Proposal number of shares	% of total shares	Post Proposal number of shares	% of total shares
1	Seno Management Pty Limited <Taipa Trust>	Joseph Glew	-	0.0%	36,575,145	21.3%
2	Lymkeesh Pty Ltd	Paul Tresidder	-	0.0%	31,289,337	18.3%
3	Mr Richard Hill & Mrs Evelyn Hill <Richard Hill Super Fund A/C>	Richard Hill	-	0.0%	9,576,479	5.6%
4	Seno Management Pty Ltd <Seno Super Fund A/C>	Joseph Glew	6,215,000	9.2%	6,215,000	3.6%
5	Vintage Capital Pty Limited		5,759,943	8.5%	5,759,943	3.4%
6	Lymkeesh Pty Ltd <Employees Super Fund A/C>	Paul Tresidder	4,304,742	6.4%	4,304,742	2.5%
7	Jagar Holdings Pty Ltd		-	0.0%	4,178,176	2.4%
8	Hollia Pty Ltd		-	0.0%	3,638,207	2.1%
9	Frogstorm Pty Ltd <Rockahula A/C>		3,400,000	5.0%	3,400,000	2.0%
10	National Nominees Limited <Egp>		3,165,000	4.7%	3,165,000	1.8%
11	Sandhurst Trustees Ltd <Aims Psf A/C>		2,762,000	4.1%	2,762,000	1.6%
12	Glenahilty Pty Ltd <Clare Loudon Family A/C>		2,724,515	4.0%	2,724,515	1.6%
13	Koonta Pty Ltd <Koonta Super Fund Account>		2,701,625	4.0%	2,701,625	1.6%
14	Pinnatus Pty Ltd		-	0.0%	2,690,552	1.6%
15	Tampopo Pty Ltd <The Hill Family Trust>		-	0.0%	2,513,606	1.5%
16	Sao Investments Pty Ltd		2,225,000	3.3%	2,225,000	1.3%
17	Kiut Investments Pty Ltd <Keppel Investments Unit A/C>		1,976,175	2.9%	1,976,175	1.2%
	Other shareholders		32,246,237	47.8%	45,670,699	26.7%
Total			67,480,237	100.0%	171,366,202	54.8%

BWF Top shareholders	Associated with	Pre Proposal number of shares	% of total shares	Post Proposal number of shares	% of total shares
<i>Reconciled as:</i>					
Shareholdings associated with:					
Joseph Glew		6,297,000	9.3%	47,613,065	27.8%
Richard Hill		1,969,278	2.9%	14,059,363	8.2%
Timothy Brown		2,960,000	4.4%	3,213,298	1.9%
Subtotal Persons of Influence		11,226,278	16.6%	64,889,178	37.9%
Jessica Glew		2,059,636	3.1%	2,059,636	1.2%
Joseph Glew & Paul Tresidder		4,351,667	6.4%	5,812,767	3.4%
Paul Tresidder		4,352,488	6.5%	39,327,427	22.9%
BWF Non-Associated shareholders		45,490,168	67.4%	45,490,168	26.5%
Added Pelorus Non-Associated shareholders		-	-	13,790,477	8.0%
Total		67,480,237	100.0%	171,366,202	100.0%

Source: management and MAV analysis. Post Proposal amounts are stated before the potential deduction for any treasury stock of 4.2m BWF Shares (see Table 9).

38. Table 2 shows the top 10 shareholders in BWF Pre Proposal, increasing to the top 17 Post Proposal with the addition of BWF shares issued to Pelorus shareholders.
39. It also shows the BWF shares that relate to Persons of Influence from whom BWF will acquire a substantial asset. Those are persons who are on the boards of both BWF and Pelorus and have associated shareholdings in both companies, including:
- Joseph Glew.
 - Richard Hill.
 - Timothy Brown.
40. Directors have received legal advice that that Jessica Glew and Paul Tresidder are not considered a person of influence for the purposes of ASX LR 10.1. Jessica Glew is on both boards, but does not hold any Pelorus Shares. Whilst Paul Tresidder holds or controls around 7% of the BWF Shares and 11% of the Pelorus Shares, he is not a Director of BWF. He is a director of Pelorus. In the above table, his interests are mostly represented by Lymkeesh Pty Ltd, (other related interests not shown).
41. Pre Proposal there are no shareholders holding greater than 10% of BWF. BWF Non-Associated Shareholders hold around 67%.
42. Post Proposal BWF Non-Associated Shareholders will be diluted to holding less than 27%, or 50%+ if Paul Tresidder's interests are counted as part of Non-Associated Shareholders. The Persons of Influence will increase their collective holding to 38% by receiving 53.7 million BWF shares, although they do not represent a single voting bloc.
43. The concentration of substantial holdings will increase, with interests associated with:
- Joseph Glew – increasing to around 28% (excluding joint holdings).
 - Paul Tresidder – increasing to 23% (excluding joint holdings).

2.2. Shareholders resolution in the NoM

44. The NoM sets out the resolutions (**Resolution**) relevant to this Report which we summarise:
- **Resolution 1: “Acquisition of Pelorus Shares from related parties”** – That Shareholders approve the proposal for BWF to acquire up to all of the issued shares in Pelorus.
 - **Resolution 2: “Approve issue of BWF shares to related parties”** – That Shareholders approve issuing up to 103.9 million BWF Shares, including Shares to be issued to Persons of Influence for the purposes of ASX LR 10.11
 - **Resolution 3: “Approval of issue of BWF shares exceeding placement capacity”** – a procedural resolution for the purposes of ASX LR 7.1.
45. We understand that the Persons of Influence are persons excluded from voting on the Proposal covered by Resolutions 1 to 3 above.
46. We consider the ordinary Shareholders other than the Persons of Influence, as the non-associated shareholders (**Non-Associated Shareholders**).
47. We consider BWF acquiring all the shares in Pelorus as described above and the subject of Resolutions 1 to 3 the **Proposal** for the purposes of our analysis.

3.0 SCOPE OF THIS REPORT

3.1. Purpose

48. BWF is a public company incorporated in Australia and accordingly is subject to ASX Listing Rule 10 Transactions with persons in a position of influence.
49. ASX LR 10.1 requires shareholder approval of acquisitions of substantial assets from persons in a position of influence. ASX GN 24 sets out who persons of influence can be. For the purposes of the Proposal, we understand that Persons of Influence are as noted in Section 2.0 above.
50. In this context, the risk ASX LR 10.1 seeks to address is to avoid BWF overpaying for Pelorus shares, unless with Non-Associated Shareholder approval.
51. The requirements for an independent expert's report are also set out in ASIC RG 111 Table 1. However, the Directors advise that BWF shareholder approval is not required under Chapter 2E (Related party transactions) or any other provisions of the **Act**.
52. Therefore, the Directors of BWF have engaged MAV to prepare this Independent Experts Report for the purpose of assisting Non-Associated Shareholders to evaluate the Proposal. The scope of the Report is to assess whether the Proposal is fair and reasonable to BWF Non-Associated Shareholders.
53. The Report will accompany the NoM to be sent to Shareholders.

3.2. Basis of evaluation

The Proposal represents an acquisition of assets (Pelorus Shares) from persons in a position of influence (e.g. BWF Directors). ASX LR 10.1 and Guidance Note (**GN**) 24.7.3, provides guidance in these circumstances. That in turn refers to guidance contained in ASIC RG 111.

54. RG 111 guide states that 'fair and reasonable' is not a compound phrase and each element has to be assessed. 'Fair' is an assessment of the consideration against the value of the securities to be issued. 'Reasonable' is an assessment of the merits of the Proposal and if there are sufficient reasons for the Proposal to proceed.
55. Therefore, Fairness is a "quantitative" assessment. "Reasonableness is a "qualitative" assessment. In order to assess if the Proposal is fair and reasonable, we have:
 - Undertaken a quantitative assessment. The risk to Non-Associated Shareholders is if BWF overpays for the acquisition of Pelorus.
 - In this context, the Proposal is fair if the financial benefit in the form of the value of a BWF share before the Proposal is equal to or less than the value of the assets acquired being 3.0x Pelorus shares¹.
 - We also assessed it as fair if the minority value of a BWF share after the Proposal is greater than or equal to the control value of a BWF share before the Proposal.
 - Assessed the qualitative merits as reasonable if it is fair, or despite not being fair, if the advantages to Shareholders outweigh the disadvantages.
56. In accordance with RG 111.60 the Proposal is reasonable if it is fair. If despite not being fair, it may be reasonable if we think that the advantages to shareholders outweigh the disadvantages.

¹ ASIC RG 111.58

57. In accordance with RG 111, those assessments of fair value include an analysis of value employing accepted valuation methodologies (DCF, CME, Asset based and Market Comparable transactions) which are most applicable.
58. We have undertaken our valuations assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. This is a standard of fair value.
59. We have also assumed premise of value as a going concern.

3.3. Terms of reference

60. We have conducted our Services according to the guidelines contained in APES 110 *"Code of Ethics for Professional Accountants"* and the principals of APES 225 *"Valuation Services"*.
61. We confirm MAV are the holder of AFLS licence 247 262, which authorises us to provide reports and advice in respect of securities. A copy of our Financial Services Guide is included in **Appendix 4**.
62. Regulatory guidance includes:
- RG 112 "Independence of Experts March 2011". We confirm our qualifications and independence in **Appendix 3**.
 - RG 111 "Content of Experts Reports – October 2020". Relevant guidance is given on the basis of evaluation including the standard of fair market value on a control basis and the use of prospective financial information only where there is a 'reasonable' (and not hypothetical – per RG 170) basis to do so.
 - RG 170 "Prospective Financial Information – April 2011" – factors that indicate 'reasonable grounds' for prospective financial information.
 - RG 74 "Acquisitions approved by members – December 2011".
 - RG 76 "Related party transactions" – March 2011.
 - ASX LR 10 "Transactions with persons of influence" and the associated Guidance Note 24 – December 2019.

4.0 PROFILE OF BWF AND PELORUS

4.1. Background

63. In this Section we set out the profile of both BWF and Pelorus together given the close operating relationship and similar businesses.
64. BWF is an Australian fund manager company listed on the ASX. It earns fees from the management of property asset funds, investment income as well as holding investments in WOTSO Property. BWF owns around 10% of WOT.
65. Pelorus is an unlisted public investment company. Pelorus owns around 19% of WOT. It also holds interests in other properties as well as some start-up and unlisted investments. It derives investment income.
66. BWF and Pelorus have some shareholdings, directors and management in common. The directors of each company are:

BWF Directors

- Seph Glew
- Tim Brown
- Richard hill
- Jessie Glew
- Robin Tedder

Pelorus Directors

- Seph Glew
- Tim Brown
- Richard hill
- Jessie Glew
- Paul Tresidder

67. BWF, Pelorus and WOT share the same office located in Neutral Bay, Sydney.

4.2. Financial Performance of BWF and Pelorus

68. The historical financial information in this Section is extracted from the Audited accounts of BWF and Pelorus for the year ending 30 June 2023 including the comparative year.
69. Those accounts were both audited by ESV Business Advice and Accounting, Sydney who issued unmodified opinions dated 29 August 2023 (BWF) and 6 September 2023 (Pelorus).
70. We set out below the recent historic operating financial performance for FY22 and FY23 for both BWF and Pelorus. We have not included any forecasts as we think that they are either not relevant to our analysis or lack reasonable grounds for disclosure.

Table 3: Profit and Loss.

\$ '000s		BWF FY22	BWF FY23	Pelorus FY22	Pelorus FY23
	ref	Actual	Actual	Actual	Actual
Management fees	a	5,739	6,597	-	-
Transaction income	b	544	352	-	-
Associate (loss) / Income		72	(39)	-	-
Investment Income	g	-	-	294	614
Total revenue		6,355	6,910	294	614
Employee & consultant expense	c	(3,330)	(3,567)	-	-
Other operating expenses	h	(947)	(1,137)	(495)	(571)
EBITDA	d, h	2,078	2,206	(201)	43
Unrealised revaluation losses	e, i	(237)	(3,209)	834	(9,738)

\$ '000s		BWF FY22	BWF FY23	Pelorus FY22	Pelorus FY23
	ref	Actual	Actual	Actual	Actual
Gain / (Loss) on disposal of assets		-	-	561	(182)
Gain / (Loss) on acquisition of subsidiary	j	-	-	-	9,917
Government COVID stimulus		223	37	-	-
Depreciation and amortisation	f	(182)	(313)	-	(40)
Finance costs		(26)	(70)	(65)	(115)
Income tax benefit / (loss)		(210)	343	108	3,272
Net loss		1,646	(1,006)	1,237	3,157

Source: Audited accounts and MAV analysis. Some classifications may differ to aid comparability.

BWF Historical Earnings Review

71. Table 3 notes are as follows:

- a) BWF primarily earns management fees related to property assets held by WOT. It also earns fees on property assets in which Pelorus has an interest. Fees are earned primarily based upon a percentage of the asset value and or property income. The entitlement to earn management fees is primarily under management agreements made with the asset owners. The term of the agreement(s) is for 10 years expiring in February 2031. Fees have increased YoY mainly due to additional assets acquired, partially offset by changes in asset values.
- b) Transaction income are fees earned as a percentage of the asset acquisition or fund raising activity.
- c) BWF costs are mainly its employees and consultants who provide the above services.
- d) EBITDA from management fee activity is positive and exhibits some stability despite changes in scale and asset values.
- e) BWF records its main asset, its investment in WOT at the prevailing share price on the reporting date. The YoY decline is recorded as an unrealised loss which is non-cash.
- f) Depreciation and amortisation include AASB 16 lease costs for the office.

72. BWF has incurred a net loss in FY23 mainly because of the unrealised loss on its WOT investment.

Pelorus Historical Earnings Review

73. Table 3 notes are as follows:

- g) Pelorus records income from distributions received from its investments. The main distribution received in FY23 was from WOT.
- h) Pelorus has no direct employees and only incurs administrative expenses that are managed by BWF staff. It essentially broke even on EBITDA in FY2023.
- i) Pelorus also records its investment in WOT at the prevailing share price on the reporting date. Changes in the values of other investments including some BWF Shares, property related assets and unlisted investments are also recorded here. The YoY decline is recorded as an unrealised loss which is non-cash.
- j) The gain on acquisition of subsidiary relates to a non-cash non-recurring accounting entry on the business combination of SAO Investments in FY23 to reverse a deferred tax liability.

74. Pelorus also incurred a significant loss in FY23 due to the unrealised loss on investments, offset by the non-recurring accounting adjustment referred to above.

Outlook

75. We have not been provided with a budget or longer term outlook for either entity but are advised that there are no significant operating changes anticipated. Any change in income is likely to be a result of changes in the performance or scale of underlying investments.
76. RG 111.115 and RG 111.16 requires an expert to only use forward looking information where there are 'reasonable grounds'. Further guidance on 'reasonable grounds' is given in RG 170.25 and includes forward contracts, industry expert reports and short-term estimates.
77. On this basis we think that:
- BWF's management fees are likely to continue, but subject to asset price volatility.
 - Pelorus may expect to continue investment income from distributions, but subject to underlying investment performance.
 - BWF's and Pelorus's current operating costs are likely to continue at similar levels.

4.3. Financial Position of BWF and Pelorus

78. We set out below a summary of the financial position for BWF and Pelorus as at, 30 June 2023 taken from the same audited accounts noted above.
79. We also show how we classify balance sheet lines for the purposes of our assessment:

Table 4: Statement of Financial Position

\$ '000s	ref	BWF FY22 Actual	BWF FY23 Actual	Pelorus FY22 Actual	Pelorus FY23 Actual	Classification
ASSETS						
Current assets						
Cash and Cash equivalents	a	1,166	5,788	12	12	Working Capital
Trade and Other Receivables		1,293	539	572	138	Working Capital
Financial assets		-	-	554	-	Investments
Loans receivable		-	-	240	1,200	Investments
Total current assets		2,459	6,327	1,378	1,350	
Non-current assets						
Investments	b Tbl.5	23,412	19,266	32,755	60,166	Investments
Employee loans	c	1,056	1,027	-	-	Investments
Investments using equity method		40	21	-	-	Investments
Right of use asset		444	308	-	-	Operating
Plant and Equipment		122	15	68	68	Operating
Total non-current assets		25,074	20,637	32,823	60,234	
TOTAL ASSETS		27,533	26,964	34,201	61,584	
LIABILITIES						
Current Liabilities						
Trade and Other Payables		(916)	(697)	(1,515)	(771)	Working Capital
Lease liability		(137)	(140)	-	-	Operating
Employee benefits		(701)	(806)	-	-	Working Capital
Tax payable		(273)	(60)	(62)	(62)	Working Capital
Borrowings	d	-	(5,000)	(3,397)	-	Debt
Total current liabilities		(2,027)	(6,703)	(4,974)	(833)	

\$ '000s	ref	BWF FY22 Actual	BWF FY23 Actual	Pelorus FY22 Actual	Pelorus FY23 Actual	Classification
Non-current liabilities						
Deferred tax liability	b	(2,592)	(1,710)	(4,263)	(2,455)	Other
Lease liability		(329)	(189)	-	-	Operating
Employee benefits		(25)	(106)	-	-	Operating
Total non-current liabilities		(2,946)	(2,005)	(4,263)	(2,455)	
Total liabilities		(4,973)	(8,708)	(9,237)	(3,288)	
NET ASSETS		22,560	18,256	24,964	58,296	
<i>Classification Subtotals</i>						
Net Working Capital		569	4,764	(993)	(683)	
Investments		24,508	20,314	33,549	61,366	
Investments, less DTL		21,916	18,604	29,286	58,911	
Debt		-	(5,000)	(3,397)	-	

Source: Audited accounts and MAV analysis.

BWF

80. Table 4 notes on BWF are:

- We regard cash as part of net working capital but acknowledge that part of the BWF balance on 30 June 23 could be available for dividends or to offset debt. Given our adjusted net assets based valuation approach adopted below, the classification distinction is not important for our assessment. We regard other working capital items are likely at fair values.
- Investments are comprised of 16.9m WOT securities recorded at the WOT closing price of \$1.14 each on 30 June 2023 (total \$19.3m as on 30 June 2023). We adjust this value in our assessment later. The DTL arises mainly on investment revaluations and is included in our assessment.
- Employee loans are loans made to employees and Directors to acquire BWF Shares under the employee share scheme. The loans attract an interest rate equivalent to the deemed ATO loan interest rate and are secured against the Shares. All dividends from the Shares are applied to the loan balance. On this basis we think the asset is realisable at the recorded value.
- Borrowings are from a related party and are charged at a commercial margin over the RBA cash rate.

81. BWF FY23 reported net asset position of \$18.3 million is mostly comprised of its investment in WOT. No intangible asset value is recorded for the potential value of its management rights.

82. We use the net asset position of BWF as the starting point of our valuation below and adjust for the value of management rights. We observe that the net asset position of BWF is below the current market capitalisation of \$39.8 million²

² 24 August 2023

Pelorus

83. Table 4 shows that Pelorus investment assets are substantial and comprise of the following.

Table 5 Pelorus investments

\$ '000s		Pelorus FY23 Actual	MAV Comments
Investments	ref		
Listed securities			
WOTSO securities		36,154	31.7m securities on 30 June 2023 price of \$1.14 per security. We adjust this value later in our calculations.
BWF securities		2,255	4.2m shares on 30 June 2023 price of \$0.54 per share. We adjust for these shares later in our calculations.
Property related assets			
55 Pymont Bridge Rd, equity interest		6,039	15% equity interest, property valued at \$134.3m
55 Pymont Bridge Mortgage fund		2,356	12% interest, property valued at \$134.3m
55 Pymont Bridge convertible note		1,694	12% interest, property valued at \$134.3m
Total Pymont Bridge	e	10,089	
Alerik UT - George St Nth Strathfield	e	6,200	19% interest, property valued at \$46.5m, plus other investments
Mosman Branch UT - 743 Military Rd	e	3,062	20% interest, property valued at \$9.4 million, plus other investments
Total Property related assets	e	19,351	
Other unlisted investments			
Start-up - Teletrack	f	1,000	<10% interest, carried at cost
Start-up - Linqto	f	1,128	<10% interest, carried at cost
Other unlisted investments	f	278	<10% interest, carried at cost
Total unlisted investments	f	2,406	
TOTAL NON CURRENT INVESTMENTS		60,166	

84. Further notes on Table 5 are:

- e) Pelorus holds equity and debt interests in the above properties. The values of those interests (net of any debt in the investment structure) are ultimately supported by recent independent property valuations. Those valuations were prepared by M3 Property Valuers. Those valuations were commissioned by BWF for their own reporting purposes. We are aware of M3 Property and consider them of good reputation and suitably qualified and experienced in property valuations. We have read M3's reports and consider them adequate for our use in our assessment. We include an extract of the Executive Summary from M3's reports in **Appendix 8**, with the permission of M3.
- f) Unlisted investments are carried at investment cost. We make adjustments to these values later in our calculations to consider a downside risk to these values.

85. Pelorus net assets of \$58.3m on 30 June 2023 are substantially comprised of its investments. We also use the net asset position of Pelorus as the starting point of our valuation below.

4.4. Capital structure and relevant prior raisings

86. The current capital structure of BWF including the impact of Pelorus shareholders if the Proposal proceeds is set out in Section 2.

BWF

87. During FY23, BWF did not undertake any significant capital raisings.

Pelorus

88. During FY23 Pelorus issued 178.7 million Pelorus shares to fund \$30.3 million acquisition of investments³. The average price for shares issued was \$0.17 per Pelorus share, or \$0.50 in BWF Share equivalent terms.

4.5. Share trading performance of BWF

89. We set out below the recent Share trading performance of BWF from September 2020 to August 2023:

Chart 1 – Share price & volume



Source: S&PCapIQ

90. The chart shows a higher level of activity and price increase around March 2022, followed by a decline and more stable prices recently.
91. The implied market capitalisation of BWF at the current Share price of \$0.59⁴ cents is \$39.8m which is greater than the recorded net asset values taken from Table 4.
92. We summarise recent Share trading in the following table:

Table 6 recent Security trading summary

Share trading summary	Last 20 days	Last 3 months	Last 6 months	Last 12 months
\$'whole Value	\$100,354	\$321,038	\$1,097,367	\$1,860,794
Number of shares	174,862	573,941	1,866,569	3,050,007
VWAP \$ whole	\$0.574	\$0.559	\$0.588	\$0.610
Number of shares % to total issued	0.26%	0.85%	2.77%	4.52%
Annualised % shares traded in period	3.27%	3.40%	5.53%	4.52%

³ Pelorus Financial Statements Half Year Ended 31 December 2022 Note 1.

⁴ 24 August 2023

Source: S&PCapIQ and MAV analysis

93. The table shows that the number of Shares traded over the past year was less than 5% of the total Shares on issue, or \$1.9m vs a market capitalisation of \$39.8m. We think the above table indicates that there is not a strongly liquid and active market for Shares. We are unsurprised by this given how tightly held the Shares are amongst the top 10 Shareholders.
94. We generally consider there is an active and liquid market when there is more than 15% of security turnover in a year, refer **Appendix 5**

5.0 INDUSTRY OVERVIEW

5.1. Overview

95. We think that BWF as a manager and investor and Pelorus as an investor operates within the Real Estate Investment Trust (**REIT**) and Office Property industries.
96. IBISWorld also publish data on both industries⁵.

Table 6: IBISWorld Summary of industry performance.

Industry	Historical growth 5 years	2022 Industry Total Revenue	Profit margin	Outlook growth 5 years
Real Estate Investment Trusts in Australia	Revenue growth 0.3% Profit growth -1.8%	\$17.4 billion	45.6%	Revenue growth 3.6%
Office Property Operators in Australia	Revenue growth -12.7% Profit growth -14.8%	\$26.1 billion	42.6%	Revenue growth 2.6%

97. Industry key trends and participants:

Real Estate Investment Trusts

- **Key Trends**
- REITs offer investors diversified exposure to property, requiring less capital than direct ownership.
- The industry has undergone some consolidation, with rising acquisition activity over the period.
- The COVID-19 pandemic has constrained performance for some product segments.
- Industry firms are forecast to face higher borrowing costs over the next five years.
- Demand for commercial property is projected to rise over the period, supporting rent increases.
- Industry participation will likely rise, although some consolidation is forecast over the period.
- Real estate investment trusts have faced volatile operating conditions over the past five years.
- **Major participants:**
- Stockland
- Scentre

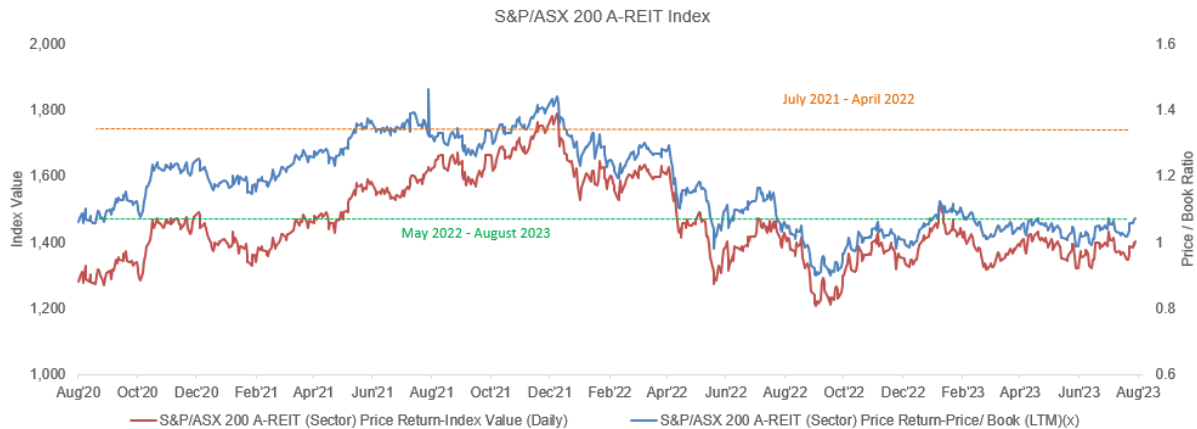
Office Property Operators

- **Key Trends**
- The total number of non-manual employees is going up and demand for CBD office space remains strong.
- Working from home measures constrained demand for office space.
- Automation has enabled office property operators to reduce their labour reliance.
- Climbing business confidence will restore firms' demand for office space.
- The number of non-manual labour employees in Australia is on track to climb.
- Changes to traditional office organisation and use may limit demand for office space.
- Volatile business confidence after the COVID-19 pandemic has dulled demand for offices.
- **Major participants:**
- None identified.

⁵ IBISWORLD INDUSTRY REPORT OD5551 Real Estate Investment Trusts in Australia– May 2022. INDUSTRY REPORT L6712A Office Property Operators in Australia – April 2023.

- Goodman
- Mirvac
- Dexus
- Charterhall

98. We also set out the performance of the ASX 200 A-REIT index (red) and the Price/book ratio (blue).



99. Both the index and the price/book ratios have declined from recent peaks in July 21-April 2022 to May 2022 to now.
100. We think this indicates that valuations and the attractiveness of underlying property assets have declined as interest rates have risen more recently. However even now, the price to book ratio is slightly greater than one – meaning that the market price is slightly higher than the value of net assets.

5.2. Industry remarks

101. Given the above, we observe that the macro conditions for REITS and flexible workspaces are likely positive but facing rising interest (or rental) costs. This in turn may impact on BWF's management fees and the value of WOT investments held by BWF and Pelorus.
102. We acknowledge that much of the IBISWorld reporting and chart above relates to traditional REITS or long term leased office providers. This is not quite the same as the exposure of BWF and Pelorus to their investments in WOT whose focus is on flexible short term workspaces.
103. Our valuation and assessment of the Proposal does not greatly depend on any further industry analysis.

6.0 VALUATION METHODOLOGIES

6.1. Available methodologies

104. The following summarises the various methodologies we have considered:

- **Market Based:** Business value or equity is determined by reference to comparable market buy/sell transactions or quoted market prices (**QMP**) if it is listed on an exchange or recent capital transactions.
- **Income Based:** Value is determined by reference to capitalised future maintainable earnings (**CFME**) or discounted cash flows (**DCF**) derived by the business.
- **Asset Based:** Value is determined by reference to the sale or realisable proceeds of individual assets or groups of assets in an entity.

105. We provide more details of the available valuation methodologies in **Appendix 2** of this Report.

6.2. Selected methodology for BWF and Pelorus

Market Based Value

106. BWF is a listed public company. Whilst a Share price is quoted on the ASX, we have some reservations as to whether that price represents a liquid and active price as per Section 4.5. We therefore use the public quoted Share price as a cross check to our preferred income and asset based methods below.

107. Pelorus is an unlisted public company for which there is presently no actively traded share price.

Income Based Value

108. For BWF, (aside from management fees see below) and for Pelorus, the only material source of income is from investments. In such circumstances we think it is better to value those investments directly using an asset based approach.

Income Based approach – BWF management rights DCF

109. For BWF's management rights intangible asset value we considered a DCF approach, with a cross check to market research of value / Assets Under Management (**AUM**).

Asset Based Value

110. Due to the high levels of recorded investment assets, we have adopted an adjusted net assets method to value both BWF and Pelorus on a sum of the parts basis.

7.0 VALUATION OF BWF PRE PROPOSAL

7.1. Approach

111. We have assessed the pre Proposal value of BWF at the low and mid ranges using an adjusted net assets approach on a going concern basis. We adopted the audited balances as of 30 June 23 with applied adjustments as set out in the following table. For the high range, we adopted a quote price market approach:

Table 7 Pre Proposal value of BWF

\$ '000s or \$ per share				
BWF				
Value method	ref	Low	Mid	High
		Net assets	Net assets	Market Cap
30 June 23 reported net assets / market cap	Tbl.4	18,256	18,256	36,439
Add FMV of management rights		15,311	17,811	-
Add potential FMV uplift of WOT Investment		3,065	6,131	-
Add potential FMV uplift of Indigo Black		-	479	479
Less unavoidable transaction costs		(84)	(84)	(84)
Plus control Premium if relevant		-	-	7,385
Equals Pre Proposal FMV Total Value on a control basis		36,548	42,593	44,219
Pre Proposal shares outstanding ('000's)	Tbl.2	67,480	67,480	67,480
Equals Pre Proposal FMV share value on a control basis (\$ per BWF share)		\$0.54	\$0.63	\$0.66

30 June 23 reported net assets / market capitalisation

112. For the low and mid columns, this is taken from Table 4 for 30 June 2023 and includes all net assets at recorded values. In the case of the market capitalisation (high) column, we have adopted the value of BWF based on its quoted Share price of \$0.54 on 30 June 2023, multiplied by 67.5 million shares on issue as of 30 June 2023.
113. As noted in paragraph 82 the market capitalisation amount is much higher than the recorded net asset values. Whilst we have some reservations about the reliability of the market value (Section 4.5), we think this difference could be explained by the lack of intangible asset value for the management rights.

Fair value of fund management rights

114. Therefore, for the low and mid columns, we add the estimated value of the management rights. The intangible asset value of management rights is valued in **Appendix 6** and ranges from \$15.3m to \$17.8 million. We took a DCF approach with a market based cross check.
115. As the management rights extend only to February 2031, at the low range value we assume a 50% probability truncation risk of no renewal. At the mid-range value, we assume a 75% (more likely than not) probability of renewal of management rights. We assume that the market price of BWF shares includes the intangible value of management rights so that no adjustment is required.

Uplift in WOT investment

116. We assess the value of WOT in **Appendix 7**.
117. For the low and mid-range columns, BWF records its investment in WOT at the 30 June 2023 WOT share price of \$1.14. However, we have some reservations as to whether the WOT price of \$1.14 per share represents a liquid and active market price, (see **Appendix 7**). It is also significantly below its net asset backing, where WOT assets are mostly represented by underlying property valuations. We have therefore assumed for our low and mid-range asset based assessments scenarios for an uplift in

value of the WOT investment asset (refer to **Appendix 7** for further details on the uplift). We highlight that given that we make the same proportional value assumption for the WOT assets that are also included in Pelorus, our overall opinion is not sensitive to the value of WOT.

118. We assume at in the high column that the market price of BWF shares includes any upside value in WOT such that no adjustment is required.

Uplift in Indigo Black investment

119. Directors advise that both BWF and Pelorus own 25% each of a construction business called Indigo Black. The business provides construction services to related entities including WOT.
120. In BWF this is accounted for using the equity method. Directors' valuation for each 25% share of this business is \$0.5 million. We have adopted a value for this business as \$nil at the low range and at \$0.48 million at the mid and high ranges (being the difference between recorded valuation of \$20k for BWF and \$0 for Pelorus and Director's valuation of \$0.5m) for both BWF and Pelorus interest.
121. We confirm that the inclusion or exclusion of this adjustment does not have a material impact on our assessment or opinion. Given this, and the consistent inclusion of the adjustment for both BWF and Pelorus, we do provide no further analysis.

Unavoidable transaction costs

122. The unavoidable transaction costs are estimated by the BWF and comprise the cost of this Report, legal costs and other minor costs.

Premium for control

123. A premium for control can be defined as an amount or a percentage by which the pro-rata value of a controlling interest exceeds the pro-rata value of a non-controlling interest in a business enterprise, to reflect the power of control. The requirement for an explicit valuation adjustment for a control premium depends on the valuation methodology and approach adopted. This valuation at the low and mid ranges is based on the net assets approach, which is premised on the ability to control the assets of an entity and therefore already incorporates a premium for control. Therefore, no further adjustment is required.
124. By contrast, the high range is based on the quoted price market methodology. A quoted price is generally thought to represent a minority value. Therefore, we have included a control premium to align this value consistently with the low and mid ranges.
125. Various empirical studies, including the RSM control premium study⁶ calculate observed premiums paid in takeovers to be in the order of 22%-35%. This is based upon empirical studies conducted on successful takeover offers and schemes of arrangement completed between 2005 and 2020 for companies listed on the ASX. We have also considered other empirical control premium studies and authorities⁷ that consider international markets. KPMG's 2019 valuation practices survey (not an empirical study) notes premiums for control adopted in the range of 14-34%.
126. A minority interest discount is the inverse of a premium for control and is calculated using the formula $1 - \left(\frac{1}{1 + \text{control premium}} \right)$. Therefore, a control premium of 14%-35% referred to above represents a Discount for lack of Control (**DLOC**) of 12%-26% that could be applied to value a non-controlling interest.

⁶ <https://www.rsm.global/australia/report/control-premium-study-2021>

⁷ Mergerstat, & Pratt "Discounts & Premiums, 2nd edition

127. In view of the circumstances of common boards of directors, management and operations, any control premium that applies to BWF is likely to be at the lower end of the range and have adopted 20%.

Shares outstanding

128. Pre Proposal BWF has 67.5 million Shares outstanding taken from Table 2.

Pre Proposal value per BWF share

129. The Pre Proposal value therefore ranges 54 cents to 66 cents per Share on a control basis.
130. We acknowledge that the range of value is broad – this is a function of the inherent uncertainty in the risk of renewal of the management rights in 2031.

8.0 VALUATION OF PELORUS PRE PROPOSAL

8.1. Adjusted net asset approach

131. We have assessed the pre Proposal value of Pelorus using an adjusted net assets approach on a going concern basis. We adopted the audited balances as of 30 June 23 with applied adjustments as set out in the following table:

Table 8 Pre Proposal value of Pelorus

\$ '000s or \$ per share				
Pelorus				
Value method	ref	Low Net assets	Mid Net assets	High Net assets
30 June 23 reported net assets	Tbl.4	58,296	58,296	58,296
Add potential FMV uplift of WOT Investment		5,752	11,504	11,504
Add potential FMV uplift of Indigo Black		-	500	500
Less FMV adjustment to unlisted investments		(2,370)	(1,185)	-
Less unavoidable transaction costs		(84)	(84)	(84)
Equals Pre Proposal FMV Total Net Asset Value on a control basis		61,594	69,031	70,216
Pre Proposal Pelorus shares outstanding ('000's)	s.2.1	311,658	311,658	311,658
Number of BWF shares offered in Proposal @ 1:3		103,886	103,886	103,886
Equals Pre Proposal FMV per BWF equiv. shares @ 1:3 on a control basis		\$0.59	\$0.66	\$0.68

30 June 23 reported net tangible assets

132. This is taken from Table 4 and all net assets at recorded values. As noted in Table 4, the net assets value is largely comprised of its investments taken from Table 5, including:
- Listed investments, mainly comprised of WOT shares (see below). We adjust for the holding of BWF shares in Section 9 below.
 - Property related assets. As noted, these values are ultimately supported by independent property valuations undertaken by M3 Property Valuers. An extract from M3 Property valuation reports is shown in **Appendix 8**.
 - Unlisted investments – see below.

Uplift in WOT investment

133. We assess the value of WOT in **Appendix 7**.
134. As for BWF, Pelorus records its investment in WOT at the 30 June 2023 WOT share price of \$1.14. However, we have some reservations as to whether the WOT price of \$1.14 per share represents a liquid and active market price, (see **Appendix 7**). It is also significantly below its net asset backing, where WOT assets are represented by underlying property valuations. We have therefore assumed scenarios for an uplift in value of the WOT investment asset (refer to **Appendix 7** for further details on the uplift). We highlight that given that we make the same proportional value assumption for the WOT assets that are also included in BWF, our overall opinion is not sensitive to the value of WOT.

Uplift in Indigo Black investment

135. As described in paragraph 119 for BWF. The value of this investment is less than half a cent per BWF equivalent share, and therefore does not greatly influence our overall opinion.

Adjustment to unlisted investments

136. As set out in Table 5 above, unlisted investments are recorded at cost and total \$2.4 million. To consider the downside risk to these investments from the perspective of BWF Non-Associated

Shareholder's interests, we value these investments at \$nil to \$2.4 million at cost at the low to high ranges. The values of these investments at Pelorus's stated cost is around 2 cents per BWF equivalent share, and therefore does not greatly influence our overall opinion.

137. The adjustments shown in the table above are required so as to achieve these values.

Unavoidable transaction costs

138. We estimated the unavoidable transaction costs as being the same as estimated by BWF for adviser costs, legal costs and other minor costs.

Premium for control

139. As set out in paragraph 123 this valuation is based on the net assets approach, which is premised on the ability to control the assets of an entity and therefore already incorporates a premium for control. Therefore, no further adjustment is required.

Shares outstanding

140. Pre Proposal Pelorus has 311.7 million shares outstanding taken from Section 2.0. We divide this by 3 being the exchange ratio under the Proposal to derive the BWF equivalent number of shares of 103.9 million.

Pre Proposal value per BWF share

141. Table 8 shows the Pelorus Pre Proposal control value per BWF equivalent share ranges from 59 cents to 68 cents.

8.2. Cross check to recent share trading

142. As stated in Section 4.4 the last price paid for shares during FY23 was \$0.50 per BWF equivalent share. This was for scrip for scrip acquisitions based upon the net tangible asset values⁸ in November 2022. We are satisfied that those values included historical values that are unlikely to reflect current fair values including the adjustments we have made in Table 8 above.

⁸ Pelorus Financial Statements for Half Year ended 31 December 2022, Note 1

9.0 VALUE OF BWF POST PROPOSAL

9.1. Approach

143. We have assessed the post Proposal merger value of Pelorus using mainly an adjusted net assets approach on a going concern basis. This is derived from our pre Proposal calculations for BWF and Pelorus in Sections 7 and 8 above:

Table 9 Post Proposal BWF value

\$ '000s or \$ per share				
BWF Post Proposal	ref	Low	Mid	High
Pre Proposal BWF FMV on a control basis	Tbl.7	36,548	42,593	44,219
Pre Proposal Pelorus FMV on a control basis	Tbl.8	61,594	69,031	70,216
Less FMV of BWF shares owned by Pelorus		(2,261)	(2,635)	(2,736)
Equals Post Proposal FMV on a control basis		95,881	108,989	111,699
Less discount for minority interest		(16,012)	(18,201)	(18,654)
Equals Post Proposal FMV on a minority basis		79,869	90,788	93,046
Pre Proposal BWF shares outstanding ('000's)	Tbl.7	67,480	67,480	67,480
BWF shares issued to Pelorus shareholders ('000's)	Tbl.8	103,886	103,886	103,886
Less BWF shares acquired in Pelorus		(4,175)	(4,175)	(4,175)
Post Proposal shares outstanding ('000's)		167,191	167,191	167,191
Equals Post Proposal FMV BWF share value on a minority basis (\$ per share)		\$0.48	\$0.54	\$0.56

Pre Proposal control values

144. This is taken from Tables 7 and 8 above.

BWF shares owned by Pelorus

145. Pelorus owns 4.2 million BWF Shares. We regard this as treasury stock Post Proposal and that the share value and share numbers should be deducted from BWF value. We do this at the Pre Proposal control values for BWF per Share (value of 54 cents to 66 cents \$ per BWF share from Table 7) for consistency at each of the ranges shown. We understand Directors may alternatively dispose of the Shares within the timeframe mandated under the Act. However, for the purposes of our analysis, we prefer to treat as a cancellation.

Minority Discount

146. A discount for minority interest is required on a post Proposal basis as we think this best reflects the interests of BWF Non-Associated Shareholders. We have selected a low-range discount of 17% being the inverse of the control premium discussed at paragraph 127.

Shares outstanding

147. We have taken BWF's Shares outstanding of 67.5 million plus the 103.9 million shares offered to Pelorus shareholders from Table 2, less the 4.2 million cancelled treasury stock above to derive the post Proposal value of Shares. We understand Directors may alternatively dispose of the Shares within the timeframe mandated under the Act. However for the purposes of our analysis, we prefer to treat as a cancellation.

Post Proposal value

148. The post Proposal value therefore ranges 48 cents to 56 cents per BWF Share on a minority basis.
149. For comparison and commentary purposes below, we also calculated the Post Proposal values on a control basis (i.e., no minority discount and not shown in table above) which ranged from 57 cents to 67 cents.

10.0 EVALUATION

10.1. Quantitative (fairness) assessment

150. We summarise our quantitative assessment in the table below:

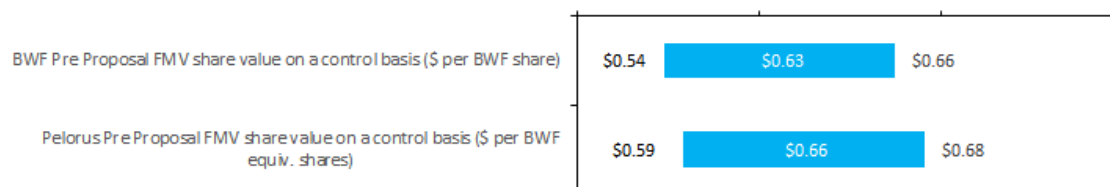
Table 10 Fairness

\$ per share Fairness assessment	Low	Mid	High
Comparison to the Proposal price			
BWF Pre Proposal FMV share value on a control basis (\$ per BWF share)	\$0.54	\$0.63	\$0.66
Pelorus Pre Proposal FMV share value on a control basis (\$ per BWF equiv. shares)	\$0.59	\$0.66	\$0.68
Higher = Fair / (Lower = not fair)	\$0.05	\$0.03	\$0.02
Evaluation	Fair	Fair	Fair
Comparison of the position of BWF shareholders Pre and Post Proposal			
BWF Pre Proposal FMV share value on a control basis (\$ per BWF share)	\$0.54	\$0.63	\$0.66
BWF Post Proposal FMV share value on a minority basis (\$ per BWF share)	\$0.48	\$0.54	\$0.56
Higher = Fair / (Lower = not fair)	-\$0.06	-\$0.09	-\$0.10
Evaluation	Not Fair	Not Fair	Not Fair

151. Graphically, the above Table amounts can be represented as:

Comparison to the Proposal price

152.



Comparison of the position of BWF shareholders



153. We estimate that the Pre Proposal BWF 1x share price is lower than the Proposal price of 3.0x Pelorus shares under the Proposal at all ranges shown. Our analysis compares both BWF and Pelorus on a control basis, because we think that best reflects the interests of BWF Non-Associated Shareholders and also the valuation approaches adopted.

154. The control values for Pelorus are higher than the control value for BWF.

Fairness opinion

155. We are most persuaded by the comparison of the Proposal price at the Mid values. As the Pre Proposal value of the BWF 1x share price financial benefit offered is lower than the value of the 3.0x Pelorus shares acquired, we conclude that the Proposal is **Fair** to the Non-Associated Shareholders.
156. Put another way, for the Pelorus share price in BWF Shares equivalent terms to equal our estimate of the BWF Pre Proposal mid-range value of 63 cents, we calculate a required exchange ratio of 1.0 BWF to 2.8 Pelorus shares. This is lower than the of 1.0:3.0 ratio under the Proposal. If an exchange ratio of 1.0:2.8 was used, then around 109.4 million BWF shares would be issued instead of 103.9 million BWF Shares under the Proposal. Therefore, we think there is an underpayment of around 5.5 million BWF Shares to be issued to Pelorus shareholders under the Proposal which is why our opinion is **Fair**.
157. We are less persuaded by the comparison of the BWF share price Pre and Post Proposal, as that is not the primary form of analysis required for approval under ASX LR 10 and that there may be no practical change in control.

10.2. Qualitative (reasonableness) assessment

158. We summarise the advantages and disadvantages of the Proposal and also any alternatives to the Proposal if it is not approved:

Advantages of the Proposal

- The offer is Fair at all ranges of the primary analysis of comparing the BWF price per share given to the price of the Pelorus shares acquired from the Persons of Influence.
- The offer to acquire Pelorus Shares is made equally to all Pelorus shareholders. There is no selective treatment of any shareholders in Pelorus, particularly the Persons of Influence.
- BWF will have a more diverse assets than Pre Proposal which may reduce risk and increase its attractiveness. It is possible that there may be upside in the value of Pelorus's unlisted assets which we have not considered.
- BWF will increase its direct holding in WOT, whose assets it manages. This may increase alignment of interests.
- Anticipated minor savings through removal of duplicated costs in areas such as audit, compliance and corporate services.
- The Proposal does not result in any change in Board control of BWF.
- A greater number of BWF Shares on issue which may improve the liquidity of BWF Shares.

Disadvantages of the Proposal

- As there is an overlap between the price ranges evaluated, it is possible the Proposal could be viewed as Not Fair at different combinations of prices (e.g., high BWF, low Pelorus values).
- The Proposal is not Fair if viewed as a control transaction. The Non-Associated BWF shareholders are diluted from holding around 67% in BWF to around 27% Post Proposal and no control premium is observed. However there is no practical change in control as the Directors and Persons of Influence for BWF are the same Pre and Post Proposal.

**If the Proposal
is NOT
approved**

- The transaction costs associated with the Proposal. However these are relatively minor and have been incurred regardless of whether Proposal proceeds.
- The Directors have advised that if the Proposal is not approved, then the Pelorus Acquisition will fail and BWF will continue as is.

159. In our opinion the position of BWF Shareholders is more advantageous post-Proposal than pre Proposal, and therefore the Proposal is reasonable to BWF Non-Associated Shareholders.

10.3. Summary of Opinion

160. On the balance of the above matters considered, we think that the Proposal is **Fair and Reasonable** to the Non-Associated shareholders of BWF.

APPENDIX 1 – SOURCES OF INFORMATION

- BWF NoM and explanatory materials.
- Non-binding heads of agreement accompanying materials from BWF to Pelorus.
- Audited FY23 Annual Reports for BWF and Pelorus. H1FY23 Financial Report for WOT.
- M3 Property Valuers reports on Pelorus property interests as set out in Appendix 8.
- IER written on WOT by MAV dated 18 August 2023.
- Company announcements, emails and discussion with BWF management.
- S&PCAPIQ, Merger Market and other sources listed throughout the Report.

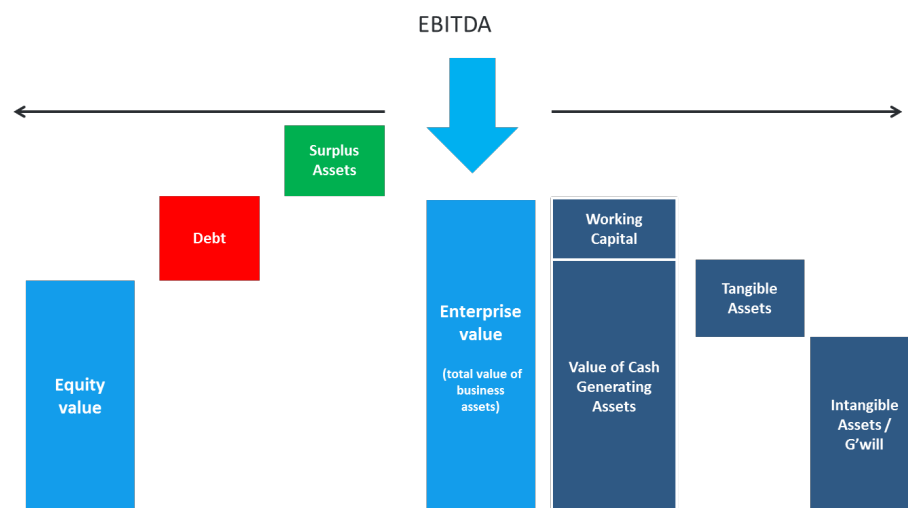
APPENDIX 2 – OVERVIEW OF VALUATION METHODOLOGIES AND PRINCIPLES

Type	Method	Description	When method used
Income Approaches	Discounted Cash Flow	<p>The Discounted Cash Flow (DCF) method derives the value of a business on a controlling basis based on the future cash flows of the business discounted back to a present value at an appropriate discount rate (cost of capital). The discount rate used will reflect the time value of money and the risks associated with the cash flows.</p> <p>The DCF Method requires:</p> <ul style="list-style-type: none"> • Forecasting cash flows over a sufficient long period (at least 5 years and usually 10 years) • Assessing an appropriate discount rate (typically derived using judgment and aids such as the Capital Asset Pricing Model (CAPM)). The cost of equity (Ke) can be built up from first principles or benchmarked against comparable companies ("Co-Co") or transactions ("Co-Tran"), and • Estimation of the terminal value (value of the business into perpetuity) at the end of the period (typically derived using the capitalisation of earnings method). 	<p>Reasonably accurate forecast cash flows (minimum 5 years).</p> <p>Earnings or cash flows expected to fluctuate from year to year.</p> <p>Business is in start-up or turn around phase.</p> <p>Specific projects that have a finite or infinite life, for example, mining projects.</p>
	Capitalisation of Maintainable Earnings	<p>The Capitalisation of Maintainable Earnings (CME) method is the most commonly used valuation method. It involves the application of a capitalisation multiple to an estimate of the Future Maintainable Earnings (FME) of the business. The FME must be maintainable by the business and must not include one-off gains or losses. The capitalisation multiple will reflect the risk, time value of money and future growth prospects of the business.</p> <p>The appropriate capitalisation multiple is determined with reference to the observed multiples of entities whose businesses are comparable ("Co-Co") to that of the business being considered and/or comparable transactions, ("Co-Tran").</p>	<p>The business has a history of profits with a reasonably consistent trend and that trend is expected to continue.</p> <p>The business has an indefinite life.</p> <p>Cash flow forecasts are not available.</p>

Type	Method	Description	When method used
	Capitalisation of Dividends	This method involves the capitalisation of forecast future maintainable dividends. The maintainable level of dividends is estimated by assessing the expected level of future maintainable earnings and the dividend policy of the entity. The appropriate capitalisation rate reflects the investor's required rate of return.	Valuation is for a minority interest. Stable business. High payout ratios.
	Yield Based	This method is primarily used for property assets and involves capitalising forecast distributions by an estimated future maintainable yield. The yield or rate is determined based on analysis of comparable entities.	Commercial or investment properties including retail, industrial and commercial.
Market Approach	Market	<p>This method values a Group bases on the traded prices of its equity on a public market/exchange. The approach can adopt the prevailing spot rate of the entity's securities at valuation date or the Volume Weighted Average Price (VWAP over a set trading period i.e. the preceding 30, 60 or 90 trading days to the valuation date).</p> <p>In the absence of market data specific to the entity, the market approach can also be used by examining market values for comparable companies ("Co-Co") or comparable transactions ("Co-trans").</p> <p>Comparable transactions may be observed as being based upon a widely used industry practice such as a multiple of revenue instead of earnings.</p>	<p>Group's equity is listed on public market/exchange i.e. ASX.</p> <p>Securities in the entity are actively traded on the market/exchange.</p> <p>As above for comparable companies or transactions</p>
Asset Approach	Asset Based	<p>Asset based valuation involve separating the business into components that can be readily sold, such as individual business units or items of plant and equipment, and ascribing a value of each component based on the amount that could be obtained if sold.</p> <p>The asset value can be determined on the basis of:</p> <ul style="list-style-type: none"> • Orderly realisation • Liquidation • Going concern 	<p>Asset rich entities</p> <p>For wind-up or realisation value</p>

Type	Method	Description	When method used
Asset Approach	Cost approach	<p>The value of an asset determined by:</p> <ul style="list-style-type: none"> • Reproduction cost less depreciation (in basic terms, the cost of replicating functionality). • Reproduction cost (in basic terms, the cost of recreating the asset). 	The cost-based approach can be used to derive market value where market or income factors are difficult to obtain or estimate with reliability (for example, for some intangible assets).

Valuation Principles



In adopting an income approach, a multiple of EBITDA or a DCF of cash flows is typically used to determine Total Enterprise Value (TEV), which represents the total value of the net business assets. Any excess over tangible and identified intangible assets (moving right in the diagram above) represents goodwill.

Moving left in the diagram, adjustments are made to TEV to add surplus assets (e.g. cash) and deduct debt so as to determine equity value. Surplus assets are any assets that are not required to generate the business's earnings or cash flows.

Further discounts may be applied to equity to determine a minority or illiquid value.

APPENDIX 3 – QUALIFICATIONS, INDEPENDENCE, DECLARATIONS AND CONSENTS

Statement of Qualifications, Independence, Declarations and Consents

Qualifications

Moore Australia (Vic) Pty Ltd (ABN 17 386 983 833) (**Moore**) is a Melbourne based accounting, audit and business advisory practice and is a licensed investment adviser within the terms of the Corporations Act 2001. Moore is an independent practice and a member of Moore International. Moore International is a national and international association of separate accountant and advisor entities represented in all capital cities of Australia and with 266 member firms operating in 112 countries worldwide.

The AFSL licence (No 247262) allows Moore to act for clients only in the capacity of providing reports in relation to certain corporate transactions or to provide general financial product advice on certain classes of financial products. Senior directors at Moore Stephens specialise in such advice and regularly perform corporate and asset valuations and advice on company restructures, acquisitions and Proposals. Moore Stephens Audit (Vic) is affiliated with Moore Stephens and, acting through different directors, also performs audits on the accounts of Australian companies.

The primary persons responsible for preparing this Report on behalf of Moore are Mr Colin Prasad (B.Com ACA and BVS) (with the assistance of staff), who has a significant number of years of experience in relevant corporate matters including valuations, independent expert reports and investigating accountant engagements.

Independence

Moore considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC relating to independence of experts and has developed and issued an opinion and report on an unbiased basis.

Moore and its related entities or any of its Directors have not had within the previous two years, any shareholding in the Company. During the 2 years period to this report Moore and its related entities have not provided any professional services to the Company or any related parties to the Company, except for the following:

- On 18 August 2023 we issued an IER for Securityholders of WOT. This is in connection with the Proposal. That IER was prepared for fees at normal professional hourly rates. We do not think that that work represents a conflict of interest for this Report.

None of Moore, Mr Colin Prasad, nor any other member, director, partner or employee of any of Moore has any interest in the opinion reached by Moore except that we are entitled to receive professional fees for the completion of this Report based on time incurred at normal professional rates. Our fee for the preparation of this report is \$44,000. With the exception of these fees no parties will receive any other benefits, whether directly or indirectly, for or in connection with issuing this Report.

Disclaimers

This Report has been prepared at the request of the Directors of the Company and was not prepared for any other purpose than stated in this Report in Section 3. This Report has been prepared for the sole benefit of the Directors and the Non-associated Shareholders of the Company. This Report should not be used or relied upon for any purpose other than as set out in Section 3. Accordingly, Moore expressly disclaims any liability to any person (other than the Directors or

Non-associated Shareholders of the Company) who relies on our Report, or to any person at all who seeks to rely on the Report for any other purpose not set out in Section 3.

Appendix 1 identifies the sources of information upon which this Report has been based. To the extent we have used historical information we are entitled to rely upon the information. Any forecast information which has been referred to in this Report has been prepared by the relevant entity and is generally based upon best estimate assumptions about events and management actions that may or may not occur. Accordingly Moore cannot provide any assurance that any forecast is representative of results or outcomes that will actually be achieved. Whilst (unless stated otherwise in the Report) Moore has no reason to believe that such information is not reliable and accurate, it has not caused such information to be independently verified or audited in any way. Inquiry, analysis and review have brought nothing to our attention to indicate a material misstatement, omission or lack of reasonable grounds upon which to base our opinion.

The opinions given by Moore in this Report are given in good faith, based upon our consideration and assessment of information provided to us by the Directors and executives of the parties to the Proposal; and in the belief on reasonable grounds that such statements and opinions are correct and not misleading, (unless otherwise stated in the Report). This Report has been prepared with care and diligence.

Advanced drafts of this Report were provided to the Directors of the Company. Minor changes for factual content were made to this Report. There was no alteration to the methodology or conclusions reached as a result of discussions related to drafts of the Report.

Moore's opinion is based on prevailing conditions at the date of this Report including market, economic and other relevant circumstances. These can change over relatively short time period and any subsequent changes in these conditions in the value either positively or negatively.

Indemnity

The Company has agreed that it will indemnify Moore and its employees and officers in respect to any or all losses, claims, damages and liabilities arising as a result of or in connection with the preparation of this Report, except where the claim has arisen as a result of wilful misconduct or negligence by Moore.

Consent

This Report has been prepared at the request of the Company and may accompany materials to be given to shareholders.

Moore consents to the issuing of this Report and the form and context to which it is to be included with the materials. Other than the Report, Moore has not been involved in the preparation of the documents or other aspects of the Proposal or the materials to which this Report may be attached. Accordingly, we take no responsibility for the content of those materials or the Proposal as a whole. Neither the whole nor any part of this Report nor any reference thereto may be included in any other document without prior written consent of Moore as to the form and context to which it appears.

APPENDIX 4 – MOORE AUSTRALIA (VIC) PTY LTD FINANCIAL SERVICES GUIDE

This Financial Services Guide forms part of the Independent Expert Report.

Moore Australia (Vic) Pty Ltd (ABN 17 386 983 833) (**Moore**) holds Australian Financial Services Licence no 247262 authorising it to provide general financial product advice in relation to various financial products such as securities, interests in managed investment schemes, and superannuation to wholesale and retail clients. Moore has been engaged by the Company to provide an Independent Experts Report (the **Report**) for inclusion with materials to be sent Shareholders.

The Corporations Act, 2001 requires Moore to provide this Financial Services Guide (**FSG**) in connection with its provision of this Report. Moore does not accept instructions from retail clients. Moore provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Moore does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

Moore is only responsible for this Report and this FSG. Moore is not responsible for any material publicly released by the Company in conjunction with this Report. Moore will not respond in any way that might involve any provision of financial product advice to any retail investor.

This Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of this Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

When providing reports in the form of this Report, Moore's client is the Company to which it provides the report. Moore receives its remuneration from the Company. For this Report and other services, Moore will receive a fee based upon normal professional rates plus reimbursement of out-of-pocket expenses from the Company. Directors or employees of Moore or other associated entities may receive partnership distributions, salary or wages from Moore. Moore and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products.

Moore has professional indemnity insurance cover for reports of this nature under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of Section 912B of the Corporations Act 2001.

Moore has internal complaints-handling mechanisms. If you have concerns regarding this Report, please contact us in writing to Mr. Kevin Mullen, Moore Australia (Vic) Pty Ltd, Level 44, 600 Bourke Street, Melbourne, Vic, 3000. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

APPENDIX 5 – ARTICLE ON SHARE TURNOVER



WHEN IS SHARE TRADING LIQUID ENOUGH FOR IER VALUATION

By Colin Prasad

Independent Expert Reports (IERs), or "fair & reasonableness" reports require a valuation of the subject Company. When we write an IER we consider if we can use a listed company's share price as a valuation method. But there needs to be an "active and deep liquid market" for it to be a meaningful guide to value.

In deciding this we examine share turnover ratios. A share turnover ratio is the volume of a company's shares traded over a period, as a proportion of the number of total shares on issue. We look at this for a subject Company on both a share trading volume and weighted by value basis.

But what is usually considered a reasonable level of share volume turnover liquidity in a listed company?

For this example, we calculated the annual share turnover ratio of every ASX-listed stock in FY23. The market cap weighted average turnover of the whole market was 81%. This means that 81% of the total shares on issue was turned over in a single year.

We expected this to be less than 100% given that superannuation funds and other institutional investors tend to hold a significant portion of listed shares for the longer term. For example, FY23 stock turnover by large but popular stocks was:

- BHP 67%
- CBA 53%
- CSL 55%
- WES 55%
- TLS 67%

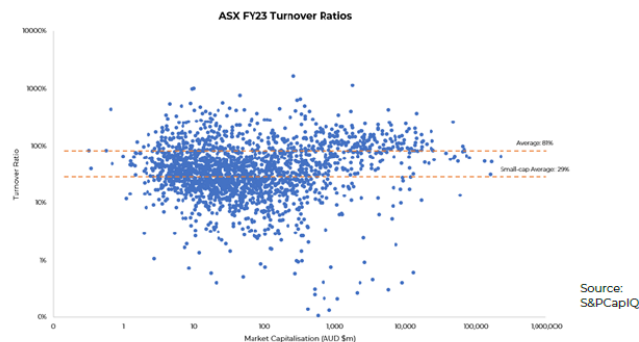
Companies with very high (> 100% turnover) tend to be funds (e.g. "BetaShares") and resources companies with (presently) exposure to critical metals or batteries (e.g. ASX:PMT Patriot Battery Metals).

Companies with less than 20% share volume turnover consisted of a mix of resources companies and industrials of varying market capitalisation. They shared no obvious characteristics, other than perhaps being closely held or unattractive. Macquarie Technology Group (ASX:MAQ) had just 18.2% turnover with a market cap of \$1.6 billion and is an example of a closely held company.

We also calculated the same for small-cap shares with <\$100m market capitalisation. The share volume turnover ratio dropped significantly to just 29% for FY23 for these companies.

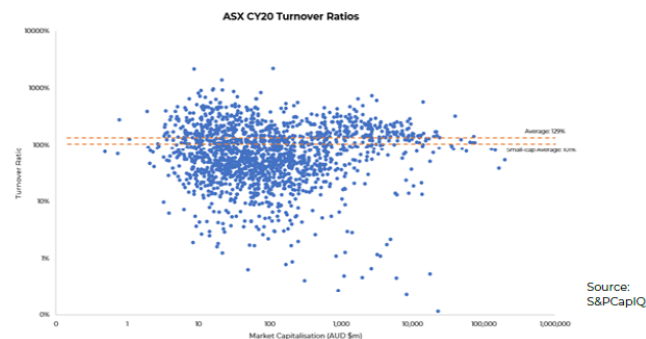
FY23 Chart – Share turnover % vs Market capitalisation.

Note a Log scale is used due to the breadth of data.



Interestingly, we calculated the same for the 2020 calendar year, which experienced heightened economic (COVID-19) instability. The annual share turnover was much higher, both for all ASX-listed companies at 129%, and for small-cap stocks at 101%. This demonstrates how much large scale market selloffs and rallies can skew the apparent turnover of shares.

CY2020 Chart – Share turnover % vs Market capitalisation (log scale).



At Moore Australia, we tend to write IER's on companies with smaller market capitalisations. I view CY2020 data of 101% as abnormal and FY23 data of 29% as more usual.

Therefore, on balance, I think that share trading turnover volumes below 15% would indicate some concern on the reliability of using the share price as a guide to value.

Of course, there are other factors to consider when determining whether a stock is liquid, including:

- Buy/sell spreads (market depth).
- Ownership and the level of free float,
- Size or pattern of trades in the period. For example if trading activity was isolated to a few big trades or was spread throughout the year.

Whilst a share with a trading turnover volume of below 15% means that we probably can not use the share price as a guide to value, we still should not ignore it outright. It just means that we would likely adopt another valuation approach as our primary approach, (e.g. an income or asset based method). If that approach was significantly different from the implied market capitalisation, it may cause us to consider whether our primary approach is plausible, or if there are other reasons for the difference.

Therefore, our expertise and judgement as the valuer is required for the circumstances. There may not always be a firm answer on where the 'cut-off' on share turnover liquidity sits.

If you would like to discuss this further, Moore Australia has valuation experts across the network. Please contact us today to find out more.



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The information provided in this document is for general advice only and does not represent, nor intend to be advice. We recommend that prior to taking any action or making any decision, that you consult with an advisor to ensure that individual circumstances are taken into account.

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APPENDIX 6 – VALUATION OF BWF MANAGEMENT RIGHTS

Overview

161. This sets out our valuation of the management rights discussed at Table 3(a) and paragraphs 114. In summary we estimate the value of the management rights ranges from \$15.3 million to \$17.8m. The difference in range is due to different probability assumptions on the likelihood of renewal of the rights in 2031.
162. To recap, BWF primarily earns management fees related to property assets. Fees are earned primarily based upon a percentage of the asset value and or property income. The entitlement to earn management fees is primarily under management agreements made with the asset owners. The term of the agreement(s) is for 10 years expiring in February 2031.
163. We therefore adopted a DCF approach, with probability assumptions around the likelihood of renewal at expiry in 2031.

DCF based valuation

DCF - Management rights \$'000's	FY23 Annualised	FY24 EST	FY25 EST	FY26 EST	FY27 EST	FY28 EST	FY29 EST	FY30 EST	Part FY31 EST	Terminal Value
Income	6,865	7,208	7,569	7,947	8,344	8,762	9,200	9,660	6,633	
Growth		5%	5%	5%	5%	5%	5%	5%	3%	
Expenses	(4,784)	(4,928)	(5,075)	(5,228)	(5,384)	(5,546)	(5,712)	(5,884)	(4,040)	
EBITDA	2,081	2,281	2,493	2,719	2,960	3,216	3,487	3,776	2,593	
Less effective tax	27.5%		(627)	(686)	(748)	(814)	(884)	(959)	(1,038)	(713)
Free cashflow to firm		1,654	1,808	1,972	2,146	2,331	2,528	2,738	1,880	25,931
Period		0.50	1.50	2.50	3.50	4.50	5.50	6.50	6.83	7.33
Discount factor	13.9%	93.7%	82.3%	72.3%	63.5%	55.7%	48.9%	43.0%	41.2%	38.6%
PV cash flows		1,550	1,488	1,425	1,362	1,299	1,237	1,177	774	10,001
		Low	High							
NPV of cash flows to 2031		10,311	10,311							
Plus probability of terminal value %		50%	75%							
Probability adjusted terminal value		5,000	7,501							
NPV / TEV of cash flows		15,311	17,811							
Implied TEV / EBITDA x		7.4x	8.6x							
AUM \$'000's		463,297	463,297							
Implied TEV / AUM %		3.3%	3.8%							

164. Key assumptions in the above table are:

- a) FY23 amounts are sourced from BWF management and on an 'annualised' basis is if all assets to which fees are earned where in place for the whole year. We use FY23 amounts as the basis for the forecasts and note that FY23 amounts do not form a part of the cash flows.
- b) MAV projected growth rates of 5% per year over the forecast period, with a terminal value growth rate of 3%. The ability to generate fees is related to the underlying asset growth and income performance of the underlying assets. Whilst it is possible that long term asset growth rates may be higher, we think the near term period for REITS has shown some declines as a result of recently rising interest rates, (refer Section 5.0). That said, we think the worst of rising interest rates is likely over. We have also assumed a 'business as usual' approach and have not estimated fees from new assets that may be acquired.
- c) Expenses are estimated by us to increase annually at 3% being the longer run RBA target for inflation. We acknowledge that shorter term increases may be higher.
- d) We have assumed an effective tax rate of 27.5% applied to EBITDA to be conservative, noting that other deductibles are likely not significant to value. Similarly we have assumed that movements in NWC and CAPEX are not significant to value. The resultant cash flows are then discounted using the discount rate (see below).

165. In the discounted cash flow totals, we assume a terminal value of cash flows based upon:

- e) At the low range (low-range in our valuation calculations in Table 7) – a 50% probability of renewal of management rights. This means an even chance of renewal.
- f) At the higher range (mid-range in our valuation calculations Table 7) – a 75% probability of renewal of management rights. This means more likely than not chance of renewal.

Discount rate (WACC)

- 166. We have estimated a discount rate applied to the above cash flows as 13.9% derived from the Weighted Average Cost of Capital (**WACC**) applicable to the Management rights as if it were a stand-alone business.
- 167. The WACC is the average after-tax cost of a company's various capital sources (equity and long-term debt). For this reason, it is widely adopted by valuation practitioners as the basis for determining the capitalisation rate in DCF based valuation approaches. In simple terms, WACC is the average cost of raising that funding. WACC is calculated by multiplying the cost of each capital source (equity and debt) by its relevant weight, and then adding the products together to determine the WACC value.
- 168. In our assessment of WACC, we have considered the component assumptions for the cost of equity (under the Capital Asset Pricing Model) including market returns, beta and alpha, and debt costs in the final WACC formula. Our inputs to, and computations of the CAPM and WACC is summarised in the Table below.

Table: WACC Analysis

WACC CALCULATIONS	Low	High	Rationale
risk free rate	3.9%	3.9%	RBA 10 year government bond - June 2023
Market risk premium	5.5%	6.5%	Leadenhall 30 June 2023. NYU Stern, IPART, Macq. Uni

WACC CALCULATIONS	Low	High	Rationale
Beta	0.98	1.21	Sirca: Low: real estate management & development; High: real estate investment trusts
Alpha	5.0%	8.0%	Lower risk as fund manager than underlying assets
Cost of equity	14.3%	19.8%	
Tax rate	27.5%	27.5%	Company tax rate
Pre-tax cost of debt	6.8%	6.8%	Pre-tax cost of debt (RBA Lending rates - June 23)
Post-tax cost of debt	4.9%	4.9%	Post-tax cost of debt
D/V mix	20.0%	30.0%	D/V Value – estimate
Post-tax WACC	12.4%	15.3%	
Average		13.9%	

Source: MAV analysis

Sensitivity

169. Our valuation estimates above is sensitive to the discount rate and revenue growth assumptions. We show below a sensitivity table (based upon the low range value only) for this:

TEV SENSITIVITY		% of Target Revenue Achieved					
		98%	99%	100%	101%	102%	103%
Discount rate	12.4%	12,405	14,739	17,209	19,824	22,590	25,517
	12.9%	11,959	14,175	16,518	18,997	21,619	24,391
	13.4%	11,552	13,660	15,888	18,244	20,735	23,367
	13.9%	11,177	13,187	15,311	17,555	19,926	22,431
	14.4%	10,832	12,752	14,780	16,922	19,184	21,572
	14.9%	10,512	12,350	14,290	16,338	18,499	20,780
	15.4%	10,214	11,976	13,835	15,796	17,865	20,048

170. At levels of the revenue target being achieved, we think a lower risk discount rate would apply and vice-versa.

Market based cross check

171. The valuation range determined for the management rights represents around 3.3% to 3.8% of current AUM. We considered market comparable evidence for this. We estimate that current public companies adjusted TEV⁹ / AUM is around 3.0%. However historical deal comparables suggest a higher TEV / AUM of 6.3%.
172. We think market evidence below is supportive of our range of values above.

Date	Target	Acquirer	EV (\$m)	AUM (\$m)	EBIT (\$m)	EV/AUM
Jan-22	Irongate Group	Charter Hall Group; PGGM	27.5	1,237.0	84.0	2.2%
Dec-21	Aventus Group	HMC Capital Limited	82.7	2,100.0	129.0	3.9%
May-21	APN Property Group Limited	DEXUS	308.0	2,700.0	13.0	11.4%
Apr-21	Primewest Group Limited	Centuria Capital Group	557.2	4,500.0	20.0	12.4%
Nov-20	Vitalharvest Freehold Trust	Macquarie Infrastructure and Real Assets (Europe) Limi	397.5	4,500.0	17.9	8.8%
Sep-20	Eildon Funds Management Limited	Eildon Capital Group	4.0	205.0	NA	2.0%
Jun-20	Augusta Capital Limited	Centuria Platform Investments Pty Ltd	98.0	1,737.0	NA	5.7%
Sep-19	Garda Capital Group	Garda Diversified Property Fund	40.0	370.0	5.2	9.7%
Aug-19	Eildon Funds Management Limited	CVC Limited	4.0	270.0	1.0	1.6%
May-19	Heathley Limited	Centuria Capital Group	32.0	620.0	3.2	5.1%
Nov-18	Heathley Limited	Dexus Property Group	40.0	528.0	NA	7.5%
Nov-18	Propertylink Limited	ESR Real Estate	39.0	1,028.0	NM	4.7%
Aug-18	Aventus Capital Limited	Aventus Retail Property Fund	143.0	2,000.0	16.6	7.2%
Aug-18	Folkestone Management Platform	Charter Hall Group	57.0	1,555.0	7.0	3.7%
Jun-17	PFI Management Rights	Property for Industry	45.4	1,163.1	4.3	3.9%
May-17	Armada Funds Management	Moelis Australia	31.0	800.0	4.7	3.8%

Average 6.3%
Median 5.4%

Company	Ticker	Adj. TEV/AUM
Abacus Property Group	ASX: ABG	-11.9%
360 Capital Group Limited	ASX:TGP	-7.5%
GARDA Property Group	ASX:GDF	-8.2%
Elanor Investors Group	ASX: ENN	24.3%
Centuria Capital	ASX:CNI	3.1%
Eildon Capital Fund	ASX:EDC	9.2%
RAM Essential Services Property Fun	ASX:REP	12.0%
Average		3.0%
Median		3.1%

Source: S&PCapIQ and MAV analysis.

⁹ MAV estimated TEV that only relates to management fees by deducting the recorded value of investments from TEV as at 30 June 2023.

APPENDIX 7 – VALUATION OF WOT INVESTMENTS

Summary

173. This sets out our valuation of the uplift in the WOT investments applied to both BWF and Pelorus in paragraphs 116 (BWF) and 133 (Pelorus).

174. *Table on uplift in WOT investments*

\$ 000's	Low BWF	High BWF	Low Pelorus	High Pelorus
WOT Market investment value 30 June 2023	19,266	19,266	36,154	36,154
Uplift to net asset value %	16%	32%	16%	32%
Uplift to net asset value \$	3,065	6,131	5,752	11,504
WOT adjusted investment "fair value"	22,331	25,397	41,906	47,658

175. The values circled above are what are used as the uplift adjustments in Tables 7 and 8.

Uplift from market value

176. The market capitalisation of WOT in early August 2023 is \$195.4m. This is substantially below its recorded net assets and net operating assets (see below). We have reservations that the market price of WOT may not be liquid enough to represent a meaningful valuation (see below).

177. After deducting outside equity interests, the 31 Dec 2022 net assets attributable to equity holders of \$257.6m is 132% of the market capitalisation, (being an uplift of 32%).

178. We adopt 50% of this (i.e., 16%), at the low range.

179. Directors advised that 30 June 2023 net assets attributable to equity holders have since declined to \$246.0m which we estimate is 126% of market capitalisation (Overall total net assets on 30 June 2023 - \$276.6m). We are comfortable that this is within the ranges adopted above.

Background on WOT¹⁰

180. WOT is an Australian stapled group whose Securities are listed on the ASX. WOT is a provider and operator of flexible short-term workspaces. It has features of a REIT in that it owns many of its properties. Flexible workspaces are also provided from leased premises. Longer term rentals are also provided.

181. According to the 31 Dec 2022 Half year financial statements and Directors Report:

- The overall strategy of the business is to acquire and re-purpose distressed property assets in suburbs or regions of Australia and New Zealand. The aim is to produce higher returns than traditional leasing.

¹⁰ Source: Directors / management, previous announcements.

- The property portfolio was made up of 16 owned properties, 13 of which house a “WOTSO Flexspace” as well as 9 other WOTSO Flexspaces that are leased from third parties. This is 100,000 sqm of net lettable area across owned and leased properties including WOTSO Flexspace of just over 40,000 sqm.
- Properties are mainly located in Greater Sydney and Southeast Queensland. There are also properties in Perth, Adelaide, Hobart, Canberra and Auckland. No sites have been established yet in Melbourne.
- WOTSO’s Flexspace business had more than 5,000 members for 6,448 desks.
- Occupancy across owned property portfolio was 96% and across WOTSO Flexspaces was around 80%.
- Flexible spaces are offered not just for office workers, but also other sectors including medical/health and kitchens.

Financial Position of WOT

182. We set out below a summary of the financial position for WOT on 31 December 2022 extracted from the audit reviewed financial reports. The 31 Dec 2022 financial report was audit reviewed by ESV Business Advice and Accounting who expressed an unmodified review opinion dated 21 February 2023.

\$ '000s		31-Dec-22
WOT consolidated	Notes	Audit extract
ASSETS		
Current assets		
Cash and cash equivalents	a	7,556
Trade and other receivables		912
Loan portfolio		1,692
Rental deposits		101
Total current assets		10,261
Non-current assets		
Investments in property portfolio	b	403,481
Contract to purchase Takapuna Property		-
Plant & equipment		12,002
Loan portfolio		1,523
WOTSO software development asset		877
Investment in associate		54
Right of use assets	c	33,692
Goodwill	d	26,150

\$ '000s		31-Dec-22
WOT consolidated	Notes	Audit extract
Other		3,797
Total non-current assets		481,576
TOTAL ASSETS		491,837
LIABILITIES		
Trade and other payables		(4,711)
Property settlement for Takapuna		-
Provisions		(364)
Borrowings		-
Lease liabilities		(5,129)
Total current liabilities		(10,204)
Non-current liabilities		
Borrowings	e	(146,015)
Lease liabilities	c	(32,594)
Deferred tax liabilities		(5,092)
Other		(2,719)
Total non-current liabilities		(186,420)
TOTAL LIABILITIES		(196,624)
NET ASSETS		295,213
NET ASSETS attributable to equity holders		257,572
<i>Market capitalisation (Aug 2023)</i>		195,396
<i>Recorded net asset to equity holders value / Market capitalisation</i>		132%
<i>Net operating assets (NWC+P&E)</i>		445,990
<i>Net Debt</i>		(176,182)
<i>Net operating assets less net debt</i>		269,808

Source: Financial Reports and MAV analysis. Classifications may differ from the Financial Reports.

183. Table notes are:

- a) We regard the whole of the 31 December 2022 cash balance as surplus to net against borrowings.
- b) Investments in property are based upon valuations detailed in the H1FY22 financial report. Those valuations were undertaken mostly in June or December 2022 by independent valuers with capitalisation rates ranging from 3.5% to 8.25%, (average 6.1%).
- c) Right of use assets relates to AASB16 lease accounting for leased properties. It is largely offset by the related lease liabilities and therefore has minimal impact on net assets.
- d) Goodwill is a historical amount that arose on formation of the group when WOTSO Limited was stapled to BlackWall Property Trust in February 2021. It may no longer represent current value, noting that there were no circumstances indicating impairment at 31 Dec 2022. If goodwill was excluded outright, then net assets attributable to equity holders would be \$231.4 million or an implied uplift of 18%, consistent with our low range value adopted above.
- e) Borrowings are various debt facilities from major banks secured against WOT property assets. All facilities are priced with margin above the bank bill swap rate. Margins at 31 Dec 2022 ranged from 1.9% to 3.0%. The current 3-month BBSW rate is 4.19%¹¹ Loan to value ratio covenants range from 50% to 65% with debt levels currently in compliance within those ranges.

184. WOT exhibits high amounts of positive net assets at \$295.2m as a function of its property valuations and debt levels. Also included in \$26.2m of goodwill (see above).

185. Net operating assets (NWC and PP&E), net of borrowings is \$269.8m with the difference from net asset largely due to excluding goodwill.

¹¹ S&PCAPIQ 8 August 2023

Security trading performance of WOT

186. We set out below the recent Security trading performance of WOT from March 2021 to July 2023:

Chart 1 – Security price & volume



Source: S&PCapIQ

187. The chart shows a decline in the Security price from March 2023. Since July 2023 there has been some recovery in the price.
188. The implied market capitalisation of WOT at the current Security price of \$1.20¹² cents is \$195.4m which is less than the recorded net asset values attributable to Security holders in the balance sheet above.
189. We summarise recent Security trading in the following table:

Table 5 recent Security trading summary

Security trading summary	Last 20 days	Last 3 months	Last 6 months	Last 12 months
\$\text{whole Value}	\$ 128,027	\$ 575,043	\$1,187,378	\$1,877,820
Number of Securities (whole)	109,655	515,290	989,415	1,510,957
VWAP \$ whole	\$1.168	\$1.116	\$1.200	\$1.243
Number of Securities % to total issued	0.07%	0.32%	0.61%	0.93%

¹² 4 August 2023

Security trading summary	Last 20 days	Last 3 months	Last 6 months	Last 12 months
Annualised % Securities traded in period	0.85%	1.27%	1.22%	0.93%

Source: S&PCapIQ and MAV analysis

190. The table shows that the number of Securities traded over the past year was less than 1% of the total Securities on issue, or \$1.9m vs a market capitalisation of \$195.4m. There has been a modest increase in Security turnover more recently. However, we think the above table indicates that there is not a strongly liquid and active market for Securities. We are unsurprised by this given how tightly held the Securities are amongst the top 10 Securityholders.
191. We generally consider there is an active and liquid market when there is more than 15% of security turnover in a year, refer **Appendix 5**.

APPENDIX 8 – M3 VALUATION REPORT EXTRACTS OF PELORUS PROPERTY INTERESTS

192. Extracts from M3 Property Valuers Reports for Pelorus property interests are set out below.

Executive Summary

Instructions

Prepared for	BlackWall.
Reliant Parties and Purposes	National Australia Bank Limited ABN 12 004 044 937 and its wholly owned subsidiaries for first mortgage security purposes; and
Interest Valued	Blackwell Property Trust for trust reporting purposes. Fee simple subject to the existing leases.

Property Details

Address	55 Pymont Bridge Road, Pymont, New South Wales.
Registered Proprietor	Pymont Bridge Property Pty Ltd.
Site Area	3,155 m ² .
Planning	'MU1: Mixed Use' pursuant to Sydney Local Environmental Plan 2012
Description	The subject property consists of a modern seven-storey office building which was completed in 1990 and has been periodically refurbished. It incorporates one basement parking level, ground floor foyer and commercial tenancies and six upper office floors. The office accommodation generally presents in good order and benefits from an outlook across Blackwattle Bay and Anzac Bridge to the west and north. The property occupies a prominent corner site, fronting Pymont Bridge Road, with additional frontages to Bulwara Road and Ada Place along the western and eastern boundaries respectively, within a mixed-use location at the western City fringe.
Environmental Performance	0 Star NABERS Energy rating expiring 24 January 2024.
Net Lettable Area	14,531.3m ² .
Car Spaces	78.
Vacancy	1,280 m ² or 8.7%.
Lease Expiry	4.26 years – income weighted. 4.39 years – area weighted.

Valuation

Valuation Approaches	Discounted Cash Flow, Income Capitalisation and Comparable Transactions.
Date of Inspection	26 June 2023.
Date of Valuation	26 June 2023.
Market Value	\$134,300,000 exclusive of GST.

Prepared By

Valuer	Andrew Duguid AAPI B.Bus Prop F.Fin Certified Practising Valuer Managing Director Primary Signatory
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This valuation report is prepared subject to the [Critical Assumptions and Qualifications](#) and [Definitions and Disclaimers](#) detailed within this report.

This is a summary only and is not to be relied upon for any purpose. The valuation assessment for this property is subject to the assumptions, conditions and limitations as set out in the accompanying full valuation report.

This valuation report is prepared for the Lender named above for mortgage purposes and is not to be used or relied upon by any other party for any other purpose. It is subject to the terms and conditions, disclaimers, qualifications and limitations contained in this Valuation Report and any annexures thereto, including the Third Party Disclaimer and Lender's Customer Disclaimer.

All investigations have been conducted independently and without influence from a third party in any way.

This valuation has been prepared in accordance with NAB's Valuation Instructions and can be relied upon by National Australia Bank Limited ABN 12 004 044 937 for mortgage security purposes.

The ValuerFirm (in addition to the principal valuer) has no Potential Conflict of Interest or Pecuniary Interest (real or perceived) relating to the subject property.

Executive Summary

Instructions

Prepared for	Blackwall Property. Jessie Glew.
Reliant Parties and Purpose	RSM Corporate Australia Pty Ltd (RSM) for inclusion in the Independent Experts' Report in relation to the proposed acquisition of a 100% interest in the Pelorus Equity Limited by BlackWall Limited.
Interest Valued	Fee simple subject to the existing leases.

Property Details

Address	11a-13 George Street, North Strathfield, NSW.
Registered Proprietor	Alerik Pty Limited.
Site Area	11a George Street – 3,359 square metres. 13 George Street – 4,553 square metres. Total Land Area – 7,912 square metres.
Planning	'E2 – Commercial Centre' pursuant to the Canada Bay Local Environmental Plan 2013
Description	<p>The subject property comprises two contiguous lots, improved with a mixed commercial building and a carpark, known as 11a George Street (Building L) and 13 George Street (Building M). As per instruction, we have assessed the properties in One Line.</p> <p>11a George Street (Building L) – Comprises a six-level commercial car park, forming part of the Bakehouse Quarter commercial precinct in Strathfield. The car park provides 471 single marked bays of which 220 are currently occupied under lease or on a monthly basis.</p> <p>The ground floor of the car park accommodates twelve retail/commercial tenancies, of which, nine are currently occupied. Furthermore, we note that an additional first floor office (420m²) is approved for use and may be activated, subject to appropriate approvals and capital works.</p> <p>13 George Street (Building M) – Comprises a three-storey commercial building. It provides two childcare facilities, a retail tenancy, and gymnasium over the ground and first floor. Level 2 comprises a basic foyer and three office tenancies.</p> <p>The Ground Floor component includes a retail tenancy which is currently utilised as a café. Level 1 comprises two childcare facilities which are positioned within the northern and southern wings of the subject property. These child care centres incorporate smaller ancillary areas located on the Ground Floor. Each facility incorporates extensive outdoor play areas. Level 1 also incorporates a gym tenancy.</p> <p>Level 2 comprises a basic foyer area, lift and commercial offices which are currently configured to provide three office tenancies.</p> <p>Undercroft parking is provided for 18 single marked bays. An additional 18 spaces are provided to the car park adjoining the subject property's southern boundary by virtue of cross easements benefiting the subject property.</p> <p>Furthermore, we note that an additional ground floor office (302m²) is approved and may be activated, subject to appropriate approvals and capital works.</p>
Environmental Performance	N/A.
Net Lettable Area	11a George Street - 1,844 square metres. 13 George Street – 4,059 square metres.
Car Spaces	11a George Street - 471. 13 George Street – 18.

Vacancy	14.7% or 838* square metres. *We note that the above vacant area is primarily relating to the approved commercial spaces noted above. Disregarding the areas that are currently in the process of fit out, or proposed for fit out, the vacancy rate decreases to <2% of NLA.
Lease Expiry	4.40 years – income weighted. 4.17 years – area weighted.

Valuation

Valuation Approaches	Discounted Cash Flow, Income Capitalisation and Comparable Transactions.
Date of Inspection	14 July 2023.
Date of Valuation	14 July 2023.
Market Value	\$46,500,000 exclusive of GST.

Prepared By

Valuer	Josh Marks GradDip (PropDev) AAPI Certified Practising Valuer Director Primary Signatory
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This is a summary only and is not to be relied upon for any purpose. The valuation assessment for this property is subject to the assumptions, conditions and limitations as set out in the accompanying full valuation report.

Executive Summary

Instructions

Prepared for	Blackwall Property. Jessie Glew.
Reliant Party	Blackwall Property.
Purpose	For internal purposes.
Interest Valued	Fee simple subject to the existing leases.

Property Details

Address	743 Military Road, Mosman, NSW.
Registered Proprietor	Mosman Branch Pty Limited.
Site Area	505 square metres*.
Planning	'B2 Local Centre' pursuant to the Mosman Local Environmental Plan 2012.
Description	The subject property is improved with a circa 1950's, rendered masonry, two storey commercial building comprising two tenancies, which are configured as a ground floor tenancy and a part ground floor and first floor tenancy. On-grade car parking is located at the rear of the property with parking for 4-5 vehicles in a tandem formation.
Environmental Performance	Not rated.
Net Lettable Area	431.3 square metres.
Car Spaces	Five (5) car spaces.
Vacancy	Nil.
Lease Expiry	3.84 years – income weighted. 3.49 years – area weighted.

Valuation

Valuation Approaches	Capitalisation Approach and Direct Comparison Approach.
Date of Inspection	4 April 2023.
Date of Valuation	4 April 2023.
Market Value	\$9,400,000 exclusive of GST.

Prepared By

Valuer	Josh Marks AAPI GradDip (PropDev) Certified Practising Valuer Director <i>Primary Signatory</i>
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YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:45am (AEDT) on Tuesday, 10 October 2023.**

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 must 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.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

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: 132950

SRN/HIN:

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.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

☐ **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.

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

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 the Boardroom, Level 1, 50 Yeo Street, Neutral Bay, NSW and as a virtual meeting on Thursday, 12 October 2023 at 10:45am (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 acquisition of Pelorus Shares from LR10.1 Related Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of issue of BWF Shares to LR10.11 Related Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of issue of BWF Shares to Pelorus Shareholders that are not LR10.11 Related Parties	<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