

ASX Release

2 May 2016

BWR Product Disclosure Statement

Further to this morning's announcement, BlackWall has lodged the attached Product Disclosure Statement dated 2 May 2016 with the Australian Securities and Investments Commission.

The PDS relates to an offer to unitholders in BlackWall Telstra House Trust to swap their unlisted BlackWall Telstra House Trust units in exchange for new units in BlackWall Property Trust.

For the purposes of Listing Rule 3.10.3 the Responsible Entity provides the following information in relation to the proposed issue:

1. the new units will be fully paid ordinary units in BlackWall Property Trust;
2. under the offer, up to 9,808,057 new units may be issued (subject to BWR unitholder approval to the extent the issue exceeds the 15% under LR 7.1);
3. the new units will rank equally with all other fully paid ordinary units on issue; and
4. the consideration for the issue is 10 units in BlackWall Telstra House Trust ARSN 128 288 291 (valued at \$1.13 per unit) for every 8 BWR units issued.

BlackWall will apply for quotation of the proposed new units within seven days of the date of the PDS.



Stuart Brown
Chief Executive Officer
BlackWall Property Funds Limited

BlackWall Property Trust

ARSN 109 684 773

PRODUCT DISCLOSURE STATEMENT

Responsible Entity
BlackWall Fund Services Limited
ABN 39 079 608 825
AFS Licence No. 220242

This is an important document and should be read in its entirety. You should consult your professional advisor if you have any questions as to its content.

Important Notices

BlackWall Fund Services Limited ("BFS" or "Responsible Entity") (ACN 079 608 825) is the responsible entity of BlackWall Property Trust (ARSN 109 684 773) and the issuer of the Units under this Product Disclosure Statement (PDS). The Responsible Entity's Australian Financial Services Licence number is 220242.

This PDS is dated 2 May 2016 and was lodged with ASIC on that date. ASIC takes no responsibility for the content of this PDS. This is an important document. If you have received this PDS electronically, then a paper copy of this PDS may be obtained free of charge on request by telephoning BlackWall Property Funds Limited (BlackWall) on 1800 789 141. BFSL has appointed BlackWall Property Funds Limited ABN 37 146 935 131 as Investment Manager for BlackWall Property Trust.

NO INVESTMENT ADVICE

This PDS contains general information only. The information provided in this PDS is not financial product advice. The PDS does not take into account the investment objectives, financial situation or particular needs of individual investors. Accordingly, nothing in this PDS should be construed as recommendation by the Responsible Entity or BlackWall that an investment in Units in the Trust is appropriate for you.

ELECTRONIC PRODUCT DISCLOSURE STATEMENT

This PDS will be issued in paper form and also as an electronic PDS ("Electronic PDS"). The Electronic PDS is available at www.blackwallfunds.com.au/blackwall-property-trust.html. The website and its contents do not form part of this Electronic PDS and are not to be interpreted as part of, nor incorporated into, this PDS. Persons who receive the Electronic PDS should ensure that they download and read the entire PDS. If you are unsure whether the Electronic PDS is complete, you should contact BlackWall. Similarly, if you receive a paper copy of this document, you should ensure that the complete PDS has been received.

A printed copy of this PDS may be obtained free of charge by any person in Australia by calling 1800 789 141 (toll-free in Australia).

UPDATED INFORMATION

The information in this PDS may change from time to time. Updated information (including announcements to potential and current Investors) will be continually available from BlackWall's website at www.blackwallfunds.com.au/blackwall-property-trust, and BlackWall will provide a paper copy free of charge upon request.

Contact details for BlackWall are:

- Toll-free (within Australia): 1800 789 141
- Phone: +61 2 9033 8611
- Post: PO Box 612, Neutral Bay NSW 2089
- Email: info@blackwallfunds.com.au

DISCLAIMER

To the maximum extent permitted by law, none of BFSL, BlackWall, the Custodian or any of their officers, advisors, agents or associates or any other person, firm or corporation associated with the preparation and issue of this PDS in any way guarantees, warrants or underwrites the performance of the Trust, any return of capital to Unitholders, the payment of distributions to Unitholders or any particular rate of capital or income return to Unitholders. An investment in the Trust does not represent a deposit with, or a liability of, BFSL, BlackWall or the Custodian. An investment is subject to investment risk, including possible delays in repayment and loss of income or capital invested (see "Risk Factors" in Section 4 for more details).

AUSTRALIAN AND NEW ZEALAND INVESTORS

This PDS and any offer of Units pursuant to this PDS is available only to persons receiving this PDS within Australia and New Zealand and cannot be offered or sold within the US, or sold to, or for the account or benefit of, any 'US Persons' (as interpreted in accordance to the U.S. Internal Revenue Code).

PDS FOR CONTINUOUSLY QUOTED SECURITIES

This PDS is a transaction-specific PDS for continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 1013FA of the Corporations Act. It does not contain the same level of disclosure as an initial public offering PDS. In preparing this PDS, regard has been had to the fact that the Trust is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom investors may consult.

FORWARD LOOKING STATEMENTS

Certain "forward-looking statements" have been provided in this PDS. These statements can be identified by the use of the words such as "anticipate", "believe", "expect", "project", "estimate", "forecast", "likely", "intend", "should", "could", "may", "target", "predict", "guidance", "plan" and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. Preparation of these forward-looking statements was undertaken with due care and attention; however, forward-looking statements remain subject to known and unknown risks, uncertainties and other factors, many of which are beyond the control of BFSL and BlackWall and their officers, employees, agents and advisers. Consequently, such factors may impact the performance of the Trust such that actual performance differs materially to any performance indicated in the forward looking statements.

QUOTATION OF UNITS

The Responsible Entity will make an application to the ASX for Official Quotation of the new Units relating to this PDS within seven days after the date of this PDS. The ASX and its officers do not take any responsibility for the content of this PDS.

CURRENCY

All financial amounts contained in this PDS are expressed in Australian dollars and are GST exclusive unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this PDS are due to rounding.

DEFINITIONS AND ABBREVIATIONS

Some words used in this PDS (generally commencing with a capital letter) have defined meanings and appear in the Glossary in Section 7. Throughout this PDS, the terms "BFSL" and "Responsible Entity" are used interchangeably, as the context requires.

Table of Contents

| | |
|---|----|
| 1. SUMMARY OF KEY FEATURES | 3 |
| 2. OVERVIEW OF BLACKWALL PROPERTY TRUST | 5 |
| 3. PROPERTY AND INVESTMENTS | 7 |
| 4. RISK FACTORS | 8 |
| 5. FEES AND COSTS | 10 |
| 6. ADDITIONAL INFORMATION | 14 |
| 7. GLOSSARY | 18 |

1. Summary of Key Features

| Feature | Description | Section | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---------------|-----------|------|---|-----|-----------|-------------------------------------|------|------------|---|------|--------|---|------|------------|--|-----|------------|---|------|------------|---|------|------------|---|-----|---------------|-------------------------------------|------|------------|---|
| Responsible Entity | BlackWall Fund Services Limited ABN 39 079 608 825 AFSL No. 220242. | 2.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investment Manager | The investment manager is the responsible entity's parent company, BlackWall Property Funds Limited ABN 37 146 935 131 (BlackWall). As an ASX-listed entity, information about BlackWall is available on the ASX's website using the code "BWF". | 2.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Type of Investment | BlackWall Property Trust was listed on the Official List of the ASX on 28 October 2011 (ASX Code: BWR). The Trust is an open-ended unit trust that invests in income producing real estate and real estate joint ventures. Its investments are located in New South Wales, Queensland and the ACT. | 2 and 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investments | <p>The Trust is invested primarily in the following properties:</p> <table> <tr> <th>Property</th><th>Ownership</th><th>Type</th></tr> <tr> <td>The Bakehouse Quarter <i>North Strathfield NSW</i></td><td>13%</td><td>Mixed-use</td></tr> <tr> <td>54 Pioneer Rd <i>Yandina QLD</i></td><td>100%</td><td>Industrial</td></tr> <tr> <td>Chancellor Homemaker Centre <i>Sippy Downs QLD</i></td><td>100%</td><td>Retail</td></tr> <tr> <td>Silver @ The Exchange <i>Varsity Lakes QLD</i></td><td>100%</td><td>Commercial</td></tr> <tr> <td>55 Pyrmont Bridge Rd <i>Pyrmont NSW</i></td><td>18%</td><td>Commercial</td></tr> <tr> <td>50 Industrial Ave <i>Toowoomba QLD</i></td><td>100%</td><td>Industrial</td></tr> <tr> <td>Canberra Eye Hospital <i>Symonston QLD</i></td><td>100%</td><td>Commercial</td></tr> <tr> <td>The Woods Action Centre <i>Villawood NSW</i></td><td>46%</td><td>Entertainment</td></tr> <tr> <td>51 Quandra Rd <i>Coolumb QLD</i></td><td>100%</td><td>Industrial</td></tr> </table> | Property | Ownership | Type | The Bakehouse Quarter <i>North Strathfield NSW</i> | 13% | Mixed-use | 54 Pioneer Rd <i>Yandina QLD</i> | 100% | Industrial | Chancellor Homemaker Centre <i>Sippy Downs QLD</i> | 100% | Retail | Silver @ The Exchange <i>Varsity Lakes QLD</i> | 100% | Commercial | 55 Pyrmont Bridge Rd <i>Pyrmont NSW</i> | 18% | Commercial | 50 Industrial Ave <i>Toowoomba QLD</i> | 100% | Industrial | Canberra Eye Hospital <i>Symonston QLD</i> | 100% | Commercial | The Woods Action Centre <i>Villawood NSW</i> | 46% | Entertainment | 51 Quandra Rd <i>Coolumb QLD</i> | 100% | Industrial | 3 |
| Property | Ownership | Type | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The Bakehouse Quarter <i>North Strathfield NSW</i> | 13% | Mixed-use | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 54 Pioneer Rd <i>Yandina QLD</i> | 100% | Industrial | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chancellor Homemaker Centre <i>Sippy Downs QLD</i> | 100% | Retail | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Silver @ The Exchange <i>Varsity Lakes QLD</i> | 100% | Commercial | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 55 Pyrmont Bridge Rd <i>Pyrmont NSW</i> | 18% | Commercial | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50 Industrial Ave <i>Toowoomba QLD</i> | 100% | Industrial | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Canberra Eye Hospital <i>Symonston QLD</i> | 100% | Commercial | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The Woods Action Centre <i>Villawood NSW</i> | 46% | Entertainment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 51 Quandra Rd <i>Coolumb QLD</i> | 100% | Industrial | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investment Strategy | The Trust invests in long term property assets and aims to provide Investors with a stable income stream and sustainable capital growth. | 2.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Borrowing | <p>The Trust has a debt facility of \$50 million by way of a commercial facility with NAB. The facility is due for renewal in May 2016. BlackWall is currently in discussion with NAB to renew the facility. The debt is hedged with:</p> <ul style="list-style-type: none"> A \$20 million collar with a floor 2.72% p.a. and a cap of 4.55% p.a. expiring in July 2019; and A \$30 million collar with a floor of 2.24% p.a. and a cap of 3.24% p.a. expiring in January 2020. | 2.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Feature | Description | Section |
|-------------------------------|--|---------------------|
| Distribution Practices | The Responsible Entity intends to make semi-annual Trust distributions when it is able and considered prudent to do so. The Trust has carried forward revenue losses of over \$20 million and capital losses of approximately \$17 million. As a consequence, for a significant period all distributions will be 100% tax deferred. | 2.4 |
| Significant Risks | <ul style="list-style-type: none"> • Refinancing debt facilities: There is no guarantee debt facilities will be able to be refinanced on favourable terms or at all. • Tenancy Risks: The income of the Trust is largely dependent on rental income. As a consequence, vacancies, non-renewal of material leases and lower rate of rent could adversely affect the Trust's income and impact distributions to Investors. • Limited alternative use: The Yandina and Toowoomba properties, currently used as printing facilities, may have limited alternative uses. • Valuation Risk: The value of the properties may fluctuate due to prevailing economic conditions, occupancy levels and capitalisation rates which will directly impact the value of the Trust's assets and potentially impact the price at which Units trade on the ASX. Valuations by their very nature are opinions and affected by a number of variables (such as supply, demand, capitalisation rates, rentals and economic conditions) and often differ between valuers. • Capital Expenditure: The need for unforeseen capital expenditure over the life of the Trust, and how this expenditure will be funded, may affect the Trust's ability to meet its debt obligations as well as impacting on the level of distributions to Investors. • Liquidity: Properties are illiquid assets and may not be able to be realised within a reasonable time or at a favourable price. • ASX trading price: The trading price of Units on the ASX fluctuates and may not reflect the value of underlying assets of the Trust. • Distributions: Distributions depend on the Trust having sufficient cash resources and there is no guarantee that distributions will continue. • General economic conditions: Economic downturn and interest rate fluctuations could adversely affect property values and the Trust's financial performance. | 4 |
| Fees and Other Costs | The Responsible Entity is entitled to a management fee of up to 0.65% of the Trust's Gross Asset Value and a Performance Fee of 12.5% of the outperformance amount of the Trust above the relevant benchmark. There are also other costs including administration costs, acquisition fees and disposal fees in administering the Trust. | 5 |
| Exiting the Investment | The Trust's Units are able to be traded through a broker on the Australian Securities Exchange. The Trust commenced an on-market buy-back facility in July 2015 whereby the Trust may buy back up to 10% of the units on issue over 12 months. Units may also be sold privately (off-market). The Trust will apply for quotation of any new Units issued pursuant to this PDS. | 6.4 |
| Complaints Handling | The Responsible Entity provides an internal complaints handling and dispute resolution process for Unitholders. | 6.4 |
| Further Information | For further information about the Trust, contact BlackWall or BFSL. | Corporate Directory |

2. Overview of BlackWall Property Trust

2.1. Summary

BlackWall Property Trust (ASX Code: BWR) is an ASX-listed, open-ended unit trust that invests in income producing real estate and real estate joint ventures. BlackWall Property Trust was listed on the ASX on 28 October 2011.

The Trust aims to provide Investors with a stable income stream and generate sustainable capital growth in its underlying assets. This is achieved through active management of its direct real estate investments and property joint ventures.

2.2. Responsible Entity and Investment Manager

BlackWall Fund Services Limited (BFSL) is the responsible entity of the Trust and is responsible for the overall operation of the Trust. BFSL's Australian Financial Services Number is 220242. BFSL is wholly owned by ASX-listed BlackWall Property Funds Limited (ASX Code: BWF).

BFSL has appointed BlackWall Property Funds Limited to provide investment management and associated services in respect of the Trust.

BlackWall Property Funds Limited is a vertically integrated property management, funds management and investment business. It provides property and asset management services to a range of property syndicates. BlackWall also owns and operates WOTSO Workspace, a growing short-term serviced office and shared workspace business with locations in Sydney, the Gold Coast, the Sunshine Coast, Canberra and Adelaide.

2.3. Investment Strategy

In general terms, revenue from commercial and retail property investments can be derived either by trading the assets for capital profit or holding them for rental income.

The Trust's management believes that holding property long term for rental income can generate superior returns. Accordingly, the investment strategy of the Trust is to hold long term property assets to provide Investors with a stable income stream and generate sustainable capital growth.

Specifically, management:

- actively pursues development strategies to grow rental rates, secure long term tenancies and increase net lettable area; and
- manages debt levels to ensure an appropriate balance of risk and returns on capital.

2.4. Distributions

It is the Responsible Entity's policy that the Trust make distributions when it is able and it is considered prudent to do so. Such distributions are paid from distributable income, which may include a component of capital. You should be aware that although the Trust aims to pay distributions semi-annually, the amount of each distribution may vary or no distribution may be payable in a period. The Trust has paid semi-annual distributions at a rate of 12 cents per unit per annum over the last 12 months, however, investors should note that past performance is not an indication of future returns. Please refer to Section 4 on Risks.

The Trust has carried forward revenue losses of over \$20 million and capital losses of approximately \$17 million. This means, for a considerable period, all distributions will be 100% tax-deferred.

2.5. Bank Debt

The Trust has a debt facility of \$50 million by way of a commercial facility with National Australia Bank. At the date of this PDS, the Trust's gearing is 44%. This facility matures on 31 May 2016. BlackWall has commenced discussion with the bank to extend the facility.

The Trust has entered into the following interest rates hedging transactions:

- A \$20 million collar with a floor 2.72% p.a. and a cap of 4.55% p.a. expiring in July 2019; and
- A \$30 million collar with a floor of 2.24% p.a. and a cap of 3.24% p.a. expiring in January 2020.

2.6. Capital Management

The Trust commenced an on-market buy-back in July 2015 to manage the Trust's capital. The Trust may buy back up to 10% of the units on issue over a 12-month period. At the date of this PDS there are 46,467,601 units on issue.

2.7. Exiting the Investment

BlackWall Property Trust is an ASX-listed trust. This means that its Units are able to be traded on market by appointing a broker. The Responsible Entity will apply for quotation of any Units to be issued pursuant to this PDS. As an ASX-listed trust, the ASX Listing Rules prohibit withdrawals while the Trust is listed.

3. Property and Investments

3.1. Overview of the Portfolio

Direct property investments are comprised of 100% ownership of a portfolio of industrial, retail and office properties in Queensland and the Canberra Eye Hospital in the ACT. The Trust's investment in property joint ventures comprises positions in unlisted funds with interests in Australian property.

3.2. The Properties

The Trust is invested primarily in the following properties:

| Property | Ownership | Type | NLA sqm | Vacancy | Key Tenants |
|---|-----------|---------------|---------|---------|--|
| The Bakehouse Quarter <i>13 George St, North Strathfield NSW</i> | 13% | Mixed-use | 40,000 | 1% | NRMA Arnott's WOTSO WorkSpace |
| APN Yandina <i>54 Pioneer Road, Yandina QLD</i> | 100% | Industrial | 9,100 | 0% | APN Printing |
| Chancellor Homemaker Centre <i>30 Chancellor Boulevard, Sippy Downs QLD</i> | 100% | Retail | 9,500 | 0% | Joyce Mayne Sam's Outlet |
| Silver @ The Exchange <i>194 Varsity Parade, Varsity Lakes QLD</i> | 100% | Commercial | 5,100 | 5% | Coral Homes Real Wealth WOTSO WorkSpace |
| Pymont Bridge <i>55 Pymont Bridge Rd, Pymont NSW</i> | 18% | Commercial | 15,000 | 22% | Verizon Data Processors WOTSO WorkSpace |
| Toowoomba <i>50 Industrial Avenue, Toowoomba QLD</i> | 100% | Industrial | 4,100 | 0% | APN Printing AndPak |
| Canberra Eye Hospital <i>10-14 Wormald Street, Symonston ACT</i> | 100% | Commercial | 2,700 | 0% | Canberra Eye Hospital Cardno WOTSO WorkSpace |
| The Woods Action Centre <i>850 Woodville Rd, Villawood NSW</i> | 46% | Entertainment | 9,100 | 0% | AMF Bowling |
| Coolum <i>51 Quandra Road, Coolum QLD</i> | 100% | Industrial | 2,900 | 0% | Bluescope |

The Trust holds an investment in a small pub group which was acquired by BlackWall in 2009 when it took over management control while the pub group was in a distressed position. As recently announced, now that the pub group is stabilised, full management control was transferred to specialist hotel manager Pelathon Management Group. As originally intended by BlackWall, the Trust's holding in the pub group will be distributed in-specie to BlackWall Property Trust unitholders.

4. Risk Factors

The Responsible Entity considers the summary set out below, which is not exhaustive, represents the significant risk factors of which potential Unitholders need to be aware. These risks, if they occur, could materially affect the value of Units, the size and timing of distributions and the underlying value of the Trust's Assets. An investment in the Trust should be viewed as long term.

4.1. Valuations

A valuation by its very nature is an opinion and therefore, the directors' valuations or future independent valuations of the Trust's assets, may not reflect the price at which an asset could be sold. There is a risk that a future independent valuation will differ from directors' or independent valuations. A low valuation of a material investment would have an adverse impact on the net tangible asset value of the Trust and as a result could impact the trading price of Units on the ASX or cause lending covenants to be breached.

4.2. Refinancing of Debt Facilities

The current debt facility will need to be refinanced on or before 31 May 2016. There is a risk that the Trust will be unable to arrange a refinancing facility on favourable terms to the Trust or at all. Management is currently negotiating the terms of a new debt facility with NAB.

4.3. Tenancy Risks

- The level of tenancy vacancies may fluctuate with market forces. An increase in tenancy vacancies may adversely affect rental income from the properties the Trust invests in, which would affect the income of the Trust.
- Material leases may not be renewed at the end of the term of the relevant lease, and if a comparable replacement tenant is not found, the loss of rent may have a negative impact on rental income derived from a property.
- A fall in the demand for commercial office, retail and other commercial use space, both generally and specifically in the areas near a property could have a negative impact on rental income derived from the property.
- Material tenant default or the insolvency of tenants could have a negative impact on rental income derived from a property. A default could result in a reduction of income and therefore, a reduction in the Trust's distributions, or in some circumstances, a failure by the Trust to meet its obligations under the debt facility.
- There is a risk to Investors that areas in the Trust's properties are not leased, or are only partially leased. There is also a risk to Investors that areas are leased at rates lower than are expected. Also, the Yandina property may have limited alternative uses.

4.4 General Economic Conditions and Fiscal Policy

- A downturn in the economy, interest rate fluctuations, inflation, access to debt and capital markets and changes in government fiscal policies may adversely affect the operating and financial performance of the Trust as well as the value of the Trust's Assets.
- A downturn in the value of property, or in the property market in general may have an adverse effect on the resale value of the properties should they be sold.
- Amendments to, or changes to the interpretation of statutes and regulations affecting the Trust, including changes in taxation law and stamp duty may have an adverse effect on the financial performance of the Trust.

4.5. Competition

The effect of pricing or competition policies of any competing properties or tenants or increased competition from new or existing properties may have an adverse effect on the level of tenancy vacancies and on the value of the relevant property.

4.6. Discount Rates

Future valuations of the properties will be undertaken using a variety of methods, including the application of discounted cash flow analysis. If discount rates increase, it may lead to a reduced market valuation of the properties and possibly a breach of the Trust's gearing covenants in its debt facility.

4.7. Unplanned Capital Expenditure

The need for unforeseen capital expenditure over the life of the Trust, and how this expenditure will be funded, may affect the Trust's ability to meet its debt obligations as well as impacting on the level of distributions to Investors.

4.8. Destruction of the Properties and Insurance

Insurance in relation to the Trust's Assets may not cover all events or all claims made. Further, appropriate cover for terrorism and other uninsurable risks may not be available, or the cover that is available may not be adequate or commercially viable. Management believes that the level of insurance cover for the Trust's assets is appropriate for the nature of its assets.

4.9. Liquidity

There can be no guarantee that the Trust will be able to sell its properties or investments within a reasonable time, or that any such sale will be at a price equivalent or close to the most recent valuation. It is the Trust's strategy to hold property long-term.

4.10. Price of Units on the ASX will fluctuate

- The market price of listed securities such as the Units will be affected by numerous factors including, but not limited to, general movements in Australian and potentially international stock markets.
- The price of Units will also fluctuate due to changes in the market rating of the Units relative to other listed and unlisted securities, other investment options such as debentures or interest bearing deposits and investor sentiment towards the Trust.
- Unitholders who wish to sell their Units may be unable to do so at an acceptable price.

4.11. No guarantee of continued liquidity in the Units

There can be no guarantee that liquidity will be maintained and the number of potential buyers or sellers of the Units on the ASX at any given time may vary. This may increase the volatility of the market price of the Units and therefore affect the market price at which Unitholders are able to sell their Units.

4.12. General Economic Conditions

Investment returns are affected by a range of economic factors including changes in interest rates, inflation, labour markets, general share market conditions, government policies, fluctuations in general market prices for property and other investment products and the general state of domestic and world economies.

4.13. Distributions

The ability of the Trust to pay distributions is dependent on the Trust having sufficient cash resources and distributable income. Whilst the level of income derived by the Trust from year to year is expected to be relatively certain, default in payment of rent by any lessees of the Properties or variances in the costs of operating the Trust may affect the level of income available for distribution as well as the timing of distributions.

4.14. Units rank behind all creditors of the Trust

Unitholders will rank behind all creditors of the Trust on any winding up of the Trust. In the event of a shortfall of funds on a winding up, there is a risk that Unitholders will not receive a full (or any) return of capital.

4.15. Taxation

The effect of taxation on Investors is complex and the circumstances of each Investor may vary. Changes to taxation legislation may also impact adversely upon Investors' returns.

4.16. Reliance on the Investment Manager's Expertise

BlackWall Property Trust is reliant on the expertise, experience and strategies of the Investment Manager's key directors and staff. In the event that their services are no longer available, this may affect the management and the financial performance of the Trust and therefore returns to Investors.

4.17. No Guarantee

None of the Investment Manager, the Responsible Entity or any other person gives a guarantee as to the amount of any income or capital return from the Units or the performance of the Trust, nor do they guarantee the repayment of capital from the Trust.

5. Fees and Costs

5.1. Consumer Advisory Warning

The information in the following box is standardised across all managed fund issuers and does not provide information which relates specifically to fees and costs in the Trust and, therefore, does not reflect the fees and costs you will be charged.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

5.2. Fees and Other Costs

The table below shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or the assets of the Trust as a whole. Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

| TYPE OF FEE OR COST | AMOUNT | HOW AND WHEN PAID |
|--|--------|-------------------|
| Fees when your money moves in or out of the Trust | | |
| Contribution fee The fee on each amount contributed to your investment | Nil | N/A |
| Withdrawal fee The fee on each amount you take out of your Investment | Nil | N/A |
| Termination fee The fee to close your investment | Nil | N/A |

| TYPE OF FEE OR COST | AMOUNT | HOW AND WHEN PAID |
|---|---|---|
| Management Costs , the fees and costs for managing your investment | | |
| Fund Management Fee The fees and costs for managing your investment | Trust Management Fee of 0.65% p.a. of the Gross Asset Value of the Trust which amounts to approximately \$740,000. | This fee is calculated monthly and payable in arrears out of the Assets. Gross Asset Value is determined by reference to the most recent valuation. |
| Costs & Expenses | The Trustee is entitled to be reimbursed for all costs, charges and expenses properly incurred in connection with the administration, management and winding up of the Trust. The approximate cost to the Trust is \$300,000 per annum. | Paid out of the trust's Assets after cost, charge or expense has been incurred. |
| Acquisition Fee This is the fee for disposing of the Trust's Properties | 2.00% of the total acquisition cost of a direct property asset. E.g. \$100,000 for a \$5 million asset. | Payable out of the Trust's Assets on completion of the acquisition of the property. |
| Asset Disposal Fee This is the fee for disposing of the Trust's Properties | Up to 1.00% of the gross consideration (net of GST) received by the Trust for the disposal of a property. E.g. Up to \$50,000 on the sale of a \$5 million asset. | The fee is payable out of the Trust's Assets upon completion of the disposal of the property. |
| Performance Fee This fee is payable if the Trust outperforms its relevant benchmark | 12.50% of the outperformance amount of the Trust above a the benchmark. See Section 5.4 for worked example. | The Performance Fee is calculated and payable after the end of each Financial Year out of the Assets of the Trust. |
| Underlying Management Fee Fees relating to property joint ventures | Approximately \$140,000 p.a. | The investment managers of the funds that the Trust invests in also charge fees. The fees are paid out of the assets of the underlying fund. |
| Service Fees | | |
| Switching Fee The fee for changing investment options | Nil | N/A |

5.3. Example of Annual Fees and Costs for the Trust

The following table gives an example of how the fees and costs can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products. This example is based on a constant balance of \$50,000.

| EXAMPLE - Based on an investment of \$50,000 | | BALANCE OF \$50,000 |
|--|---|--|
| Management Costs | 1.30% p.a. deducted indirectly [#] | For every \$50,000 you have in the Trust, you will be charged \$650 each year [*] |

* Additional fees may apply:

- Establishment Fee - \$0 to \$250; and
- An Acquisition Fee, Asset Disposal Fee and Performance Fee may be incurred, but cannot be included because they cannot be estimated.

This represents the Indirect Cost Ratio for the Trust, which is calculated by dividing the annual management costs (which include the ongoing fund management fees and custodian fees) by the Trust's Net Asset Value.

5.4. Additional Explanation of Fees and Costs

Performance Fee

The Responsible Entity is entitled to a performance fee for each Financial Year in which the Trust outperforms the relevant benchmark. The Performance Fee is calculated as follows:

Performance Fee = 0.12% x (Trust Return – Benchmark Return)% x Weighted Monthly Average Gross Asset Value

where:

- “Trust Return” means the percentage increase in the Net Asset Value per Unit during the year (including any distributions paid or payable during the year);
- “Benchmark Return” means the annual movement of the Mercer/IPD Australian Pooled Property Fund Index, plus the percentage (if any) by which the Benchmark Return exceeded the Trust Return for the previous Financial Year (expressed as a positive number); and
- “Weighted Monthly Average Gross Asset Value” has the meaning set out in the Glossary in Section 7.

Below is an example of how the Performance Fee is calculated for a Financial Year:

- If the Net Asset Value per Unit increased 11% since the previous Financial Year (Trust Return); and
- the Mercer/IPD Australian Pooled Property Fund Index increased 10% (Benchmark Return) over the same period ; and
- the Weighted Monthly Average Gross Asset Value of the Trust for the period was \$113 million; then
- the Performance Fee would be \$141,000.

Using the Example of Annual Fees and Costs in Section 5.3 above, payment of the Performance Fee to the Responsible Entity in the above example would increase management costs to \$1,000 per year for a \$50,000 investment. The Performance Fee is capped at 1.00% of the Weighted Monthly Average Gross Asset Value. In the above example, the Performance Fee would be capped at \$1.13 million. The performance fee is calculated and payable after the end of each Financial Year out of the Assets of the Trust.

Fee Increases and Alterations

The fees set out in this PDS are the maximum fees permissible under the Constitution. BFSL does not intend to alter the fees described in this PDS. If it ever sought to increase fees, it would give you 30 days notice. The Responsible Entity needs Investors' approval to charge fees in excess of what the Constitution permits it to charge.

Incidental Fees

All fees and charges in respect of dishonoured funds (cheque or electronic) will be borne by the Investor.

Tax and GST

All fees stated in this section are inclusive of GST less any applicable input tax credits or reduced input tax credits the Trust may claim, unless otherwise stated. Prospective Investors are advised to seek their own tax advice regarding their investment in the Trust. Please refer to section 6.1 on where to find further information on tax.

Advisor Services Fees

An advisor may charge an Investor a service fee directly (that is, a fee which is not levied through the Trust) for additional advice or other services which the advisor provides to the Investor. Details of such service fees should be outlined in the financial services guide or statement of advice that an advisor must give to the Investor.

Fee Waiver and Deferral

The Responsible Entity may, at its discretion, partially or fully waive any fees to which it is entitled, or defer its entitlement to fees to which it would otherwise be entitled, and the Responsible Entity may claim these in the event it is removed as Responsible Entity of the Trust.

6. Additional Information

6.1. Incorporation by reference

The Corporations Act 2001 (Cth) (the “Corporations Act”) allows certain information to be provided separately to this PDS. The following table describes the information that has been incorporated by reference into this PDS. You should read this information before making an investment decision. This material may change between the time when you read this PDS and when you acquire the product. This information is available to you free of charge upon request in paper format by contacting BlackWall.

| INFORMATION | DESCRIPTION | LOCATION |
|-------------------------------------|---|---|
| Summary of the Trust’s Constitution | Sets out the rights, terms and conditions attaching to the Units. | Information Memorandum dated 14 September 2011, Section 9.1 www.blackwallfunds.com.au/blackwall-property-trust |
| Taxation Implications | Provides general information on the Australian taxation implications of investing in Units in the Trust | Information Memorandum dated 14 September 2011, Section 8 www.blackwallfunds.com.au/blackwall-property-trust |

6.2. Compliance Plan

The Compliance Plan is the document which outlines the principles and procedures which the Responsible Entity will apply to ensure that it complies in all respects with the provisions of the Corporations Act, ASIC policy and the Constitution. The Compliance Plan has been lodged with ASIC.

6.3. Custodian

The Trust Company Limited has been appointed as Custodian to hold the legal title to the assets of the Trust. The Custodian is not involved in the day-to-day management of the Trust.

6.4. Complaints handling

If you have a complaint, then you should notify the Responsible Entity in writing or otherwise. Each complaint will be addressed in an equitable, objective and unbiased manner by the Responsible Entity’s internal complaints resolution handling process.

If a satisfactory resolution cannot be reached within 45 days, then you may lodge your complaint with the Financial Ombudsman Service (details below) which is an external resolution service, or take whatever other action you believe is appropriate.

Financial Ombudsman Service Limited
 Telephone: 1300 780 808
 Facsimile: 03 9613 6399
 Website: www.fos.org.au

6.5. Privacy Principles

The Privacy Act 1988 (Cth) (Privacy Act) and amendments made to the Privacy Act by the Privacy Amendments (Private Sector) Act 2000 (Cth) govern the use of an individual's personal information gained by an organisation from dealings with the individual. The Australian Privacy Principles of the Privacy Act govern the way in which organisations should treat personal information.

A copy of BlackWall's privacy policy is available by contacting the Investment Manager, or by visiting BlackWall's website at www.blackwallfunds.com.au/about-us.

6.6. Corporate Governance

The Responsible Entity has adopted the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations Third Edition". A copy of the Trust's latest Corporate Governance Statement can be located at www.blackwallfunds.com.au/blackwall-property-trust under the heading "Corporate Governance" together with BlackWall's corporate governance policies.

6.7. Customer Identification

All Applications for Units from new Investors must be accompanied by the appropriate Anti-Money Laundering (AML) Forms and supporting documents required by the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (AML/CTF Act).

In accordance with the AML/CTF Act, we are required to identify, and verify the identity of, new Investors. In order to do this we are required collect and maintain information provided by you. We may use electronic sources to verify your identity in addition to the documents you provide us. The AML/CTF Act also requires us to submit certain reports to AUSTRAC. In addition to such disclosure, the AML/CTF Act permits us to provide your information to related entities and persons. Apart from these disclosures, we will ensure that your information is kept confidential in accordance with any relevant legislation.

6.8. Custodian

The Trust Company Limited has been appointed as the the Trust's custodian under the terms of a Custodian Agreement. The Custodian is responsible for holding the Trust's assets only.

6.9. No Cooling-Off Period

It is important to note that as the Trust is not a liquid scheme, pursuant to the Corporations Act there is no cooling-off period in relation to applications to invest in the Trust. Accordingly, once an application is made, it cannot be withdrawn except as required by law.

6.10. Consents, Disclaimers and Disclosures

BlackWall Property Funds Limited has given, and has not withdrawn before the date of this PDS, its written consent to be named in this PDS as Investment Manager in the form and context in which it is named.

BlackWall Management Services has given its written consent to being named as Property Manager in this PDS in the form and context in which it is named and has not withdrawn its consent before the date of this PDS.

Each of the above named entities:

- has not authorised or caused the issue of this PDS;
- does not make or purport to make any statement in this PDS (or any statement in which a statement in this PDS is based) other than as specified above; and
- expressly disclaims and takes no responsibility for any part of this PDS other than references to its name and any statements which has been included in this PDS with its consent as specified above.

The Trust Company Limited and National Australia Bank Limited have had no involvement in the preparation of this PDS and do not take any responsibility for this PDS. Their names appear for information purposes only.

6.11. Environmental and ethical considerations

Whilst the Responsible Entity intends to conduct its affairs in an ethical and sound manner, its investment criteria do not include giving additional weight to labour standards, environmental, social or ethical considerations when making or realising an investment of the Trust.

6.12. Investor Communication

Investors will be kept informed of the status of their investment and the Trust generally through the following communications:

- distribution statements;
- the Trust's reports to Investors;
- the Trust's half-yearly report and financial statements;
- the Trust's annual report and financial statements;
- continuous disclosure notices which can be found on the ASX's company announcements platform at www.asx.com.au; and
- information on the Trust's website at www.blackwallfunds.com.au/blackwall-property-trust.

6.13. Reporting requirements and the right to obtain information

The Trust is subject to regular reporting and disclosure obligations. The Responsible Entity is required to prepare and lodge with ASIC both yearly and half-yearly financial statements accompanied by a Directors' statement and report and an audit or review report. Copies of documents lodged with ASIC by the Trust may be obtained from, or inspected at, an ASIC office. Further, on request, BFSL will send to Investors, free of charge, copies of the following documents:

- the annual financial report most recently lodged with ASIC;
- any half-year financial report lodged with ASIC after lodgement of the annual financial report and before the date of this PDS; or
- any continuous disclosure notices given after the lodgement of the annual financial report and before the date of this PDS, a summary of which is set out in the Schedule.

6.14. Supplementary PDS

A supplementary PDS will be issued if BFSL becomes aware of any of the following matters between the issue of this PDS and the date the Units issued pursuant to this PDS are quoted:

- a material statement in this PDS is misleading or deceptive;
- there is a material omission from this PDS;
- there has been a significant change affecting a matter included in this PDS; or
- a significant new circumstance has arisen and it would have been required to be included in this PDS.

6.15. New Zealand Investors

- This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings—Australia) Regulations 2008
- This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made.
- There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.
- The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.
- Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.
- The taxation treatment of Australian securities is not the same as for New Zealand securities.
- If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

6.16. Legal proceedings

BlackWall Fund Services Limited as responsible entity for BlackWall Property Trust is not, and has not been during the 12 months preceding the date of this PDS, involved in any legal or arbitration proceedings which could have a material effect on the financial position of the Trust. As far as the Responsible Entity is aware, no such proceedings are threatened against the Trust.

6.17. Consent to issue of the PDS

This PDS is authorised by each of the Directors of BFSL who consents to its lodgement with ASIC and its issue. The Directors of BFSL have authorised Stuart Brown to sign this PDS on their behalf.



Stuart Brown
 Director

Date: 2 May 2016

7. Glossary

| | |
|------------------------------------|--|
| \$A or \$ or AUD or cents | Australian currency. |
| AFSL | Australian Financial Services Licence. |
| AML/CTF Act | Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), including all Regulations made under that Act, as amended from time to time. |
| ARSN | Australian Registered Scheme Number. |
| ASIC | Australian Securities and Investments Commission. |
| Asset | All property, rights and income of the Trust, excluding certain items specified in the Constitution. |
| ASX Settlement | ASX Settlement Pty Limited. |
| ASX | The Australian Securities Exchange, ASX Limited ABN 98 008 624 691. |
| ASX Listing Rules or Listing Rules | The Listing Rules of the ASX. |
| Australian Accounting Standards | Accounting standards adopted by the Australian Accounting Standards Board. |
| BlackWall | BlackWall Property Funds Limited (ABN 37 146 935 131) and, where applicable, its related bodies corporate. |
| BlackWall Management Services | BlackWall Management Services Pty Ltd (ABN 76 099 411 855), a wholly owned subsidiary of BlackWall Funds. |
| BlackWall Property Trust or Trust | BlackWall Property Trust (ARSN 109 684 773). |
| Constitution | The constitution of the Trust dated 23 June 2004 as amended from time to time. |
| Corporations Act | The Corporations Act 2001 (Cth), including all regulations made under that Act, as amended from time to time. |
| Custodian | The custodian of the Trust's Assets, being The Trust Company Limited (ABN 59 004 027 749). |
| Financial Year | A financial year ending 30 June in each year. |
| Gross Asset Value | The total value of the Trust's assets. |
| GST | The goods and services tax as imposed by the GST Act together with any related interest, penalties, fines or other charges. |

| | |
|--|--|
| GST Act | A New Tax System (Goods and Services Tax) Act 1999 (Cth). |
| Investor | A Unitholder or a prospective Unitholder. |
| NAB | National Australia Bank. |
| Net Asset Value | The Gross Asset Value of the Trust less liabilities of the Trust. |
| NLA | Net lettable area. |
| Official List | The official list of the ASX. |
| p.a. | Per annum. |
| PDS or Product Disclosure Statement | This product disclosure statement dated 2 May 2016. |
| Privacy Act | The Privacy Act 1988 (Cth). |
| Responsible Entity or BFSL | BlackWall Fund Services Limited (ABN 39 079 608 825), being the responsible entity of the Trust. |
| sqm | Square metres. |
| Unit | A fully paid ordinary unit in the Trust, as provided for in the Constitution. |
| Unitholder | Each person for the time being registered under the provisions of the Constitution as the holder of a Unit in the Trust and includes persons jointly registered. |
| Weighted Monthly Average Gross Asset Value | The sum of the Weighted Monthly Gross Asset Value for each month during the Financial Year divided by twelve. |
| Weighted Monthly Gross Asset Value | The total gross value of the Assets calculated on the last day of the relevant month multiplied by a number which is calculated by dividing the number of days left in the relevant Financial Year by the number of days in the relevant Financial Year. |

Schedule

| BlackWall Property Trust ASX Announcements since lodgment of 2015 Annual Report | |
|---|--|
| DATE | ANNOUNCEMENT |
| 02/05/2016 | NTA Uplift & Meeting to Consider Acquisition |
| 26/04/2016 | Buy-back update |
| 01/04/2016 | Daily share buy-back notice - Appendix 3E |
| 29/03/2016 | Daily share buy-back notice - Appendix 3E |
| 23/03/2016 | Daily share buy-back notice - Appendix 3E |
| 22/03/2016 | Daily share buy-back notice - Appendix 3E |
| 18/03/2016 | Daily share buy-back notice - Appendix 3E |
| 31/12/2015 | Change of Director's Interest Notice |
| 31/12/2015 | Daily share buy-back notice - Appendix 3E |
| 30/12/2015 | Daily share buy-back notice - Appendix 3E |
| 29/12/2015 | Daily share buy-back notice - Appendix 3E |
| 23/12/2015 | Daily share buy-back notice - Appendix 3E |
| 22/12/2015 | Trust Update |
| 21/12/2015 | Notice of initial substantial holder |
| 18/12/2015 | Ceasing to be a substantial holder |
| 18/12/2015 | Change of Director's Interest Notice |
| 17/12/2015 | Daily share buy-back notice - Appendix 3E |
| 15/12/2015 | Update on Buy-Back |
| 15/12/2015 | Daily share buy-back notice - Appendix 3E |
| 14/12/2015 | Change of Director's Interest Notice |
| 14/12/2015 | Daily share buy-back notice - Appendix 3E |
| 11/12/2015 | Appendix 3B and Cleansing Notice |
| 11/12/2015 | Daily share buy-back notice - Appendix 3E |
| 10/12/2015 | Daily share buy-back notice - Appendix 3E |
| 08/12/2015 | Daily share buy-back notice - Appendix 3E |
| 04/12/2015 | Daily share buy-back notice - Appendix 3E |
| 01/12/2015 | Daily share buy-back notice - Appendix 3E |
| 30/11/2015 | Daily share buy-back notice - Appendix 3E |
| 27/11/2015 | Daily share buy-back notice - Appendix 3E |
| 26/11/2015 | Daily share buy-back notice - Appendix 3E |
| 24/11/2015 | Daily share buy-back notice - Appendix 3E |

BlackWall Property Trust ASX Announcements since lodgment of 2015 Annual Report

| DATE | ANNOUNCEMENT |
|------------|--|
| 20/11/2015 | Change of Director's Interest Notice |
| 20/11/2015 | Daily share buy-back notice - Appendix 3E |
| 19/11/2015 | Daily share buy-back notice - Appendix 3E |
| 02/11/2015 | Daily share buy-back notice - Appendix 3E |
| 30/10/2015 | Change of Director's Interest Notice |
| 29/10/2015 | Daily share buy-back notice - Appendix 3E |
| 22/10/2015 | Daily share buy-back notice - Appendix 3E |
| 15/10/2015 | Change of Director's Interest Notice |
| 09/10/2015 | Change of Director's Interest Notice |
| 30/09/2015 | Change of Director's Interest Notice |
| 07/09/2015 | Change of Director's Interest Notice |
| 31/08/2015 | Amended Change of Director's Interest Notice |
| 31/08/2015 | Change of Director's Interest Notice |
| 20/08/2015 | Daily share buy-back notice - Appendix 3E |
| 19/08/2015 | Daily share buy-back notice - Appendix 3E |
| 18/08/2015 | Daily share buy-back notice - Appendix 3E |

Corporate Directory

Responsible Entity

BlackWall Fund Services Limited

(ABN 39 079 608 825)
Level 1, 50 Yeo Street
Neutral Bay NSW 2089
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Fax: (02) 9033 8600
Email: info@blackwallfunds.com.au

Investment Manager

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Property Manager

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