

ASX Release

13 November 2018

BWR – Portfolio Valuations & Transaction Update

As previously disclosed, the sale of the Bakehouse Quarter is scheduled to complete on 20 February 2019, with the purchaser, YUHU Group, having exercised the call option in late September and advising that the FIRB approval condition in the contract was satisfied in mid-October.

The BlackWall Property Trust (BWR) and BlackWall Limited (BWF) annual reports described a series of proposals to be put to investors that will see BWR grow its balance sheet and liquidity significantly. In summary, BWR will make a takeover bid for the Kirela Development Unit Trust – the entity that owns the Bakehouse Quarter. The consideration offered to Kirela investors (subject to BWR unitholder approval) is by way of a mix of cash and BWR units on a NTA for NTA basis. The documentation for the transaction is expected to be dispatched prior to Christmas with the extraordinary general meeting (EGM) scheduled for late February 2019. In addition, approval will be sought for BWR to purchase a number of assets from BWF. Following these transactions, BWF's balance sheet is expected to have roughly \$15 million of cash.

As a part of the arrangements for the above, Kirela investors were asked to nominate the amount of cash and/or BWR units they would accept under the offer described above. With the nomination process now complete, we advise that following completion of the Bakehouse Quarter sale and the transactions to be put to investors at the EGM, BWR's net assets are expected to grow from \$103 million (at 30 June 2018) to roughly \$223 million, of which \$100 million will be cash.

In preparation for the EGM, BlackWall has commissioned independent valuations of its investment portfolio. The preliminary outcome of those valuations is set out below and gives rise to a BWR NTA per unit of \$1.55 for the purposes of the transaction, before any distributions are declared for the half year ending 31 December 2018.

	Carrying Value Annual Report 2018	Independent Valuation Nov 2018	Variance
Pymont Bridge Road, NSW*	\$117,000,000	\$126,000,000	\$9,000,000
Canberra North, ACT	\$30,000,000	\$30,500,000	\$500,000
Sippy Downs, QLD	\$26,400,000	\$26,000,000	(\$400,000)
Yandina, QLD	\$20,100,000	\$20,450,000	\$350,000
Varsity Lakes, QLD	\$18,200,000	\$18,200,000	-
Hobart, TAS	\$8,800,000	\$8,600,000	(\$200,000)
Canberra South, ACT	\$8,250,000	\$8,100,000	(\$150,000)
Toowoomba, QLD	\$6,600,000	\$5,000,000	(\$1,600,000)

**BWR owns 32% of Pymont and the asset was consolidated on the BWR balance sheet in the last financial statements.*

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