

ASX Release

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Proposed Acquisition and Restructure to Become Stapled Security

In light of recent changes in the economy, the BlackWall directors have resolved to proceed with a transaction where BlackWall Property Trust (ASX:BWR) acquires the WOTSO WorkSpace business and certain real estate assets currently held by Pelorus Private Equity Limited. It is intended for BWR to be restructured to form a stapled security structure where BWR units are stapled to shares in WOTSO and the Pelorus real estate assets.

Further details of the transaction will be forthcoming however it is expected the acquisition will secure WOTSO's growth trajectory without the need to raise additional capital in an uncertain market. In addition, the transaction would provide liquidity to WOTSO shareholders and provide operational efficiencies with WOTSO's largest landlord. Equally, BWR is likely to benefit from gaining an immediate tenant for potential acquisitions of vacant property, participating in the higher rents achievable through flexible space leasing and giving BWR tenants the option of a flexible space or traditional lease offering.

We do not expect the transaction to diminish BWR's standing as a property investment trust as WOTSO is expected to represent less than 10% of the expanded group's assets. On completion the group is expected to have gross assets approaching \$400m.

This proposal replaces the previous strategy to undertake a standalone IPO of the WOTSO business, but it does not preclude this happening in the future. In addition, it is anticipated that the acquisition will be an effective mechanism of transitioning interests in two properties from Pelorus (the original parent company of BlackWall) to the BWR portfolio. These assets are located at 850 Woodville Road, Villawood, NSW, where BWR already has an ownership interest, and 120 Mulgoa Road, Penrith, NSW.

The transaction will be subject to independent expert reports and various securityholder approvals. The acquisition of the WOTSO business will be undertaken as a scheme of arrangement, which requires both shareholder and court approval, and will likely be finalised in early 2021.

More information will be provided as it becomes available.

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