

CORPORATE GOVERNANCE STATEMENT
**BlackWall Limited
and its wholly-owned Responsible Entities**

The Board of Directors of BlackWall is responsible for the corporate governance of the Group. The Group operates a number of listed and unlisted registered schemes. The board of directors of the Responsible Entity for these registered schemes is comprised of the same directors as BlackWall Limited. A reference in this document to the Board is a reference to the board of directors of BlackWall and its wholly-owned responsible entities from time to time. This corporate governance statement applies to both BlackWall Limited and its ASX-listed registered scheme, BlackWall Property Trust. To the extent they are applicable and appropriate for BlackWall's size and nature, the Group has adopted the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations Third Edition".

This Corporate Governance Statement has been approved by the Board and is effective as at 23 August 2019.

CORPORATE GOVERNANCE COUNCIL RECOMMENDATION	COMPLIANCE	REASON FOR NON-COMPLIANCE
Principle 1 – Lay Solid Foundations for Management And Oversight		
1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	The Board has adopted a formal Board Charter which sets out the respective roles and responsibilities of the Board and management and those matters expressly reserved to the Board and those delegated to management. The Board Charter is available on BlackWall's website at: https://www.blackwall.com.au/wp-content/uploads/2017/04/Board-Charter.pdf	N/A
1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Prior to appointment, police checks and track record checks (including ASIC personal name searches, bankruptcy searches and searches of the High Court and Federal Court) were undertaken for each director. Directors are also required to provide BlackWall with a copy of their resume. BlackWall provides members with a biography of each director to assist members in their decision on whether to elect or re-elect the director. This information is also included in the Group's Annual and Half-Year Reports.	N/A

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<p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>Senior executives have employment agreements setting out the terms of their appointment.</p>	<p>The directors do not have written agreements setting out the terms of their appointment because the constitution and the ASX Listing Rules govern the term of each director's appointment. Directors are required to retire by rotation. Common law and the Corporations Act govern the duties of directors. Members are required to approve the maximum fees paid to directors.</p>
<p>1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>The appointment of the Company Secretary is approved by resolution of the Board. The Company Secretary is charged with the responsibility of:</p> <ul style="list-style-type: none"> • timely preparation and distribution of Board papers; • attendance at Board meetings and meaningful minute-taking; and • maintaining policies and procedures. 	<p>N/A</p>
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p>	<p>The Group has adopted a Diversity Policy. The Diversity Policy can be found at:</p> <p>http://www.blackwall.com.au/pdf/about/Diversity-Policy.pdf</p> <p>BlackWall's progress towards achieving its diversity objectives in the 2018/19 financial year is set out below:</p> <ol style="list-style-type: none"> 1. Recruitment: A significant proportion of BlackWall employees come from different ethnic backgrounds. The gender mix for the 2018/19 financial year is set out below: 	<p>N/A</p>

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	Female (No.)	Female (%)	Male (No.)	Male (%)	
<p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or</p> <p>(2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</p>	Board	0	0%	5	100%
	Executive Management	2	50%	2	50%
	Other	47	73%	17	27%
	<p>2. <u>Career Development and Promotion</u>: BlackWall facilitates equal employment opportunities based on relative ability, performance or potential. This is exemplified by the gender diversity in executive management. All employees are treated fairly and evaluated objectively.</p> <p>3. <u>Safe Work Environment</u>: BlackWall is responsible for taking action against inappropriate workplace and business behaviour including discrimination, harassment, bullying, victimisation and vilification. BlackWall was not required to take action against any inappropriate workplace behaviour during the reporting period.</p> <p>4. <u>Flexibility in the Workplace</u>: BlackWall has a culture that recognises the domestic responsibilities of its employees. During the reporting period BlackWall provided assistance to its employees allowing them to balance their domestic and professional responsibilities.</p> <p>5. <u>Succession plans</u> - BlackWall’s culture and management structure facilitates on-the-job training. In addition, BlackWall has a cadet program and encourages internships.</p>				
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Board does not have a formal evaluation process. The Board prefers to evaluate and monitor its effectiveness by reference to the growth and successes of the business. If an issue is identified with the performance of any particular member, it is raised when the issue is identified rather than at the end of a specified period.</p>				

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<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>One of the Board’s fundamental responsibilities is overseeing and monitoring the performance of the CEO and CFO.</p> <p>The Board undertakes an ongoing review process of both the CEO’s and CFO’s performance. This is based on criteria, including the business performance of the Group as set out in the papers presented to the Board at bi-monthly board meetings.</p> <p>The CEO and CFO undertook performance reviews of Senior Executives during the reporting period.</p>	<p>N/A</p>
Principle 2 - Structure The Board To Add Value		
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>		<p>The Group currently does not have a separate Nomination Committee. The roles and responsibilities of a Nomination Committee are currently undertaken by the full Board.</p> <p>Board members both executive and non-executive are material investors in the Group’s securities. The Board’s view is that all Board members should have a material holding of securities of the Group to align interests of directors with the interests of members.</p> <p>The Board comprises a varied balance of skills ranging from finance, funds management, property and legal. BlackWall believes the Board has the right balance of skills, knowledge and experience to effectively discharge its duties.</p>
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>BlackWall’s Board Skills Matrix can be found at https://www.blackwall.com.au/wp-content/uploads/2018/08/BlackWall-Board-Skills-Matrix-2018.pdf</p>	<p>N/A</p>

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<p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>The Board consists of:</p> <ul style="list-style-type: none"> one Independent Director, Mr Richard Hill, who is also the Chairman; and four Non-Independent Directors, Mr Stuart Brown and Mr Timothy Brown, who each act in an executive capacity, and Mr Glew and Mr Tedder who each act in a non-executive capacity. <p>The length of service of each director is as follows:</p> <p>Richard Hill – 9 years</p> <p>Seph Glew – 9 years</p> <p>Robin Tedder – 9 years</p> <p>Stuart Brown – 9 years</p> <p>Timothy Brown – 1.5 years</p>	<p>N/A</p>
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>		<p>Of the five Board positions:</p> <ul style="list-style-type: none"> two are held by members who are significant investors; one is held by the Chief Executive Officer (who also holds a material investment in the Group); one is held by the Chief Financial Officer (who also holds a material investment in the Group); and one is held by the Independent Chairman (who has a material investment in the Group). <p>Accordingly, BlackWall has not adopted recommendation 2.4. The Board believes that board members should have a material financial interest in the business to align their interests with members.</p>

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2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The Chairman, Mr Richard Hill, is an Independent Director. The roles of Chairman and Chief Executive Officer are not exercised by the same person.	N/A
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	The Company Secretary is charged with the responsibility of inducting new directors which includes training on the Group's policies and procedures. The Company Secretary also recommends training and development programs to be undertaken by directors.	N/A
Principle 3 – Act Ethically And Responsibly		
3.1 A listed entity should: <ul style="list-style-type: none"> (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. 	The Group has adopted a Code of Conduct, which can be accessed at: https://www.blackwall.com.au/wp-content/uploads/Code-of-Conduct.pdf	N/A
Principle 4 – Safeguard Integrity In Corporate Reporting		
4.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, 	The Group currently has a separate Audit Committee. The roles and responsibilities of the Audit Committee are set out in the Audit Committee Charter. This charter can be accessed at: https://www.blackwall.com.au/wp-content/uploads/2017/04/Audit-Committee-Charter.pdf The qualifications and experience of Mr Tedder and Mr Glew can be found in the 2019 Annual Report and at: http://www.blackwall.com.au/about-us.html The Audit Committee met twice during the reporting period and both Mr Tedder and Mr Glew attended each meeting.	The Audit Committee consists of two members – Non-Executive Directors Mr Tedder and Mr Glew. The Audit Committee is chaired by Mr Tedder. Given the composition of the Board and the size of the Group, Recommendation 4.1 is not complied with because there are only two members and although they are non-executive directors, they are not considered independent. The Board takes the view that the Committee as constituted can discharge its role effectively without the undue expense of appointing three members and an independent chairman who is not the Chairman of the Board.

CORPORATE GOVERNANCE COUNCIL RECOMMENDATION	COMPLIANCE	REASON FOR NON-COMPLIANCE
including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The CEO and CFO provided this declaration to the Board for the reporting period.	N/A
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The Group's auditor receives a copy of the Notice of Annual General Meeting and Explanatory Memorandum. The Auditor is invited to attend the AGM in respect of BlackWall Limited. Listed schemes are not required to hold an AGM.	N/A
Principle 5 – Make Timely and Balanced Disclosure		
5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The Group has adopted a Continuous Disclosure Policy, which can be accessed at: https://www.blackwall.com.au/wp-content/uploads/2017/08/Continuous-Disclosure-Policy.pdf	N/A
Principle 6 – Respect the Rights of Security Holders		
6.1 A listed entity should provide information about itself and its governance to investors via its website.	The Group maintains a website which contains information about itself and its governance policies at: http://www.blackwall.com.au/about-us.html	N/A

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<p>6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>BlackWall's policy on investor relations is to provide investors with direct access to the CEO and senior executives to facilitate open and candid communication between the Group and its members.</p> <p>BlackWall aims to use plain English in its communications.</p> <p>Investors are invited to contact BlackWall if they have any queries regarding their investment or the business. Contact details are provided on the Group's website and, where appropriate, on ASX announcements.</p>	<p>N/A</p>
<p>6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>BlackWall encourages participation at general meetings through the following means:</p> <ul style="list-style-type: none"> • well set out and easy to read Notices of Meeting and Explanatory Memoranda; • placing copies of Notices of Meetings and Explanatory Memoranda on the Group's website; • enabling electronic voting facilitated by the Group's security registry; and • proxy solicitation programs (when appropriate). 	<p>N/A</p>
<p>6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>BlackWall encourages investors to choose email as their preferred method of communication. The Group's security registry facilitates electronic communication so members can access details about their holding.</p> <p>Most investors have elected to receive their Annual Report by email.</p> <p>Investors may contact BlackWall by email using the email address listed in communications and on the Contact Us section of the website.</p>	<p>N/A</p>
<p>Principle 7 – Recognise and Manage Risk</p>		
<p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p>		<p>Given the nature and scale of the Group's operations the Board monitors the risks to the Group's operations. As such the Group does not have a separate Risk Committee but has adopted a risk-reporting regime which forms part of the</p>

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<p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>		<p>board papers presented at each Board meeting.</p>
<p>7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The Board evaluates the Group's risk management framework. A review was undertaken at a Board meeting during the reporting period.</p>	<p>N/A</p>
<p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; OR</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>BlackWall has an internal audit function which consists of senior executives with skills across audit, accounting, finance and law. The internal audit function serves to:</p> <ul style="list-style-type: none"> • Evaluate the reliability and integrity of information. • Evaluate the systems established to ensure compliance with policies, plans, procedures, laws, and regulations which could have a significant impact on the organisation. <p>The internal audit function operates informally under a flat management structure.</p>	<p>N/A</p>

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7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	The Group has material exposure to economic risk similar to those faced by other funds management businesses. 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 Group. BlackWall manages these risks by continually monitoring the macro-economic environment and entering into interest rate hedging where required.	N/A
Principle 8 – Remunerate Fairly and Responsibly		
8.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have a remuneration committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. 		The Board actively encourages and promotes efficiency, innovation and entrepreneurialism. Senior management meetings are held weekly to discuss issues and opportunities. The Chief Executive Officer and Senior Executives are remunerated on the basis of the Board’s consideration of the employees’ responsibilities and performance, the Group’s financial position and market conditions. The role of the Remuneration Committee is carried out by the full Board. The Board considers that no efficiencies or other benefits would be gained by establishing a separate Remuneration Committee.
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	BlackWall’s practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives are set out in the Annual Report of BlackWall Limited accessible at http://www.blackwall.com.au/about-us.html	N/A

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<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>		<p>BlackWall does not have a policy of the kind referred to in Recommendation 8.3.</p>