

ASX Release

19 April 2016

BWF

BlackWall Completes Pub Fund Turnaround

In 2009 BlackWall's funds management business acquired a number of distressed funds management positions. Each of these was under significant banking pressure, had unsustainable business models and investors were facing a total loss of capital. The largest was the Reed Property Trust which is now the ASX-listed BlackWall Property Trust (ASX Code: BWR). In addition, BlackWall took control of Tankstream Funds Management Limited and its two funds, a property securities fund and a property fund invested in pubs.

The property securities fund is now consolidated onto the BWR balance sheet having traded out of its illiquid fractional interest and investors receiving BWR units which are ASX-listed and paying semi-annual tax deferred distributions.

The final position to be worked through was the hotel investment trust formerly known as Tankstream Pub and Leisure Group. Again, at the time BlackWall's businesses took control, this entity was in breach of all debt covenants and had no prospect of renewing those facilities or raising equity. BlackWall and its pub management partner, Pelathon Management Group, instituted a number of measures including:

- completing a merger of the group with a similar sized pub fund;
- selling the smaller assets and injecting the capital raised into much needed capital improvement; and
- underwriting a rights issue.

The fund, now known as the Pelathon Pub Group, has recently refinanced its debt. Pelathon has been offered an Australian Financial Services Licence and, with BlackWall's assistance, the fund's investors recently voted to appoint Pelathon Funds Management Limited as responsible entity. With the fund in a stable position, this latest development brings to a close BlackWall's management control of the group.

BlackWall and BWR both hold significant positions in the Fund and are evaluating a transaction that will enable those holdings to be distributed to BWR unitholders giving the Fund greater diversity of investors and better access to equity capital. An announcement in this regard will be made when the transaction is finalised.
