ANNUAL REPORT

JUNE 2019

BLACKWALL

CONTENTS

Fortitude Valley, QLD

2019 Highlights

$2.1m pa

Average performance and transaction fees since listing

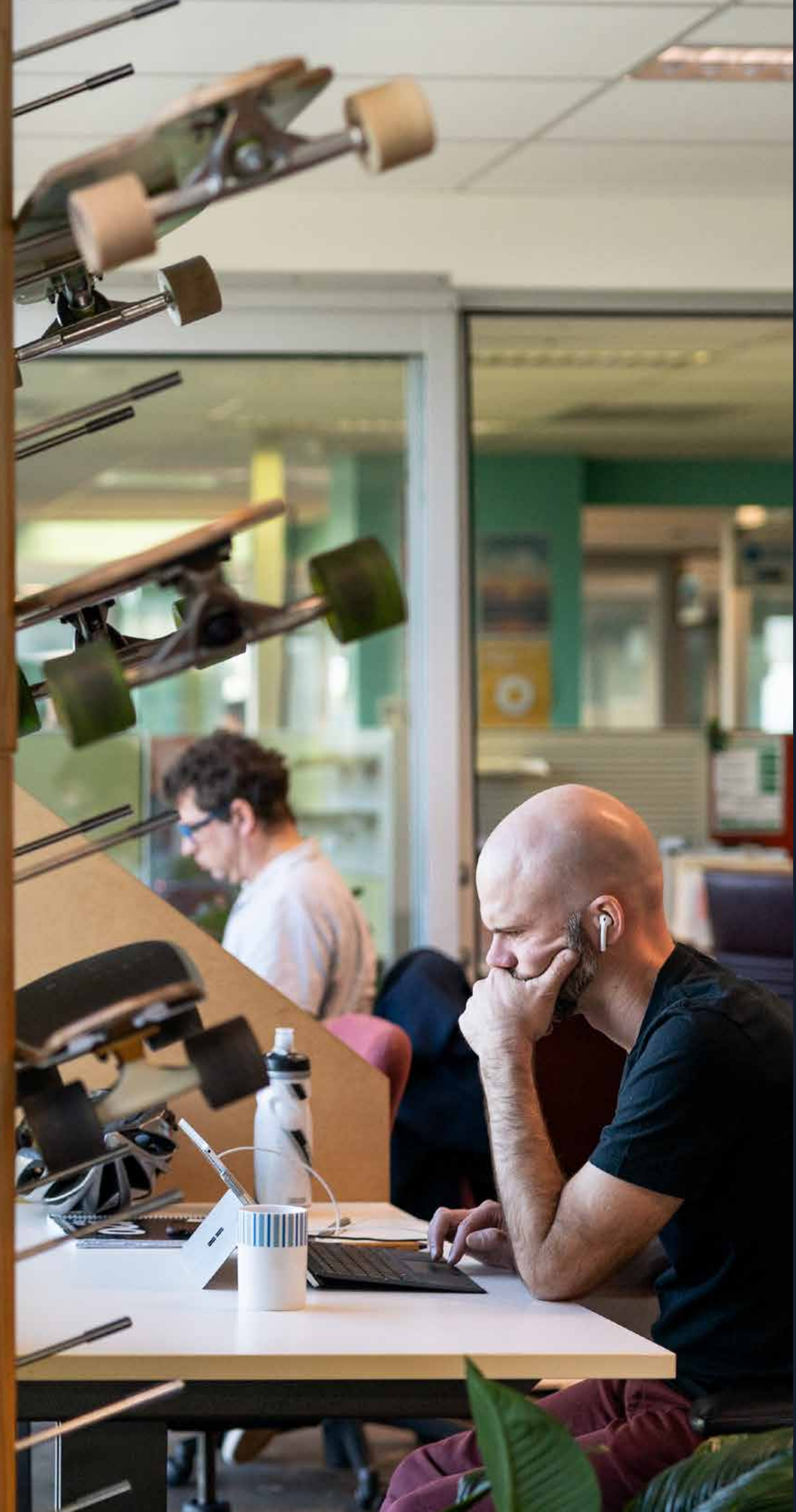
$13.8m

Annualised WOTSO Turnover up 21%

2.1 cps

dividend

Fully franked to be paid on 9 October 2019



What We Do

BlackWall

BlackWall generates management, performance and transaction fees from real estate investment structures – the largest of these is our ASX listed REIT, BlackWall Property Trust (ASX Code – BWR). Our net asset backing is 50 cents per share. At the balance date this is constituted by WOTSO fitout, a $15.5 million investment in BWR and $11 million in cash.

WOTSO

By and large conventional commercial office lease arrangements don't suit the needs of sole operators and SME's. Further, although it is possible for these businesses to operate from home, this is generally an impractical solution. WOTSO solves this problem by offering desks and office space month to month. In addition WOTSO sees itself as a an "office as a service" provider to corporate real estate. We provide project, meeting and remote office space for the employees of large corporations.

Directors' Report

Chairman's Commentary

2019 has been a big year for BlackWall. In addition to purchasing a couple of smaller properties and continuing to expand the footprint of our WOTSO WorkSpace business we have completed the sale of the Bakehouse Quarter and doubled the size of the BlackWall Property Trust (ASX:BWR). We start 2020 with a strong financial platform that dramatically expands our ability to respond to future opportunities.

We are now focussed on maximizing the returns from our existing portfolio and implementing the recently announced proposal for our flexible workspace business WOTSO WorkSpace to spin off from BlackWall as a separate business. On completion of the WOTSO spin-off BlackWall investors will own two separate businesses with their own growth prospects and capital strategies but with a close relationship and synergies.

BlackWall

BlackWall's property development, management and funds activities are essentially the same as they have been for over 25 years. We look for assets that have a problem that we think we understand and can fix. We look at real estate that is suitable for adaptive reuse and urban renewal at a price that mitigates, at least in part, the risks associated with changes of use.

Throughout our 25-year history we have a strong track record of finding and executing turnaround projects. The Bakehouse Quarter, 55 Pyrmont Bridge Road, Villawood and BWR itself are all examples. We have succeeded with these projects despite the fact that, in the past, we have not had the luxury of cash reserves. We have had to create opportunistic investment structures and raised the capital on a deal by deal basis. This is generally a slow process and opportunities are sometimes missed. More often than not, the best opportunities present when investors and institutions are least likely to invest.

Our strategy requires patience but can generate material value gains and sustainable income especially during periods of dislocation in financial markets.

WOTSO Spin-off

The proposal for WOTSO to stand alone is an exciting development and only possible due to the continued success of its unique model. WOTSO is a good example of BlackWall's innovative and opportunistic approach to real estate and is a result of the combined effort of our directors, executives and staff. With the foundations laid we now think it is time for WOTSO to separate from the group and look to expand with an independent and focused management team.

As announced, the demerger has led to a number of changes in our board and management structure. Richard Hill has been BlackWall's non-executive Chairman since listing in 2011. My fellow board members and I thank him for his considerable contribution in this role and are delighted that Richard will continue with the company as a non-executive director.

Tim Brown and Jess Glew have been appointed as joint managing directors with previous CEO Stuart Brown taking the role of WOTSO Managing Director. All three have been instrumental in our operations over the past decade and are well placed for their new roles.

The demerger proposal is subject to both shareholder approval and an ATO ruling. Detailed information on the mechanics of the transaction will be released over the coming months. In the meantime we have begun the process of BlackWall and WOTSO operating as separate companies.

As one would expect these financial statements have been prepared on a consolidated basis to allow a transparent comparison to previous years. Information on the stand-alone financial position for both BlackWall and WOTSO will be released as part of the information put before shareholders to facilitate the demerger.

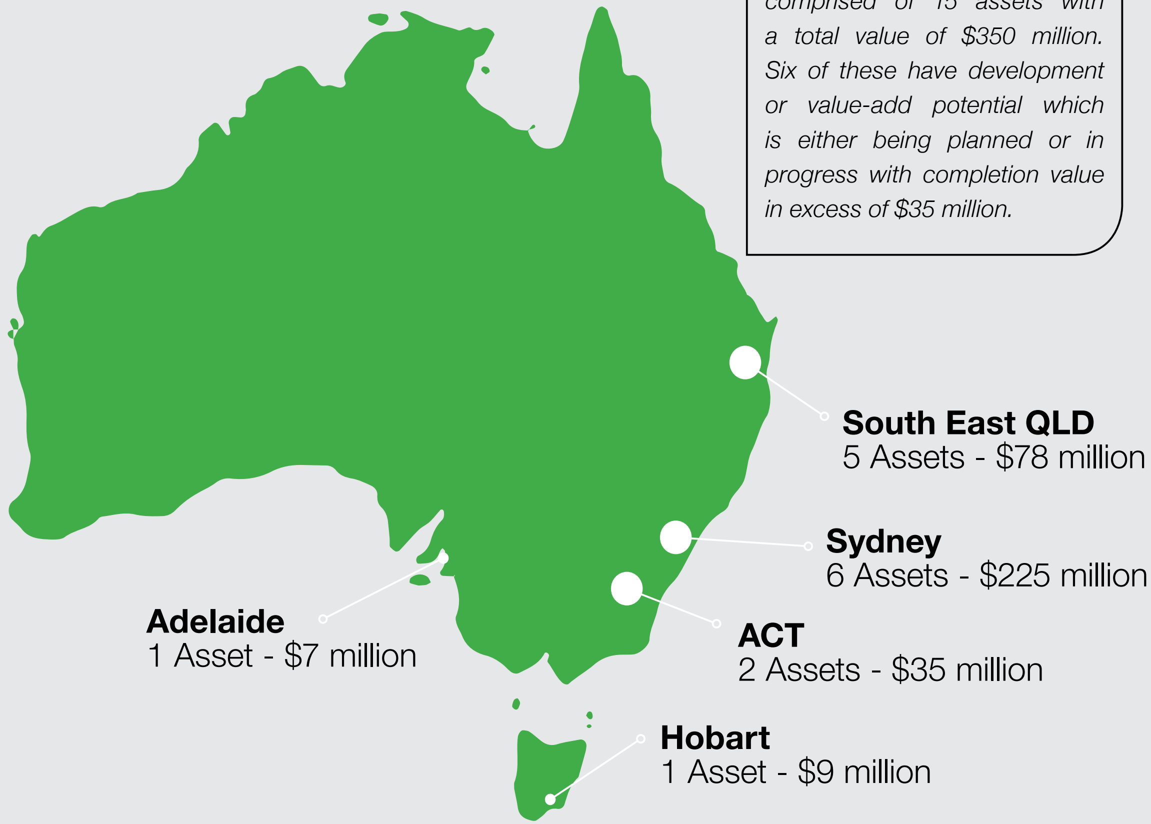
Seph Glew
Chairman

55 Pyrmont Bridge Road, NSW

BlackWall's fee income is generated from an income producing property portfolio. The majority of these assets are held by our A-REIT, BlackWall Property Trust (BWR). BWR has the capacity to deploy up to $100 million of capital into the acquisition of new positions. In addition the existing portfolio has a number of value add opportunities.

These fees have historically taken the form of recurring property and funds management fees along with event driven performance and transaction fees. Since listing in 2011 BlackWall has generated an average of $2.1 million per annum of these fees (a total of $19.6 million). For the year ending 2019 BlackWall earned performance and transaction fees totaling $2.4 million.

The BlackWall portfolio is comprised of 15 assets with a total value of $350 million. Six of these have development or value-add potential which is either being planned or in progress with completion value in excess of $35 million.

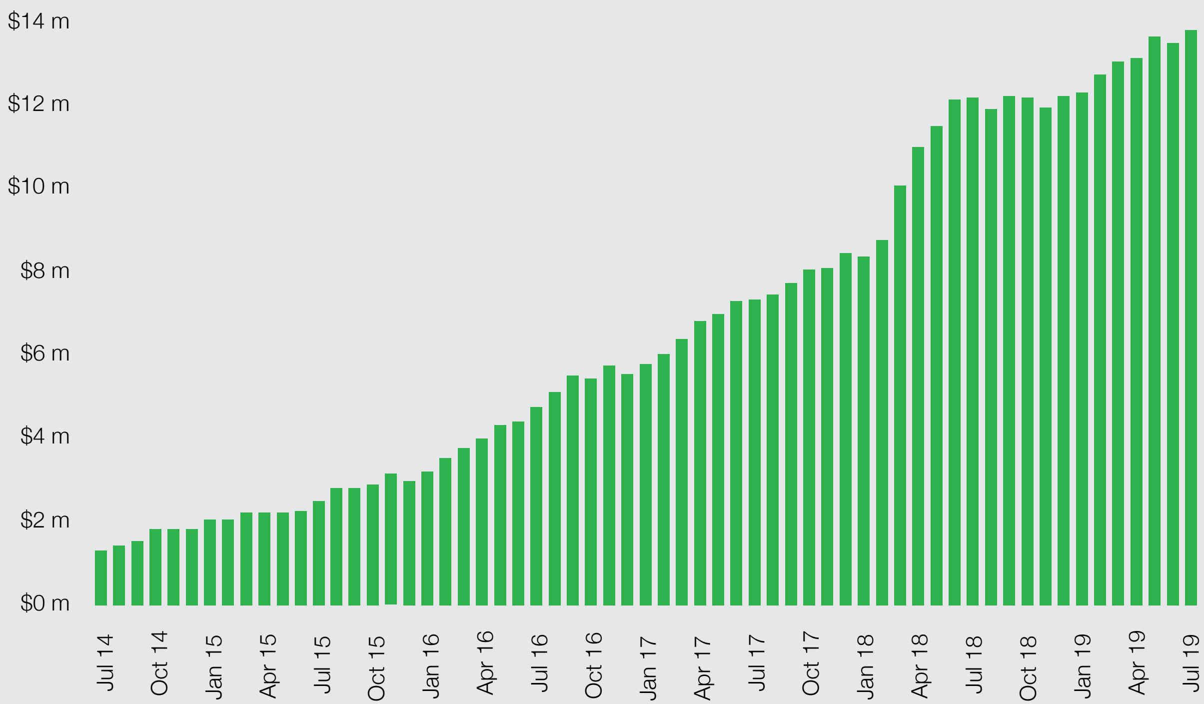


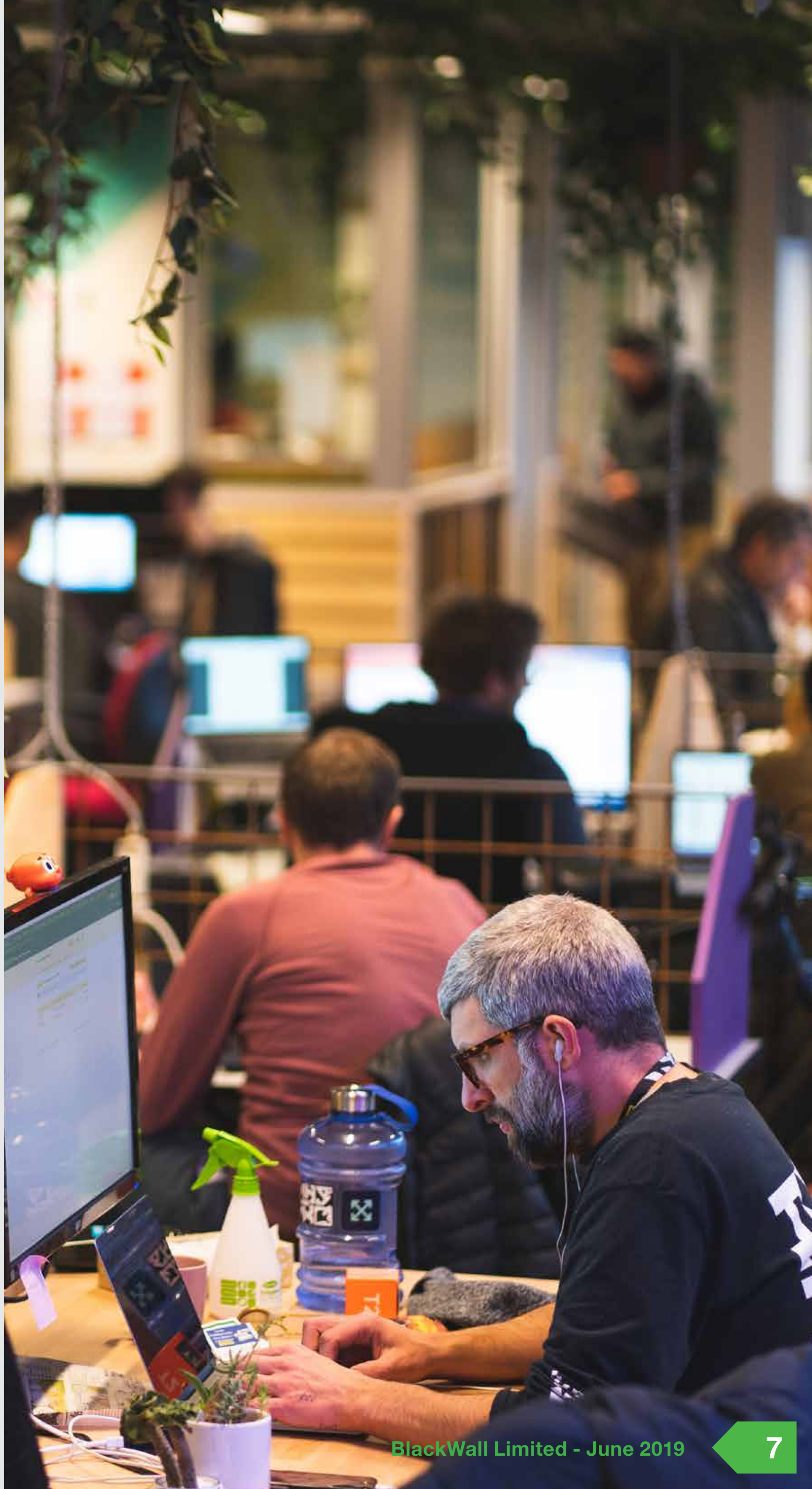
WOTSO is a simple business. It generates revenue from customers renting desks and offices month to month and other services such as event, project space, meeting rooms and associated services.

Since it was established in 2014 WOTSO has evolved its business model and is growing its IP through the development of a proprietary management system, booking and customer network app - this project is being undertaken by one of our Bondi members. In addition we are expanding our human resources reporting and procedures. The focus of these initiatives is for WOTSO to be in a position to scale its operations significantly. We expect these projects to be implemented by the second quarter of next year. In addition we are working on a new initiative with respect to our contractual relationships with property owners. Traditionally we have entered into conventional leases and management arrangements with property owners. Whilst these arrangements have given us flexibility we are exploring other means to grow our network in particular with the owners of large portfolios.

Regardless of the type of structure used WOTSO's revenue is a function of receipts from its customers. We term these receipts WOTSO Turnover and see it as a key element for tracking the business's performance. The graph below shows the annualised WOTSO Turnover. As at July 2019 our annualised WOTSO Turnover was $13.8 million.

Annualised WOTSO Turnover





Financial Statements

Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2019

	Note	2019 $'000	2018 $'000
REVENUE			
WOTSO			
Revenue from leased and owned sites		9,490	8,074
Management agreements		706	375
Total WOTSO		**10,196**	**8,449**
BlackWall			
Management fees	2	5,845	4,634
Staff payroll recovery		1,311	1,122
Performance and transaction fees	2	2,424	7,884
Total BlackWall		**9,580**	**13,640**
Investments			
Unrealised (losses) gains	3	(88)	3,007
Realised gain - WOTSO Adelaide	3	-	572
Realised gain – WOTSO Fortitude Valley	3	300	-
Rental income from property		40	66
Distributions from Pyrmont Bridge Trust		315	257
Interest income		1	3
Other income		2	-
Total Investments		**570**	**3,905**
TOTAL REVENUE		**20,346**	**25,994**
EXPENSES			
WOTSO operating	4	(8,869)	(7,641)
Other operating	4	(5,641)	(5,345)
Property outgoings		(166)	(218)
Depreciation		(825)	(853)
Property finance costs		(122)	(131)
Share of loss from joint ventures	11	(66)	-
Loss on deconsolidation of subsidiary		(148)	-
Loss on sale of investments		(14)	-
Goodwill impairment	10	-	(1,042)
TOTAL EXPENSES		**(15,851)**	**(15,230)**
Profit before income tax		**4,495**	**10,764**
Income tax expense	5	(1,208)	(2,841)
Profit from continuing operations		**3,287**	**7,923**
Loss from discontinued operation	16	(164)	-
Profit for the year		**3,123**	**7,923**
Other comprehensive income		-	-
Profit and other comprehensive income		**3,123**	**7,923**
Profit and other comprehensive income attributable to:			
Owners of the Company		3,189	8,062
Non-controlling interests		(66)	(139)
		3,123	**7,923**
Earnings Per Share			
Profit attributable to the ordinary equity holders:			
Basic earnings per share	18	5.2 cents	13.5 cents
Diluted earnings per share	18	5.2 cents	13.4 cents

Balance Sheet at 30 June 2019

	Note	2019 $'000	2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents		11,493	923
Trade and other receivables	6	3,479	1,044
Investment - Pyrmont		-	10,360
Investment - Bakehouse Quarter		-	914
Investment - WOTSO Fortitude Valley, Qld	7	-	4,500
Total current assets		**14,972**	**17,741**
Non-current assets			
Investment - BlackWall Property Trust		15,509	15,658
Loan to WOTSO Joint Ventures		802	575
Performance fees receivable - Penrith		433	433
Property, plant and equipment - WOTSO	8	5,232	3,860
Property, plant and equipment - BlackWall	8	246	250
Internally generated software - WOTSO	9	173	-
Investment – Pelathon Management		-	100
Total non-current assets		**22,395**	**20,876**
TOTAL ASSETS		**37,367**	**38,617**
LIABILITIES			
Current liabilities			
Trade and other payables	12	1,962	1,644
Interest rate hedge	15	724	-
Provision for tax payable		778	2,813
Provision for employee benefits	13	469	486
WOTSO tenant deposits		150	250
Property borrowings	7	-	2,100
Total current liabilities		**4,083**	**7,293**
Non-current liabilities			
Deferred tax liabilities	14	1,351	1,627
Interest rate hedge	15	341	-
Provision for employee benefits	13	84	165
Total non-current liabilities		**1,776**	**1,792**
TOTAL LIABILITIES		**5,859**	**9,085**
NET ASSETS		**31,508**	**29,532**
EQUITY			
Share capital		17,555	16,318
Reserves		73	85
Retained earnings		13,880	13,277
Non-controlling interests		-	(148)
TOTAL EQUITY		**31,508**	**29,532**

Statement of Cash Flows

for the year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
WOTSO receipts		11,473	9,256
BlackWall receipts		7,024	7,270
Investment Income receipts		315	257
Bank interest received		1	3
WOTSO rent expenditure		(4,657)	(3,550)
WOTSO operating expenditure		(3,305)	(2,996)
WOTSO employee expenditure		(1,717)	(1,458)
BlackWall payments to suppliers and employees		(6,730)	(7,114)
Income tax paid		(3,519)	(697)
Fortitude Valley and Adelaide outgoings		(125)	(151)
Interest paid		(121)	(131)
Net cash (outflow) inflow from operating activities		**(1,361)**	**689**
Cash flows from investing activities			
Proceeds from sale of Pyrmont Bridge Trust units		10,360	-
Proceeds from sale of WOTSO Fortitude Valley		4,980	-
Returns of capital from BWR and other investments		1,122	1,261
Proceeds from sale of Pelathon Management shares		108	-
Loan repayment by (Advance to) - WOTSO Bondi		45	(545)
Net inflow from disposal of Adelaide		-	2,786
Payments for WOTSO property, plant and equipment	8	(2,269)	(1,972)
Advance to - UEM Sunrise Joint Venture		(272)	-
Payment for BWR units		(187)	-
Payment for BlackWall property, plant and equipment	8	(70)	(29)
Payment for capital contribution to UEM Joint Venture		(66)	-
Cash leaving group on deconsolidation of Singapore		(16)	-
Payment for Fortitude Valley and Adelaide properties' fitout	7	(7)	(399)
Advance to – Other		-	(20)
Net cash entering group on acquisition of Kirela	15	1,586	-
Net cash inflow from investing activities		**15,314**	**1,082**
Cash flows from financing activities			
Proceeds from exercise of options		1,237	672
Repayment of NAB borrowings on Fortitude Valley property		(2,100)	-
Dividends paid to shareholders		(2,520)	(2,208)
Net cash (outflow) from financing activities		**(3,383)**	**(1,536)**
Net increase in cash and cash equivalents		**10,570**	**235**
Cash and cash equivalents at the beginning of the year		923	688
Cash and cash equivalents at end of the year		**11,493**	**923**

All items inclusive of GST where applicable.

Reconciliation of Operating Cash Flows

	2019 $'000	2018 $'000
Profit for the year	3,123	7,923
Non-cash flows in profit:		
Depreciation	825	853
Equity accounting joint venture	66	-
Net gain on investments	(4)	(3,416)
Pyrmont performance fee	-	(7,884)
Impairment of goodwill	-	1,042
Share options expense	-	59
Changes in operating assets and liabilities:		
Decrease / (increase) in trade and other receivables	(2,780)	(552)
Increase / (decrease) in deferred tax liabilities	(275)	(459)
Increase / (decrease) in trade and other payables	(184)	425
Increase / (decrease) in income taxes payable	(2,035)	2,796
Increase / (decrease) in provisions	(97)	(98)
Net cash inflow (outflow) from operating activities	**(1,361)**	**689**

Changes in liabilities arising from financing activities

	Borrowings $'000	Total $'000
Total liabilities from financing activities as at 1 July 2017	**(3,500)**	**(3,500)**
Net cash from/(used in) financing activities	-	-
Repayment of debt on disposal of Adelaide property	1,400	1,400
Total liabilities from financing activities as at 30 June 2018	**(2,100)**	**(2,100)**
Net cash from/(used in) financing activities	-	-
Repayment of debt on disposal of Fortitude Valley property	2,100	2,100
Total liabilities from financing activities as at 30 June 2019	**-**	**-**

Statement of Changes in Equity

for the year ended 30 June 2019

	No. of Shares On issue	Issued Capital $'000	Retained Earnings $'000	Reserves $'000	Attributable to Owners of the Parent $'000	Non-controlling Interests $'000	Total $'000
Balance at 1 July 2018	**61,040,445**	**16,318**	**13,277**	**85**	**29,680**	**(148)**	**29,532**
Profit for the period	-	-	3,189	-	3,189	(66)	3,123
Dividend paid	-	-	(2,520)	-	(2,520)	-	(2,520)
Foreign currency reserve	-	-	-	(1)	(1)	-	(1)
Issue of shares – exercise of employee share options at 60 cents per share	2,075,000	1,245	-	-	1,245	-	1,245
Share issue expenses	-	(8)	-	-	(8)	-	(8)
Deconsolidation of subsidiary	-	-	(66)	(11)	(77)	214	137
Balance at 30 June 2019	**63,115,445**	**17,555**	**13,880**	**73**	**31,508**	**-**	**31,508**
Balance at 1 July 2017	**59,102,445**	**15,646**	**7,423**	**21**	**23,090**	**(9)**	**23,081**
Profit for the period	-	-	8,062	-	8,062	(139)	7,923
Dividend paid	-	-	(2,208)	-	(2,208)	-	(2,208)
Foreign currency reserve	-	-	-	6	6	-	6
Issue of shares	1,938,000	672	-	-	672	-	672
Share options	-	-	-	58	58	-	58
Balance at 30 June 2018	**61,040,445**	**16,318**	**13,277**	**85**	**29,680**	**(148)**	**29,532**

Share Capital and Reserves ($'000)

(a) Summary table

	2019	2018
63,115,445 ordinary shares (June 2018: 61,040,445)	17,555	16,318
Total	**17,555**	**16,318**

(b) Movement in shares on issue

	No.	No.
At the beginning of reporting period	61,040,445	59,102,445
Issue of shares – employee share options at 60 cents per share	2,075,000	-
Issue of shares – employee share options at 35 cents per share	-	1,938,000
At reporting date	**63,115,445**	**61,040,445**

No further shares have been issued since 30 June 2019. No amounts are unpaid on any of the shares. Ordinary shares participate in dividends. At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. All shares are fully paid.

(c) Reserves

	2019	2018
Share options reserve	73	74
Foreign currency translation reserve	-	11
Total	**73**	**85**

The following options are on issue at the date of this report:

Options	Expiry date	Exercise price	Number
Employee and Directors options	28 February 2021	$1.00	4,500,000

1. Segment Information ($'000)

The segment information for the Group is as follows. For information on segment reporting, refer to the Statement of Significant Accounting Policies for more details.

Profit & Loss 2019	Income	Gains	Inter-segment	Total Revenue	Expenses	EBITDA
WOTSO	10,196	1	-	10,197	(8,935)	1,262
BlackWall	9,581	-	-	9,581	(4,524)	5,057
Investments	656	(88)	-	568	(480)	88
Corporate	-	-	-	-	(967)	(967)
Consolidated	**20,433**	**(87)**	**-**	**20,346**	**(14,906)**	**5,440**

Profit & Loss 2018						
WOTSO	8,449	-	150	8,599	(7,641)	958
BlackWall	13,640	-	-	13,640	(4,726)	8,914
Investments	326	3,579	-	3,905	(1,293)	2,612
Corporate	-	-	-	-	(737)	(737)
Consolidated	**22,415**	**3,579**	**150**	**26,144**	**(14,397)**	**11,747**

	2019			2018		
Balance Sheet	**Assets**	**Liabilities**	**Net Assets**	**Assets**	**Liabilities**	**Net Assets**
WOTSO	6,668	(1,078)	5,590	4,965	(1,264)	3,701
BlackWall	1,663	(296)	1,367	1,985	(696)	1,289
BlackWall Investments	29,036	(3,707)	25,329	31,667	(4,312)	27,355
Corporate	-	(778)	(778)	-	(2,813)	(2,813)
Consolidated	**37,367**	**(5,859)**	**31,508**	**38,617**	**(9,085)**	**29,532**

2. Management and Performance Fees ($'000)

	2019	2018
Fund management fees	2,931	2,595
Property management fees	1,266	1,265
Project management fees	374	-
Leasing fees	765	216
Expense recovery and other fees	509	558
Management fees total	**5,845**	**4,634**
Transaction fees	2,424	-
Pyrmont performance fee	-	7,884
Performance and transaction fees total	**2,424**	**7,884**

3. Net realised and unrealised gains on investments ($'000)

	2019	2018
Unrealised (loss) gain - BlackWall Property Trust	(88)	2,862
Unrealised gain - Bakehouse Quarter	-	219
Unrealised gain – Fortitude Valley investment property	-	66
Other	-	(140)
Unrealised total	**(88)**	**3,007**
Realised gain on disposal of Fortitude Valley investment property	300	-
Realised gain on disposal of Adelaide investment property	-	572
Realised total	**300**	**572**
Total	**212**	**3,579**

4. Operating Expenses ($'000)

	2019	2018
WOTSO rent expense	3,897	3,550
WOTSO employee expense	2,149	1,458
WOTSO operating expenses	2,823	2,633
WOTSO expenses	**8,869**	**7,641**
BlackWall rent expense	146	146
BlackWall employee & consultants expense	3,429	4,195
Bakehouse staff termination and settlement expense	924	-
BlackWall operating expense	1,142	1,004
BlackWall expenses	**5,641**	**5,345**

5. Income Tax Expense ($'000)

	2019	2018
Current tax	1,484	3,300
Deferred tax	(276)	(459)
Total	**1,208**	**2,841**
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2018: 27.5%)	1,236	2,960
Add / (less) tax effect of:		
Non-deductible items	4	5
Deductible items	(9)	(7)
Capital losses	47	-
Franking credits	115	-
Financial assets	(185)	(117)
Total	**1,208**	**2,841**

6. Current Assets – Trade and Other Receivables ($'000)

	2019	2018
Trade receivables:		
Related parties – BlackWall Property Trust	2,750	9
Related parties – Pyrmont Bridge Property	113	28
Related parties – various	242	604
Other parties	154	147
Total trade receivables	**3,259**	**788**
Other receivables	220	256
Total	**3,479**	**1,044**

Further information relating to trade and other receivables to related parties is set out in the Related Party Transactions note. None of the receivables were impaired as at 30 June 2019 (2018: $nil).

7. Investment Properties – Assets and Borrowings ($'000)

	WOTSO Fortitude Valley	WOTSO Adelaide	Total
Balance at 1 July 2018	**4,500**	**-**	**4,500**
Capital improvements	7	-	7
Revaluations	300	-	300
Depreciation	(27)	-	(27)
Disposal of Fortitude Valley subsidiary	(4,780)	-	(4,780)
Balance at 30 June 2019	**-**	**-**	**-**
Balance at 1 July 2017	**4,520**	**3,180**	**7,700**
Capital improvements	20	379	399
Disposals	(44)	-	(44)
Revaluations	66	726	792
Depreciation	(62)	(85)	(147)
Disposal of Adelaide subsidiary	-	(4,200)	(4,200)
Balance at 30 June 2018	**4,500**	**-**	**4,500**

The property was classified as a current asset in the prior year as BlackWall had resolved to syndicate it off the balance sheet.

Property Borrowings ($'000)	2019	2018
National Australia Bank	-	2,100
Total	**-**	**2,100**

The facility was secured against the WOTSO Fortitude Valley property. The subsidiary holding both the Fortitude Valley property and related borrowings was sold in May 2019 to BlackWall Property Trust (BWR).

8. Non-current Assets – Property, Plant and Equipment ($'000)

	2019	2018
WOTSO:		
At cost	7,274	5,464
Less accumulated depreciation	(2,042)	(1,604)
Written down value	5,232	3,860
BlackWall:		
At cost	846	775
Less accumulated depreciation	(600)	(525)
Written down value	246	250
Total	**5,478**	**4,110**

2019	WOTSO	BlackWall	Total
Carrying amount at the beginning of year	3,860	250	4,110
Additions	2,096	70	2,166
Depreciation expense	(724)	(74)	(798)
Disposals	-	-	-
Carrying amount at the end of year	**5,232**	**246**	**5,478**

2018			
Carrying amount at the beginning of year	2,695	299	2,994
Additions	1,972	29	2,001
Depreciation expense	(643)	(78)	(721)
Disposals	(164)	-	(164)
Carrying amount at the end of year	**3,860**	**250**	**4,110**

9. Internally Generated Software ($'000)

	2019	2018
WOTSO:		
At cost	173	-
Less accumulated depreciation	-	-
Written down value	173	-

10. Goodwill

The Group no longer holds any goodwill in any of its subsidiaries.

11. Investment in Joint Venture ($'000)

The Group has entered into a joint venture with UEM Sunrise WOTSO Malaysia Sdn Bhd. Details are:

Name of JV	Principal place of business	Principal activity	Proportion of ownership interests held by the group June 2019	June 2018
UEM Sunrise WOTSO Malaysia Sdn Bhd	Malaysia	Co-workspace operations	50%	50%

The investment in UEM Sunrise WOTSO Malaysia Sdn Bhd is accounted for using the equity method in accordance with AASB 128. The summarised information below reflects the amounts in the financial statements of UEM and not the BWF share of those amounts.

	2019	2018
Summarised balance sheet		
Current assets	81	-
Non-current assets	181	-
Current liabilities	36	-
Non-current liabilities	413	-
Net assets (liabilities)	**(187)**	**-**
Reconciliation:		
Opening net assets – capital contribution	132	-
Profit (loss) for the period	(319)	-
Closing net assets (liabilities)	**(187)**	**-**
BlackWall Limited share in %	50%	50%
BlackWall share of capital contribution	66	-
BlackWall share of losses (but limited to contribution made)	(66)	-
Closing equity accounted investment per Balance Sheet	**-**	-
Summarised statement of income		
Revenue	21	-
Operating expenses	(307)	-
Depreciation	(33)	-
Profit (loss) for the period	**(319)**	**-**
Other comprehensive income	-	-
Profit (loss) and other comprehensive income	**(319)**	**-**

12. Current Liabilities – Trade and Other Payables ($'000)

	2019	2018
Trade payables:		
Related parties	219	27
Other parties	1,445	1,231
	1,664	**1,258**
Sundry payables and accrued expenses	239	198
Income received in advance from WOTSO tenants	59	188
Total	**1,962**	**1,644**

Further information relating to trade payables from related parties is set out in the Related Party Transactions note.

13. Current and Non-current Liabilities - Provisions ($'000)

	WOTSO	BlackWall	Total 2019	Total 2018
Current – employee benefits	82	387	469	486
Non-current – employee benefits	1	83	84	165
Total provisions			**553**	**651**
Balance at the beginning of year			651	749
Net additional provision increase (decrease)			(98)	(98)
Balance at the end of year			**553**	**651**

The number of employees for the Group as at 30 June 2019 was 64 (2018: 64).

14. Non-current Liabilities – Deferred Tax Liabilities ($'000)

	2019	2018
Deferred tax liabilities / (assets) balance comprises:		
Financial assets	1,546	1,859
Provision for employee benefits	(151)	(179)
Accrued expenses	(44)	(53)
Total	**1,351**	**1,627**
Movements:		
Balance at the beginning of year	1,627	2,086
Charged to the profit and loss	(276)	(459)
Balance at the end of year	**1,351**	**1,627**

15. Acquisition of Subsidiary ($'000)

On 25 June 2019 BlackWall acquired all the units of Kirela Development Unit Trust (Kirela) from BlackWall Property Trust Group for $643k in cash. Kirela was the long term holder of the property precinct known as the "Bakehouse Quarter" located at North Strathfield. That property was sold to the Yuhu Group in April 2019. Kirela no longer has any active property or investment holdings, however there are some legacy items in relation to WOTSO's occupation at the BQ.

Assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value
Net cash and cash equivalents	2,229
Receivables and other assets	257
Payables and other liabilities	(778)
Interest rate hedge	(1,065)
Net assets acquired	**643**

Interest Rate Hedges - Kirela

	Bank	$'000	Type	Floor	Cap	Expiry	MTM Value $'000
June 2019	NAB	65,000	Collar	2.10%	3.28%	12/20	(1,065)
June 2018	-	-	-	-	-	-	-

The mark to market value of the interest rate hedge is calculated as at 30 June and shown as a negative number if they are out of the money and a positive if they are in the money. The mark to market value is prorated to the remaining term and that portion that is less that 12 months is shown as a current liability/asset with the balance shown as non-current. The gain or loss from valuing the interest rate collar at fair value is recognised in profit or loss.

16. Disposal of Subsidiaries ($'000)

Springboard

On 31 December 2018, the Group disposed of its entire 60% holding in Springboard Management Services Pte Ltd. Until December Springboard provided shared workspace facilities in Singapore under the WOTSO brand. There were nil proceeds received for the disposal of Springboard.

Assets and liabilities over which control was lost:

	2019
Cash and cash equivalents	16
Receivables and other assets	147
Payables and other liabilities	(196)
Loan payables	(536)
Net identifiable liabilities disposed	**(569)**
Add: Non-controlling interests	228
Net liabilities disposed	**(341)**

The following were the results of Springboard operations to the date of disposal:

	2019	2018
Revenue	377	899
Operating expenses	(541)	(1,246)
Profit (Loss) before tax	(164)	(347)

Fortitude Valley

On 31 May 2019, the Group sold its entire holding in 84 Brunswick Street Unit Trust. That entity owns the property in Fortitude Valley. The exclusive tenant of that property is WOTSO. Sale proceeds were received in cash.

Assets and liabilities sold were as follows:

	May 2019
Cash and cash equivalents	6
Receivables and other assets	410
Fortitude Valley property	4,780
Payables and other liabilities	(4)
Loan payables	(2,520)
Net identifiable assets sold	**2,672**
Add: gain on disposal	8
Net cash proceeds received	**2,680**

17. Dividends ($'000)

Fully franked dividends paid to members during the financial year were as follows:

	2019	2018
2018 final dividend of 2.1 cents paid on 19 October 2018 (2017 final: 1.8 cents)	1,291	1,074
2019 interim dividend of 2.0 cents paid on 10 April 2019 (2018 interim: 1.9 cents)	1,229	1,134
Total	**2,520**	**2,208**

In addition, the Board has declared a final fully franked dividend of 2.1 cents per share to be paid on 09 October 2019.

	2019	2018
Franking credits available for the subsequent periods based on a tax rate of 27.5% (2018: 27.5%)	2,794	542

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax;
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
(c) ranking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

18. Earnings Per Share

	2019	2018
Basic EPS	5.2 cents	13.5 cents
Diluted EPS	5.2 cents	13.4 cents
Calculated as follows:		
Profit attributable to the owners of the Group	$3,189,000	$8,062,000
Weighted average number of shares for basic EPS	61,370,171	59,561,806
Weighted average number of shares for diluted EPS	61,370,171	60,283,545

19. Auditor's Remuneration ($'000)

	2019	2018
Remuneration of ESV for:		
Audit and assurance services	62	60
Taxation services	9	8
	71	**68**
Remuneration of non-ESV firm for:		
Other assurance services	-	-
Total	**71**	**68**

20. Commitments ($'000)

(a) Operating lease commitments

Operating leases relate to tenancy leases with lease terms of between 1 and 5 years.

	2019	2018
Lease commitments payable:		
Payable within 1 year	5,172	5,739
Payable within 2-5 years	18,025	10,587
Payable greater than 5 years	24,467	-
Total	**47,664**	**16,326**

(b) Capital lease commitments

No capital commitments were in existence as at 30 June 2019 (2018: Nil).

21. Contingencies

The Group had no contingent assets or liabilities at 30 June 2019 (2018: $nil).

22. Subsequent Events

In an ASX announcement to the market on 2 August 2019 BlackWall advised that the board has resolved to proceed with a proposal to spin off WOTSO WorkSpace as a stand-alone business listed separately on the ASX. WOTSO is BlackWall's wholly owned flexible workspace operator. The details of the proposal are yet to be finalised and, in any event, subject to a number of conditions including shareholder approval and an ATO ruling. Apart from the above matter, to the best of the Directors' knowledge, since the end of the financial year there have been no other matters or circumstances that have materially affected the Group's operations or may materially affect its operations, state of affairs or the results of operations in future financial years.

23. Controlled Entities

Name	Country of incorporation	Percentage Owned 2019 %	2018 %
Parent entity:			
BlackWall Limited	Australia	n/a	n/a
Subsidiaries of parent entity:			
BlackWall Management Services Pty Ltd	Australia	100	100
BlackWall Fund Services Limited	Australia	100	100
WOTSO Workspace Pty Ltd	Australia	100	100
WOTSO Chermside Pty Ltd	Australia	100	100
WOTSO S.E.A. Pty Ltd	Australia	100	100
WOTSO Coffee Pty Ltd	Australia	100	100
APG Asset Management Pty Ltd	Australia	100	100
Kirela Development Unit Trust	Australia	100	-
BlackWall Management (NZ) Limited	New Zealand	100	100
Bakehouse Management Pty Ltd	Australia	99.99	99.99
84 Brunswick Street Unit Trust	Australia	-	99.98
Springboard Management Services Pte Ltd	Singapore	-	60

24. Related Party Transactions

(a) Related Entities, Associates, Managed Funds

In these financial statements, related parties are parties as defined by AASB 124 Related Party Disclosures rather than the definition of related parties under the Corporations Act 2001 and ASX Listing Rules.

Associates

Interests held in associates by the Group are set out in the Equity Accounted Investment note to the financial statements.

Managed Funds

The Group holds investments in a number of property funds for which it acts as either manager or responsible entity.

Fees and Transactions

Management fees are charged to these entities predominantly for property and fund management services. The management fees are paid under a management agreement and the fees charged are determined with reference to arm's length commercial rates.

These services principally relate to:

- funds management: provision of strategic investment advice, asset management and investment portfolio services; and
- property management: property portfolio advisory services, maintenance and insurances, strategic advice and management supervision services, administration, leasing, project management, marketing and risk management services.

The Group recharges its related entities, associates and managed funds, for administration services which include accounting and bookkeeping fees, corporate secretarial services and those expenses that are incurred by members of the Group on behalf of the related entities, associates and managed funds. In addition, the Group pays the following fees to related entities:

- rent for WOTSO and Neutral Bay head office. The rent paid is determined with reference to arm's length commercial rates; and
- director fees.

Other transactions and outstanding balances with related entities, associates and managed funds relate to loans payable and receivable and distributions from managed funds. All transactions with related parties were made on normal commercial terms and conditions and at market rates, and were approved by the Board where applicable. The following transactions occurred during the financial year and the balances were outstanding at the year end between the Group and its related entities.

	2019	2018
Revenue:		
BlackWall fees	5,146	3,252
Transaction fees	2,453	7,884
WOTSO income	59	61
Distribution/returns of capital from funds	1,436	1,408
Expenses:		
Rent and outgoings paid	4,153	3,115
Outstanding balances:		
Trade and other receivables – current	3,105	641
Trade and other payables - current	219	27

(b) Interests in Related Parties

As at year end the Group owned units in the following related funds:

Entity	Holdings (No.'000) 2019	Holdings (No.'000) 2018	Distribution/Returns of Capital/Interest ($'000) 2019	Distribution/Returns of Capital/Interest ($'000) 2018
BWR	11,488	10,799	1,079	1,242
Pyrmont Bridge Trust	-	6,475	315	147
Kirela Unit Trust	-	2	43	19
			1,437	**1,408**

During the current year Kirela Unit Trust was purchased from BlackWall Property Trust, and Fortitude Valley was sold to BlackWall Property Trust. Refer to the note for acquisitions and disposals of subsidiaries for further details. The units held as investments in Pyrmont Bridge Trust were sold during the year to BlackWall Property Trust.

(c) Key management personnel compensation

	2019	2018
Total remuneration paid	**1,161**	**1,075**

Detailed remuneration disclosures and relevant interests are provided in the Directors' Report.

25. Parent Entity Information ($'000)

	2019	2018
Results:		
Profit (loss) after tax	1,048	303
Total comprehensive income after tax	**1,048**	**303**
Financial position:		
Current assets	28	174
Non-current assets	11,129	14,008
Total assets	**11,157**	**14,182**
Current liabilities	(136)	(2,926)
Non-current liabilities	-	-
Total liabilities	**(136)**	**(2,926)**
Net assets	**11,021**	**11,256**
Share capital	17,555	16,318
Accumulated losses	(6,593)	(5,121)
Reserves	59	59
Total equity	**11,021**	**11,256**

The parent entity had no contingencies or capital commitments at 30 June 2019 (2018: Nil).

26. Financial Risk Management

(a) Financial risk management

The main risks the Group is exposed to through its financial instruments are market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's principal financial instruments are cash, financial assets and borrowings. Additionally, the Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. The Board has overall responsibility for the establishment and overseeing of the risk management framework. It monitors the Group's risk exposure by regularly reviewing finance and property markets. The Group holds the following major financial instruments:

	2019	2018
Cash and cash equivalents	11,493	923
Investment in BWR	15,509	15,658
Investment in Pyrmont Bridge Trust	-	10,360
Borrowings	-	(2,100)

(b) Sensitivity analysis

The Group is not exposed to any material credit, interest or liquidity risks. There are no subsidiaries in the group subject to foreign exchange risk.

Investment in BWR units are subject to price risk, a 10% decrease in the ASX trading price (from the price at 30 June 2019, i.e. $1.35 per unit) would result in an unrealised loss after tax of $1,124,000.

(c) Capital management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, buy-back shares, purchase or sell assets.

(d) Liquidity risk

$'000	Maturing Within 1 year	Maturing 2 – 5 years	Maturing over 5 years	Total
At 30 June 2019				
Financial liabilities				
Trade and other payables	1,962	-	-	1,962
Interest rate hedge	724	341	-	1,065
Borrowings	-	-	-	-
	2,686	**341**	**-**	**3,027**
At 30 June 2018				
Financial liabilities				
Trade and other payables	1,644	-	-	1,644
Borrowings	2,100	-	-	2,100
	3,744	**-**	**-**	**3,744**

(e) Fair value measurements

(i) Fair value hierarchy

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial assets traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Group is the current bid price.

The following table presents the Group's financial assets measured at fair value as at 30 June. Refer to the Critical Accounting Estimates and Judgment note for further details of assumptions used and how fair values are measured.

	Level 1	Level 2	Level 3	Total
At 30 June 2019 ($'000)				
Financial assets	15,509	-	802	16,311
At 30 June 2018 ($'000)				
Financial assets	15,658	-	11,949	27,607

(ii) Valuation techniques used to derive Level 3 fair values

The fair value of the unlisted securities is determined by reference to the net assets of the underlying entities. All these instruments are included in Level 3.

(iii) Fair value measurements using significant observable inputs (Level 3)

The following table is a reconciliation of the movements in financial assets classified as Level 3 for the year ended 30 June:

	$'000
At 30 June 2019	
Balance at the beginning of the year	11,949
Sale of Pyrmont units	(10,360)
Sale of Kirela units	(871)
Sale of Pelathon Management Group units	(100)
Return of capital	(43)
Repayment by WOTSO Bondi	(45)
Advance to UEM Sunrise	272
Balance at the end of the year	**802**
At 30 June 2018	
Balance at the beginning of the year	846
Purchase of Pyrmont units	10,500
Return of capital	(19)
Advance to WOTSO Bondi	545
Fair value movement through the profit and loss	79
Other	(2)
Balance at the end of the year	**11,949**

There were no transfers between Level 1, 2 and 3 financial instruments during the period.

27. Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates - impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets.

Key estimates – financial assets

All financial assets at FVTPL have been classified as financial assets, with gains and losses recognised as profit or loss. The fair value of the unlisted securities is determined by reference to the net assets of the underlying entities. The fair value of the listed securities is based on the closing price from the Australian Securities Exchange as at the reporting date.

28. Statement of Significant Accounting Policies

BlackWall Limited is a publicly listed company, incorporated and domiciled in Australia. The financial statements for the Group were authorised for issue in accordance with a resolution of the Directors on the date they were issued.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements of the Company also comply with IFRS as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The Group is a group of the kind referred to in ASIC Class Order 2016/191 and, in accordance with that Class Order, amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Segment Reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets

The Group has adopted four reporting segments: WOTSO, BlackWall, BlackWall Investments and Corporate.

The BlackWall segment engages in funds and asset management as well as property services that include property management, leasing and general property consultancy. Income earned by the segment includes recurring income from fund and asset management mandates and transaction-based income typically related to those mandates. Management treats these operations as one "fee earning" operating segment. The assets assigned to the segment are those it is required to hold to comply with its AFSL capital adequacy requirements.

The WOTSO segment represents the serviced office and co-working space business and generates recurring licence and services fees by providing office accommodation, shared workspace and meeting and event venues.

The BlackWall Investments segment includes interests in property related investments such as units in related party listed and unlisted unit trusts, loans and cash. It generates income from dividends, distributions and interest.

Presentation of Financial Statements

Both the functional and presentation currency of BlackWall Limited and its Australian subsidiaries is Australian dollars. Various functional currencies including Singapore Dollars and Malaysian Ringgit results are translated to presentation currency.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of BlackWall Limited and its subsidiaries. A list of controlled entities is contained in the Controlled Entities note to the financial statements. All controlled entities have a June financial year end and use consistent accounting policies. Investments in subsidiaries held by the Group are accounted for at cost, less any impairment charges (refer to Parent Entity Information note).

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are deconsolidated from the date that control ceases.

Inter-company balances

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Joint Ventures

Interests in joint ventures are accounted for using the equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post acquisition profits or losses of the investee in profit or loss. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. The carrying amount of equity accounted investments is tested for impairment in accordance with these policies.

Non-controlling interests

Non-controlling interests (not held by the Group) are allocated their share of net profit and comprehensive income after tax in the statement of profit or loss and other comprehensive income and are presented within equity in the consolidated balance sheet, separately from parent shareholders' equity. Comprehensive income after tax in the statement of profit or loss and other comprehensive income are presented within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The estimated useful lives used for each class of depreciable assets are:

Furniture, Fixtures and Fittings	over 2 to 40 years
Office Equipment	over 4 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired.

If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, either the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, or the income of the asset is capitalised at its relevant capitalisation rate.

An impairment loss is recognised if the carrying value of an asset exceeds its recoverable amount. Impairment losses are expensed to the profit and loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non- derivative financial instruments are measured as described below.

Recognition

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flow from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets

All financial assets at FVTPL have been classified as financial assets, with gains and losses recognised in profit or loss. The Group classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value and those to be measured at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

(i) Equity investments

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss.

(ii) Loans and receivables

Loans and receivables including loans to related entities are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Fair value

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance date. For investments in related party unlisted unit trusts, fair values are determined by reference to published unit prices of these investments which are based on the net tangible assets of each of the investments.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. A financial instrument is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

An impairment loss in respect of a financial instrument measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial instruments are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses are recognised in the profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial instruments measured at amortised cost, the reversal is recognised in profit and loss.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an investee. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control over those policies.

Under the equity method of accounting, investments in the associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable debts. An allowance for credit is made when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor and default payments are considered objective evidence of impairment. Bad debts are written off when identified as uncollectable.

Trade and Other Payables

Liabilities for trade creditors are carried at cost which is the fair value of the consideration to be paid in the future for goods or services received, whether or not billed to the Group at balance date. The amounts are unsecured and are usually paid within 30 days of recognition.

Interest Bearing Borrowings

Interest bearing borrowings are initially recognised at fair value less any related transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost.

Employee Benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution to defined contribution plans are recognised as a personnel expense in profit and loss when they are due.

Other long term employee benefits

The Group's net obligation in respect of long term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. These employee benefits have not been discounted to the present value of the estimated future cash outflows to be made for those benefits.

Short term benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Revenue

BlackWall Property Fees include Management fees and transaction fees. They are recognised when it becomes legally due and payable to the Group.

WOTSO WorkSpace income comprises rental and recovery of outgoings from property tenants. Rental income is accounted for on a straight-line basis over the lease term, if applicable.

Investment income

Finance income comprises interest on funds invested, gains on the disposal of financial assets. Interest income is recognised as interest accrues using the effective interest method. Dividend and distribution revenue is recognised when the right to receive income has been established.

In-specie distributions and returns of capital are brought on to the balance sheet by an adjustment in the carrying value of the relevant investment and then reflected in the profit and loss as an unrealised gain.

All revenue is stated net of the amount of GST.

Leases

Leases of property, plant and equipment in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss.

Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Income Tax

Current income tax expense

The charge for current income tax expense is based on the profit year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Accounting for deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax calculation

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred income tax assets

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Benefit brought to account

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax consolidation

BlackWall Limited has elected to form a tax consolidated group with its wholly-owned entities for income tax purposes under the tax consolidation regime with effect from 1 January 2011. As a consequence, all members of the tax consolidated group are taxed as a single entity from that date. The head entity within the tax consolidated group is BlackWall Limited.

In addition to its own current and deferred tax amounts, BlackWall Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group in conjunction with any tax funding arrangement amounts.

The Group recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

GST

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

The final dividend for June period is declared and authorised after the end of the reporting period, therefore provision for dividend is not booked in the current year accounts.

EPS

The Group presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Any change of presentation has been made in order to make the financial statements more relevant and useful to the user.

New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2018)

The Group has early adopted the AASB 9 on 1 January 2013 except for the new hedging rules which will not have any material effects to the Group's financial statements.

AASB 15 Revenue from Contracts with Customers (effective for annual reporting periods beginning on or after 1 January 2018)

AASB 15 is a new Standard introduced by AASB to replace AASB 118. The Group has applied AASB 15 for the first time in the current period. AASB 15 requires an entity to recognise revenue in a manner that represents the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled. This means that revenue will be recognised when control of goods and/or services is transferred, rather than on transfer of risks and rewards. The Directors have reviewed and assessed the Group's recognition and measurement of revenue from 1 July 2018 based on the facts and circumstances that existed from this date and concluded that the application of AASB 15 has had no material impact on the recognition or measurement of the revenue for the Group in the current reporting period or the prior reporting period.

IFRS 16 Leases (effective for annual reporting periods beginning on or after 1 January 2019)

The new standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The standard also requires enhanced disclosure to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual risk.

As disclosed in the Director's Report to these Financial Statements, subject to, an ATO ruling and shareholder approval, the board has resolved to demerge WOTSO as a stand alone business. WOTSO enters into a variety of arrangement with respect to the premises from which it operates its collaborative workspace business. These include conventional leases, management agreements and joint ventures. BlackWall's traditional property and funds management business does not enter into long term property lease arrangements other the for the premises which house its head office.

The table below sets out the effect (split between the WOTSO and BlackWall segment as shown in the segment report on page 11 of this report) if:

1. The lease arrangement in place as at 30 June 2019 remained unchanged for the period ending June 2020; and
2. The standard was adopted on 1 July 2019.

In reading these effects it should be noted that:

1. They are accounting and not cash in nature;
2. It is the nature of WOTSO's business to enter into such arrangements and likely that the affects will be much larger in the period ending 30 June 2020;

	BlackWall	**WOTSO**	**Total**
Cash rent expense	$146	$8,035	$8,181
Depreciation	$134	$6,540	$6,674
Interest	$13	$3,262	$3,275
P&L expense per AASB 16	$147	$9,802	$9,949
Right to use asset / lease liability	$167	$40,771	$40,938

Directors' Report

Continued

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The shareholder information set out below was current as at 16 August 2019.

1. Shareholders

The Company's top 20 largest shareholdings were:

	Investor	Ordinary Shares (No.)	Shares (%)
1	Vintage Capital Pty Ltd	5,734,678	9.09
2	Seno Management Pty Ltd	5,362,230	8.50
3	Frogstorm Pty Ltd	4,608,338	7.30
4	Lymkeesh Pty Ltd	4,351,488	6.89
5	Sandhurst Trustees Ltd	2,762,000	4.38
6	Glenahilty Ltd	2,724,515	4.32
7	Koonta Pty Ltd	2,413,625	3.82
8	Sao Investments Pty Ltd	2,225,000	3.53
9	Truebell Capital Pty Ltd	2,218,917	3.52
10	National Nominees Limited	2,145,000	3.40
11	KIUT Investments Pty Ltd	1,771,175	2.81
12	Frolic Events Pty Ltd	1,388,141	2.20
13	Pinnatus Pty Ltd	1,178,434	1.87
14	Mr Richard Hill + Mrs Evelyn Hill	1,151,295	1.82
15	Bin24 Business Advisors Pty Ltd	1,075,000	1.70
16	Mr Archibald Geoffrey Loudon	986,973	1.56
17	URB Investments Ltd	913,723	1.45
18	Methuselah Capital Management Pty Ltd	830,941	1.32
19	Tampopo Pty Ltd	777,983	1.23
20	Simon Charles Farr	702,859	1.11

2. Distribution of Shareholders

The distribution of shareholders by size of holding was:

Category	No. of Shareholders
1 – 1,000	247
1,001 – 5,000	475
5,001 – 10,000	200
10,001 – 100,000	248
100,001 and over	57
Total number of shareholders	**1,227**

The Company has 63,115,445 ordinary shares on issue. All shares carry one vote per share without restrictions. All shares are quoted on the Australian Securities Exchange (ASX: BWF).

3. Substantial Shareholders

The Company's substantial shareholders are set out below:

Investor	Ordinary Shares (No.)	Shares (%)
Robin Tedder	9,237,424	14.64
Joseph (Seph) Glew	8,920,000	14.13
Paul Tresidder	7,806,633	12.37
Stuart Brown	5,689,038	9.01
Mr Archibald Geoffrey Loudon	3,711,488	5.88

4. Directors and KMPs' Relevant Interests

Details of each KMP's relevant interests in the Company are shown below:

	24 August 2018	Net change	16 August 2019
Seph Glew (non-executive director)	8,895,638	24,362	8,920,000
Timothy Brown (joint MD and CFO)	1,003,141	450,000	1,453,141
Jessie Glew (joint MD and COO)	85,000	450,000	535,000
Stuart Brown (executive director)	5,181,458	507,580	5,689,038
Richard Hill (non-executive director)	1,969,278	-	1,969,278
Robin Tedder (non-executive director)	9,038,137	199,287	9,237,424
Total	**26,172,652**	**1,631,229**	**27,803,881**

Information on Officeholders

As disclosed earlier in this report, the proposed demerger of WOTSO from BlackWall has led to some changes in our board and management structure. Richard Hill has stepped down as Chairman and is replaced by Joseph (Seph) Glew. Richard will remain on the board as a Non-executive Director.

Jessica (Jessie) Glew will join the board and will be appointed as joint managing director together with Tim Brown. Stuart Brown has resigned as CEO of BlackWall and has been appointed to the role of WOTSO Managing Director. All of these changes are effective as at the date of these financial statements.

The names of the Officeholders during or since the end of the year are set out below.

Joseph (Seph) Glew

Non-Executive Director and Chairman

Seph has worked in the commercial property industry in New Zealand, the USA and Australia and has driven large scale property development and financial structuring for real estate for over 40 years. In addition, since the early 1990s Seph has run many “turn-around” processes in relation to distressed properties and property structures for both private and institutional property owners.

While working for the Housing Corporation of New Zealand and then AMP, Seph qualified as a registered valuer and holds a Bachelor of Commerce. In the 1980s he served as an Executive Director with New Zealand based property group Chase Corporation and as a Non-Executive Director with a number of other listed companies in New Zealand and Australia.

Timothy Brown

Joint Managing Director and CFO - BlackWall

Tim is Joint Managing Director and Chief Financial Officer for the BlackWall Group and its funds. Tim joined the Group in 2008 as Financial Controller and became Chief Financial Officer in 2009. He has a Bachelor of Commerce from the University of New South Wales and is a member of the Institute of Chartered Accountants of Australia. With over 20 years’ experience in the financial services and property industries, he started his career with Deloitte and joined Lend Lease Corporation in 2002. Tim is also on the board of Eastern Suburbs Cricket Club and Coogee Boys’ Preparatory School.

Jessica (Jessie) Glew

Joint Managing Director and COO - BlackWall

Jessie is Joint Managing Director and Chief Operating Officer of BlackWall Limited and its funds. Jessie has been with BlackWall since early 2011. Prior to her appointment as Joint Managing Director, Jessie was General Manager of Property at BlackWall. She has a Bachelor of International Communication from Macquarie University and finalising a Bachelor of Property Economics at the University of Technology Sydney.

Stuart Brown

Executive Director and Managing Director – WOTSO

Stuart has been involved in property investment for over 20 years. Stuart has run debt and equity raising in relation to listed and unlisted real estate structures with over a half a billion dollars in value.

In his earlier career, Stuart practised as a solicitor in the areas of real estate, mergers and acquisitions and corporate advisory with Mallesons and Gilbert + Tobin. Stuart is also an independent Director of Coogee Boys’ Preparatory School and Randwick District Rugby Union Football Club.

Richard Hill

Non-Executive Director

Richard Hill has extensive investment banking experience and was the founding partner of the corporate advisory firm Hill Young & Associates. Richard has invested in BlackWall’s projects since the early 1990s. Prior to forming Hill Young, Richard held a number of Senior Executive positions in Hong Kong and New York with HSBC. He was admitted as an attorney in New York State and was registered by the US Securities & Exchange Commission and the Ontario Securities Commission. Richard is Chairman of the Westmead Institute for Medical Research. In the last three years, Richard has served as a director (Chairman) of Sirtex Medical Limited (Sirtex), listed on ASX. Richard retired as director of Sirtex on 28 October 2017.

Robin Tedder

Non-Executive Director

Robin began his career on the dealing desk of a merchant bank in 1976. In 1981 he founded Hatmax Capital Markets which grew rapidly through organic development and merger with Australian Gilt Securities in 1988, such that by the time he departed after 14 years as CEO in 1995, over 80 people were employed across debt capital markets, both the Sydney Futures Exchange and ASX, in asset management and corporate finance. In 1995 Robin established Vintage Capital which became an active investor in funds management, commercial property, retailing, healthcare and logistics. He has been an investor in Blackwall projects since 1997, is a former member of ASX, and has served on various boards of both listed and private companies since 1984. He is the Chairman of Blackwall’s Board Audit Committee.

Sophie Gowland

Company Secretary

Sophie is a lawyer with over 10 years of experience in legal practice and financial services. Prior to joining BlackWall, Sophie practiced in the areas of corporate advisory, equity capital markets and mergers and acquisitions with firms including Gilbert + Tobin. Sophie was previously an investment banker with Credit Suisse, specialising in equity capital markets. Sophie holds a Bachelor of Commerce and Bachelor of Laws (First Class Honours) from the University of Queensland.

Meeting Attendances

Director	No. of Board Meetings Held	Board Meeting Attendance
Seph Glew	10	10
Timothy Brown	10	10
Jessie Glew (appointed after 30 June 2019)	n/a	n/a
Stuart Brown	10	10
Richard Hill	10	10
Robin Tedder	10	10

The Audit Committee, comprised of Seph Glew and Robin Tedder, met twice during the reporting period. Both committee members attended each meeting.

Environmental Regulation

The Group's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or a Territory other than those that pertain to the ownership and development of real estate.

Indemnities of Officers

During the financial year the Group has paid premiums to insure each of the Directors named in this report along with Officers of the Group against all liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or Officer of the Group, other than conduct involving a wilful breach of duty.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor to the Group.

Corporate Governance Statement

A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at http://www.blackwall.com.au/about-us.html.

Auditor and Non-audit Services

An amount of $9,400 was paid to the auditor for non-audit services during the year (2018: $8,250) as detailed in the Auditor's Remuneration note of the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out in these financial statements.

ESV continues in office in accordance with section 327 of the Corporations Act 2001.

Rounding of Amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, and in accordance with that legislative instrument amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Remuneration Report (Audited)

The Board is responsible for determining the remuneration of KMP. For the reporting period the Board has determined that KMP included the Chief Executive Officer (CEO), Chief Financial Officer (CFO), and the Chief Operating Officer (COO). KMP determine the employees' remuneration.

When determining the remuneration of KMP, senior executives or employees, the following is taken into consideration:

- remuneration is aligned with the delivery of returns to shareholders;
- responsibilities, results, innovation and entrepreneurial behaviour are recognised and rewarded; and
- the Group's financial position and market conditions.

The remuneration payable to KMP is reviewed at times deemed appropriate by the Board. There are no performance conditions for Board members or contracts for KMP. Any performance payments are at the discretion of the Board. The nature and the amount of each element of remuneration paid to the Board members and KMP for the reporting period are listed below:

	Short term				Post-employment					
	Directors' fees		Salary and other		superannuation		Value of options		Total	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Seph Glew	75,000	75,000	-	-	-	-	-	6,500	75,000	81,500
Timothy Brown**	-	-	220,320	219,612	24,535	20,863	-	6,500	244,855	246,975
Jessie Glew	-	-	219,224	178,516	20,826	16,959	-	6,500	240,050	201,975
Stuart Brown*	-	-	326,606	321,606	24,999	30,000	-	26,000	351,605	377,606
Richard Hill	85,000	85,000	-	-	-	-	-	3,250	85,000	88,250
Robin Tedder	75,000	75,000	-	-	-	-	-	3,250	75,000	78,250
Total	**235,000**	**235,000**	**766,150**	**719,734**	**70,360**	**67,822**	**-**	**52,000**	**1,071,510**	**1,074,556**

* In addition an amount of $193,186 was cashed out from leave entitlement balances during the 2018 year.
** In addition an amount of $85,308 was cashed out from leave entitlement balances during the 2019 year.

Share options

(a) Unissued ordinary options

The following options are currently on issue.

	Expiry date	Issue price of shares	Number under option
Employees and Directors	28 February 2021	100 cents	4,500,000

(b) Shares issued on the exercise of options

The following ordinary shares were issued during the year in the exercise of B Options. No further shares have been issued since 30 June 2019. No amounts are unpaid on any of the shares on issue.

	Exercise date	Issue price of shares	Number of shares issued
Employees	26 September 2018	60 cents	415,000
Employees	28 June 2019	60 cents	1,660,000

Share Buy-Back

The share buy-back scheme has been extended until March 2020. No shares have been acquired since 30 June 2018.

Subsequent Events and Significant Changes in Affairs

To the best of the Directors' knowledge, since the end of the financial year there have been no other matters or circumstances except for the comments above relating to the WOTSO demerger that have materially affected the Group's operations or may materially affect its operations, state of affairs or the results of operations in the current or future financial years.

Tim Brown
Director
Sydney, 26 August 2019

Jessie Glew
Director
Sydney, 26 August 2019

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Statement of Significant Accounting Policies confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.

Tim Brown
Director
Sydney, 26 August 2019

Jessie Glew
Director
Sydney, 26 August 2019

Auditors Independence Declaration and Audit Report

ACCOUNTING AND
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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As auditor for the audit of BlackWall Limited and its Controlled Entities for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Dated at Sydney the 26th day of August 2019

ESV

ESV Accounting and Business Advisors

David Robinson
Partner

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ACCOUNTING AND
BUSINESS ADVISORS

ESV

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACKWALL LIMITED AND CONTROLLED ENTITIES

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Blackwall Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statements of cash flows for the year then ended on pages 8,9,10, notes comprising a summary of significant accounting policies and other explanatory information on pages 11 to 25, and the directors' declaration of the Group.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the key audit matter
Revenue Recognition Revenue for the Group consists primarily of: - Asset Management Fees - Property Management Fees - WOTSO Workspace Income - Transaction Fees - Investment Income Revenue from Asset Management Fees, Property Management Fees and Transaction Fees are primarily received from Property Funds that, Blackwall Fund Services Limited, a subsidiary of the Group acts as a responsible entity for. These fees are based on a fixed amount or a percentage of the total assets under management or total rental income. Revenue from WOTSO Workspace Income is received from third parties and is considered a key audit risk given the nature of the WOTSO co-sharing leasing operations, which is short-term, high volume, multi-location and with differential pricing. There is a possibility of unrecorded revenue, as well as incorrect recording of revenue earned by WOTSO. The Group also earns revenue in the form of dividends/distributions and interest income. Given the number of different revenue streams that the Group has, there is a risk that revenue is incorrectly recorded.	Our procedures included but were not limited to: For Asset Management Fees and Property Management Fees, we have performed substantive analytical procedures by creating an expectation and comparing with the actual fees recorded and investigating material variances. For Transaction Fees, we have verified the underlying calculation for the fees to be charged and if revenue recognition criteria have been met. For WOTSO Workspace Income, we have performed test of controls in order to obtain comfort over the completeness and occurrence of revenue by confirming management oversight of detailed monthly revenue from WOTSO sites. On a sample basis, we have tested the invoicing and collection of rent from tenants and have performed substantive analytical review procedures for each WOTSO site. For Investment Income, we verified the revenue with supporting dividend/ distribution statements. We also considered whether the revenue recognition policies adopted and followed by the Group as disclosed in Note 28 of the consolidated financial report are consistent with the accounting standards. **AASB 15 – Revenue from Contracts with Customers:** This year was the first time the new revenue standard came in effect. As part of the planning process we reviewed whether the new standard would have a material impact on the Blackwall Limited Group. We found that due to the nature of the Group's revenue streams, there was no material difference between control and the time the risk and rewards were transferred under the old and new standard. As a result, there were no material effect on revenue in the current year. Due to above, additional audit procedures were completed in respect of the standard in the current year.

ACCOUNTING AND BUSINESS ADVISORS

Related party transactions The material related party transactions in the year relate to the disposal and acquisition of several investments and a subsidiary. The disposal and acquisitions were as follows: - PBT investment – sold to BlackWall Property Trust (BWR) for a total consideration of \$10.36m - 84 Brunswick Street Unit Trust (subsidiary) – sold to BWR for a total consideration of \$2.68m - Kirela Development Unit Trust (KUT) – acquired from BWR for a total consideration of \$643,000 Given the one off nature of these related party transactions, there is a risk that the disposals and acquisition are not at arm's length and have been accounted for incorrectly.	Our procedures included but were not limited to: Discussion with management at the planning stage to confirm all significant disposals and acquisitions in the year. We have verified the consideration received on the disposal of the units in PBT and the entry to record the sale of PBT. We have verified the consideration received on the disposal of the units in 84 Brunswick Street Unit Trust and the entry recorded on disposal of 84 Brunswick Street Unit Trust. We have verified the consideration paid on the acquisition of the KUT and entry recorded on the acquisition. There was not goodwill recorded as the net assets acquired was equal to the consideration paid. We have examined the disclosure made in the notes to the financial statements – Note 15 & 16, including related party transactions in relation to the disposals and acquisitions made – Note 24.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 29 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Blackwall Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Dated at Sydney the 26th day of August 2019

ESV

ESV Accounting and Business Advisors

David Robinson
Partner

COMPANY INFORMATION

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BLACKWALL