

ASX Release

BlackWall Property Trust (BWR) 31 December 2015 – Half-Year Result

Highlights

- A 100% tax deferred **interim distribution of 6 cents per unit declared**, to be paid on 6 April 2016 – up 9%.
- 12 month total return of 30%.
- \$20 million of carried forward revenue losses. Distributions will continue to be tax deferred and paid as a return of capital.
- Bank debt has a 43% LVR and is 100% hedged until late 2019 with a weighted average interest cap and floor of 3.76% per annum and 2.43% per annum, respectively.
- Over the past 18 months BlackWall has undertaken significant leasing in the investment property portfolio. Incentives associated with these transactions are running off. Occupancy is now just over 98% with a WALE of 5 years.

For more information, please contact BlackWall.

Stuart Brown
Chief Executive Officer

Tim Brown
Chief Financial Officer



BlackWall Property Trust ARSN 109 684 773

This Appendix 4D should be read in conjunction with the consolidated financial report of BlackWall Property Trust for the half-year ended 31 December 2015 (previous corresponding period: half-year ended 31 December 2014).

Results for announcement to the market	December 2015 \$'000	December 2014 \$'000	Movement Up/(Down)
Revenue			
Recurring income	5,558	5,607	(0.87%)
Asset revaluations	765	1,165	(34.33%)
Total revenue from ordinary operations	6,323	6,772	(6.63%)
Profit from ordinary operations attributable to unitholders	2,577	2,630	(2.02%)
Net profit attributable to unitholders	2,530	2,630	(3.80%)

Distributions (100% tax deferred)	December 2015 cpu	December 2014 cpu
Interim distributions declared	6.0	5.5
Record date: 16 March 2016		
Payment date: 6 April 2016		

	December 2015	June 2015
NTA per unit	\$1.40	\$1.40

Control lost over entities during the period

Name of entity over which control was lost	Bald Rock Fund
Date control was lost	31 October 2015
Loss of the controlled entity for the current period to the date of loss of control	(\$121,000)
Profit of the controlled entity during the previous corresponding period	\$65,000

This report should be read in conjunction with the attached financial statements, which have been reviewed by ESV Accounting and Business Advisors.

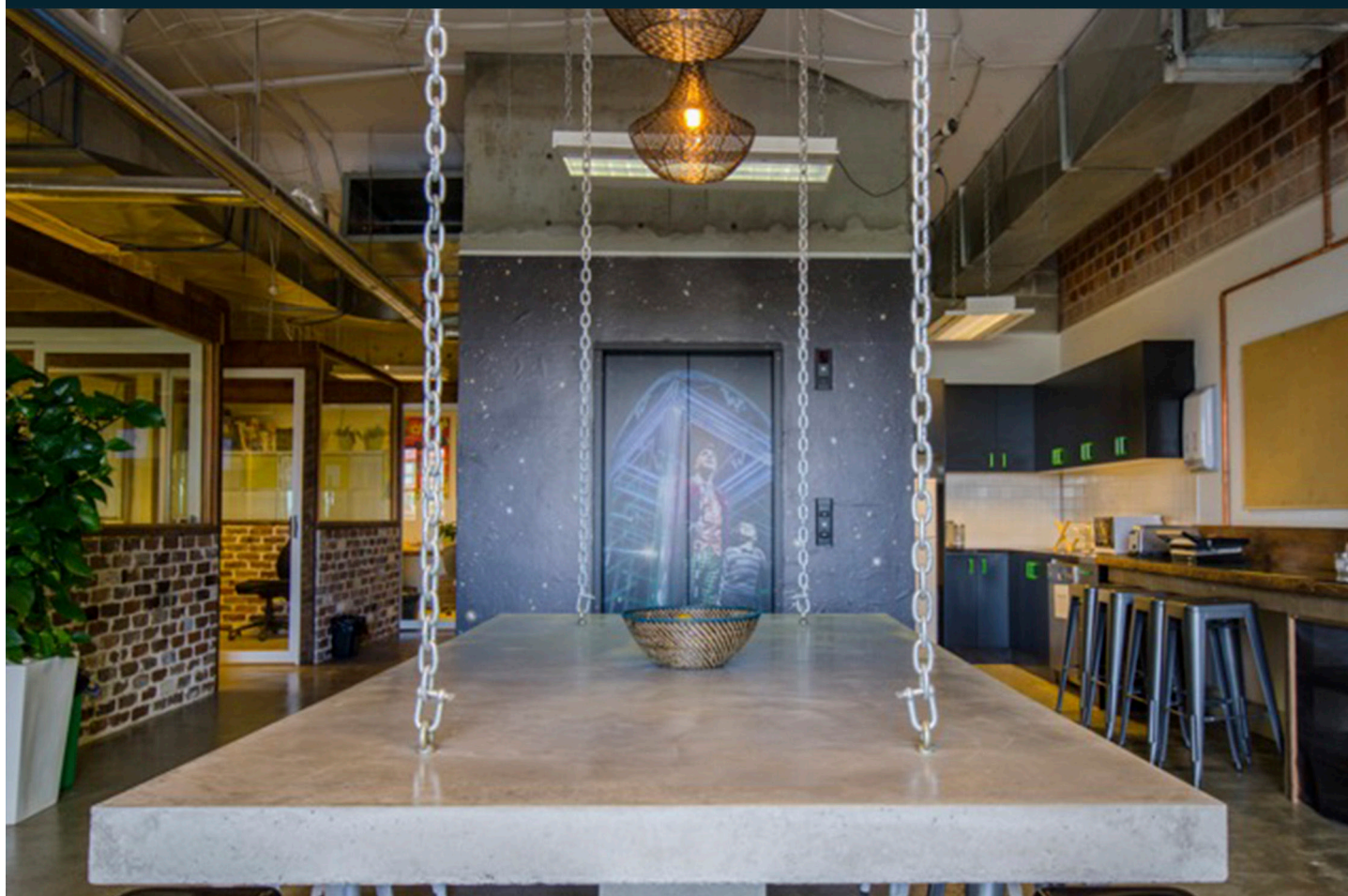
Stuart Brown
Director
Sydney, 23 February 2016

BLACKWALL PROPERTY TRUST

Managed By



BLACKWALL
PROPERTY FUNDS



Condensed Interim Consolidated Financial Report
Half-Year Ended 31 December 2015

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Directors' Report

The BlackWall Property Trust is an ASX-listed real estate investment trust (ASX: BWR) with commercial, retail and industrial property interests.

BWR has \$117 million of gross assets with \$50 million of bank debt giving rise to net tangible assets of \$65 million or \$1.4 per unit. The Trust has 47 million units on issue.

An interim distribution of 6 cents per unit was declared on the date of this report with a payment date of 6 April 2016. The Trust has carried forward revenue losses of over \$20 million and capital losses of approximately \$17 million. As a consequence for a significant period all distributions will be 100% tax deferred.

BlackWall Fund Services Limited is BWR's Responsible Entity and wholly-owned by ASX-listed BlackWall Property Funds Limited (ASX: BWF). BlackWall is a vertically integrated property management, funds management and investment business. It provides property and asset management services to a range of property syndicates including BWR. BlackWall holds 7.5 million units in the Trust (16%).

Review of Operations

BWR has an on-market unit buy-back scheme in place, which commenced in July 2015. To date just over 340,000 units have been bought back under the scheme. See Consolidated Statement of Changes in Net Assets Attributable to Unitholders for details.

The Trust's income producing real estate is located in Queensland, New South Wales and the ACT. In some cases the Trust's interest is by way of joint venture ownership in assets controlled by BlackWall. Generally, the Trust aims to grow such interests to total ownership or majority control.

Property	Ownership	Type	SQM	Value
Silver @ The Exchange	100%	Commercial	5,100	\$18.5 million
Chancellor Homemaker Centre	100%	Retail	9,500	\$22 million
APN Yandina	100%	Industrial	9,100	\$24.75 million
Toowoomba	100%	Industrial	4,100	\$6.1 million
The Bakehouse Quarter	13%	Mixed-use	40,000	\$270 million
55 Pyrmont Bridge Road	18%	Commercial	15,000	\$80 million
Canberra Eye Hospital	100%	Commercial	2,700	\$8.5 million
The Woods Action Centre	38%	Entertainment	9,100	\$14 million
Coolum	100%	Industrial	2,900	\$4 million

A description of the three property joint ventures are set out below.

Bakehouse Quarter

The Bakehouse Quarter is a large-scale, mixed-use development in Sydney's inner west. The Bakehouse has approximately 40,000 sqm of commercial, entertainment and retail premises generating significant cash flow. In addition, it has roughly 20,000 sqm of developable land. It is anticipated that this land would be suitable for substantial residential development. BlackWall has resolved to make an application for a rezoning of the site and either:

- sell the individual residential development sites; or
- joint venture a residential development.

The Bakehouse Quarter is carried at \$270 million and generates annualised net property income of roughly \$7.3 million. The project has \$125 million of bank debt secured against it. It is anticipated that the project will generate semi-annual distributions by way of capital returns. In addition, if residential sites are sold or developed in joint venture, material returns of capital will be distributed to BWR and the other owners of the project. BWR's interest in the Bakehouse Quarter was funded through the redemption of subordinated debt securities held by BWR and secured against the project.

55 Pyrmont Bridge Road

55 Pyrmont Bridge Road is a 15,000 sqm technology and media hub located in Pyrmont on the fringe of Sydney's CBD. The property houses a number of media and technology tenants including Verizon, Fairfax Media, Digital Pacific and BlackWall's short-term office and workspace business, WOTSO Workspace. The Trust's interest in the project was acquired through a scrip for scrip offer to the members of an unlisted managed investment scheme. Given the significant number of acceptances of this offer, the relevant trust (known as the BlackWall Opportunities Fund) has been consolidated onto the Trust's balance sheet. BWR aims to grow its exposure to 55 Pyrmont Bridge Road. When the opportunity arises BWR will make offers to the unitholders of other unlisted funds or trusts where the pricing and underlying assets are attractive.

The Woods Action Centre

The Woods Action Centre is a family entertainment centre in Sydney's west. The property is leased to complementary entertainment uses including AMF Bowling, Sydney Indoor Climbing Gym, Kartatak and Chipmunks Playland. Development is underway to expand the offer to include a children's swim centre, circuit training gym, café and pizza restaurant. BWR holds 38% of the project along with a number of wholesale and sophisticated investors. BWR aims to grow its interest and possibly bring the asset on balance sheet.

Non-core Financial Assets

The Trust holds a legacy investment in a small pub investment fund. The Directors have determined that this investment is non-core and resolved to exit the position over the next 12 months. Consequently, this investment has now been classified as a current asset.

Bank Debt

The Trust has a debt facility of \$50 million by way of a commercial facility with National Australia Bank. The Trust's borrowings as a ratio of the assets against which it is secured is 43% and for the half-year ended 31 December 2015, the Trust's net property investment income was over three times its interest cost. The bank margin is 1.95% per annum. This facility matures in May 2016 and is therefore classified as a current liability. BlackWall has commenced discussion with the bank to extend the facility.

The Trust has entered into the following interest rates hedging transactions:

- A \$20 million collar with a floor 2.72% p.a. and a cap of 4.55% p.a. expiring in July 2019; and
- A \$30 million collar with a floor of 2.24% p.a. and a cap of 3.24% p.a. expiring in January 2020.

Events Subsequent to Reporting Date and Likely Developments

To the best of the Directors' knowledge, since the end of the financial period there have been no matters or circumstances that have materially affected the Trust's operations or may materially affect its operations, state of affairs or the results of operations in future financial years.

Information on Officeholders of the Responsible Entity

The names of the Officeholders of the Responsible Entity in office at any time during or since the end of the period are set out below.

Richard Hill (Non-Executive Director and Independent Chairman)
Joseph (Seph) Glew (Non-Executive Director)
Robin Tedder (Non-Executive Director)
Stuart Brown (Executive Director and Chief Executive Officer)
Caroline Raw (Company Secretary)

Auditor

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 Trust is a group of the kind referred to in ASIC Class Order 98/100 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.

Signed in accordance with a resolution of the Board of Directors.



Stuart Brown
Director
Sydney, 23 February 2016



Auditor's independence declaration to the directors of Blackwall Property Trust and Controlled Entities

In accordance with the requirements of section 307C of the Corporations Act, as auditor for the review of Blackwall Property Trust and Controlled Entities for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Dated at Sydney the 22nd day of February 2016

A stylized blue ink signature of the ESV logo, consisting of the letters 'ESV' in a cursive, handwritten style.

ESV Accounting and Business Advisors

A large, stylized blue ink signature of Tim Valtwies, written in a cursive, handwritten style.

Tim Valtwies
Partner

BlackWall Property Trust

ARSN 109 684 773

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-year Ended 31 December 2015

	Note	December 2015 \$'000	December 2014 \$'000
Revenue			
Rental income		4,485	4,836
Property joint ventures income		607	634
Interest income		99	117
Net unrealised gain on revaluation	2	765	1,165
Gain on sale of investments		367	20
Revenue From Ordinary Activities		6,323	6,772
Property outgoings		(1,026)	(1,258)
Depreciation expense		(1,069)	(1,065)
Administration expenses		(495)	(538)
Finance costs		(1,138)	(1,250)
Other expenses		-	(31)
Profit From Continuing Operations		2,595	2,630
Profit / (Loss) From Discontinued Operations	3	(121)	65
Profit For the Period		2,474	2,695
Total Comprehensive Income For the Period		2,474	2,695
Profit / (Loss) Attributable To:			
Owners of the Trust		2,530	2,656
Outside equity interests		(56)	39
		2,474	2,695
Total Comprehensive Income / (Loss) Attributable To:			
Owners of the Trust		2,530	2,656
Outside equity interests		(56)	39
		2,474	2,695
Earnings Per Unit			
Basic and diluted earnings per unit	8	5.4 cents	5.7 cents

The accompanying notes form part of these financial statements.

BlackWall Property Trust

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Consolidated Statement of Financial Position

As at 31 December 2015

	Note	December 2015 \$'000	June 2015 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		3,059	316
Trade and other receivables		30	388
Other assets		110	3,628
Financial assets	4	3,238	-
Total Current Assets		6,437	4,332
Non-current Assets			
Investment properties	3	83,850	83,850
Financial assets (Property joint ventures)	4	26,490	31,764
Total Non-current Assets		110,340	115,614
TOTAL ASSETS		116,777	119,946
LIABILITIES			
Current Liabilities			
Trade and other payables		809	908
Other liabilities		361	1,968
Borrowings	5	50,000	50,000
Total Current Liabilities		51,170	52,876
Non-current Liabilities			
Interest rate hedges	6	859	580
Total Non-current Liabilities		859	580
TOTAL LIABILITIES (EXCLUDING NET ASSETS)		52,029	53,456
NET ASSETS			
Attributable to owners of the parent		63,764	63,457
Outside equity interests		984	3,033
TOTAL NET ASSETS		64,748	66,490
TOTAL LIABILITIES (INCLUDING NET ASSETS)		116,777	119,946

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Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the Half-year Ended 31 December 2015

	Units on Issue No.'000	Issued Units \$'000	Retained Earnings / (Accumulated Losses) \$'000	Attributable to Owners of the Parent \$'000	Outside Equity Interests \$'000	Total \$'000
Balance at 1 July 2015 ⁽¹⁾	46,693	113,364	(49,255)	64,109	3,033	67,142
Issue of units ⁽²⁾	190	265	-	265	-	265
Buy-back ⁽³⁾	(320)	(391)	-	(391)	-	(391)
Profit /(loss)	-	-	2,530	2,530	(56)	2,474
Distributions paid	-	-	(2,749)	(2,749)	-	(2,749)
Disposal of BRF interest	-	-	-	-	(720)	(720)
Partial disposal of BOF interest	-	-	-	-	(1,273)	(1,273)
Balance at 31 December 2015	46,563	113,238	(49,474)	63,764	984	64,748
Buy-back since 31 December	(26)	(36)				
Balance at signing date	46,537	113,202				

Balance at 1 July 2014 ⁽⁴⁾	46,693	113,364	(51,389)	61,975	814	62,789
Profit	-	-	2,656	2,656	39	2,695
Distributions paid	-	-	(1,634)	(1,634)	(29)	(1,663)
Balance at 31 December 2014	46,693	113,364	(50,367)	62,997	824	63,821

⁽¹⁾ 2015 balances were restated to include 716,057 BWR holdings in itself (cost \$652,000) as they were exchanged with BOF unitholders during the period (see ²). The balances reconciled to the balance sheet as at 30 June 2015 as follows:

	Units on issue No. '000	Issued Units \$'000	Retained Earnings / (Accumulated Losses) \$'000	Attributable to Owners of the Parent \$'000
Balance	46,693	113,364	(49,255)	64,109
BWR Holdings in itself	(716)	(652)	-	(652)
Balance at 30 June 2015	45,977	112,712	(49,255)	63,457

⁽²⁾ The Trust made an offer to BOF unitholders to swap the BOF units for BWR units on a 15.5:1 ratio in October 2015. This equates to the acquisition of \$1.40 of NTA for each BWR unit. To settle acceptances to this offer, the Trust transferred the 716,057 BWR units it held in itself and issued an additional 190,106 new BWR units.

⁽³⁾ Represents on-market buy-back commenced in July 2015.

⁽⁴⁾ 2014 balances were restated based on a 10 to 1 unit consolidation in March 2015.

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Consolidated Statement of Cash Flows

For the Half-year Ended 31 December 2015

	December 2015 \$'000	December 2014 \$'000
Cash Flows From Operating Activities		
Receipts from tenants	4,882	5,606
Payments to suppliers	(2,467)	(3,055)
Property joint ventures distributions received	942	556
Interest received	99	166
Interest paid	(1,132)	(1,292)
Net Cash Flows From Operating Activities	2,324	1,981
Cash Flows From Investing Activities		
Net proceeds from redemption of Bakehouse Bonds (CPI indexation)	1,680	-
Net proceeds from disposal of related financial assets	742	390
Net proceeds from sale of Bald Rock Hotel	855	-
Returns of capital from financial assets	480	45
Net proceeds from disposal of other financial assets	5	1,140
Payments for capital expenditure	(152)	(172)
Payments for financial assets	(19)	-
Net Cash Flows From Investing Activities	3,591	1,403
Cash Flows From Financing Activities		
Payments for buy-back of units	(391)	-
Distributions paid	(2,781)	(1,637)
Net proceeds received from loan repayment	-	10
Net Cash Flows Used in Financing Activities	(3,172)	(1,627)
Net Increase in Cash Held	2,743	1,757
Cash and cash equivalents at the beginning of the year	316	230
Cash and Cash Equivalents at End of the Period	3,059	1,987

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Notes to the Financial Statements

For the Half-year Ended 31 December 2015

1. Segment Information

The segment information is as follows. For information on segment reporting, refer to Notes to the Financial Statements for more details.

	Property Investments \$'000	Non-core Financial Assets \$'000	Consolidated Total \$'000
31 December 2015			
Revenue from ordinary activities	5,558	-	5,558
Net unrealised gain on revaluation	405	360	765
Total segment revenue	5,963	360	6,323
Segment operating profit	3,263	360	3,623
Finance costs	(1,149)	-	(1,149)
Profit	2,114	360	2,474
Segment assets	113,539	3,238	116,777
Segment liabilities	(52,029)	-	(52,029)
31 December 2014			
Revenue (including discontinued operations)	5,753	-	5,753
Net unrealised gain on revaluation	925	240	1,165
Total segment revenue	6,678	240	6,918
Segment operating profit	3,751	240	3,991
Finance costs	(1,296)	-	(1,296)
Profit	2,455	240	2,695
30 June 2015			
Segment assets	117,068	2,878	119,946
Segment liabilities	(53,456)	-	(53,456)

2. Net unrealised gain on revaluation

	December 2015 \$'000	December 2014 \$'000
Unrealised gain on investment properties	738	1,275
Unrealised gain on financial assets	306	294
Unrealised loss on interest rate hedges	(279)	(404)
Total	765	1,165

3. Non-current Assets - Investment Properties

	December 2015 \$'000	June 2015 \$'000
Balance at the beginning of the financial year	83,850	83,950
Revaluation	738	3,981
Straight-line rental income	179	337
Capital improvements	152	646
Depreciation	(1,069)	(2,176)
Lease incentives	-	612
Reclassify Bald Rock Hotel to other assets	-	(3,500)
Balance at the end of the financial period	83,850	83,850

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Notes to the Financial Statements

For the Half-year Ended 31 December 2015

	December 2015	June 2015
	\$'000	\$'000
APN Yandina	24,750	24,750
Chancellor Homemaker Centre	22,000	22,000
Silver @ The Exchange	18,500	18,500
Canberra Eye Hospital	8,500	8,500
Toowoomba	6,100	6,100
Coolum	4,000	4,000
Total	83,850	83,850

The Bald Rock Hotel was sold in September 2015 for \$3.5 million and \$1.54 per unit (including a return of capital of \$1 per unit) was distributed to all unitholders in the Bald Rock Fund. It was classified as other assets in the June 2015 accounts. The Bald Rock Fund is now dormant, therefore the current period loss of \$121,000 (December 2014: profit \$65,000) has been classified as discontinued operations in the profit and loss statement.

For the period ended 31 December 2015, the Directors have assessed the fair value of the properties.

	Value \$'000	Cap Rate
APN Yandina	24,750	10.0%
Chancellor Homemaker Centre	22,000	8.3%
Silver @ The Exchange	18,500	8.5%
Canberra Eye Hospital	8,500	8.5%
Toowoomba	6,100	9.8%
Coolum	4,000	10.5%

4. Current and Non-current Assets - Financial Assets

	Note	December 2015	June 2015
		\$'000	\$'000
Current financial assets		3,238	-
Non-current financial assets (Property joint ventures)		26,490	31,764
Total	4(a)	29,728	31,764

(a) Financial Assets at FVTPL

		December 2015	June 2015
		\$'000	\$'000
Current Financial Assets			
- Pelathon Pub Group (June 2015: non-current)	4(f)	3,238	2,878
Non-current Financial Assets (Property Joint Ventures)			
The Trust owns interests in various property joint venture structures which own the following properties:			
- Bakehouse Quarter	4(b)	20,000	21,670
- 55 Pyrmont Bridge Road	4(c)	2,800	2,800
- The Woods Action Centre	4(d)	3,400	1,400
- Telstra House		26	4
- Penrith	4(e)	-	2,441
		26,226	28,315
Investment in unlisted other entities		264	571
Total current and non-current		29,728	31,764

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Notes to the Financial Statements

For the Half-year Ended 31 December 2015

(b) Bakehouse Quarter (Kirela Development Unit Trust and Bakehouse Bonds)

In December 2015 the Trust's \$20m of Bakehouse Bonds (debt instruments) were redeemed in exchange for equity in the Kirela Development Unit Trust, which owns the Bakehouse Quarter. A further \$1.68 million was paid in cash being the CPI indexation accrued over the life of the Bonds to the date of redemption. The Trust now holds 13% of the ordinary equity of the Bakehouse Quarter. The Bakehouse Quarter is valued at \$270 million.

(c) 55 Pyrmont Bridge Road (Pyrmont Bridge Trust)

PBT controls an office, media and technology hub on the Western fringe of Sydney's CBD known as 55 Pyrmont Bridge Road, Pyrmont. The Trust holds 18% of PBT.

(d) The Woods Action Centre (WRV Unit Trust and Woods PIPES Fund)

WRV Unit Trust is a unit trust that owns The Woods Action Centre, Villawood in Sydney. Woods PIPES Fund also holds a mezzanine interest in the property. In December 2015 the Trust purchased 2 million units in Woods PIPES Fund and now holds 38% of the property.

(e) Penrith (Planloc and BlackWall Penrith Fund No.3)

The Trust sold both investments in December 2015.

(f) Pelathon Pub Group

The Trust holds a legacy investment in a small pub investment fund. The Directors have determined that this investment is non-core and resolved to exit the position over the next 12 months. As a consequence this investment has now been classified as a current asset.

	December 2015 \$'000	June 2015 \$'000
26,641,640 Ordinary Units	2,158	1,918
13,333,333 Preferred Units	1,080	960
Total	3,238	2,878

5. Current Liabilities - Borrowings

	December 2015 \$'000	June 2015 \$'000
NAB bill facility	50,000	50,000
Total	50,000	50,000

The facility is secured by registered first mortgages over the freehold land and buildings (refer to the Investment Properties note). The borrowings will mature in May 2016 and therefore are classified as a current liability. The Trust has commenced discussion with the bank with regard to an extension. These borrowings are subject to a margin of 1.95% p.a. (June 2015: 1.95% p.a.) over BBSY.

Refer to the Interest Rate Hedges and Fair Value Measurement of Financial Instruments notes below for further details.

6. Non-current Liabilities – Interest Rate Hedges

	December 2015 \$'000	June 2015 \$'000
Interest rate collar	859	580
Total	859	580

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Notes to the Financial Statements

For the Half-year Ended 31 December 2015

Details of the terms are as follows:

- \$20 million collar with a floor rate of 2.72% p.a. and a cap rate of 4.55% p.a. The collar will expire in July 2019.
- \$30 million collar with a floor rate of 2.24% p.a. and a cap rate of 3.24% p.a. The collar will expire in January 2020.

The gain or loss from remeasuring the interest rate collar at fair value is recognised in profit and loss.

7. Distributions

	December 2015 \$'000	December 2014 \$'000
2015 final distribution 6 cents paid in Nov 2015 (2014: 3.5 cents in Oct 2014)	2,749	1,634
Total	2,749	1,634

In March 2015, units on issue were consolidated on a 10 to 1 basis. Pre-consolidation distributions have been restated on this basis. In addition, the Board has declared an interim distribution of 6 cents per unit to be paid on 6 April 2016.

8. Earnings Per Unit

	December 2015	December 2014
Basic and diluted EPU	5.4 cents	5.7 cents
Calculated as follows:		
Profit for the period	\$2,530,000	\$2,656,000
Weighted average number of units for EPU	46,633,945	46,692,916*

* Restated to reflect the unit consolidation in March 2015.

9. Contingencies

There are no contingencies as at 31 December 2015 (December 2014: \$nil).

10. Subsequent Events

To the best of the Directors' knowledge, since the end of the financial period there have been no other matters or circumstances that have materially affected the Trust's operations or may materially affect its operations, state of affairs or the results of operations in future financial years apart from an event listed above.

11. Fair Value Measurement of Financial Instruments

(a) Fair value hierarchy

AASB 7 Financial Instruments: Disclosures 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, either directly (as prices) or indirectly (derived from prices), and
- Level 3 - Inputs for the asset that are not based on observable market data (unobservable inputs).

The Trust currently does not have any assets or liabilities that are traded in an active market.

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Notes to the Financial Statements

For the Half-year Ended 31 December 2015

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. 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 the investments.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
At 31 December 2015				
Financial assets	-	-	29,728	29,728
Interest rate hedges	-	(859)	-	(859)
At 30 June 2015				
Financial assets				
- Equities	-	-	10,174	10,174
- Debt instruments	-	-	21,590	21,590
	-	-	31,764	31,764
Interest rate hedges	-	(580)	-	(580)

(b) 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, subject to recoverability assessment. All these instruments are included in Level 3.

(c) 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:

At 31 December 2015	\$'000
Balance at the beginning of the year	31,764
Purchases	22,018
Disposals/returns of capital	(24,577)
Fair value movement	523
Balance at the end of the period	29,728
At 30 June 2015	\$'000
Balance at the beginning of the year	29,404
Purchases	4,626
Disposals/returns of capital	(1,706)
Fair value movement	625
Consolidation of BOF (eliminate investment)	(1,185)
Balance at the end of the year	31,764

The fair value of financial assets is determined by reference to the net assets of the underlying entities. All these instruments are included in Level 3. There were no transfers between Level 1, 2 and 3 financial instruments during the period. For all other financial assets and liabilities carrying value is an approximation of fair value.

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Notes to the Financial Statements

For the Half-year Ended 31 December 2015

12. Group Details

The management of the Trust is undertaken at:
Level 1, 50 Yeo Street
Neutral Bay NSW 2089

13. Critical Accounting Estimates and Judgments

The Directors of the Responsible Entity 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 Trust.

Key estimates – impairment

The Trust assesses impairment at each reporting date by evaluating conditions specific to the Trust that may lead to impairment of assets. The Directors believe it is appropriate not to raise any impairment provisions for the period.

Key estimates – financial assets

Financial assets are measured at FVTPL with gains and losses recognised in profit or loss. The fair value of the unlisted securities is determined by reference to the net assets of the underlying entities.

Key estimates – fair values of investment properties

The Trust carries its investment properties at fair value with changes in the fair values recognised in profit or loss. At the end of each reporting period, the Directors of the Responsible Entity update their assessment of the fair value of each property, taking into account the most recent independent valuations. The key assumptions used in this determination are set out in the Investment Properties note. If there are any material changes in the key assumptions due to changes in economic conditions, the fair value of the investment properties may differ and may need to be re-estimated.

14. Statement of Significant Accounting Policies

The financial statements cover BlackWall Property Trust and its controlled entities, Yandina Sub-trust, Bald Rock Fund (dormant from October 2015) and BlackWall Opportunities Fund. BlackWall Property Trust is a managed investment scheme registered in Australia. All controlled funds are established and domiciled in Australia.

The financial statements for the Trust were authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on the date they were issued.

Statement of Compliance

The financial statements are general purpose financial reports which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the IFRS IAS 34 *Interim Financial Reporting*.

The financial statements do not include notes of the type normally included in annual financial statements. It is recommended that the financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2015 and any public announcements made by the Trust during the half-year in accordance with the continuous disclosure obligations of the ASX listing rules.

BlackWall Property Trust

ARSN 109 684 773

Notes to the Financial Statements

For the Half-year Ended 31 December 2015

Basis of Preparation

The financial statements have been prepared on an accrual basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets (property joint ventures) and financial liabilities for which the fair value basis of accounting has been applied. When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period. Any change of presentation has been made in order to make the financial statements more relevant and useful to the user.

The Trust is a group of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998 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 accounting policies adopted are consistent with those of the previous financial year ended 30 June 2015.

Going Concern

The Trust has a Current Asset deficiency as at 31 December 2015 as bank borrowings were classified as Current Liabilities. The Trust has commenced discussion with the bank with regards to an extension. Given the Trust generates operating cashflow of over \$4 million per annum, the Directors do not consider there to be a going concern issue. These 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 Trust that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Trust's primary format for segment reporting is based on business segments. The business segments are determined based on the Trust management and internal reporting structure. There is only one geographical segment being Australia.

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 Trust has adopted two reporting segments, Property Investments and Non-core Financial Assets. The Property Investments segment includes the ownership and leasing out of commercial, industrial and retail properties in the Australian Capital Territory, New South Wales and Queensland. Income is derived from rent, property revaluations and property joint ventures distributions. The Non-core Financial Assets segment includes interests in Pelathon Pub Group.

New Accounting Standards and Interpretations

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

BlackWall Property Trust

ARSN 109 684 773

Notes to the Financial Statements

For the Half-year Ended 31 December 2015

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

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

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

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Trust is currently assessing the effects of applying the new standard on the financial statements and has not identified any material changes.

Directors' Declaration

In the opinion of the Directors of BlackWall Fund Services Limited, the Responsible Entity of BlackWall Property Trust:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Trust's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Trust 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.

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



Stuart Brown
Director
Sydney, 23 February 2016



Independent Review Report to the Investors of Blackwall Property Trust and its Consolidated Entities ("the Trust")

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Blackwall Property Trust and its consolidated entities ("the Trust") which comprises the condensed consolidated statement of financial position as at 31 December 2015 and the condensed consolidated statement of profit or loss and other comprehensive income, condensed statement of net assets attributable to unitholders, condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of Blackwall Fund Services Limited ("the Responsible Entity") are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Trust's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Blackwall Fund Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Independent Review Report to the Investors of Blackwall Property Trust and its Consolidated Entities ("the Trust")

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Blackwall Property Trust and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Trust's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Dated at Sydney the 23rd day of February 2016

ESV Accounting and Business Advisors

Tim Valtwies
Partner

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GLOSSARY

BWR / Trust	BlackWall Property Trust
BlackWall	BlackWall Property Funds Limited and, where applicable, its subsidiaries (including BlackWall Fund Services Limited)
BOF	BlackWall Opportunities Fund
BRF	Bald Rock Fund
Condensed interim consolidated financial report	Financial statements
Custodian	The Trust Company Limited
EPU	Earnings per unit
FVTPL	Fair value through profit and loss
IFRS	International Financial Reporting Standards
Kirela	Kirela Development Unit Trust
Outside equity interests	Non-controlling interests
p.a.	Per annum
PBT	Pymont Bridge Trust
PIPES	Property Income and Participating Equity Securities
Planloc	Planloc Pty Ltd
Responsible Entity	BlackWall Fund Services Limited

BLACKWALL PROPERTY TRUST

ARSN 109 684 773

Condensed Interim Consolidated Financial Report Half-year Ended 31 December 2015

Managed By:



BLACKWALL
PROPERTY FUNDS

Level 1, 50 Yeo Street
Neutral Bay, NSW 2089

Responsible Entity: BlackWall Fund Services Limited
ABN 39 079 608 825