

## ASX Release

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### **BlackWall Property Trust (BWR) 31 December 2014 – Half Year Result**

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#### Results

- A 100% tax deferred **distribution of 0.55 cents per unit declared**, to be paid on 10 April 2015.
- Statutory net profit of \$2.7 million.
- NTA of 13.6 cents per unit \$62.7 million.
- \$14.1 million of carried forward revenue losses meaning distributions for the foreseeable future will continue to be tax deferred and paid as a return of capital.
- Bank debt is at 45% LVR and 100% hedged with interest rate collars at a weighted average interest rate in the range of 2.43% per annum to 3.76% per annum.
- Close to 5,000 sqm of new leasing transactions completed in the past six months. The vacancy rate is now 4.5% of gross revenue and we expect to fill this over the coming months.

The Directors have resolved to consolidate the units on issue on a 10 to 1 basis. This means that the number of units on issue will reduce but unitholders' total holding value will not change. All fractional interests will be rounded up to the nearest whole unit. A timetable will be released shortly. The distribution announced above will be paid after the consolidation has occurred. The distribution rate on a consolidated basis is 5.5 cents per unit.

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 2014 (previous corresponding period: half-year ended 31 December 2013).

<b>Results for announcement to the market</b>	<b>2014 \$'000</b>	<b>Movement</b>
Revenue from ordinary operations (exclude reversal of litigation provision)	6,918	(7.58%)
Profit from ordinary operations attributable to unitholders (exclude reversal of litigation provision)	2,656	2.99%
Net profit attributable to unitholders	2,656	(88.08%)
2014 Final distribution paid	0.35 cpu	
2015 Interim distribution declared	0.55 cpu	

	<b>December 2014</b>	<b>June 2014</b>
Net tangible asset backing per unit *	13.6 cents	13.3 cents

\* In June 2014 the Trust completed a rights issue through which total units on issue increased from 207,524,039 to 466,929,155 units.

**Distributions**

A final distribution of 0.35 cents per unit was paid on 31 October 2014. In addition, the Directors have declared an interim distribution of 0.55 cents per unit as follows:

Record date: 27 March 2015  
 Payment date: 10 April 2015

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, 17 February 2015

# BLACKWALL PROPERTY TRUST

Managed By



BLACKWALL  
PROPERTY FUNDS



Condensed Interim Consolidated Financial Report  
Half-Year Ended 31 December 2014

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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 on the East Coast of Australia. BWR has gross assets of \$116 million with \$52 million in bank debt giving rise to net tangible assets of \$63 million (13.6 cents per unit). The Trust has 460 million units excluding 7 million units BWR holds in itself.

BlackWall Fund Services Limited is BWR's Responsible Entity and wholly-owned by ASX-listed BlackWall (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 75 million (16%) units in the Trust.

The Directors present the Trust's financial statements for the half-year ended 31 December 2014.

### Result & Distributions

In the six months to 31 December 2014 the Trust generated a profit of \$2.7 million. On the balance date the Trust's NTA was \$0.7 million, up 1.1% from June 2014. **The Directors have declared an interim distribution of 0.55 cents per unit to be paid on 10 April 2015.**

The Trust has carried forward revenue tax losses of \$14.1 million. As a consequence this distribution will be paid by way of a return of capital and, therefore, 100% tax deferred. Distributions recommenced in April 2014 and the Board has resolved (subject to financial performance) to make semi annual payments in the future.

The December 2013 result included an one-off adjustment of \$19.7 million being the reversal of the litigation provision.

### ASX Trading Price

On 16 February 2015 the closing price for BWR units was 11 cents per unit. Although this represents a discount of 19% to underlying NTA, that discount is decreasing (34% at December 2013). With the leasing success outlined later in this report and continued distribution growth, BlackWall anticipates the gap will continue to close. Trading volume or liquidity has steadily increased over the past two years. In the six months to 31 December 2014, 9% of the stock changed hands.

### Real Estate

The Trust holds \$84.7 million of direct real estate assets in a diversified portfolio as follows:

Property	Carrying Value	Implied Yield	NLA
<b>Industrial:</b>			
APN Yandina	\$24.8 million	9.95%	9,100 sqm
Toowoomba	\$6.1 million	9.50%	4,100 sqm
Coolum	\$4.0 million	10.50%	2,900 sqm
<b>Commercial:</b>			
Silver @ The Exchange	\$18.3 million	8.75%	5,000 sqm
Canberra Eye Hospital	\$7.9 million	9.00%	2,600 sqm
<b>Retail:</b>			
Chancellor Homemaker Centre	\$20.5 million	8.90%	9,400 sqm
<b>Entertainment:</b>			
Bald Rock Hotel	\$3.1 million	7.60%	370 sqm
<b>Total</b>	<b>\$84.7 million</b>		<b>33,470 sqm</b>

## Leasing Update

As disclosed in the 2014 Annual Report, the Trust's property portfolio had a number of significant expiries in the first half of the 2015 financial year leaving over 7,000 sqm of space to lease. This was predominantly driven by the Gold Coast City Council consolidating its leased premises into its recently acquired office campus and the insolvency of Sam's Warehouse owner, Retail Adventures Group.

In the past six months BlackWall has secured close to 5,000 sqm of new leasing deals including:

- Coral Homes in 1,660 sqm of office and showroom;
- WOTSO WorkSpace in 1,200 sqm;
- Real Wealth in 370 sqm;
- Peak Fitness in 400 sqm; and
- Dollar Tree, a discount retailer in 2,000 sqm.

With these transactions now complete, the Trust's vacancy has dropped to 7% of NLA or approximately 5% of gross revenue. This has been a good result and in the case of the office building (Silver @ The Exchange) we have been able to break up the space amongst a number of smaller tenants giving more diversity to our rental income and spreading expiries. This should have a positive impact on future valuations.

## Bank Debt

The Trust holds a debt facility of \$50 million with NAB with a current Loan to Asset ratio of 45%. Debt is now 100% hedged by two collars with the following terms:

- \$20 million interest rate collar to July 2019 with a range of 2.72% and 4.55%
- \$30 million interest rate collar to January 2020 with a range of 2.24% and 3.24%.

## Events Subsequent to Reporting Date and Likely Developments

To the best of the Directors' knowledge, since the end of the financial year 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 year 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)  
Don Bayly (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, 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.

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

A handwritten signature in black ink, appearing to be 'Stuart Brown', with a long horizontal flourish extending to the right.

**Stuart Brown**  
Director  
Sydney, 17 February 2015



**Auditor's independence declaration to the directors of Blackwall Property Trust and its Consolidated Entities**

In accordance with the requirements of section 307C of the Corporations Act, as auditor for the review of BlackWall Property Trust and its consolidated entities for the half-year ended 31 December 2014, 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 16<sup>th</sup> day of February 2015

A handwritten signature in black ink, appearing to be 'S. Kirkwood'.

**ESV Accounting and Business Advisors**

A handwritten signature in black ink, appearing to be 'S. Kirkwood'.

**Chris Kirkwood**  
**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 2014

	Note	December 2014 \$'000	December 2013 \$'000
<b>Revenue</b>			
Rental income		4,982	5,289
Dividends and distributions		1,395	992
Interest income		166	3
Net unrealised gain on revaluation	2	355	1,201
Gain on sale of investments		20	-
<b>Revenue From Ordinary Activities</b>		<b>6,918</b>	<b>7,485</b>
Reversal of prior years' litigation provision		-	19,700
<b>Total Revenue</b>		<b>6,918</b>	<b>27,185</b>
Property outgoings		(1,282)	(1,197)
Depreciation expense		(1,065)	(1,127)
Administration expenses		(549)	(556)
Finance costs		(1,296)	(1,624)
Other operating expenses		(31)	(28)
Loss on sale of investments		-	(137)
Litigation expenses		-	(17)
<b>Profit For the Period</b>		<b>2,695</b>	<b>22,499</b>
<b>Total Comprehensive Income For the Period</b>		<b>2,695</b>	<b>22,499</b>
<b>Profit Attributable To:</b>			
Owners of the Trust		2,656	22,279
Non-controlling Interests		39	220
		<b>2,695</b>	<b>22,499</b>
<b>Total Comprehensive Income Attributable To:</b>			
Owners of the Trust		2,656	22,279
Non-controlling Interests		39	220
		<b>2,695</b>	<b>22,499</b>
<b>Earnings Per Unit</b>			
Basic and diluted earnings per unit	8	\$0.01	\$0.11

The accompanying notes form part of these financial statements.

# BlackWall Property Trust

ARSN 109 684 773

## Consolidated Statement of Financial Position

As at 31 December 2014

	Note	December 2014 \$'000	June 2014 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,987	230
Trade and other receivables		540	1,859
Other assets		144	159
<b>Total Current Assets</b>		<b>2,671</b>	<b>2,248</b>
<b>Non-current Assets</b>			
Financial assets	3	28,728	29,404
Investment properties	4	84,600	83,950
<b>Total Non-current Assets</b>		<b>113,328</b>	<b>113,354</b>
<b>TOTAL ASSETS</b>		<b>115,999</b>	<b>115,602</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		371	1,042
Unearned income		341	3
Borrowings	5	1,731	-
Derivatives	6	-	47
<b>Total Current Liabilities</b>		<b>2,443</b>	<b>1,092</b>
<b>Non-current Liabilities</b>			
Borrowings	5	50,000	51,721
Derivatives	6	451	-
<b>Total Non-current Liabilities</b>		<b>50,451</b>	<b>51,721</b>
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS)</b>		<b>52,894</b>	<b>52,813</b>
<b>NET ASSETS</b>			
Attributable to owners of the parent		62,281	61,975
Non-controlling interests		824	814
<b>TOTAL NET ASSETS</b>		<b>63,105</b>	<b>62,789</b>
<b>TOTAL LIABILITIES (INCLUDING NET ASSETS)</b>		<b>115,999</b>	<b>115,602</b>

# BlackWall Property Trust

ARSN 109 684 773

## Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the Half-year Ended 31 December 2014

	Units on Issue No.'000	Issued Units \$'000	Retained Earnings / (Accumulated Losses) \$'000	Attributable to Owners of the Parent \$'000	Non- controlling Interests \$'000	Total \$'000
<b>Balance at 1 July 2014</b>	<b>466,929</b>	<b>113,364</b>	<b>(51,389)</b>	<b>61,975</b>	<b>814</b>	<b>62,789</b>
Profit	-	-	2,656	2,656	39	2,695
Distributions paid	-	-	(1,634)	(1,634)	(29)	(1,663)
<b>Balance</b>	<b>466,929</b>	<b>113,364</b>	<b>(50,367)</b>	<b>62,997</b>	<b>824</b>	<b>63,821</b>
BWR Holdings in itself	(7,161)	(716)	-	(716)	-	(716)
<b>Balance at 31 December 2014</b>	<b>459,768</b>	<b>112,648</b>	<b>(50,367)</b>	<b>62,281</b>	<b>824</b>	<b>63,105</b>
<b>Balance at 1 July 2013</b>	<b>207,524</b>	<b>105,958</b>	<b>(55,983)</b>	<b>49,975</b>	<b>-</b>	<b>49,975</b>
Profit	-	-	22,279	22,279	220	22,499
Issue of units	-	-	-	-	610	610
Transaction costs	-	(11)	-	(11)	(18)	(29)
<b>Balance at 31 December 2013</b>	<b>207,524</b>	<b>105,947</b>	<b>(33,704)</b>	<b>72,243</b>	<b>812</b>	<b>73,055</b>

# BlackWall Property Trust

ARSN 109 684 773

## Consolidated Statement of Cash Flows

For the Half-year Ended 31 December 2014

	December 2014 \$'000	December 2013 \$'000
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	6,956	5,495
Payments to suppliers	(3,055)	(2,378)
Litigation related legal expenses	-	(17)
Distributions received	601	980
Interest received	166	3
Interest paid	(1,292)	(1,581)
<b>Net Cash Flows From Operating Activities</b>	<b>3,376</b>	<b>2,502</b>
<b>Cash Flows From Investing Activities</b>		
Payments for purchase of financial assets	(1,041)	(1,152)
Proceeds from disposal of financial assets	1,221	234
Payments for capital expenditures	(172)	(2,965)
Proceeds from disposal of investment properties	-	230
<b>Net Cash Flows From / (Used in) Investing Activities</b>	<b>8</b>	<b>(3,653)</b>
<b>Cash Flows From Financing Activities</b>		
Net proceeds /(repayment) of borrowings	10	706
Distributions paid	(1,637)	-
Proceeds from issue of units	-	610
Transaction costs for issue of units	-	(29)
<b>Net Cash Flows From / (Used in) Financing Activities</b>	<b>(1,627)</b>	<b>1,287</b>
<b>Net Increase in Cash Held</b>	<b>1,757</b>	<b>136</b>
Cash and cash equivalents at the beginning of the year	230	39
<b>Cash and Cash Equivalents at End of the Period</b>	<b>1,987</b>	<b>175</b>

# BlackWall Property Trust

ARSN 109 684 773

## Notes to the Financial Statements

### For the Half-year Ended 31 December 2014

#### 1. Segment Information

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, Direct Property and Other Investments. The Direct Property segment includes the ownership and leasing out of commercial, industrial and retail properties in Australian Capital Territory, New South Wales and Queensland. Income is derived from rent and property revaluations. The Other Investments segment includes interests in debt instruments and property related securities such as units in unlisted unit trusts. It generates income from dividends, distributions, and interest. The Unallocated segment covers litigation related matters. The segment information is as follows:

	Direct Property \$'000	Other Investments \$'000	Unallocated \$'000	Consolidated Total \$'000
<b>31 December 2014</b>				
Sales to external customers	4,982	1,581	-	6,563
Net unrealised gain/(loss) on revaluation	871	(516)	-	355
Total segment revenue	<u>5,853</u>	<u>1,065</u>	-	<u>6,918</u>
Segment operating profit	3,066	925	-	3,991
Finance costs	(1,296)	-	-	(1,296)
<b>Total comprehensive income</b>	<b><u>1,770</u></b>	<b><u>925</u></b>	-	<b><u>2,695</u></b>
<b>31 December 2013</b>				
Sales to external customers	5,289	995	-	6,284
Reversal of prior years' litigation provision	-	-	19,700	19,700
Net unrealised gain/(loss) on revaluation	1,576	(375)	-	1,201
Total segment revenue	<u>6,865</u>	<u>620</u>	<u>19,700</u>	<u>27,185</u>
Segment operating profit	4,051	389	19,700	24,140
Finance costs	(1,624)	-	-	(1,624)
Litigation expenses	-	-	(17)	(17)
<b>Total comprehensive income</b>	<b><u>2,427</u></b>	<b><u>389</u></b>	<b><u>19,683</u></b>	<b><u>22,499</u></b>
<b>31 December 2014</b>				
Segment assets	84,954	31,045	-	115,999
Segment liabilities	(52,894)	-	-	(52,894)
<b>30 June 2014</b>				
Segment assets	85,672	29,930	-	115,602
Segment liabilities	(52,663)	-	(150)	(52,813)

# BlackWall Property Trust

ARSN 109 684 773

## Notes to the Financial Statements

### For the Half-year Ended 31 December 2014

#### 2. Net Unrealised Gain on Revaluation

	December 2014 \$'000	December 2013 \$'000
Unrealised loss on financial assets	(516)	(375)
Unrealised gain/(loss) on interest rate collar/swaps	(404)	313
Unrealised gain on investment properties	1,275	1,263
<b>Total</b>	<b>355</b>	<b>1,201</b>

#### 3. Non-current Assets - Financial Assets

	December 2014 \$'000	June 2014 \$'000
Financial assets at FVTPL	28,728	29,404
<b>Total</b>	<b>28,728</b>	<b>29,404</b>

##### (a) Financial assets at FVTPL

	December 2014 \$'000	June 2014 \$'000
Investment in unlisted related entities:		
- Bakehouse Bond Trust	21,350	21,350
- BlackWall Penrith Fund No.3	978	-
- BlackWall Telstra House Trust	3	3
- Pelathon Pub Group (Ordinary)	1,918	1,758
- Pelathon Pub Group (Preferred)	480	400
- Planloc Preference Shares	2,000	1,985
- TPIF	464	1,185
- WRV	900	900
	28,093	27,581
Investment in unlisted other entities	635	1,823
<b>Total</b>	<b>28,728</b>	<b>29,404</b>

The Bakehouse Bonds are CPI linked debt instruments secured against a large scale mixed use property known as the Bakehouse Quarter in North Strathfield, Sydney. The Bonds' face value of \$20 million is indexed to CPI annually (subject to impairment assessment) and the current value is \$21.35 million. The Bonds will mature on 30 June 2020. In addition, a coupon of 5.5% per annum is paid quarterly in arrears.

The Trust owns 13,333,333 Pelathon Pub Group Preferred units which are partly paid to 2.4 cents per unit. The second instalment of 3.6 cents per unit (\$480,000) may be called upon by October 2015. The carrying value is the fair value less the second instalment.

The Planloc Preference Shares are preferred equity securities issued by an unlisted company known as Planloc Pty Ltd. Planloc's sole asset is a big box retail complex located in Penrith, Sydney. The Planloc Preference Shares rank in priority to ordinary shares but are subordinated to secured debt. These securities earn a coupon of 10% per annum and share in any value increase in the real estate held by the issuer.

# BlackWall Property Trust

ARSN 109 684 773

## Notes to the Financial Statements

### For the Half-year Ended 31 December 2014

#### 4. Non-current Assets - Investment Properties

	December 2014 \$'000	June 2014 \$'000
APN Yandina	24,750	24,100
Chancellor Homemaker Centre	20,500	20,500
Silver @ The Exchange	18,250	18,250
Canberra Eye Hospital	7,900	7,900
Toowoomba	6,100	6,100
Coolum	4,000	4,000
Bald Rock Hotel	3,100	3,100
<b>Total</b>	<b>84,600</b>	<b>83,950</b>
Movements in investment properties:		
Opening balance	83,950	81,350
Purchase of Bald Rock Hotel	-	2,965
Sale of Bald Rock Hotel poker machine entitlements	-	(230)
Additions (subsequent expenditures)	194	13
Straight-line rental income	246	378
Depreciation	(1,065)	(2,253)
Revaluation	1,275	1,727
<b>Closing balance</b>	<b>84,600</b>	<b>83,950</b>

The Trust obtained a new independent valuation for APN Yandina in October 2014. The valuation was performed by registered independent valuers by reference to recent market sales of similar properties and common valuation methodologies including capitalisation of income projections and discounted cash flow projections.

For the period ended 31 December 2014, the Directors have updated their assessment of the fair value of these properties. The current holding values generate the following initial capitalisation rates:

	Value \$'000	Initial cap rate	Last independent valuation date
APN Yandina	24,750	9.95%	October 2014
Chancellor Homemaker Centre	20,500	8.90%	June 2014
Silver @ The Exchange	18,250	8.75%	February 2012
Canberra Eye Hospital	7,900	9.00%	February 2012
Toowoomba	6,100	9.50%	June 2014
Coolum	4,000	10.50%	June 2014
Bald Rock Hotel	3,100	7.60%	August 2013

# BlackWall Property Trust

ARSN 109 684 773

## Notes to the Financial Statements

For the Half-year Ended 31 December 2014

### 5. Current and Non-current Liabilities - Borrowings

	Note	December 2014 \$'000	June 2014 \$'000
<b>Current</b>			
Bald Rock facility	5(b)	1,256	-
Loan from Blackwall Property Funds to Bald Rock Fund		475	-
		<u>1,731</u>	<u>-</u>
<b>Non-current</b>			
NAB bill facility	5(a)	50,000	50,000
Bald Rock facility	5(b)	-	1,256
Loan from Blackwall Property Funds to Bald Rock Fund		-	465
		<u>50,000</u>	<u>51,721</u>
<b>Total</b>		<u><b>51,731</b></u>	<u><b>51,721</b></u>

#### (a) NAB bill facility

The facility is secured by registered first mortgages over the freehold land and buildings (refer to the Investment Properties note excluding the Bald Rock Hotel). The borrowings will mature in May 2016 and therefore are classified as a non-current liability. They are subject to a margin of 1.95% p.a. (June 2014: 1.95% p.a.) over BBSY. \$20 million of borrowings were hedged as at 31 December 2014. On 23 January 2015, the Trust entered into a \$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. In June 2014 the Trust's facility limit was increased by \$3.6 million to a total of \$52.1 million. \$1.5 million of the increased facility was drawn at that time. Under the terms of the increase, amounts drawn are to be repaid within 2 years.

#### (b) Bald Rock facility

The Bald Rock (CBA) facility of \$1,256,000 is secured over the Bald Rock Hotel. It will mature in November 2015 and is subject to a margin of 2.49% p.a. (June 2014: 2.49% p.a.) over BBSY. The loan from Blackwall Property Funds is also in relation to the Bald Rock Hotel and interest is payable on the same terms as the CBA facility.

### 6. Current and Non-current Liabilities - Derivatives

	December 2014 \$'000	June 2014 \$'000
<b>Current</b>		
Interest rate swaps	-	47
<b>Non-current</b>		
Interest rate collar	451	-
<b>Total</b>	<u><b>451</b></u>	<u><b>47</b></u>

During the period the Trust entered into a \$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. The gain or loss from remeasuring the interest rate collar at fair value is recognised in profit and loss.

On 23 January 2015, the Trust entered into a \$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.

# BlackWall Property Trust

ARSN 109 684 773

## Notes to the Financial Statements

### For the Half-year Ended 31 December 2014

#### 7. Distributions

A final distribution of \$1.63 million (0.35 cents per unit) was paid on 31 October 2014 (for the June 2014 financial year).

In addition, the Board has declared an interim distribution of 0.55 cents per unit to be paid on 10 April 2015.

#### 8. Earnings Per Unit

	December 2014	December 2013
Basic and diluted EPU	\$0.01	\$0.11
Calculated as follows:		
Profit for the period	\$2,656,000	\$22,279,000
Weighted average number of units for EPU	466,929,155	207,524,039
Weighted average number of units for EPU (less BWR holdings in itself)	465,995,168	207,524,039

Profit for December 2013 included reversal of litigation provision of \$19.7 million. Normalised EPU and profit were \$0.01 and \$2,579,000 respectively.

#### 9. Contingencies

There are no contingencies as at 31 December 2014 (December 2013: \$nil).

#### 10. Subsequent Events

Apart from Derivatives note above, to the best of the Directors' knowledge, since the end of the financial year 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.

#### 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 fair value of financial assets and liabilities 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 Trust is the current bid price and the quoted market price for financial liabilities is the current asking price.

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

# BlackWall Property Trust

ARSN 109 684 773

## Notes to the Financial Statements

### For the Half-year Ended 31 December 2014

tangible assets of the investments.

The following table presents the Trust's financial assets and liabilities measured at fair value. Refer to 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
<b>At 31 December 2014</b>				
Financial assets at FVTPL				
- Equities	-	-	7,378	7,378
- Debt instruments	-	-	21,350	21,350
	-	-	28,728	28,728
Interest rate collar	-	(451)	-	(451)
<b>At 30 June 2014</b>				
Financial assets at FVTPL				
- Equities	-	-	8,054	8,054
- Debt instruments	-	-	21,350	21,350
	-	-	29,404	29,404
Interest rate swaps	-	(47)	-	(47)

#### (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. The fair value of the Bakehouse Bonds is measured by its face value adjusted for annual CPI movements, 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:

<b>At 31 December 2014</b>		<b>\$'000</b>
Balance at the beginning of the year		29,404
Purchases		2,033
Disposals/redemptions		(2,142)
Fair value movement		(567)
Balance at the end of the period		<b>28,728</b>
<b>At 30 June 2014</b>		
Balance at the beginning of the year		38,323
Purchases		4,367
Disposals/redemptions		(12,980)
Fair value movement		(306)
Balance at the end of the year		<b>29,404</b>

The fair value of financial assets at FVTPL 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 year. For all other financial assets and liabilities carrying value is an approximation of fair value.

# BlackWall Property Trust

ARSN 109 684 773

## Notes to the Financial Statements

### For the Half-year Ended 31 December 2014

#### 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.

##### *Key estimates – financial assets*

All investments have been classified as financial assets at FVTPL with gains and losses recognised in profit and 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 Bakehouse Bonds is measured by its face value adjusted for annual CPI movements and is subject to impairment.

##### *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 and 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 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, the Yandina Sub-trust and Bald Rock Fund. BlackWall Property Trust is a managed investment scheme registered in Australia. The Yandina Sub-trust and Bald Rock Fund were both established and domiciled in Australia.

The relationship of Responsible Entity and Custodian is governed by the terms and conditions specified in the Constitution.

The financial statements for the Trust were authorised for issue in accordance with the 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*.

# BlackWall Property Trust

ARSN 109 684 773

## Notes to the Financial Statements

### For the Half-year Ended 31 December 2014

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 2014 and any public announcements made by the Trust during the half-year in accordance with the continuous disclosure obligations of the ASX listing rules.

#### **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 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 2014 except as described below.

#### **New Accounting Standards and Interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Trust's assessment of the impact of these new standards and interpretations is set out below.

*AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (from 1 July 2014)*

It amends AASB 136 to require additional disclosure about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. In addition, a further requirement has been included to disclose the discount rates that have been used in the current and previous measurements if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique. There were no material changes to the Trust's financial statements.

#### **Going concern**

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.

## 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 2014 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, 17 February 2015



**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 2014 and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated 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 2014 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")**

*Conclusion*

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 the Trust is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the financial position of the Trust as at 31 December 2014 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 17<sup>th</sup> day of February 2015

**ESV Accounting and Business Advisors**

**Chris Kirkwood  
Partner**

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## GLOSSARY

ASX	Australian Securities Exchange
BWR	BlackWall Property Trust
BlackWall	Blackwall Property Funds Limited and, where applicable, its subsidiaries (including BlackWall Fund Services Limited)
Condensed Interim Consolidated Financial Report	Financial statements
Custodian	Perpetual Limited (formerly The Trust Company Limited)
EPU	Earnings per unit
FVTPL	Fair value through profit and loss
IFRS	International Financial Reporting Standards
NLA	Net lettable area
Responsible Entity	BlackWall Fund Services Limited
TPIF	Tankstream Property Investments Fund
Trust	BlackWall Property Trust

# BLACKWALL PROPERTY TRUST

ARSN 109 684 773

Condensed Interim Consolidated Financial Report  
Half-year Ended 31 December 2014

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