

BWF ASX Release

27 August 2014

30 June 2014 – Full Year Result

BlackWall announces a full year **after-tax profit of \$4.1 million**. Further, the directors have declared a **final fully franked dividend of 1.3 cents per share** to be paid on 31 October 2014. This brings the total dividend for 2014 to 2.5 cents per share fully franked.

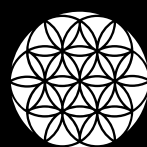
BlackWall's fund and property management business grew significantly in the GFC through the acquisition of distressed fund mandates. In some cases these positions have taken some time to stabilise however they are beginning to have an increasingly positive impact on BlackWall's financial performance.

	2014	2013	2012
Net profit after tax	\$4.1 million	\$2.3 million	(\$3 million)
EPS	8 cents	4 cents	(6 cents)
NTA per share	28 cents	21 cents	17 cents
Share price	25 cents	14 cents	10 cents
Fully franked dividend	2.5 cps	1.1 cps	0.5 cps

2014 Highlights

- Maturity of the BlackWall Storage Fund generates a 7-year IRR p.a. of 14.6% for investors.
- BlackWall underwrites a rights issue and manages an asset sale program in its listed trust P-REIT (PXT) to discharge the trust's obligations under an adverse court judgement. All PXT's legacy issues are now resolved, distributions have recommenced and the trust is well positioned for growth. BlackWall holds just over 73 million (15.6%) units in PXT.
- PXT re-brands as the BlackWall Property Trust (ASX code: BWR).
- BlackWall's serviced office business generates an EBITDA contribution of \$270,000 to 30 June 2014 (up from \$110,000 in 2013). Late in the reporting period ended June 2014, the business establishes new ventures in Pyrmont and the Gold Coast and expands its operations in Neutral Bay. The business now has 2,000 sqm in operation and a further 1,800 sqm in start up phase.
- The serviced office business re-brands as WOTSO WorkSpace – www.wotsoworkspace.com.au.

A more detailed review of BlackWall's operations is included in the Directors' Report which forms part of the company's Annual Report for the year ended 30 June 2014 (attached). For more information contact Stuart Brown (Chief Executive Officer) or Tim Brown (Chief Financial Officer) on +612 9033 8611.



BLACKWALL PROPERTY FUNDS

& Controlled Entities

ABN 37 146 935 131

*Development Funds Management WOTSO WorkSpace Property Management
Leasing Property Turnaround Urban Renewal Special Opportunities BlackWall
Property Trust Fully Franked Dividends Performance Fees Investment Returns
Development Funds Management WOTSO WorkSpace Property Management
Fund Property Leasing Turnaround Urban Renewal Special Opportunities
BlackWall Property Trust Fully Franked Dividends Performance Fees WOTSO
Development Investment Returns Funds Management WOTSO WorkSpace
Property Management Leasing Property Trust Urban Renewal Special
Opportunities BlackWall Property Trust Fully Franked Dividends Performance
Fees Investment Returns Development Funds Management WOTSO
WorkSpace Property Management Leasing Property Turnaround Urban
Renewal Special Opportunities BlackWall Property Turnaround Fully Franked
Dividends Development Investment Returns Performance Fees Funds
Management WOTSO WorkSpace Property Management Leasing Property
Turnaround Urban Renewal Special Opportunities BlackWall Property Trust
Fully Franked Dividends Performance Fees Investment Returns Development
Funds Management WOTSO WorkSpace Property Management Leasing*

Consolidated Annual Financial Report

Year Ended 30 June 2014

Financial Report

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Principal Activities and Review of Operations

BlackWall is a vertically integrated property funds management and investment business. For the year ended 30 June 2014 BlackWall made an after tax profit of \$4.1 million and declared a fully franked dividend of 1.3 cents per share to be paid on 31 October 2014. This brings the full-year dividend to 2.5 cents per share fully franked. BlackWall has Net Tangible Assets of \$14 million (28 cents per share) with 50.4 million shares on issue.

We earn management income from a commercial, retail and industrial property portfolio. Our management fees are calculated by reference to rent received (property management) and asset values (fund management). In addition we aim to generate property investment management performance fees. Our growing serviced office business, WOTSO WorkSpace, earns rent and services fees by providing short-term office accommodation and shared workspace. We also undertake distressed debt management.

Profit & Loss Summary	2014
Management Fees	\$7,418,000
WOTSO WorkSpace Income	\$1,230,000
Investment Income	
• Distributions	\$556,000
• Asset Sales, Impairment & Revaluations	\$1,300,000
Total Income	\$10,504,000
Expenses	(\$4,621,000)
Depreciation	(\$158,000)
Interest and Tax	(\$1,674,000)
After Tax Profit (excluding outside equity interests)	\$4,081,000
Earnings Per Share	\$0.08

BlackWall's debt free balance sheet is employed in underwriting our investment funds' activities, seeking new ventures and investing directly in distressed real estate and development assets.

Balance Sheet Summary	2014
Net Tangible Assets (excluding outside equity interests)	\$13,996,000
NTA Per Share	\$0.28
Closing Price*	\$0.265
Shares On Issue	50,395,445
Market Cap	\$13,354,792

* Closing price on the day prior to release of results.

Set out below is a brief update of BlackWall's key activities.

WOTSO WorkSpace

BlackWall has expanded its serviced office business opening two new sites and broadening its offering to include premium executive suites, collaborative workspaces, a range of meeting room configurations, project and event space and virtual offices. The newly rebranded WOTSO WorkSpace now has locations across Sydney at Neutral Bay, North Strathfield and Pyrmont and on the Gold Coast. See www.wotsoworkspace.com.au for more details or contact **1 800 4 WOTSO**.

The serviced office business contributed \$270,000 in EBITDA to 30 June 2014 (\$110,000 in 2013). Since May 2014 WOTSO's footprint has grown from 2,000 sqm to 3,800 sqm.

BlackWall Property Trust (ASX: BWR)

BWR is an ASX-listed property investment trust. At 30 June 2014 BWR had gross assets of \$116 million with net assets of \$62 million (13.3 cents per unit). To 30 June 2014 BWR generated a net profit of \$6.2 million.

In 2014 the trust resolved the last of the legacy issues inherited by BlackWall's funds management businesses when it assumed control in 2009. Distributions have recommenced and the trust is now well placed for growth through mergers, acquisitions and development. For more information on BWR and its results please refer to its annual report.

Bakehouse Quarter

The Bakehouse Quarter is a large scale mixed use property located in Sydney's inner west. The project comprises over 40,000 sqm of commercial, retail and entertainment space leased to tenants including Arnott's, NRMA, Aldi, Fitness First and AMF Bowling. BlackWall provides fund, asset and debt management to the wholesale investment trust that owns the property (known as the Kirela Development Unit Trust) and is also the responsible entity of BQT. BQT is a retail investment trust that holds roughly 12% of Kirela's ordinary equity. The Bakehouse Quarter has the capacity to grow to over 100,000 sqm of NLA.

In addition to the management activities undertaken by BlackWall at the Bakehouse Quarter, the company holds 5 million Bakehouse Bonds. Bakehouse Bonds are subordinated debt securities with a coupon of 5.5% per annum. The Bakehouse Bonds mature in 2020 and their face value is indexed to CPI annually. BWR also holds 20 million Bakehouse Bonds. The Bonds are subordinated to senior debt secured on the project (\$98 million). The Bakehouse Quarter is carried at a value of approximately \$200 million.

BlackWall Penrith Fund No. 3

The fund is a property investment trust with an interest in a 'big-box' retail property located on Mulgoa Road, Penrith. The investment structure has been in place since 2002 and has made investor distributions of not less than 8.75% per annum. Tenants include Toys R Us, Boating Camping Fishing and Barbeques Galore. Two new tenants recently opened at the site - a childcare operator (20 year term) and a restaurant (10 year term). The fund is paying quarterly cash distributions at 9% per annum.

BlackWall Telstra House Trust

The trust is a single asset property syndicate controlling a commercial office building known as Telstra House, located on Northbourne Avenue in Canberra. The trust is capitalised by an offshore investment syndicate along with local retail and sophisticated investors.

The building is leased to Telstra. Despite its lease expiring on 30 November 2018, Telstra vacated the premises earlier this year. As a consequence the trust has significant lead time to plan and execute the

repositioning of the asset during the four year Telstra lease tail. We are evaluating a number of options including the potential of a significant residential redevelopment.

The trust's bank debt is \$18.2 million following repayments of \$600,000 in the 2014 financial year.

TPIF

BlackWall's businesses assumed control of this property securities fund in late 2009. At the time TPIF was struggling to pay interest and unable to sell assets to reduce debt. BlackWall successfully managed a restructure of its portfolio and the fund is now stabilised and debt-free. Recently it returned the bulk of its value to unitholders through an in-specie distribution of its entire holding in BWR. The strategy for the fund now is to participate in deep value and opportunistic property situations.

WRV Unit Trust

The trust is a property investment trust capitalised by a small group of institutional and sophisticated investors. The trust has an interest in the Woods Action Centre, an entertainment precinct in Villawood, Sydney. Tenants include AMF Bowling, Sydney Indoor Climbing Gym and Chipmunks Play Centre.

Distressed Debt Mandates

Although our focus is on assets and structures that we control, we do undertake third party management, development and funding assignments where we see an opportunity to participate in ownership structures. In this regard BlackWall acts as asset manager on behalf of two financiers who have taken control of approximately \$100 million of real estate.

Share Buy-Back

The Company has extended its share buy-back to expire in March 2015. During the year ended 30 June 2014 BlackWall bought back and cancelled 625,000 shares under this scheme. No shares have been acquired since 30 June 2014.

Share Options

During the financial year, the Company granted 4,495,000 options. Please refer to the Share Capital note included in these Financial Statements for details.

Dividends

Fully franked dividends of 0.6 cents per share and 1.2 cents per share were paid on 29 October 2013 (with respect to the year ended June 2013) and 11 April 2014 respectively. In addition, the Board has declared a final fully franked dividend of 1.3 cents per share to be paid on 31 October 2014. This brings the full year dividend for the period ended 30 June 2014 to 2.5 cents per share fully franked.

Significant Changes in Affairs

There were no significant changes to the state of affairs of the Group during the financial year.

Events Subsequent to Reporting Date and Likely Developments

On 24 July 2014, TPIF declared and made an in-specie distribution. The distribution was by way of a return of capital and BlackWall received approximately 1.4 units in BWR for every TPIF unit held. As a result, in addition to the current TPIF units held, the Group now also owns an additional 2,684,282 BWR units.

Aside from the in-specie distributions of BWR units described 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 Group's operations or may materially affect its operations, state of affairs or the results of operations in future financial years.

Information on Officeholders

The names of the Officeholders during or since the end of the year are set out below. Unless otherwise stated, Officeholders have been in office since the beginning of the financial year.

Name and Position	Special Experience
Richard Hill Non-Executive Director and Chairman	Richard Hill has extensive investment banking experience and was the founding partner of the corporate advisory firm Hill Young & Associates. Richard has invested in the Group'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. He is the Chairman of Calliden Group Limited and Sirtex Medical Limited (both listed on the ASX) and a Director of Biota Pharmaceuticals Inc. (listed on NASDAQ). In addition Richard is Chairman of the Westmead Millennium Institute for Medical Research. Previously, Richard was an Independent Non-Executive Director of the then ASX-listed Pelorus Property Group Limited.
Joseph (Seph) Glew Non-Executive Director	Seph has worked in the commercial property industry in New Zealand, the USA and Australia. Seph has driven large scale property development and financial structuring for real estate for over 30 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. Seph is Chairman of Pelorus Private Equity Limited (an unlisted public company), a position he held when that entity traded on the ASX under the name Pelorus Property Group Limited.

Robin Tedder Non-Executive Director	Robin has 38 years' experience in investment and financial markets. He has been an investor in BlackWall's projects since 1997. Robin is the Chairman of Vintage Capital Pty Ltd, an investment company with interests in property, wealth management, logistics and healthcare. He is a former member of the ASX and has served on the boards of several investment banks in Australia and overseas. He is a Director of Probiotec Ltd (a pharmaceutical manufacturing company listed on the ASX) and a Director of the retailer, Italtile Australia Pty Ltd. Robin is also a Fellow of the Financial Services Institute of Australasia. Robin is a Non-Executive Director of Pelorus Private Equity Limited, a position he held when it traded on the ASX under the name Pelorus Property Group Limited.
Stuart Brown Executive Director and Chief Executive Officer	Stuart has been involved in property investment for over 15 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 a Director of the unlisted public company, Pelorus Private Equity Limited, and an independent Director of Coogee Boys' Preparatory School.
Don Bayly Company Secretary	Don has a Bachelor of Commerce and Administration from Victoria University. Don has over 20 years' compliance management experience.

Meeting Attendances

Director	No. of Board Meetings Held	Board Meeting Attendance
Richard Hill	5	5
Seph Glew	5	5
Robin Tedder	5	5
Stuart Brown	5	5

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

Environmental Regulation and Performance

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 willful 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.

Auditor and Non-audit Services

\$8,250 was paid to the auditor for non-audit services during the year (2013: \$10,250) 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 Group 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.

Remuneration Report (Audited)

The Board is responsible for determining the remuneration of KMP. For the reporting period the Board has determined that KMP were the Chief Executive Officer and the Chief Financial Officer. KMP determine the senior executive and 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 subject to review each year 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:

Remuneration for the year ended 30 June 2014

	Short term				Post-employment superannuation		Total	
	Directors' fees		Salary and other		2014	2013	2014	2013
	2014	2013	2014	2013				
	\$	\$	\$	\$	\$	\$	\$	\$
Richard Hill	85,000	85,000	-	-	-	-	85,000	85,000
Seph Glew	75,000	75,000	-	-	-	-	75,000	75,000
Robin Tedder	75,000	75,000	-	-	-	-	75,000	75,000
Stuart Brown	-	-	325,602	321,000	25,201	29,000	350,803	350,000
Tim Brown	-	-	200,760	190,000	15,240	17,000	216,000	207,000
Total	235,000	235,000	526,362	511,000	40,441	46,000	801,803	792,000

Share options

During the reporting period, the following options have been granted to Board members and KMP. At the date of this report, there are no other options on issue. The exercise prices for A Options and B Options are 25 cents and 35 cents respectively.

	Expiry date	Number of options granted	Value of options at grant date \$'000	% of total remuneration *
Richard Hill	30 June 2016	250,000 A Options	1	1.16%
Seph Glew	30 June 2016	200,000 A Options	1	1.32%
Robin Tedder	30 June 2016	200,000 A Options	1	1.32%
Stuart Brown	30 June 2016	900,000 A Options	4	1.13%
	30 June 2018	2,000,000 B Options	-	
Tim Brown	30 June 2016	395,000 A Options	1	0.46%
		1,945,000 A Options		
Total		2,000,000 B Options	8	0.99%

* Total remuneration includes value of options

The Directors issued these options to align the interests of shareholders with Directors and senior executives by linking remuneration with the growth in the value of BlackWall shares. In determining the number of options granted consideration was given to experience of recipient and role in the Company, their respective overall remuneration, current market conditions and the market price of BlackWall shares.

Directors and KMPs' Relevant Interests

	30 June 2013 No.	Net change No.	30 June 2014 No.	Reporting date No.
Richard Hill	1,643,686	-	1,643,686	1,643,686
Seph Glew	6,263,929	1,489,581	7,753,510	7,753,510
Robin Tedder	7,021,657	420,845	7,442,502	7,442,502
Stuart Brown	680,230	20,000	700,230	700,230
Tim Brown	83,141	-	83,141	83,141
Total	15,692,643	1,930,426	17,623,069	17,623,069

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



Stuart Brown
 Director
 Sydney, 27 August 2014



Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

As auditor for the audit of Blackwall Property Funds Ltd and its Controlled Entities for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Dated at Sydney the 26th day of August 2014.

A handwritten signature in blue ink, appearing to be 'ESV' followed by a checkmark-like flourish.

ESV Accounting and Business Advisors

A handwritten signature in blue ink, appearing to be 'Chris Kirkwood' with a long, sweeping flourish.

Chris Kirkwood
Partner

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 22 August 2014.

1. Shareholders

The Company's top 20 largest shareholdings were:

	Investor	Ordinary Shares (No.)	Shares (%)
1	Vintage Capital Pty Ltd	5,413,800	10.74
2	Seno Management Pty Ltd <Seno Super Fund A/C>	4,600,000	9.13
3	Lymkeesh Pty Ltd <Employees Super Fund A/C>	4,304,742	8.54
4	Sandhurst Trustees Ltd <AIMS PSF A/C>	2,762,000	5.48
5	Pelorus Private Equity Limited	2,680,000	5.32
6	IHOP Pty Ltd <Keppel Investments Unit A/C>	2,566,345	5.09
7	Koonta Pty Ltd <Koonta Super Fund Account>	1,998,702	3.97
8	Jagar Property Consultants Pty Limited	1,464,581	2.91
9	Sao Investments Pty Ltd	1,428,262	2.83
10	Pinnatus Pty Ltd	1,141,088	2.26
11	McMullin Nominees Pty Ltd	1,098,713	2.18
12	Benyaya Holdings Pty Ltd	1,086,750	2.16
13	Mr Richard Hill <Richard Hill Super Fund A/C>	873,604	1.73
14	Methuselah Capital Management Pty Ltd <Feldman Family A/C>	805,412	1.60
15	Glenahilty Pty Limited	772,088	1.53
16	I P R Nominees Pty Ltd <1965 Irvin Peter Rockman A/C>	755,781	1.50
17	Tampopo Pty Ltd	754,082	1.50
18	Extra Edge Pty Ltd	650,000	1.29
19	Frogstorm Pty Ltd <The Rockahula A/C>	530,223	1.05
20	Mr Mark Hamish Lochtenberg & Mrs Fiona Lochtenberg <The Rigi Super Fund A/C>	501,371	0.99

2. Distribution of Shareholders

The distribution of shareholders by size of holding was:

Category	No. of Shareholders
1-1,000	263
1,001-5,000	599
5,001-10,000	228
10,001-100,000	220
100,001 and over	42
Total number of shareholders	1,352

BlackWall has 470 holders of less than a marketable parcel. The Company has 50,395,445 ordinary shares on issue. All shares carry one vote per share without restrictions. All shares are quoted on the Australian Securities Exchange (ASX Code: BWF).

3. Substantial Shareholders

The Company's substantial shareholders are set out below:

Investor	Ordinary Shares (No.)	Shares (%)
Joseph (Seph) Glew	7,753,510	15.39
Robin Tedder	7,442,502	14.77
Paul Tresidder	7,442,252	14.77
IHOP Pty Limited <Keppel Investments Unit Trust>	4,047,282	8.03
Sandhurst Trustees Ltd <AIMS PSF A/C>	2,762,000	5.48
Pelorus Private Equity Ltd	2,680,000	5.32

The Group's details are as follows:

Registered Office	Level 1, 50 Yeo Street Neutral Bay NSW 2089
Principal Place of Business	Level 1, 50 Yeo Street Neutral Bay NSW 2089
Telephone	+612 9033 8611
Fax	+612 9033 8600
Websites	www.blackwallfunds.com.au www.wotsoworkspace.com.au
Registry	Computershare Investor Services Pty Limited GPO Box 2975 Melbourne VIC 3001 www.computershare.com.au Telephone: +613 9415 4329

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
Fund and asset management income		2,133	2,666
Property management income		1,621	1,837
Serviced office income		1,230	1,070
Investment income		556	331
Performance bonus income		3,664	-
Unrealised gain on revaluation of financial assets		1,648	996
Other income		-	120
Total Revenue	2(a)	10,852	7,020
Business operating expenses	3	(4,566)	(4,367)
Depreciation	3	(158)	(220)
Finance costs	3	(33)	(49)
Loss on disposal of assets		(48)	-
Write off of goodwill	11	(348)	-
Other expenses		(7)	(11)
Profit Before Income Tax		5,692	2,373
Income tax expense	4	(1,641)	(548)
Profit For the Year		4,051	1,825
Other Comprehensive Income			
<i>Items that will be reclassified to profit or loss</i>			
Unrealised gain on revaluation of financial assets	2(b)	-	535
Other Comprehensive Income For the Year		-	535
Total Comprehensive Income For the Year		4,051	2,360
Profit / (Loss) Attributable To:			
Owners of the Group		4,081	1,787
Non-controlling interest		(30)	38
		4,051	1,825
Total Comprehensive Income / (Loss) Attributable To:			
Owners of the Group		4,081	2,322
Non-controlling interest		(30)	38
		4,051	2,360
Earnings Per Share			
Continuing operations:			
Basic and diluted earnings per share	20	\$0.08	\$0.04

The accompanying notes form part of these financial statements.

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	2014 \$'000	2013 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,123	1,077
Trade and other receivables	6	922	1,363
Total Current Assets		2,045	2,440
Non-current Assets			
Equity accounted investments	7	5	5
Financial assets	8	14,255	10,079
Property, plant and equipment	9	387	503
Other assets	10	30	-
Intangible assets	11	-	374
Total Non-current Assets		14,677	10,961
TOTAL ASSETS		16,722	13,401
LIABILITIES			
Current Liabilities			
Trade and other payables	12	870	1,398
Current tax payable	13	925	137
Borrowings	14	-	250
Provisions	15	208	185
Total Current Liabilities		2,003	1,970
Non-current Liabilities			
Other payables	16	119	102
Deferred tax liabilities	17	609	243
Provisions	15	55	35
Total Non-current Liabilities		783	380
TOTAL LIABILITIES		2,786	2,350
NET ASSETS		13,936	11,051
EQUITY			
Share capital	18(a)	11,247	11,338
Reserves	18(c)	8	-
Retained earnings /(accumulated losses)		2,741	(433)
Parent Interest		13,996	10,905
Non-controlling interest		(60)	146
TOTAL EQUITY		13,936	11,051

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2014

	Ordinary shares \$'000	Retained earnings/ (accumulated losses) \$'000	Available-for- sale assets revaluation reserve (*) \$'000	Share options reserve \$'000	Attributable to owners of the parent \$'000	Non- controlling interest \$'000	Total \$'000
Balance at 1 July 2013	11,338	(433)	-	-	10,905	146	11,051
Profit for the year	-	4,081	-	-	4,081	(30)	4,051
Dividend paid	-	(907)	-	-	(907)	-	(907)
Transactions with owners in their capacity as owners	-	-	-	-	-	(176)	(176)
Cancellation of shares	(91)	-	-	-	(91)	-	(91)
Share options	-	-	-	8	8	-	8
Balance at 30 June 2014	11,247	2,741	-	8	13,996	(60)	13,936
Balance at 1 July 2012	11,367	(2,151)	(92)	-	9,124	108	9,232
Profit for the year	-	1,787	-	-	1,787	38	1,825
Other comprehensive income	-	-	535	-	535	-	535
Change of accounting policies (*)	-	443	(443)	-	-	-	-
Dividend paid	-	(512)	-	-	(512)	-	(512)
Cancellation of shares	(29)	-	-	-	(29)	-	(29)
Balance at 30 June 2013	11,338	(433)	-	-	10,905	146	11,051

* Transfer from available-for-sale assets revaluation reserve to restate accumulated losses as a result of early adoption of AASB 9 effective from 1 January 2013.

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
Cash Flows From Operating Activities			
Receipts from customers		10,099	5,534
Payments to suppliers and employees		(5,993)	(5,047)
Dividends and distributions received		426	229
Interest paid		(33)	(49)
Interest received		62	29
Income tax paid		(496)	(361)
Net Cash Flows From Operating Activities	23	4,065	335
Cash Flows From Investing Activities			
Proceeds from sale of investments		190	290
Acquisition of property, plant and equipment		(44)	(39)
Acquisition of investments		(2,270)	-
Loans from related parties		-	55
Loans to related parties		(475)	(10)
Net Cash Flows From / (Used in) Investing Activities		(2,599)	296
Cash Flows From Financing Activities			
Repayment of borrowings		(250)	(175)
Payments for share buy-back		(91)	(29)
Dividend paid		(1,079)	(512)
Net Cash Flows Used in Financing Activities		(1,420)	(716)
Net Increase / (Decrease) in Cash Held		46	(85)
Cash and cash equivalents at the beginning of the year		1,077	1,162
Cash and Cash Equivalents at End of the Year	5	1,123	1,077

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1. Segment Information

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. There is only one geographical segment being Australasia. 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, Fund and Property Management, Investments, WOTSO WorkSpace and Unallocated. Following the acquisition of funds management operations, the Group's fee earning activities are primarily derived from property assets held within funds or held on balance sheet. As such the Group's operations and reporting lines are better represented by consolidating all of the fee earning, operating property businesses within the Fund and Property Management segment and returns derived by holding investments in property securities under the segment referred to as Investments.

The Fund and Property Management segment engages in funds and asset management as well as property services that include property management, leasing and general property consultancy. Management treats these operations as one "fee earning" operating segment. The 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. Given the changing nature and scale of BlackWall's serviced office business, WOTSO WorkSpace is represented as a new segment for the financial year. The Unallocated segment represents general administrative functions at the head office (e.g. salaries).

Transfer prices between business segments are set at an arm's length basis. The segment information for the year ended 30 June is as follows:

	Fund and Property Management \$'000	Investments \$'000	WOTSO WorkSpace \$'000	Unallocated \$'000	Consolidated Total \$'000
Year ended 30 June 2014					
Sales to external customers	7,417	557	1,230	-	9,204
Unrealised gain on revaluation of financial assets	-	1,648	-	-	1,648
Inter-segment sales	876	-	-	-	876
Total segment revenue	8,293	2,205	1,230	-	11,728
Inter-segment eliminations					(876)
Total consolidated revenue					10,852
Business operating expenses	(3,015)	(407)	(959)	(185)	(4,566)
Depreciation	(34)	-	(92)	(32)	(158)
Finance costs	(11)	(11)	(11)	-	(33)
Loss on disposal of assets	-	(47)	(1)	-	(48)
Write off of goodwill	-	-	-	(348)	(348)
Other expenses	(7)	-	-	-	(7)
Inter-segment expenses	(876)	-	-	-	(876)
Total segment expenses	(3,943)	(465)	(1,063)	(565)	(6,036)
Inter-segment eliminations					876
Total consolidated expenses					(5,160)
Profit / (loss) before income tax	4,350	1,740	167	(565)	5,692
Total comprehensive income / (loss) for the year before tax	4,350	1,740	167	(565)	5,692

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	Fund and Property Management \$'000	Investments \$'000	WOTSO WorkSpace \$'000	Unallocated \$'000	Consolidated Total \$'000
Year ended 30 June 2013					
Sales to external customers	5,573	451	-	-	6,024
Gain on disposal of management rights	-	996	-	-	996
Inter-segment sales	295	-	-	-	295
Total segment revenue	5,868	1,447	-	-	7,315
Inter-segment eliminations					(295)
Total consolidated revenue					7,020
Business operating expenses	(3,531)	(406)	-	(430)	(4,367)
Depreciation	(176)	-	-	(44)	(220)
Finance costs	(49)	-	-	-	(49)
Other expenses	(10)	-	-	(1)	(11)
Inter-segment expenses	(295)	-	-	-	(295)
Total segment expenses	(4,061)	(406)	-	(475)	(4,942)
Inter-segment eliminations					295
Total consolidated expenses					(4,647)
Profit / (loss) before income tax	1,806	1,042	-	(475)	2,373
Other comprehensive income / (loss)					
Net gain on available-for-sale financial assets	-	535	-	-	535
Total comprehensive income / (loss) for the year before tax	1,806	1,577	-	(475)	2,908

	Fund and Property Management \$'000	Investments \$'000	WOTSO WorkSpace \$'000	Unallocated \$'000	Consolidated Total \$'000
30 June 2014					
Segment assets	2,147	14,255	320	-	16,722
Segment liabilities	(1,808)	(805)	(173)	-	(2,786)
Net assets	339	13,450	147	-	13,936
30 June 2013					
Segment assets	3,322	10,079	-	-	13,401
Segment liabilities	(2,051)	(299)	-	-	(2,350)
Net assets	1,271	9,780	-	-	11,051

2. Revenue

		2014 \$'000	2013 \$'000
(a) Revenue	Note		
Revenue from continuing operation:			
Fund and asset management income		2,133	2,666
Property management income		1,621	1,837
Serviced office income		1,230	1,070
Investment income:			
- Dividends and distributions		494	303
- Finance income		62	28
		556	331
Performance bonus income	2(b)	3,664	-
Unrealised gain on revaluation of financial assets	2(c)	1,648	996
Other revenue:			
- Gain on disposal of investments		-	120
		-	120
Total		10,852	7,020

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For the Year Ended 30 June 2014

(b) Performance bonus income

BlackWall Storage Fund controlled three self-storage assets located in the ACT region. The fund matured in September 2013 on the completion of its seven-year term. The performance fee income was calculated by reference to the uplift in the value of the fund's assets, from \$15 million at inception to \$25 million at its maturity.

(c) Unrealised gain on financial assets

In 2013 the Group changed the classification of its financial assets as set out below. In 2014 the assets were classified as financial assets at FVTPL for the full year. Total unrealised gain on financial assets during the year is as follows:

	2014 \$'000	2013 \$'000
Unrealised gain recognised in profit or loss	1,648	996
Unrealised gain recognised in other comprehensive income	-	535
Total unrealised gain on financial assets	1,648	1,531

3. Expenses

	2014 \$'000	2013 \$'000
Employee & consultants' costs	2,943	2,705
Occupancy costs	1,098	978
Administration expenses	525	684
Total business operating expenses	4,566	4,367
Depreciation	158	220
Finance costs	33	49

4. Income Tax Expense

	2014 \$'000	2013 \$'000
Current tax	1,280	397
Deferred tax	366	303
Overprovision of prior year tax	(5)	(152)
Total	1,641	548

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2013: 30%)

Add / (less) tax effect of:

- Non-deductible items	135	3
- Deductible item	(181)	-
- Costs of issuing equity	(15)	(15)
- Overprovision of prior year tax	(5)	(152)
Total	1,641	548

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For the Year Ended 30 June 2014

5. Current Assets - Cash and Cash Equivalents

	2014 \$'000	2013 \$'000
Cash on hand	1	1
Cash at bank	1,122	1,076
Total	1,123	1,077

Cash at bank earns interest at floating rates based on daily bank deposit rates.

6. Current Assets - Trade and Other Receivables

	2014 \$'000	2013 \$'000
Trade receivables:		
- Related parties	824	526
- Other parties	25	473
Total trade receivables	849	999
Other receivables:		
- Related parties	47	250
- Other parties	26	114
Total other receivables	73	364
Total	922	1,363

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 2014 (2013: \$nil).

7. Non-current Assets - Equity Accounted Investments

Name	Principal	Country of Incorporation	Ownership Interest		Carrying Amount of Investment	
			2014 %	2013 %	2014 \$'000	2013 \$'000
APG Asset Management Pty Ltd	Financial services and management company	Australia	50	50	5	5
Total					5	5

8. Non-current Assets - Financial Assets

	Note	2014 \$'000	2013 \$'000
Loans and receivables	8(a)	465	2
Financial assets at FVTPL	8(b)	13,790	10,077
Total		14,255	10,079

(a) Loans and receivables

Loans and receivables to related parties	465	2
Total	465	2

\$465,000 has been lent to the Bald Rock Fund. Interest is payable at BBSY plus 2.7% p.a.

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(b) Financial assets at FVTPL

Bakehouse Bond Trust	5,340	5,181
BlackWall Property Trust	6,979	3,417
TPIF	444	375
Pelathon Management Group	10	10
Pelathon Pub Group (Ordinary)	829	879
Pelathon Pub Group (Preferred) 8(c)	188	-
BlackWall Storage Fund	-	111
BlackWall Telstra House Trust	-	104
Total	13,790	10,077

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 \$5 million is indexed to CPI (subject to impairment) and the current value at 30 June 2014 is \$5.34 million. The Bonds will mature on 30 June 2020. In addition, a coupon of 5.5% per annum is paid quarterly in arrears.

(c) Pelathon Pub Group (Preferred)

Investment at fair value	413	-
Less: second instalment payable	(225)	-
Total	188	-

The Group acquired 6,250,000 Pelathon Pub Group Preferred units during the period under the terms of a 1 for 1.5 pro rata offer. Units issued under this offer are partly paid to 2.4 cents per unit. The issuer may call on the second instalment of 3.6 cents per unit by October 2015. The carrying value is the issue price less the second instalment.

9. Non-current Assets - Property, Plant and Equipment

	2014 \$'000	2013 \$'000
Furniture, fixtures and fittings:		
- At cost	945	918
- Less accumulated depreciation	(593)	(457)
	352	461
Office equipment:		
- At cost	101	94
- Less accumulated depreciation	(66)	(52)
	35	42
Total	387	503

	Furniture, fixtures and fittings \$'000	Office equipment \$'000	Total \$'000
30 June 2014			
Balance at the beginning of year	461	42	503
Additions	28	17	45
Disposals	-	(3)	(3)
Depreciation expense	(137)	(21)	(158)
Balance at the end of year	352	35	387

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For the Year Ended 30 June 2014

30 June 2013

Balance at the beginning of year	615	68	683
Additions	33	7	40
Depreciation expense	(187)	(33)	(220)
Balance at the end of year	461	42	503

10. Non-current Assets – Other Assets

	2014 \$'000	2013 \$'000
Other assets - at cost	30	-
Total	30	-

11. Non-current Assets - Intangible Assets

	2014 \$'000	2013 \$'000
Goodwill - at cost	-	374
Total	-	374

	Goodwill \$'000
30 June 2014	
Balance at the beginning of year	374
Disposals	(26)
Write off of goodwill	(348)
Balance at the end of year	-
30 June 2013	
Balance at the beginning of year	374
Balance at the end of year	374

Goodwill was acquired through the acquisition of the Group's subsidiaries on 1 January 2011. The recoverable amount of the operating business CGUs is determined based on VIU calculation. No impairment arose as a result of the review of goodwill of the operating CGUs during the current year. Given the immaterial nature of the goodwill and the fact that it does not reflect the operating business the Board determined that it would no longer carry the goodwill in the Group's balance sheet.

12. Current Liabilities - Trade and Other Payables

	2014 \$'000	2013 \$'000
Trade payables:		
- Related parties	47	69
- Other parties	750	1,225
	797	1,294
Sundry payables and accrued expenses	43	73
Rental income in advance	30	31
Total	870	1,398

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

13. Current Liabilities - Current Tax Payable

	2014 \$'000	2013 \$'000
Income tax payable	925	137
Total	925	137

14. Current Liabilities - Borrowings

	2014 \$'000	2013 \$'000
Borrowings	-	250
Total borrowings	-	250

15. Current and Non-current Liabilities - Provisions

	2014 \$'000	2013 \$'000
Current – employee benefits	208	185
Non-current – employee benefits	55	35
Total provisions	263	220

30 June 2014

	Provisions \$'000
Balance at the beginning of year	220
Net additional provisions recognised	43
Balance at the end of year	263

30 June 2013

	Provisions \$'000
Balance at the beginning of year	186
Net additional provisions recognised	34
Balance at the end of year	220

The number of employees for the Group as at 30 June 2014 is 19 (2013: 14).

16. Non-current Liabilities - Other Payables

	2014 \$'000	2013 \$'000
Tenant deposits	119	102
Total	119	102

17. Non-current Liabilities - Deferred Tax Liabilities

	2014 \$'000	2013 \$'000
Deferred tax liabilities / (assets) balance comprises:		
Employee entitlements	(69)	(66)
Accrued expenses	(22)	(23)
Accrued income	76	33
Unrealised gains on revaluation of financial assets	624	299
Total	609	243

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Movements:

Balance at the beginning of year	243	(60)
Charged to the profit and loss	366	303
Balance at the end of year	609	243

18. Share Capital and Reserves

(a) Summary table

	2014	2013
	\$'000	\$'000
50,395,445 (30 June 2013: 51,020,445) Ordinary	11,247	11,338
Total	11,247	11,338

(b) Movement in shares on issue

	No.	No.
At the beginning of reporting period	51,020,445	51,326,021
Shares cancelled during the year	(625,000)	(305,576)
At reporting date	50,395,445	51,020,445

During the period, the Company purchased 625,000 ordinary shares on-market as part of the Company's share buy-back (commenced in February 2012). A total cost of \$91,000 was deducted from ordinary shareholder equity. Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. 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 and have no par value.

(c) Reserves

	2014	2013
	\$'000	\$'000
Share options reserve	8	-
Total	8	-

During the financial year, the Company granted 4,495,000 options to KMP and employees as follows:

Options	Expiry date	Exercise price	Number
A Options	30 June 2016	\$0.25	2,495,000
B Options	30 June 2018	\$0.35	2,000,000
			4,495,000

19. Dividends

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

	Parent entity	
	2014	2013
	\$'000	\$'000
Final dividend for 2013 of 0.6 cents paid on 29 October 2013 (2013: 0.5 cents in October 2012)	302	257
Interim dividend of 1.2 cents paid on 11 April 2014 (2013: 0.5 cents in March 2013)	605	255
Total	907	512

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In addition, the Board has declared a final fully franked dividend of 1.3 cents per share to be paid on 31 October 2014.

Franking credits available for the subsequent periods based on a tax rate of 30%
(2013: 30%)

1,346	661
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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) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

20. Earnings Per Share

	2014	2013
Basic and diluted earnings per share	\$0.08	\$0.04
Calculated as follows:		
Profit attributable to the owners of the Group	\$4,081,000	\$1,787,000
Weighted average number of shares for basic and diluted earnings per share	50,412,568	51,188,493

21. Auditor's Remuneration

	2014 \$'000	2013 \$'000
Remuneration of ESV for:		
- auditing or reviewing the financial statements for the Group	61	66
- taxation and compliance services	10	10
	71	76
Remuneration of non-ESV firm for:		
- other assurance services	7	6
- taxation and compliance services	2	2
	9	8
Total	80	84

22. Commitments

(a) Operating lease commitments

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

	2014 \$'000	2013 \$'000
Lease commitments payable:		
- payable within 1 year	1,060	951
- payable within 2 – 5 years	1,085	1,850
Total	2,145	2,801

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(b) Capital lease commitments

No capital commitments were in existence as at 30 June 2014 (2013: Nil).

23. Reconciliation of Operating Cash Flows

	2014 \$'000	2013 \$'000
Profit for the year	4,051	1,825
Non-cash flows in profit:		
Non-cash income	-	(585)
Depreciation	158	220
Loss / (gain) on disposal of assets	48	(120)
Write off of goodwill	348	-
Share options expense	8	-
Unrealised gain on revaluation	(1,648)	(996)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	444	(141)
(Increase)/decrease in other assets	(30)	40
Increase in deferred tax liabilities	547	303
Increase / (decrease) in unearned revenue	(1)	9
Decrease in trade and other payables	(510)	(131)
Increase / (decrease) in income taxes payable	788	(123)
Increase / (decrease) in provisions	(138)	34
Net cash flows from operating activities	4,065	335

24. Contingencies

The Group had no contingent assets or liabilities at 30 June 2014 (2013: \$nil).

25. Subsequent Events

Aside from the in-specie distribution of BWR units described in the Directors' Report, 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 Group's operations or may materially affect its operations, state of affairs or the results of operations in future financial years.

26. Controlled Entities

Name	Country of incorporation	Percentage Owned	
		2014 %	2013 %
Parent entity:			
BlackWall Property Funds Limited	Australia	100	100
Subsidiaries of parent entity:			
BlackWall Management Services Pty Ltd	Australia	100	100
Capital Storage Services Pty Ltd *	Australia	-	51
TFML Limited	Australia	100	100
WOTSO WorkSpace Pty Ltd	Australia	100	100

* disposed of as part of the wind-up of the Storage Fund.

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27. Related Party Transactions

(a) Related Entities, Associates and Joint Venture Entities, 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 and Joint Venture Entities

Interests held in associates and joint venture entities by the Group are set out in 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 (refer to the Financial Assets note).

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:

- Investment management: provision of strategic investment advice, asset management and investment portfolio services.
- Asset management: provision of property management services, property portfolio advisory services, maintenance and insurances, strategic advice and management supervision services, administration, marketing and risk management services.

The Group recharges its related entities, associates, joint venture entities 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, joint venture entities and managed funds. In addition, the Group pays the following fees to related entities:

- Rent for use of the Group's Bakehouse Quarter, WOTSO WorkSpace and Neutral Bay head office. The rent paid is determined with reference to arm's length commercial rates.
- Consulting fees and recharges.

Other transactions and outstanding balances with related entities, associates, joint venture entities 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.

	2014 \$'000	2013 \$'000
Revenue:		
- Management fees	2,974	3,221
- Distribution / interest income from funds	496	303
- Interest income from loans	13	-
Expenses:		
- Rent and outgoings paid	1,059	1,032
- Consulting fees	1	14
Outstanding balances:		

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- Trade and other receivables - current	871	776
- Loans and receivables - non-current	465	2
- Trade and other payables - current	47	69

(b) Interests in Related Parties

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

Entity	Holdings (No.'000)		Distribution / Interest Received (\$'000)	
	2014	2013	2014	2013
Bakehouse Bond Trust	5,000	5,000	275	275
BlackWall Property Trust	70,475	22,042	185	-
TPIF	1,932	1,932	-	-
Pelathon Pub Group (Ordinary)	12,561	12,561	-	-
Pelathon Pub Group (Preferred)	6,250	-	-	-
BlackWall Telstra House Trust	-	100	-	10
BlackWall Storage Fund	-	95	36	18
	96,218	41,730	496	303

(c) Key management personnel compensation

	2014 \$'000	2013 \$'000
Total remuneration paid	802	792
Detailed remuneration disclosures are provided in the remuneration report under the Directors' Report.		

28. Parent Entity Information

The following summarises the financial information of the Group's parent entity, BlackWall Property Funds Limited, as at and for the year ended 30 June:

	2014 \$'000	2013 \$'000
Results:		
Profit after tax	2,844	465
Other comprehensive income after tax	-	182
Total comprehensive income after tax	2,844	647
Financial position:		
Current assets	364	120
Non-current assets	12,168	10,127
Total assets	12,532	10,247
Current liabilities	(1,150)	(1,002)
Non-current liabilities	(494)	(218)
Total liabilities	(1,644)	(1,220)
Net assets	10,888	9,027
Share capital	11,247	11,338
Reserves	8	-
Accumulated losses	(367)	(2,311)
Total equity	10,888	9,027

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The parent entity had no contingencies or capital commitments at 30 June 2014 (2013: Nil).

29. Financial Risk Management

(a) Financial risk management

The main risks the Group 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 oversight 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:

	2014 \$'000	2013 \$'000
Financial assets		
Cash and cash equivalents	1,123	1,077
Financial assets at FVTPL	13,790	10,077
Financial liabilities		
Borrowings	-	250

(b) Market risk

(i) Foreign exchange risk

The Group has no material foreign exchange risk.

(ii) Interest rate risk

The Group has exposure to market risk for changes in variable interest rates on borrowings. The weighted average effective interest rates for cash was 2.6% p.a. (2013: 2.6% p.a.). The impact from movement in interest rates is not material based on the current cash balance. The major financial asset is the Group's \$5 million interest in Bakehouse Bonds which is subject to a fixed coupon rate of 5.5% p.a. and as a result is not directly exposed to the interest rate risk. However the Bonds' value is linked to inflation and therefore affected by the inflation rate.

(iii) Price risk

The Group is not exposed to any major price risk except for a material change in the property valuation of the Bakehouse Quarter, which could potentially lead to a decrease in the Bakehouse Bonds' value on their maturity. In relation to the investment in BWR units, a 10% decrease in the ASX trading price (from the price at 30 June 2014, i.e. 9.9 cents per unit) would result in an unrealised loss after tax of \$512,000.

(c) Credit risk

The Group is not exposed to any major credit risk except for the Bakehouse Bonds. The credit risk for the Bakehouse Bonds is of the same nature as the price risk described above.

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(d) Liquidity risk

	Maturing within 1 year \$'000	Maturing 1 - 5 years \$'000	Maturing over 5 years \$'000	Total \$'000
At 30 June 2014				
Financial assets				
Cash and cash equivalents	1,123	-	-	1,123
Trade and other receivables	922	-	-	922
Loans and receivables	-	465	-	465
Financial assets at FVTPL	-	8,450	5,340	13,790
	2,045	8,915	5,340	16,300
Financial liabilities				
Trade and other payables	870	-	-	870
At 30 June 2013				
Financial assets				
Cash and cash equivalents	1,077	-	-	1,077
Trade and other receivables	1,363	-	-	1,363
Loans and receivables	-	2	-	2
Financial assets at FVTPL	-	4,896	5,181	10,077
	2,440	4,896	5,181	12,519
Financial liabilities				
Trade and other payables	1,398	-	-	1,398
Borrowings	250	-	-	250
	1,648	-	-	1,648

(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 and the quoted market price for financial liabilities is the current asking price.

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

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For the Year Ended 30 June 2014

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
At 30 June 2014				
Financial assets at FVTPL	6,979	-	6,811	13,790
At 30 June 2013				
Financial assets at FVTPL	3,417	-	6,660	10,077

(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. 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.

(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 2014	
Balance at the beginning of year	6,660
Purchase	150
Sale	(214)
Fair value movement	215
Balance at the end of year	<u>6,811</u>
At 30 June 2013	
Balance at the beginning of year	-
Reclassification (*)	6,058
Fair value movement	602
Balance at the end of year	<u>6,660</u>

* As a result of early adoption of AASB 9 from 1 January 2013, all available-for-sale financial assets have been reclassified to financial assets at fair value through profit or loss.

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

30. 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. The Directors believed it appropriate to raise no impairment provisions for the year ended 30 June 2014.

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For the Year Ended 30 June 2014

Key estimates –financial assets

Financial asset provisions have been raised with reference to the prevailing prices at 30 June 2014 of financial assets 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. The fair value of the listed securities is based on the closing price from the Australian Securities Exchange as at the reporting date. The fair value of the Bakehouse Bonds is measured by its face value adjusted for annual CPI movements, subject to impairment assessment.

31. Statement of Significant Accounting Policies

BlackWall Property Funds Ltd is a publicly listed company, incorporated and domiciled in Australia. The financial statements for the Group for the year ended 30 June 2014 were authorised for issue in accordance with the resolution of the Directors on the date they were issued.

Basis of Preparation

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 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 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.

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for these financial statements:

i) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns.

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For the Year Ended 30 June 2014

AASB 11 introduces a principles based approach to accounting for joint arrangements. AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

(ii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures.

(iii) AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits.

The Group has adopted these standards and there are no material changes to the Group's financial statements.

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.

Presentation of Financial Statements

Presentation currency

Both the functional and presentation currency of BlackWall Property Funds Ltd and its Australian subsidiaries is Australian dollars. The New Zealand subsidiary's functional currency is New Zealand Dollars, which is translated to presentation currency (refer to Foreign Currency Translation note below).

Principles of Consolidation

Controlled entities

The consolidated financial statements comprise the financial statements of BlackWall Property Funds Ltd and its subsidiaries as at 30 June 2014. 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).

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where controlled entities have entered or left the economic entity during the year, its operating results have been included from the date control was obtained or until the date control ceased.

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For the Year Ended 30 June 2014

A controlled entity is an entity BlackWall Property Funds Ltd has the power to control the financial and operating policies of so as to obtain benefits from its activities.

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.

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.

Foreign Currency Translation

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year end exchange rates prevailing at the reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet. These differences are recognised in the profit or loss (on a net basis) in the period in which the operation is disposed of.

Property, Plant and Equipment

General information

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

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
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Notes to the Financial Statements

For the Year Ended 30 June 2014

Office Equipment over 2 to 5 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 derecognition 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.

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For the Year Ended 30 June 2014

Financial assets

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) Debt investments – at fair value through profit or loss

The Bakehouse Bonds are classified as a debt investment at fair value through profit or loss.

(ii) 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.

(iii) 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.

Early adoption of standards

The Group has early adopted *AASB 9 Financial Instruments*, with effect 1 January 2013, as the Directors believe the revised accounting policy for fair value adjustments to the Group's investments more reliably presents the financial information for users to assess the amounts, timing and uncertainty of future cash flows. In accordance with the transition provisions in AASB 2012-6, comparative figures have not been restated. See Revenue note for further details on the impact of the change in accounting policy.

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

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For the Year Ended 30 June 2014

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.

Goodwill

Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment or more frequently if circumstances indicate it might be impaired and carried at cost less accumulated impairment losses.

Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. When the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash generating unit and that unit is disposed of, the goodwill associated with the unit disposed of is included in the carrying amount of the unit when determining the gain or loss on disposal of the unit. Impairment losses recognised for goodwill are not subsequently reversed. As at 30 June 2014, while goodwill in relation to the purchase of the subsidiaries has not been impaired, the Board has decided to write off the goodwill. Refer to Intangible Assets note.

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. The Group generally deems they have significant influence if they have between 20% to 50% of the voting rights.

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.

Interests in Joint Ventures

The Group has an interest in joint ventures that are jointly controlled operations. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled operations by recognising its interests in the assets and the liabilities of the joint ventures. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of services by the jointly controlled operations.

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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 a provision for any uncollectable debts. An estimate for doubtful debts 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.

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Revenue

Fund and asset management income and performance bonus income are recognised when it becomes legally due and payable to the Group.

Property management income is recognised monthly in arrears.

Serviced office income comprises rental and recovery of outgoings from property tenants. Rental income is accounted for on a straight-line basis over the lease term.

Investment income

Finance income comprises interest on funds invested, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit and loss.

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.

All revenue is stated net of the amount of goods and services tax (GST).

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

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 Property Funds 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 Property Funds Limited.

In addition to its own current and deferred tax amounts, BlackWall Property Funds 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.

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2014

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 Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities

In August 2013, the AASB made amendments to the above standard which exempt investment entities from consolidating controlled investees. The amendments will apply to the Group from 1 July 2014.

The Group has assessed the investment entities definition and exemption, and does not expect the amendments to have a significant impact on its composition.

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 changes to the Group's financial statements.

AASB 2014-1 Amendments to Australian Accounting Standards (Employee benefits - effective 1 July 2014)

The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. There will be no material adjustments to the Group's financial statements.

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 consolidated entity's financial position as at 30 June 2014 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.



Stuart Brown

Director

Sydney, 27 August 2014



Independent Audit Report to the Members of Blackwall Property Funds Limited and Controlled Entities

Report on the Financial Report

We have audited the accompanying financial report of Blackwall Property Funds Limited and Controlled Entities ("the Group"), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity.

Directors' Responsibility for the Financial Report

The directors of the Group 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 controls as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 31, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements, and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's report.



Independent Audit Report to the Members of Blackwall Property Funds Limited and Controlled Entities

Opinion

In our opinion:

- (a) the financial report of Blackwall Property Funds Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Group for the year ended 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 31.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 9 of the directors' report for the year ended 30 June 2014. The directors of the Group 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.

Opinion

In our opinion, the Remuneration Report of Blackwall Property Funds Limited and Controlled Entities for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Dated at Sydney the 27th day of August 2014.

ESV Accounting and Business Advisors

Chris Kirkwood
Partner

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BlackWall / BWF	BlackWall Property Funds Limited
BQT	Bakehouse Quarter Trust
BWR	BlackWall Property Trust
CGUs	Cash generating units
Company	BlackWall Property Funds Limited
Consolidated annual financial report	Financial statements
EPS	Earnings per share
FVTPL	Fair value through profit and loss
Group	BlackWall Property Funds Limited & subsidiaries
GST	Goods and services tax
HSBC	Hong Kong & Shanghai Banking Corporation
IFRS	International Financial Reporting Standards
Kirela	Kirela Development Unit Trust
KMP	Key management personnel
Responsible Entity	TFML Limited
TFML	TFML Limited
TPIF	Tankstream Property Investments Fund
VIU	Value in use



BLACKWALL
PROPERTY FUNDS
& Controlled Entities
ACN 146 935 131 ABN 37 146 935 131

Level 1, 50 Yeo Street, Neutral Bay, Sydney NSW 2089 Australia
PO Box 612, Neutral Bay, Sydney NSW 2089 Australia

www.blackwallfunds.com.au