

ASX Release

18 February 2015

BWF

Half Year Result & Appendix 4D - 31 December 2014

BlackWall announces an **after tax profit of \$1.3 million (3 cents per share)**. The Board has declared a **fully franked dividend of 1.3 cents per share** to be paid on 30 April 2015.

Results Summary

Profit & Loss Summary For Six Months	December 2014	December 2013
Recurring Income		
Management Fees	\$2,103,000	\$1,800,000
WOTSO WorkSpace Income	\$816,000	\$604,000
Investment Income	\$417,000	\$195,000
Total Recurring Income	\$3,336,000	\$2,599,000
Other Income		
Performance Fees	\$250,000	\$3,664,000
Asset Sales, Impairment & Revaluations	\$855,000	\$1,693,000
Total Other Income	\$1,105,000	\$5,357,000
Total Income	\$4,441,000	\$7,956,000
Expenses	(\$2,574,000)	(\$2,619,000)
Depreciation	(\$51,000)	(\$76,000)
Tax	(\$548,000)	(\$1,556,000)
After Tax Profit	\$1,268,000	\$3,705,000

Balance Sheet Summary	December 2014	December 2013	December 2012
Net Tangible Assets	\$15,549,000	\$14,607,000	\$9,350,000
NTA Per Share	\$0.31	\$0.29	\$0.18
Closing Price*	\$0.38	\$0.25	\$0.09
Shares On Issue	50,395,445	50,395,445	51,020,445
Market Cap	\$19,150,269	\$12,598,861	\$4,591,840

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



New Business - Pymont Bridge Trust

In December 2014 BlackWall established a new investment trust and completed a capital raising to close an \$80 million acquisition in conjunction with National Australia Bank.

The equity component was raised through a wholesale and sophisticated investment offer in November 2014. The Pymont Bridge Trust now controls a large office, media and technology hub on the Western fringe of Sydney's CBD at 55 Pymont Bridge Road, Pymont. In addition to managing the investment syndicate, BlackWall acts as property and asset manager and is entitled to a performance fee (over the 5 year term) equating to 50% of investor returns above a 15% IRR.

The opportunity is a leasing turnaround of the property formerly housing the Fox Sports production facility. BlackWall recently secured over 3,000 sqm of leasing deals.

The Bakehouse Quarter

The Bakehouse Quarter is BlackWall's largest project. In 2014 BlackWall received an unsolicited offer to purchase the property at a price significantly above its carrying value. As a consequence, Jones Lang LaSalle was appointed to undertake an open market sales process.

The interest in the property is being driven by its residential development potential. Currently, the project has over 40,000 sqm of commercial, retail and entertainment space. If successful, the sale process will generate a substantial value uplift to the wholesale trust (Kirela) that owns the site. However, the Directors have resolved not to sell unless the sale price generates a better return than could be achieved by continuing the staged development process.

BlackWall manages Kirela and a retail property securities fund, BQT (which has a substantial investment in Kirela). If the property were to be sold, BlackWall's management income would drop by around \$0.8 million per annum. However, BlackWall holds just over \$5 million in subordinated debt notes (Bakehouse Bonds) secured against the project, which would be converted to cash if the sale proceeds.

The BlackWall Property Trust is BWF's listed REIT (ASX: BWR), which also holds \$21.5 million in Bakehouse Bonds. BWR has declared an interim distribution of 0.55 cents per unit (100% tax deferred). This distribution will be paid after BWR conducts a 10 for 1 unit consolidation, which will result in a distribution rate of 5.5 cents per unit on a consolidated basis. BlackWall holds around 16% of BWR's units. More information on BWR can be found in its half-year report.

WOTSO WorkSpace

WOTSO WorkSpace has grown its operations with new locations at Pymont, Canberra and the Gold Coast and expanded operations at the existing Neutral Bay and Bakehouse Quarter locations. WOTSO generates recurring income from short-term office and workspace rental along with concierge and office service fees.

In previous reports we have included WOTSO's profit in general operations, however, given its growth potential it is now shown as a separate segment to allow its performance to be



tracked. The new locations mainly began operations in the past 6 months and are therefore in their let up phase. We are encouraged by the take up so far. Please refer to the attached Directors' Report for more detail.

Buy-Back

The Board has resolved to extend the on-market buy-back for a further 12 months. No shares were bought back in the preceding 12 months.

Change of Company Secretary

BlackWall announces the resignation of Don Bayly, and the appointment of Caroline Raw, as Company Secretary of the BlackWall Group, including BlackWall Fund Services Limited, the Responsible Entity of BlackWall Property Trust (ASX: BWR). Don will continue with BlackWall working in company and fund administration and investor communications.

Caroline is a qualified legal practitioner and Chartered Secretary with 10 years' transactional and corporate advisory experience in IPOs, capital raising, mergers & acquisitions, funds management and corporate governance. Caroline holds a Bachelor of Commerce/Law and is an Associate Member of the Governance Institute. Prior to joining BlackWall, Caroline held the position of Senior Associate at Bartier Perry and at a boutique corporate law firm. During her time in practice, Caroline acted as Company Secretary of an ASX-listed digital communications company.

More Information

For more information, contact Stuart Brown (Chief Executive Officer) or Tim Brown (Chief Financial Officer) on +61 2 9033 8611.

Stuart Brown
Chief Executive Officer

Tim Brown
Chief Financial Officer

BlackWall Property Funds Limited
 ABN 37 146 935 131

This Appendix 4D should be read in conjunction with the consolidated financial report of BlackWall Property Funds Limited for the half-year ended 31 December 2014 (previous corresponding period: half-year ended 31 December 2013).

Results for announcement to the market	2014 \$'000	Movement
Revenue from ordinary operations		
Recurring income	3,336	28.36%
Performance fees	250	(93.18%)
Asset sales and revaluations	855	(50.85%)
Total revenue from ordinary operations	4,441	(44.51%)
Profit from ordinary operations after tax attributable to members of the company	1,268	(65.78%)
Net profit after tax attributable to members of the company	1,268	(65.78%)
2014 Fully franked interim dividend paid	1.2 cps	
2014 Fully franked final dividend paid	1.3 cps	
2015 Fully franked interim dividend declared	1.3 cps	
	December 2014	June 2014
Net tangible asset backing per share	29.0 cents	27.8 cents

Dividends

A fully franked final dividend of 1.3 cents per share was paid on 31 October 2014. In addition, the Directors have declared an interim fully franked dividend of 1.3 cents per share as follows:

Record date: 9 April 2015
 Payment date: 30 April 2015

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



Stuart Brown
 Director
 Sydney, 18 February 2015



BLACKWALL PROPERTY FUNDS

& Controlled Entities

ABN 37 146 935 131



Condensed Interim Consolidated Financial Report

Half-year Ended 31 December 2014

Financial Report

Directors' Report	Page 3
Auditor's Independence Declaration	Page 8
Consolidated Statement of Profit or Loss and Other Comprehensive Income	Page 9
Consolidated Statement of Financial Position	Page 10
Consolidated Statement of Changes in Equity	Page 11
Consolidated Statement of Cash Flows	Page 12
Notes to the Financial Statements	Page 13
Directors' Declaration	Page 20
Independent Auditor's Review Report	Page 21
Contents – Notes to the Financial Statements	Page 23
Glossary	Page 24

Principal Activities and Review of Operations

We are a vertically integrated real estate management and investment business. Our operations include management, finance and development with a focus on turnaround and urban renewal projects. Assets are held in listed and unlisted property investment trusts and syndicates into which BlackWall, its Directors and executives invest alongside our wholesale, sophisticated and retail investors.

Our recurring property and fund management fees are calculated by reference to rent received and asset values, respectively. We earn performance fees where we generate returns to our investors above a benchmark. Our growing serviced office business, WOTSO WorkSpace, generates recurring licence and services fees by providing short-term office accommodation, shared workspace and meeting venues.

There are 50.4 million shares on issue equating to a market capitalisation of \$19.2 million at the ASX closing price of 38 cents per share on 17 February 2015.

Half-Year Result & Dividend

For the half-year ended 31 December 2014 we generated an after tax profit of \$1.3 million (3 cents per share) with NTA of \$15.5 million (30.9 cents per share).

The Board has declared an interim fully franked dividend of 1.3 cents per share to be paid on 30 April 2015.

Profit & Loss Summary For Six Months	December 2014	December 2013
Recurring Income		
Management Fees	\$2,103,000	\$1,800,000
WOTSO WorkSpace Income	\$816,000	\$604,000
Investment Income	\$417,000	\$195,000
Total Recurring Income	\$3,336,000	\$2,599,000
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Asset Sales, Impairment & Revaluations	\$855,000	\$1,693,000
Total Other Income	\$1,105,000	\$5,357,000
Total Income	\$4,441,000	\$7,956,000
Expenses	(\$2,574,000)	(\$2,619,000)
Depreciation	(\$51,000)	(\$76,000)
Tax	(\$548,000)	(\$1,556,000)
After Tax Profit	\$1,268,000	\$3,705,000

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

Balance Sheet Summary	December 2014	December 2013	December 2012
Net Tangible Assets	\$15,549,000	\$14,607,000	\$9,350,000
NTA Per Share	\$0.31	\$0.29	\$0.18
Closing Price*	\$0.38	\$0.25	\$0.09
Shares On Issue	50,395,445	50,395,445	51,020,445
Market Cap	\$19,150,269	\$12,598,861	\$4,591,840

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

New Business – The Pymont Bridge Trust

In December 2014 we established a new investment trust and completed a capital raising to close an \$80 million acquisition in conjunction with NAB. We now control a large office, media and technology hub on the Western fringe of Sydney's CBD known as 55 Pymont Bridge Road, Pymont.

We were introduced to the project as an asset manager to devise and execute a repositioning strategy for NAB and the receiver and manager, PricewaterhouseCoopers. The property's issues were caused by the insolvency of UBI World TV in 2011 and Fox Sports vacating a further 4,800 sqm in 2013.

Through our consulting role we structured the transaction to acquire control of the property through a distressed debt acquisition. The required capital was raised in 4 weeks through a sophisticated and wholesale investment offer in Pymont Bridge Trust, an entity established by BlackWall and capitalised by our investor network.

The Pymont Bridge Trust now controls the property in joint venture with NAB. We act as property and asset manager drawing recurring fees and a performance fee equating to 50% of investor returns in excess of a 15% IRR. The trust has a 5-year term.

55 Pymont Bridge Road has over 14,000 sqm of net lettable area, 8,000 sqm of which is already leased to tenants including Verizon, Fairfax Media and Data Processors. We have secured over 3,000 sqm of new leasing deals including a childcare centre and a number of media and IT tenants. In addition, our serviced office business, WOTSO Workspace, has established an operation at the property.

BlackWall Property Trust (ASX Code: BWR)

BWR is an ASX listed real estate investment trust managed by BlackWall. The trust has \$116 million of gross assets comprised of a portfolio of commercial, retail and industrial property along with an investment of approximately \$20 million in Bakehouse Bonds (see below for more details on this investment).

We manage BWR and hold an investment in it of \$8.3 million (75 million units or 16% of BWR). BWR has declared an interim distribution of 0.55 cents per unit (100% tax deferred). This distribution will be paid after BWR conducts a unit consolidation on a 10 to 1 basis. On a post consolidation basis, the distribution rate will be 5.5 cents per unit, however, the total amount of the distribution will remain the same. For more information on BWR please refer to its half-year results announcement, which was recently released to the market.

BWR is a stable, income producing property trust. BlackWall aims to grow its assets and scale through development opportunities, mergers or acquisitions.

Bakehouse Quarter

Our largest project is the mixed-use development known as the Bakehouse Quarter at North Strathfield in Sydney's inner west. The project is comprised of over 40,000 sqm of commercial, retail and entertainment space leased to tenants including Arnott's, NRMA, Aldi, Fitness First and AMF Bowling. The site can also accommodate further retail and commercial development and significant residential development.

The property is owned by a wholesale investment trust known as the Kirela Development Unit Trust. Kirela is an SPV established when the property was purchased from Arnott's in 1997 and is capitalised by sophisticated and wholesale investors. Our retail property securities fund, Bakehouse Quarter Trust, holds Kirela units. In addition to its interest in Kirela, BQT holds interests in BWR and the Pymont Bridge Trust.

In May 2014 an unsolicited approach was made to purchase the Bakehouse Quarter at a price significantly above its carrying value. As a consequence of this offer, the Directors resolved to appoint Jones Lang LaSalle to conduct a sales campaign. The sales process is ongoing, however, the board has resolved that the site will not be sold unless the price and terms offered generate a superior outcome to that we can generate through continuing a staged development process.

The interest in the property is being driven by its development potential which is expected to increase significantly with changes to zoning and town planning controls in connection with the Westconnex project and the Parramatta Road corridor revitalisation (www.westconnex.com.au).

Kirela holds the Bakehouse Quarter at approximately \$225 million. This value does not reflect the value of the site's future development potential and is not an indication of the offers made through the sale process or the price at which the property would be sold.

The project has \$108 million of bank debt and \$26 million of subordinated debt notes known as Bakehouse Bonds. BlackWall hold \$5 million of the Bonds and BWR holds \$21 million. The bonds expire in 2020 and they attract a coupon of 5.5% per annum. They were issued a \$1 each and this issue price is indexed to CPI throughout the term.

If the Bakehouse Quarter were to be sold, our management income would reduce by approximately \$0.8 million, however, the \$5 million of Bakehouse Bonds held on the balance sheet would be converted to cash (the same would occur with respect to the \$21 million of Bakehouse Bonds held by BWR).

WOTSO WorkSpace

WOTSO WorkSpace is our serviced office and shared workspace business. With the launch of its new brand the business significantly increased its operations with new locations at Pymont, Canberra and the Gold Coast. In addition, its operations at Neutral Bay and the Bakehouse Quarter have expanded.

The table below breaks down our operations by location:

Serviced Offices	Commenced Operations	Occupied	Vacant	Under construction
Neutral Bay	May 05	35 units	4 units	Nil
Gold Coast	Jul 14	23 units	Nil	12 units
Pymont	Jun 14	11 units	9 units	Nil
Canberra	Jan 15	Nil	6 units	6 units
Bakehouse Quarter	May 05	36 units	2 units	Nil

Shared Workspace	Commenced Operations	Capacity		Leased		Under construction
		Permanent	Hot Desk	Permanent	Hot Desk	
Neutral Bay	Sep 14	19	14	10	14	Nil
Gold Coast	Jul 14	37	13	18	1	50
Pyrmont	Jun 14	30	10	17	6	40
Canberra	Jan 15	25	15	1	1	Nil
Bakehouse Quarter	Expected 2015	Nil	Nil	Nil	Nil	Nil

Share Buy-Back

The share buy-back scheme was due to expire in March 2015 and has been extended until March 2016. No shares were acquired during the period.

Dividends

A fully franked dividend of 1.3 cents per share was paid on 31 October 2014 (with respect to the year ended June 2014). As disclosed above, the Board has declared an interim fully franked dividend of 1.3 cents per share to be paid on 30 April 2015.

Significant Changes in Affairs

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

Events Subsequent to Reporting Date and Likely Developments

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

Officeholders

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

Auditor

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

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

Rounding of Amounts

The 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.

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



Stuart Brown
Director
Sydney, 18 February 2015



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

In accordance with the requirements of section 307C of the Corporations Act, as auditor for the review of Blackwall Property Funds Limited and Controlled Entities for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

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

Dated at Sydney the 16th day of February 2015

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

ESV Accounting and Business Advisors

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

Chris Kirkwood
Partner

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-year Ended 31 December 2014

	Note	December 2014 \$'000	December 2013 \$'000
Fund and asset management income		1,071	1,018
Property management income		1,032	782
Serviced office income		816	604
Investment income		417	195
Performance fees		250	3,664
Unrealised gain on revaluation of financial assets		839	1,740
Gain on disposal of assets		16	-
Total Revenue		4,441	8,003
Business operating expenses		(2,549)	(2,611)
Depreciation		(51)	(76)
Finance costs		(16)	(20)
Loss on disposal of assets		-	(47)
Other expenses		(9)	(5)
Profit Before Income Tax		1,816	5,244
Income tax expense	2	(548)	(1,556)
Profit For the Period		1,268	3,688
Total Comprehensive Income For the Period		1,268	3,688
Profit / (Loss) Attributable To:			
Owners of the Group		1,268	3,705
Non-controlling interest		-	(17)
		1,268	3,688
Total Comprehensive Income / (Loss) Attributable To:			
Owners of the Group		1,268	3,705
Non-controlling interest		-	(17)
		1,268	3,688
Earnings Per Share			
Continuing operations:			
Basic and diluted earnings per share	5	\$0.03	\$0.07

The accompanying notes form part of these consolidated financial statements.

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Consolidated Statement of Financial Position

As at 31 December 2014

	Note	December 2014 \$'000	June 2014 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		478	1,123
Trade and other receivables		739	922
Financial assets	3	475	-
Total Current Assets		<u>1,692</u>	<u>2,045</u>
Non-current Assets			
Equity accounted investments		5	5
Financial assets	3	15,155	14,255
Property, plant and equipment		611	387
Other assets		30	30
Total Non-current Assets		<u>15,801</u>	<u>14,677</u>
TOTAL ASSETS		<u>17,493</u>	<u>16,722</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		612	870
Current tax payable		951	925
Provisions		240	208
Total Current Liabilities		<u>1,803</u>	<u>2,003</u>
Non-current Liabilities			
Other payables		127	119
Deferred tax liabilities		940	609
Provisions		74	55
Total Non-current Liabilities		<u>1,141</u>	<u>783</u>
TOTAL LIABILITIES		<u>2,944</u>	<u>2,786</u>
NET ASSETS		<u>14,549</u>	<u>13,936</u>
EQUITY			
Share capital		11,247	11,247
Reserves		8	8
Retained earnings		3,354	2,741
Parent Interest		<u>14,609</u>	<u>13,996</u>
Non-controlling interest		(60)	(60)
TOTAL EQUITY		<u>14,549</u>	<u>13,936</u>

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Consolidated Statement of Changes in Equity

For the Half-year Ended 31 December 2014

	Ordinary shares \$'000	Retained earnings/ (accumulated losses) \$'000	Share options reserve \$'000	Attributable to owners of the parent \$'000	Non- controlling interest \$'000	Total \$'000
Balance at 1 July 2014	11,247	2,741	8	13,996	(60)	13,936
Profit	-	1,268	-	1,268	-	1,268
Dividend paid	-	(655)	-	(655)	-	(655)
Balance at 31 December 2014	11,247	3,354	8	14,609	(60)	14,549
Balance at 1 July 2013	11,338	(433)	-	10,905	146	11,051
Profit	-	3,705	-	3,705	(17)	3,688
Dividend paid	-	(302)	-	(302)	-	(302)
Transactions with owners in their capacity as owners	-	-	-	-	(175)	(175)
Cancellation of shares	(91)	-	-	(91)	-	(91)
Share options	-	-	8	8	-	8
Balance at 31 December 2013	11,247	2,970	8	14,225	(46)	14,179

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Consolidated Statement of Cash Flows

For the Half-year Ended 31 December 2014

	December 2014 \$'000	December 2013 \$'000
Cash Flows From Operating Activities		
Receipts from customers	3,792	7,663
Payments to suppliers and employees	(2,902)	(4,148)
Dividends and distributions received	328	104
Interest paid	(16)	(20)
Interest received	21	21
Income tax paid	(177)	(276)
Net Cash Flows From Operating Activities	1,046	3,344
Cash Flows From Investing Activities		
Proceeds from sale of investments	5	190
Acquisition of property, plant and equipment	(367)	(36)
Acquisition of investments	(684)	(605)
Loans to related parties	(10)	(450)
Net Cash Flows Used in Investing Activities	(1,056)	(901)
Cash Flows From Financing Activities		
Repayment of borrowings	-	(250)
Payments for share buy-back	-	(91)
Dividend paid	(635)	(302)
Dividend paid to non-controlling interest	-	(172)
Net Cash Flows Used in Financing Activities	(635)	(815)
Net Increase / (Decrease) in Cash Held	(645)	1,628
Cash and cash equivalents at the beginning of the year	1,123	1,077
Cash and Cash Equivalents at End of the Period	478	2,705

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Notes to the Financial Statements

For the Half-year Ended 31 December 2014

1. Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the 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.

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

	Fund and Property Management \$'000	Investments \$'000	WOTSO WorkSpace \$'000	Unallocated \$'000	Consolidated Total \$'000
Half-year ended 31 December 2014					
Sales to external customers	2,354	417	815	-	3,586
Gain/(loss) on disposal of assets	(92)	108	-	-	16
Unrealised gain on revaluation of financial assets	-	839	-	-	839
Inter-segment sales	235	-	130	-	365
Total segment revenue	2,497	1,364	945	-	4,806
Inter-segment eliminations					(365)
Total consolidated revenue					4,441
Business operating expenses	(1,486)	(253)	(729)	(81)	(2,549)
Depreciation	(2)	-	(39)	(10)	(51)
Finance costs	(4)	(5)	(7)	-	(16)
Other expenses	(9)	-	-	-	(9)
Inter-segment expenses	(235)	-	(130)	-	(365)
Total segment expenses	(1,736)	(258)	(905)	(91)	(2,990)
Inter-segment eliminations					365
Total consolidated expenses					(2,625)
Profit/(loss) before income tax	761	1,106	40	(91)	1,816
Total comprehensive income/(loss) for the period before tax	761	1,106	40	(91)	1,816

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Notes to the Financial Statements

For the Half-year Ended 31 December 2014

	Fund and Property Management \$'000	Investments \$'000	WOTSO WorkSpace \$'000	Unallocated \$'000	Consolidated Total \$'000
Half-year ended 31 December 2013					
Sales to external customers	1,800	3,859	604	-	6,263
Unrealised gain on revaluation of financial assets	-	1,740	-	-	1,740
Inter-segment sales	666	-	-	-	666
Total segment revenue	2,466	5,599	604	-	8,669
Inter-segment eliminations					(666)
Total consolidated revenue					8,003
Business operating expenses	(1,708)	(378)	(487)	(38)	(2,611)
Depreciation	(27)	-	(46)	(3)	(76)
Finance costs	(15)	-	(5)	-	(20)
Loss on disposal of assets	-	(46)	(1)	-	(47)
Other expenses	(5)	-	-	-	(5)
Inter-segment expenses	(666)	-	-	-	(666)
Total segment expenses	(2,421)	(424)	(539)	(41)	(3,425)
Inter-segment eliminations					666
Total consolidated expenses					(2,759)
Profit / (loss) before income tax	45	5,175	65	(41)	5,244
Total comprehensive income / (loss) for the period before tax	45	5,175	65	(41)	5,244

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. The Unallocated segment represents general administrative functions at the head office (e.g. salaries).

	Fund and Property Management \$'000	Investments \$'000	WOTSO WorkSpace \$'000	Unallocated \$'000	Consolidated Total \$'000
31 December 2014					
Segment assets	1,997	15,155	341	-	17,493
Segment liabilities	(1,636)	(1,022)	(286)	-	(2,944)
Net assets	361	14,133	55	-	14,549
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

2. Income Tax Expense

	December 2014 \$'000	December 2013 \$'000
Current and deferred tax	548	1,566
Overprovision of prior year tax	-	(10)
Total	548	1,556

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Notes to the Financial Statements

For the Half-year Ended 31 December 2014

3. Current and Non-current Assets - Financial Assets

	Note	December 2014 \$'000	June 2014 \$'000
Current			
Loans to related parties	3(a)	475	-
Total		475	-
Non-current			
Loans to related parties	3(a)	-	465
Financial assets at FVTPL	3(b)	15,155	13,790
Total		15,155	14,255

(a) Loans to related parties

Loan receivable from the Bald Rock Fund of which BlackWall is the trustee. Interest is payable at BBSY plus 2.7% p.a.

(b) Financial assets at FVTPL

Bakehouse Bond Trust		5,340	5,340
BlackWall Property Trust		8,265	6,979
TPIF		-	444
Pelathon Management Group		10	10
Pelathon Pub Group (Ordinary)		904	829
Pelathon Pub Group (Preferred)	3(c)	225	188
Pymont Bridge Trust		411	-
Total		15,155	13,790

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 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.

In December 2014, BlackWall completed an \$80 million debt acquisition with NAB. PBT controls an office, media and technology hub on the Western fringe of Sydney CBD's at 55 Pymont Bridge Road, Pymont. BlackWall subscribed for 411,000 units in PBT.

(c) Pelathon Pub Group (Preferred)

Investment at fair value		450	413
Less: second instalment payable		(225)	(225)
Total		225	188

The Group owns 6,250,000 Pelathon Pub Group Preferred units which 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.

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Notes to the Financial Statements

For the Half-year Ended 31 December 2014

4. Dividends

Fully franked dividends paid to members during the period ended 31 December were as follows:

	2014	2013
	\$'000	\$'000
Final dividend for 2014 of 1.3 cents paid on 31 October 2014 (2013 Final: 0.6 cents paid in October 2013)	655	302
Total	655	302

In addition, the Board has declared an interim fully franked dividend of 1.3 cents per share to be paid on 30 April 2015.

5. Earnings Per Share

	December 2014	December 2013
Basic and diluted earnings per share	\$0.03	\$0.07
Calculated as follows:		
Profit attributable to the owners of the Group	\$1,268,000	\$3,705,000
Weighted average number of shares for basic earnings per share	50,395,445	50,429,415
Weighted average number of shares for diluted earnings per share	50,657,264	50,429,415

6. Contingencies

The Group had no contingent assets or liabilities at 31 December 2014 (2013: \$nil).

7. Subsequent Events

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

8. Fair Value Measurement of Financial Instruments

(a) 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,
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices), and
- Level 3 - inputs for the asset that are not based on observable market data (unobservable inputs).

The fair value of financial assets 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 31 December and 30 June. Refer to the Critical Accounting Estimates and Judgments note for further details of assumptions used and how fair values are measured.

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Notes to the Financial Statements

For the Half-year Ended 31 December 2014

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
At 31 December 2014				
Financial assets at FVTPL	8,265	-	6,890	15,155
At 30 June 2014				
Financial assets at FVTPL	6,979	-	6,811	13,790

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

The fair value of the unlisted securities is determined by reference to the net assets of the underlying entities. The fair value of the Bakehouse Bonds is measured by its face value adjusted for annual CPI movements, subject to recoverability assessment. All these instruments are included in Level 3.

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

The following table is a reconciliation of the movements in financial assets classified as Level 3:

	\$'000
At 31 December 2014	
Balance at the beginning of year	6,811
Purchase	500
Sale	(533)
Fair value movement	112
Balance at the end of year	<u>6,890</u>
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>

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

9. Group Details

The principal place of business of the Group is:
Level 1, 50 Yeo Street
Neutral Bay NSW 2089

10. 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.

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Notes to the Financial Statements

For the Half-year Ended 31 December 2014

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 period ended 31 December 2014.

Key estimates -financial assets

Financial asset provisions have been raised with reference to the prevailing prices at 31 December 2014 of financial assets at FVTPL with gains and losses recognised in profit and loss. The fair value of the unlisted securities is determined by reference to the net assets of the underlying entities. The fair value of the listed securities is based on the closing price from the ASX 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.

11. 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 half-year ended 31 December 2014 were authorised for issue in accordance with the resolution of the Directors on the date they were issued.

Statement of Compliance

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

The financial statements do not include notes of the type normally included in annual financial statements. It is recommended that the financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2014 and any public announcements made by the Group during the half-year in accordance with the continuous disclosure obligations of the ASX listing rules.

Basis of Preparation

The financial statements have been prepared on an 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 accounting policies adopted are consistent with those of the previous financial year ended 30 June 2014 except as described 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 apply to the Group from 1 July 2014.

The Group has assessed the investment entities definition and exemption, and has determined that the

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Notes to the Financial Statements

For the Half-year Ended 31 December 2014

amendments do not have any significant impact on its composition.

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 were no material adjustments 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.

Comparative figures

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

New Accounting Standards and Interpretations

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

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

The Group has early adopted the AASB 9 on 1 January 2013 except for the new hedging rules which will not have any material changes 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 AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the financial period 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.

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



Stuart Brown
Director
Sydney, 18 February 2015



**Independent Review Report to the Investors of Blackwall Property Funds Limited and Controlled Entities
("the Group")**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Blackwall Property Funds Limited and Controlled Entities ("the Group"), which comprises the condensed statement of financial position as at 31 December 2014, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Blackwall Property Funds Limited and Controlled Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



**Independent Review Report to the Investors of Blackwall Property Funds Ltd and Consolidated Entities
("the Group")**

Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Dated at Sydney the 18th day of February 2015

ESV Accounting and Business Advisors

**Chris Kirkwood
Partner**

1. Segment Information	Page 13
2. Income Tax Expense	Page 14
3. Current and Non-current Assets – Financial Assets	Page 15
4. Dividends	Page 16
5. Earning Per Share	Page 16
6. Contingencies	Page 16
7. Subsequent Events	Page 16
8. Fair Value Measurement of Financial Instruments	Page 16
9. Group Details	Page 17
10. Critical Accounting Estimates and Judgments	Page 17
11. Statement of Significant Accounting Policies	Page 18

ASX	Australian Securities Exchange
BlackWall / BWF	BlackWall Property Funds Limited
BWR	BlackWall Property Trust
Company	BlackWall Property Funds Limited
Condensed Interim Consolidated Financial Report	Financial statements
EPS	Earnings per share
FVTPL	Fair value through profit and loss
Group	BlackWall Property Funds Limited & subsidiaries
IFRS	International Financial Reporting Standard
PBT	Pymont Bridge Trust



**BLACKWALL
PROPERTY FUNDS**

& Controlled Entities

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