



INTERIM CONSOLIDATED
FINANCIAL REPORT

Half Year Ended
31 December 2016

Financial Report

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DIRECTORS' REPORT

For the half year to 31 December 2016 BlackWall's gross revenue grew 33% to \$7 million (on the corresponding period in 2015) generating an after-tax profit of \$1.1 million. The directors have declared a **fully franked dividend of 1.8 cents per share** to be paid on 7 April 2017.

In late 2016, BlackWall completed a private placement to sophisticated investors raising just over \$4 million. The company has 59 million shares on issue. Key highlights across our three complementary activities are:



- WOTSO grows to 12 sites from 6 in December 2015
- Current annualised sales exceed \$6 million (\$3.8 million at December 2015)
- Member numbers have grown to just over 1,000 (500 at December 2015)



- Capital raising in both BlackWall Property Trust and 55 Pyrmont Bridge Road successful
- Fee income to 31 December 2016 up 18% to \$2.8 million
- Significant value growth potential in Bakehouse, WOTSO House and Pyrmont

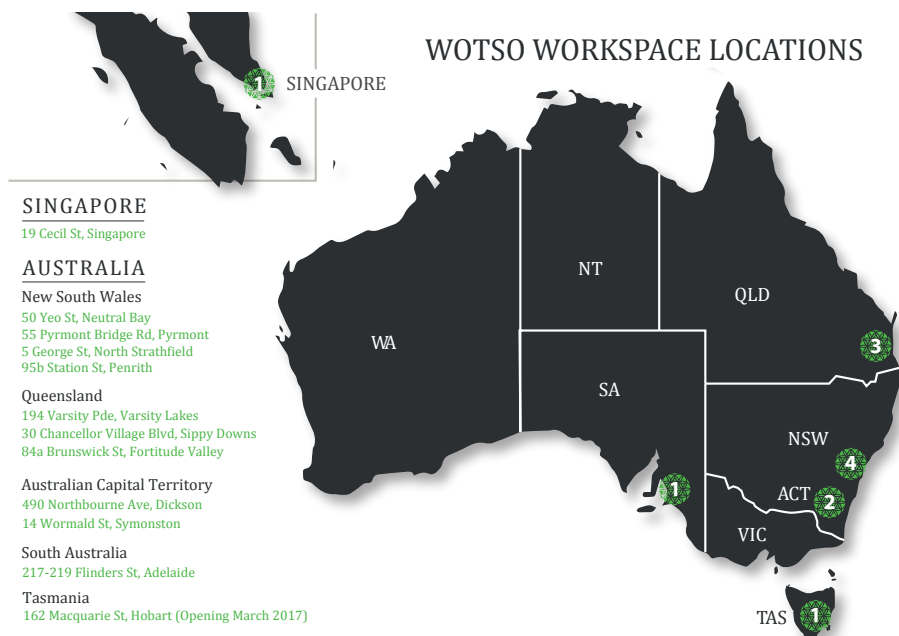


- Acquisition of Adelaide WOTSO building
- Acquisition of Brisbane WOTSO building
- \$13.8 million strategic holding in ASX listed BlackWall Property Trust

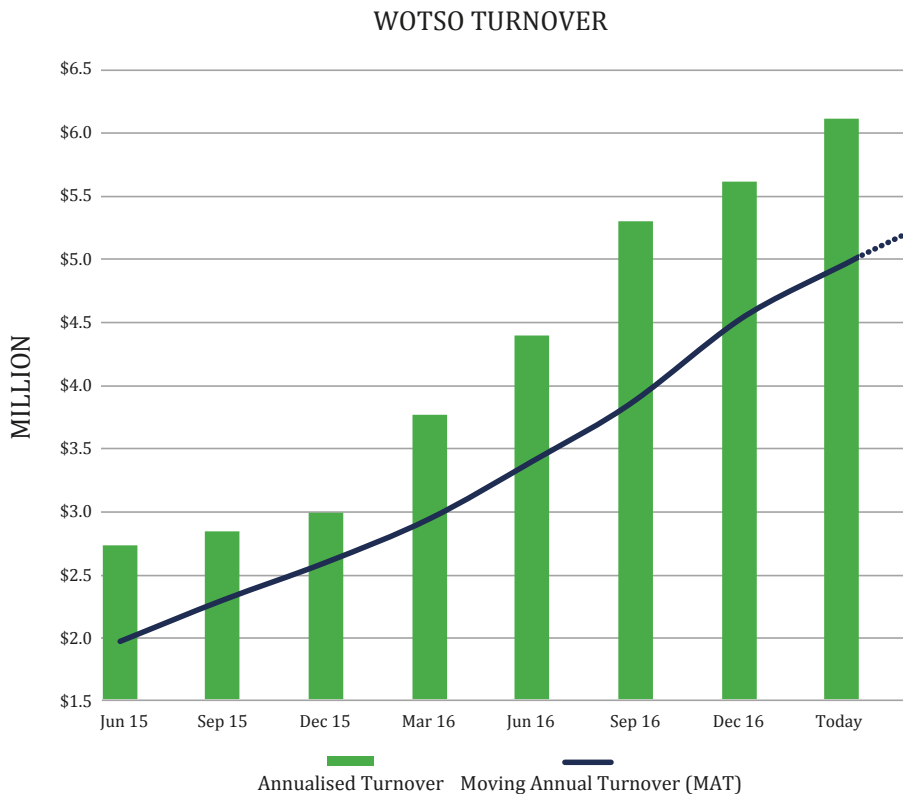
WOTSO WorkSpace

WOTSO provides flexible business accommodation on short-term arrangements. Our offer ranges from open plan workspace leased by the desk and private serviced offices to event, meeting and project space. Our spaces and agreements are configured in such a way to allow sole traders, SMEs and corporates to expand and contract their leased space to suit their changing requirements. The aim is that our services, fitout and terms accommodate our members so they become long-term tenants with short-term commitments.

Our revenue is spread across 1000 members in 12 sites on the Eastern seaboard, South Australia, Tasmania and Singapore. Our members can check in and work from any space in the network.



WOTSO commenced operations in late 2014 and has grown to become a significant facet of BlackWall's operations. The graph below shows WOTSO's annualised turnover growth and moving annual turnover (MAT). MAT is a measure commonly used in retail businesses and shows gross revenue for the 12 months preceding a particular month. As WOTSO is in such a significant growth phase it is a useful measure of our performance.



BlackWall Property Funds

Our property and funds management business has been in operation for over 20 years. It generates consistent fee income from a portfolio of real estate and the investment structures that control it. The investment trusts are capitalised by wholesale and retail investors. BlackWall has a long track record of securing and executing property special situations.

Over the past 12 months BlackWall has expanded its sophisticated investor network both directly and through intermediaries.

One of BlackWall's central activities is the management of the ASX listed BlackWall Property Trust (ASX: BWR), with BlackWall holding a strategic investment of 16% in BWR. BWR is a small, nimble and dynamic property investment vehicle. The Trust's total return philosophy gives investors the benefit of an underlying, reliable distribution flow while active positions drive NTA growth. The Trust holds passive income producing assets in its **Income Portfolio** and takes on active special situations or development opportunities originated by BlackWall in the **Growth Portfolio**. More detail on BWR can be found in the half yearly report, which was released to the market on 23 February 2017.

BWR owns a seven level commercial building in the ACT called WOTSO House and also has a significant investment in another BlackWall project, 55 Pyrmont Bridge Road, located in Sydney. Both assets are being repositioned through leasing and internal reconfiguration. With continued leasing success, these projects will add around \$2 million to BWR's net income, and therefore BlackWall's investment revenue. This activity also has the potential to generate additional revenue to BlackWall through leasing and development fees. Furthermore, BlackWall's recurring management fees grow with increased rental income and asset values.

DIRECTORS' REPORT

In 2016 the BlackWall group announced that it had received a highly conditional offer to purchase its marquee project, the Bakehouse Quarter at North Strathfield. As recently reported, this proposal is not proceeding and the Board has since resolved not to pursue selling the site in one line. As such, BlackWall's significant involvement in the management and development of the site will continue. BlackWall is working on a number of development ideas for the site with the potential to raise a development fund on suitable elements of the project. It is also expected that BWR will grow its existing \$20 million position in the site.

As an overall observation, BlackWall is seeing rent inflation in a number of the markets in which it is active. This is despite general inflation remaining at historically low levels. Generally, as economic conditions improve, the demand for commercial space is growing. This demand is amplified in both Sydney and the ACT market, where the availability of commercial office space has reduced due to proliferation of residential conversion and a number of government land resumptions to facilitate infrastructure projects. WOTSO WorkSpace, The Bakehouse Quarter, 55 Pyrmont Bridge Road and WOTSO House all benefit from these market conditions.

On Balance Sheet Property - Adelaide and Brisbane

In mid 2016 BlackWall purchased two vacant properties to house new WOTSO sites. In each case the property came with fitout that could be easily repurposed for use in WOTSO's operations. At Brisbane a coffee shop has recently taken occupation and is trading. WOTSO membership is building with almost 30 members in residence. At Adelaide a DA has been granted for a retail premises, cafe and function space at the rear of the building. These activities are in addition to WOTSO's operations and complement the workspace model. Lease terms have been agreed with a retailer and discussions are advanced with a cafe operator. The WOTSO space at this site has built to over 50 members. As occupancy builds at both sites, WOTSO has the capacity to grow its offer by fitting out further space both for office and coworking. Fully occupied with a WOTSO space, cafe and retail uses, these two buildings have the potential to add \$1.2 million to BlackWall's gross revenue. Below is a series of images showing the transformation parts of each project.

Once the property operations at each site are mature, BlackWall will look to either syndicate the two assets into an off balance sheet investment trust or move them across to BWR's balance sheet. Of course when this occurs, the margin generated by WOTSO's operations above market rent would stay with WOTSO.



DIRECTORS' REPORT**Share Buy-Back**

The share buy-back scheme has been extended until March 2018. No shares have been acquired since 30 June 2016.

Subsequent Events And Significant Changes in Affairs

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

Directors' Report continues on page 18.

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



Stuart Brown
Director
Sydney, 24 February 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	December 2016 \$'000	December 2015 \$'000
WOTSO WorkSpace income		2,714	1,409
BlackWall Property Funds			
Asset management fees		1,112	1,100
Property management fees		994	1,037
Transaction fees		719	266
		<u>2,825</u>	<u>2,403</u>
Total Operating Revenue		5,539	3,812
Investment			
Unrealised gain on revaluation		1,366	1,294
Investment		64	143
		<u>6,969</u>	<u>5,249</u>
Total Revenue		6,969	5,249
Business operating expenses	2	(3,596)	(2,590)
WOTSO WorkSpace rent expense		(1,338)	(501)
Depreciation		(262)	(95)
Finance costs		(94)	(4)
Other expenses		-	(8)
		<u>1,679</u>	<u>2,051</u>
Profit Before Income Tax		1,679	2,051
Income tax expense		(583)	(602)
		<u>1,096</u>	<u>1,449</u>
Profit After Tax		1,096	1,449
Total Comprehensive Income		1,096	1,449
Profit / (Loss) Attributable to:			
Owners of the Company		1,103	1,449
Outside equity interests		(7)	-
		<u>1,096</u>	<u>1,449</u>
Total Comprehensive Income / (Loss) Attributable to:			
Owners of the Company		1,103	1,449
Outside equity interests		(7)	-
		<u>1,096</u>	<u>1,449</u>
Earnings Per Share			
Continuing operations:			
Basic earnings per share	8	2.0 cents	2.9 cents
Diluted earnings per share	8	1.9 cents	2.8 cents

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 2016 \$'000	June 2016 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		871	1,965
Trade and other receivables		2,895	218
Other assets		267	-
Investment properties	3	7,520	7,500
Total Current Assets		11,553	9,683
Non-current Assets			
Financial assets	4	14,038	12,011
Property, plant and equipment		2,562	1,714
Total Non-current Assets		16,600	13,725
TOTAL ASSETS		28,153	23,408
LIABILITIES			
Current Liabilities			
Trade and other payables		613	574
Current tax payable		45	59
Provisions		341	308
Other payables		306	183
Borrowings	5	3,500	3,500
Total Current Liabilities		4,805	4,624
Non-current Liabilities			
Deferred tax liabilities		2,036	1,566
Provisions		139	114
Total Non-current Liabilities		2,175	1,680
TOTAL LIABILITIES		6,980	6,304
NET ASSETS		21,173	17,104
EQUITY			
Share capital	6	15,632	11,733
Reserves	6	16	-
Retained earnings		5,532	5,371
Parent's Equity		21,180	17,104
Outside Equity Interests		(7)	-
TOTAL EQUITY		21,173	17,104

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary shares \$'000	Retained earnings \$'000	Reserve \$'000	Attributable to Owners of the Parent \$'000	Outside equity interests \$'000	Total \$'000
Balance at 1 July 2016	11,733	5,371	-	17,104	-	17,104
Profit for the period	-	1,103	-	1,103	(7)	1,096
Dividend paid	-	(942)	-	(942)	-	(942)
Issue of shares	3,899	-	-	3,899	-	3,899
Share options	-	-	16	16	-	16
Balance at 31 December 2016	15,632	5,532	16	21,180	(7)	21,173
Balance at 1 July 2015	11,247	4,191	8	15,446	-	15,446
Profit for the period	-	1,449	-	1,449	-	1,449
Dividend paid	-	(857)	-	(857)	-	(857)
Balance at 31 December 2015	11,247	4,783	8	16,038	-	16,038

CONSOLIDATED STATEMENT OF CASH FLOWS

	December 2016	December 2015
	\$'000	\$'000
Cash Flows From Operating Activities		
BlackWall Property Funds fee receipts	1,843	2,367
WOTSO WorkSpace receipts	2,979	1,568
Transaction fee receipts	-	91
Investment income	64	143
Payments to suppliers and employees	(4,162)	(3,177)
WOTSO rent paid	(1,338)	(501)
Income tax paid	(158)	(277)
Bank charges and interest paid	(94)	(4)
Net Cash Flows From/(Used in) Operating Activities	(866)	210
Cash Flows From Investing Activities		
Returns of capital from BWR	377	450
Payment for BWR units	(1,004)	-
Payment for WOTSO WorkSpace fitout	(1,015)	(381)
Payment for fixed assets	(91)	(9)
Loan to related parties	(50)	-
Proceeds from redemption of Bakehouse Bonds	-	5,420
Net proceeds from Bald Rock Fund loan repayment	-	430
Net Cash Flows From/(Used in) Investing Activities	(1,783)	5,910
Cash Flows From Financing Activities		
Proceeds from issue of shares	2,620	-
Dividend paid	(944)	(854)
Payment for capital raising costs	(121)	-
Net Cash Flows From/(Used in) Financing Activities	1,555	(854)
Net Increase / (Decrease) in Cash Held	(1,094)	5,266
Cash and cash equivalents at the beginning of the year	1,965	483
Cash and Cash Equivalents at End of the Period	871	5,749

NOTES TO THE FINANCIAL STATEMENTS
1. Segment Information

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

Profit & Loss December 2016 (\$'000)	Income	Gains	Total Revenue	Expenses	EBITDA	Pre-tax Profit
BlackWall Property Funds	2,776	-	2,776	(2,122)	654	466
WOTSO WorkSpace Investment	2,763 64	- 1,366	2,763 1,430	(2,471) (341)	292 1,089	124 1,089
Consolidated	5,603	1,366	6,969	(4,934)	2,035	1,679

Profit & Loss December 2015 (\$'000)	Income	Gains	Total Revenue	Expenses	EBITDA	Pre-tax Profit
BlackWall Property Funds	2,371	-	2,371	(1,607)	764	752
WOTSO WorkSpace Investment	1,441 143	- 1,294	1,441 1,437	(1,261) (231)	180 1,206	93 1,206
Consolidated	3,955	1,294	5,249	(3,099)	2,150	2,051

Balance Sheet (\$'000)	December 2016			June 2016		
	Assets	Liabilities	Net Assets	Assets	Liabilities	Net Assets
BlackWall Property Funds	11,351	(4,499)	6,852	9,726	(4,097)	5,629
WOTSO WorkSpace Investment	2,763 14,039	(292) (2,189)	2,471 11,850	1,671 12,011	(488) (1,719)	1,183 10,292
Consolidated	28,153	(6,980)	21,173	23,408	(6,304)	17,104

2. Expenses

	December 2016 \$'000	December 2015 \$'000
Employee & consultants' costs	1,793	1,381
WOTSO WorkSpace operating expenses	1,133	760
Administration expenses	541	449
Property expenses	129	-
Total business operating expenses	3,596	2,590

3. Current Assets - Investment Properties

31 December 2016	WOTSO Brisbane \$'000	WOTSO Adelaide \$'000	Total \$'000
Balance at the beginning of year	4,500	3,000	7,500
Capital improvements	33	56	87
Revaluations	15	2	17
Depreciation	(38)	(48)	(136)
Balance at the end of period	4,510	3,010	7,520

NOTES TO THE FINANCIAL STATEMENTS

30 June 2016	WOTSO Brisbane \$'000	WOTSO Adelaide \$'000	Total \$'000
Balance at the beginning of year	-	-	-
Purchase	4,501	2,959	7,460
Capital improvements	-	50	50
Revaluations	19	21	40
Depreciation	(20)	(30)	(50)
Balance at the end of year	4,500	3,000	7,500

Refer to the Borrowings note for details of borrowings secured against the properties.

The properties are classified as current assets. Once WOTSO's operations are more mature a conventional lease on market rental terms will be entered into between WOTSO and the respective SPVs with each rolled into a stand alone investment trust or individually syndicated.

WOTSO Brisbane is located at 84 Brunswick St, Fortitude Valley. It houses an 800 sqm WOTSO as well as a recently opened café.

WOTSO Adelaide is located at 217-219 Flinders St, Adelaide. The WOTSO now has around 50 members. The building also houses some independent commercial tenants and is in the process of securing a café.

4. Non-current Assets - Financial Assets

	December 2016 \$'000	June 2016 \$'000
(a) Financial assets		
BlackWall Property Trust (b)	13,837	11,860
Pelathon Management Group	100	100
Loans	101	51
Total	14,038	12,011

(b) BlackWall Property Trust

BlackWall Property Trust is an ASX-listed real estate investment trust managed by BlackWall. BlackWall holds 10.25 million (17%) BWR units (June 2016: \$9.4 million BWR units).

5. Current Liabilities - Borrowings

	December 2016 \$'000	June 2016 \$'000
NAB bill facility	3,500	3,500
Total	3,500	3,500

The facility is secured against the WOTSO Brisbane and Adelaide properties (refer to the Investment Properties note). The borrowings will mature in May 2017 and therefore are classified as a current liability. These borrowings are subject to a margin of 2.5% p.a. over BBSY.

6. Share Capital and Reserves
(a) Summary table

	December 2016 \$'000	June 2016 \$'000
59,040,445 (June 2016: 52,340,445) Ordinary	15,632	11,733
Total	15,632	11,733

(b) Movement in shares on issue

	No.	No.
At the beginning of reporting period	52,340,445	52,340,445
Issue of new shares	6,700,000	-
At reporting date	59,040,445	52,340,445

6,700,000 shares were issued during the period at 60 cents per share. No further shares have been issued since 30 June 2016. No amounts are unpaid on any of the shares.

Ordinary shares participate in dividends. At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. All shares are fully paid.

(c) Reserves

	December 2016 \$'000	June 2016 \$'000
Share options reserve	16	-
Total	16	-

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

Options	Expiry date	Exercise price	Number
Stuart Brown	30 June 2018	\$0.35	2,000,000
Employees	14 July 2019	\$0.60	2,000,000

7. Dividends

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

	2016 \$'000	2015 \$'000
2016 final dividend of 1.8 cents paid in November 2016 (2015: 1.7 cents)	942	857
Total	942	857

In addition, the Board has declared an interim fully franked dividend of 1.8 cents per share to be paid on 7 April 2017.

8. Earnings Per Share

	December 2016	December 2015
Basic EPS	2.0 cents	2.9 cents
Diluted EPS	1.9 cents	2.8 cents
Calculated as follows:		
Profit attributable to the owners of the Group	\$1,103,000	\$1,449,000
Weighted average number of shares for basic EPS	55,981,749	50,395,445
Weighted average number of shares for diluted EPS	56,931,715	51,213,362

9. Contingencies

The Group had no contingent assets or liabilities at 31 December 2016 (December 2015: \$nil).

10. Subsequent Events

Other than the subsequent events disclosed in the Directors' Report, 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.

11. 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 closing price from the ASX as at the reporting date.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
At 31 December 2016				
Financial assets	13,837	-	201	14,038
At 30 June 2016				
Financial assets	11,860	-	151	12,011

(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. 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 for the following periods:

	\$'000
At 31 December 2016	
Balance at the beginning of year	151
Purchase	50
Balance at the end of period	<u>201</u>
At 30 June 2016	
Balance at the beginning of year	6,874
Purchase	51
Sale	(6,774)
Balance at the end of year	<u>151</u>

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

12. Critical Accounting Estimates and Judgments

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

Key estimates - Impairment

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

Key estimates – Financial assets

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

13. Statement of Significant Accounting Policies

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

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 2016 and any public announcements made by the Group during the half-year in

NOTES TO THE FINANCIAL STATEMENTS

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.

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

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

The accounting policies adopted are consistent with those of the previous financial year ended 30 June 2016.

Going concern

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

Segment Reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group management and internal reporting structure. 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 three reporting segments: BlackWall Property Funds, WOTSO WorkSpace and Investment.

The BlackWall Property Funds segment engages in funds and asset management as well as property services that include property management, leasing and general property consultancy. Income earned by the BlackWall Property Funds segment includes recurring income from fund and asset management mandates and transaction-based income typically related to those mandates. Management treats these operations as one "fee earning" operating segment. The WOTSO WorkSpace segment represents the serviced office and coworking space business and generates recurring licence and services fees by providing short-term office accommodation, shared workspace and meeting and event venues. The Investment 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.

NOTES TO THE FINANCIAL STATEMENTS**New Accounting Standards and Interpretations**

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

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

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

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

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

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

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

DIRECTORS' REPORT - Continued**Officeholders**

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

Richard Hill (Non-Executive Director and Independent Chairman)
Joseph (Seph) Glew (Non-Executive Director)
Robin Tedder (Non-Executive Director)
Stuart Brown (Executive Director and Chief Executive Officer)
Tim Brown (Company Secretary from 23 September 2016)
Caroline Raw (Company Secretary until 23 September 2016)

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 2016/191, and in accordance with that Class Order, amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

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



Stuart Brown
Director
Sydney, 24 February 2017



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

As auditor for the review of BlackWall Limited and Controlled Entities for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Dated at Sydney the 23rd day of February 2017

A handwritten signature in blue ink, appearing to be 'CK' followed by a stylized flourish.

ESV Accounting and Business Advisors

A handwritten signature in blue ink, appearing to be 'CK' followed by a long, wavy flourish.

Chris Kirkwood
Partner

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards 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 2016 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, 24 February 2017

GROUP DETAILS

The Group's details are as follows:

Registered office and principal place of business	Level 1, 50 Yeo Street Neutral Bay NSW 2089
Telephone	+612 9033 8611
Fax	+612 9033 8600
Websites	www.blackwall.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 4000



Independent Review Report to the Members of Blackwall Limited and Controlled Entities

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Blackwall Limited and Controlled Entities ("the Group"), which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of profit and loss and other comprehensive income, condensed statement of changes in equity and condensed 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 half-year 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 2016 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 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 the Group, would be in the same terms if given to the Directors as at the time of this auditor's report.



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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 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 2016 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 24th day of February 2017

ESV Accounting and Business Advisors

Chris Kirkwood
Partner

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GLOSSARY

ASX	Australian Securities Exchange
BlackWall /BWF/Company	BlackWall Limited
BWR	BlackWall Property Trust
Consolidated financial report	Financial statements
EPS	Earnings per share
Financial assets	Financial assets at FVTPL
FVTPL	Fair value through profit and loss
Group	BlackWall Limited & subsidiaries
IFRS	International Financial Reporting Standards
NTA	Net tangible assets
p.a.	Per annum
SPV	Special purpose vehicles
sqm	Square metre
WOTSO Adelaide	217 Flinders Street, Adelaide, South Australia
WOTSO Brisbane	84 Brunswick Street, Fortitude Valley, Queensland



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