

# **BlackWall Penrith Fund No. 3**

ARSN 165 156 945

## **Annual Financial Statements**

For the Year Ended 30 June 2019

**BlackWall Penrith Fund No. 3**

**ARSN 165 156 945**

**Responsible Entity: BlackWall Fund Services Limited**

**ABN 39 079 608 825**

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# BlackWall Penrith Fund No. 3

ARSN 165 156 945

## CONTENTS

### Financial Statements

Directors' Report	Page 3
Statement of Profit or Loss and Other Comprehensive Income	Page 4
Statement of Financial Position	Page 5
Statement of Changes in Net Assets Attributable to Unitholders	Page 6
Statement of Cash Flows	Page 7
Notes to the Financial Statements	Page 8
Directors' Report – Continued	Page 16
Directors' Declaration	Page 20
Auditor's Independence Declaration	Page 21
Independent Auditor's Report	Page 22

# BlackWall Penrith Fund No. 3

ARSN 165 156 945

## Directors' Report

### Principal Activities

BlackWall Penrith Fund No. 3 is a registered managed investment scheme. BlackWall Fund Services Limited acts as the Responsible Entity.

The Fund is a hybrid property investment trust (known as PIPES) with an interest in a "retail mixed use" property located on Mulgoa Road, Penrith. As the Fund's name suggests this is the third investment syndicate structured with respect to the Property (the first commenced in 2002). Since that time the Property has generated investor distributions of not less than 8.75% per annum. These distributions have been paid quarterly.

The Responsible Entity is a wholly owned subsidiary of ASX-listed BlackWall Limited. BlackWall is a vertically integrated real estate company engaged in funds management and principal investment in deep value or property related special situations. BlackWall is listed on the ASX under the stock code BWF. BlackWall and the Responsible Entity share the same board of directors (Directors) and management.

### Review of Operations

The Fund has 4,500,000 units on issue and NTA per unit of \$1.22 (2018: NTA of \$1.40). The decrease in NTA is a result of the Directors revaluing the Penrith property downwards to \$21.0 million from \$25.0 million in 2018. Following the financial collapse of a previous tenant Toys R Us, negotiations with new tenants have taken place at lower rent levels. The downwards revaluation of the property causes the provision for bonus to decrease (the bonus represents a 20 percent share in the capital appreciation of the property).

### Distribution to Unitholders

During the year, the Fund paid a total of \$405,000 in interest to unitholders (9 cents per unit), which equates to 9% per annum on the issue price at commencement of \$1.00 per unit.

### Significant Changes in Affairs

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

# BlackWall Penrith Fund No. 3

ARSN 165 156 945

## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

		2019	2018
	Note	\$	\$
PIPES interest from PIPES mortgage		405,000	405,000
Interest and fee recoveries		240	168
<b>Total revenue</b>	1	<u>405,240</u>	<u>405,168</u>
PIPES interest paid to unitholders	2	(405,000)	(405,000)
Administration expenses		(240)	(168)
<b>Total expenses</b>		<u>(405,240)</u>	<u>(405,168)</u>
<b>Net Profit / (Loss) For the Year</b>		-	-
Other comprehensive income		-	-
<b>Total Comprehensive Profit / (Loss) For the Year</b>		<u>-</u>	<u>-</u>

The accompany notes form part of these financial statements.

# BlackWall Penrith Fund No. 3

ARSN 165 156 945

## Statement of Financial Position

For the Year Ended 30 June 2019

	Note	2019	2018
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	58	130
Receivables	4	101,456	101,384
<b>Total Current Assets</b>		<u>101,514</u>	<u>101,514</u>
<b>Non-current Assets</b>			
Financial assets	5	5,400,000	6,200,000
<b>Total Non-current Assets</b>		<u>5,400,000</u>	<u>6,200,000</u>
<b>TOTAL ASSETS</b>		<u><b>5,501,514</b></u>	<u><b>6,301,514</b></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	6	101,514	101,514
<b>Total Current Liabilities</b>		<u>101,514</u>	<u>101,514</u>
<b>Non-current Liabilities</b>			
Financial liabilities	7	5,400,000	6,200,000
<b>Total Non-current Liabilities</b>		<u>5,400,000</u>	<u>6,200,000</u>
<b>TOTAL LIABILITIES</b>		<u><b>5,501,514</b></u>	<u><b>6,301,514</b></u>
<b>NET ASSETS</b>		<u>-</u>	<u>-</u>
<b>TOTAL INVESTORS' FUND</b>		<u>-</u>	<u>-</u>

# **BlackWall Penrith Fund No. 3**

**ARSN 165 156 945**

**Statement of Changes in Net Assets Attributable to Unitholders**

**For the Year Ended 30 June 2019**

As the Fund has no equity, the Fund has not included any items of changes in equity for the current or prior years.

# BlackWall Penrith Fund No. 3

ARSN 165 156 945

## Statement of Cash Flows

For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
<b>Cash Flows From Operating Activities</b>			
Interest received from PIPES mortgage		405,000	405,000
Interest distributions to unitholders		(405,000)	(405,000)
Interest received		-	-
Bank charges paid		(72)	(310)
<b>Net Cash Flows From / (Used in) Operating Activities</b>	10	<u>(72)</u>	<u>(310)</u>
<b>Net Increase / (Decrease) in Cash Held</b>		<b>(72)</b>	<b>(310)</b>
Cash and cash equivalents at the beginning of period		130	440
<b>Cash and Cash Equivalents at the End of Period</b>	3	<u><b>58</b></u>	<u><b>130</b></u>

# BlackWall Penrith Fund No. 3

ARSN 165 156 945

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 1. Revenue

	2019	2018
	\$	\$
PIPES interest from PIPES mortgage	405,000	405,000
Interest	240	168
<b>Total</b>	<b>405,240</b>	<b>405,168</b>

### 2. PIPES Interest Paid to Unitholders

	2019		2018	
	CPU	\$	CPU	\$
Interest paid in October for September quarter	2.25	101,250	2.25	101,250
Interest paid in January for December quarter	2.25	101,250	2.25	101,250
Interest paid in April for March quarter	2.25	101,250	2.25	101,250
Interest payable in July for June quarter	2.25	101,250	2.25	101,250
<b>Total</b>	<b>9.00</b>	<b>405,000</b>	<b>9.00</b>	<b>405,000</b>

### 3. Current Assets – Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash at bank	58	130
<b>Total</b>	<b>58</b>	<b>130</b>

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

### 4. Current Assets – Receivables

	2019	2018
	\$	\$
PIPES interest receivable	101,456	101,384
<b>Total</b>	<b>101,456</b>	<b>101,384</b>

### 5. Non-current Assets – Financial Assets

	2019	2018
	\$	\$
PIPES Mortgage	4,500,000	4,500,000
PIPES Bonus	900,000	1,700,000
<b>Total</b>	<b>5,400,000</b>	<b>6,200,000</b>

The Fund has advanced monies secured by a registered second mortgage over property at 120 Mulgoa Road, Penrith. The Penrith property was valued by the Directors in June 2019 at \$21.0 million which is down from \$25.0 million in 2018 due to changes in tenants and changes in market conditions. The investors' capital is returned together with a bonus equating to 20% of the capital growth, which is only payable at the maturity date. The Fund's maximum exposure to credit risk is represented by PIPES interest receivable, PIPES mortgage and bonus.



# BlackWall Penrith Fund No. 3

ARSN 165 156 945

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 6. Current Liabilities – Payables

	2019	2018
	\$	\$
Distributions payable	101,249	101,234
Other payable	265	280
<b>Total</b>	<b>101,514</b>	<b>101,514</b>

### 7. Non-current Liabilities – Financial Liabilities

	2019	2018
	\$	\$
Amounts due to PIPES unitholders	4,500,000	4,500,000
Accrued PIPES Bonus	900,000	1,700,000
<b>Total</b>	<b>5,400,000</b>	<b>6,200,000</b>

The PIPES Bonus is the investors' capital gain. The Penrith property was valued by the Directors in June 2019 at \$21.0 million which is down from \$25.0 million in 2018 due to changes in tenants and changes in market conditions. The investors' capital is returned with a bonus equating to 20% of this capital gain, which is only payable at the maturity date.

#### *Terms and conditions*

All units in the Fund are the same class and carry equal rights. Under the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

The units are referred to as 'Property Income and Participating Equity Securities' or PIPES. Holders of units are entitled to participate in investment returns earned by the Fund in the proportion that their unitholding comprises to the total number of units issued, and are entitled to one vote per unit at unitholders' meetings. The Fund is expected to have a term of 7 years from registration and matures on 31 December 2020.

Due to the finite life clause contained within the Fund's Constitution and product disclosure statement, and in accordance with the Accounting Standards, the issued units in the Fund have been classified as debt for these financial statements.

### 8. Auditor's Remuneration

	2019	2018
	\$	\$
Remuneration of the auditor of the Fund:		
Audit or other audit related services	5,500	5,500
Taxation services	1,100	1,100
<b>Total</b>	<b>6,600</b>	<b>6,600</b>

The Auditor's remuneration is paid out of the underlying property assets.

### 9. Commitments and Contingencies

There are no commitments or contingencies as at 30 June 2019 (2018: nil).

# BlackWall Penrith Fund No. 3

ARSN 165 156 945

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 10. Reconciliation of Profit After Income Tax to Operating Cash Flows

	2019	2018
	\$	\$
Profit (Loss) for the year	-	-
Change in assets and liabilities:		
Decrease / (increase) in receivables	(72)	(168)
Decrease / (increase) in financial assets	800,000	-
(Increase) / decrease in financial liabilities	(800,000)	-
Increase in payables	-	(142)
<b>Net cash flows from / (used in) operating activities</b>	<b>(72)</b>	<b>(310)</b>

### 11. Subsequent Events

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 Fund's operations or may materially affect its operations, state of affairs or the results of operations in future financial years.

### 12. Related Party Transactions

#### (a) Related Parties

In these financial statements, related parties are parties as defined by *AASB 124 Related Party Disclosures*.

#### (b) Transactions with Related Parties

Total unit holdings held by related parties as at 30 June 2019 was 662,622 (2018: 662,622).

In accordance with the terms of the Fund Constitution, the Responsible Entity is entitled to a management fee of 0.5% per annum of the property's value, payable monthly in arrears. The fees are paid from the underlying property assets not from the Fund's assets.

All transactions with related parties were made on normal commercial terms and conditions and at market rates.

Related party transactions that occurred during the year are as follows:

	2019	2018
	\$	\$
<b>Expenses</b>		
Fund management fee paid to Responsible Entity	124,800	124,800
Distribution paid/payable to related unitholders	59,640	59,640
Receivables from related parties - current	101,456	101,384
Payables to related parties - current	14,910	14,910

# BlackWall Penrith Fund No. 3

ARSN 165 156 945

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 13. Financial Risk Management

#### (a) Financial risk management

The main risks the Fund is exposed to through its financial instruments are market risk and liquidity risk. The Fund's exposure to credit risk is to one party being the mortgagor Planloc Pty Ltd for which a second mortgage is held as collateral. The Fund's major financial instruments are financial mortgage assets and net assets attributable due to unit holders.

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the risk management framework. They monitor the Fund's risk exposures by regularly reviewing finance and property markets. An analysis of major financial instruments held by the Fund, which are subject to financial risk, is as follows:

	<b>2019</b>	<b>2018</b>
	\$	\$
Financial assets	5,400,000	6,200,000

There is no material difference between the carrying value and the fair value of the financial assets.

#### (b) Market risk

The Fund is exposed to market risk if insufficient cash flows are generated by the underlying property supporting the financial assets to enable PIPES Mortgage interest to be received by unitholders via distributions. The interest rate for the PIPES Mortgage is fixed at 9% for the life of the Fund. Distributions to investors may also be affected by fluctuations in the interest rate applicable to the senior debt facility secured on the property. If interest rates had moved at 30 June, with all other variables held constant, profit would have not been materially affected. Therefore, a sensitivity analysis has not been prepared.

#### (c) Liquidity risk

Units in the Fund are regarded as illiquid. This means that there is no active market in which to sell units except for off-market transfer. The Responsible Entity has no obligation to purchase or redeem units during the term of the Fund. There is no secondary market for units and transfers may only be effected in accordance with the Constitution and with the approval of the Responsible Entity. At the end of the year, the Fund held the following financial liabilities by maturity grouping.

	<b>Maturing within 1 year \$</b>	<b>Maturing over 5 years \$</b>	<b>Total \$</b>
<b>At 30 June 2019</b>			
<b>Financial liabilities</b>			
Payables	101,514	-	101,514
Amounts due to PIPES unitholders	-	5,400,000	5,400,000
	<b>101,514</b>	<b>5,400,000</b>	<b>5,501,514</b>
<b>At 30 June 2018</b>			
<b>Financial liabilities</b>			
Payables	101,514	-	101,514
Amounts due to PIPES unitholders	-	6,200,000	6,200,000
	<b>101,514</b>	<b>6,200,000</b>	<b>6,301,514</b>

# BlackWall Penrith Fund No. 3

ARSN 165 156 945

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 14. Segment Reporting

The Fund currently operates in one business segment in Australia acting as the recipient of income to which investors are entitled to and to distribute this income to investors in proportion to their entitlements.

### 15. Fund Details

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

### 16. Critical Accounting Estimates and Judgments

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

#### *Key estimates – impairment*

The Fund assesses impairment at each reporting date by evaluating conditions specific to the Fund that may lead to impairment of assets. The Directors of the Responsible Entity believed it appropriate to raise no impairment provisions for the current year.

#### *Key estimates – PIPES bonus*

The PIPES bonus is calculated with reference to the independent valuation performed on the property. The property valuation involves relevant assumptions made by the expert independent valuer.

### 17. Statement of Significant Accounting Policies

The Fund is a managed investment scheme registered in Australia. The financial statements for the Fund were authorised for issue in accordance with the resolution of the Directors of the Responsible Entity 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 Fund 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 following is a summary of the material accounting policies adopted by the Fund in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

# BlackWall Penrith Fund No. 3

ARSN 165 156 945

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### Presentation of financial statements

Both the functional and presentation currency of the Fund is Australian dollars.

### Going concern

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

### Financial Assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

#### Impairment of financial assets

The fund recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

#### Financial liabilities

Financial liabilities are recorded initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost and interest is recognised over the period of the borrowing using the effective interest method.

#### Pipes mortgage

Mortgage loans are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any.

# BlackWall Penrith Fund No. 3

ARSN 165 156 945

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

The Responsible Entity assesses at each reporting period date whether there is any objective evidence that mortgage loans are impaired. A mortgage loan is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the mortgage loan (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the mortgage loan that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing other financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If any such indication of impairment exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the loan loss provision account.

For the purpose of a collective evaluation of impairment the Fund considers credit risk characteristics such as asset type, industry, geographic location, collateral type, past due status and other relevant factors.

#### **Loans and receivables/payables**

Loans and receivables/payables are non-derivative financial assets/liabilities with fixed or determinable payments that are not quoted in an active market. This category includes short term receivables/payables.

#### **Payables**

Liabilities for 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 Fund at balance date. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **Revenue**

Interest income is recognised using the effective interest method when interest is received/receivable. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate. All revenue is stated net of the amount of GST.

#### **Income Tax**

Under current income tax legislation, the Fund is not liable to Australian income tax provided the unitholders are presently entitled to the taxable income of the Fund and the Fund generally distributes its taxable income.

#### **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.

# BlackWall Penrith Fund No. 3

ARSN 165 156 945

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

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.

#### Unit prices

Unit prices are determined in accordance with the Fund's Constitution and Product Disclosure Statement and are calculated as net assets attributable to unitholders of the Fund, less estimated costs, divided by the number of units on issue.

#### New Accounting Standards and Interpretations

There are no standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions. AASB will impact them, in terms of how credit risk is assessed and recognized as appropriate.

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

The fund has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified date and that are solely principal and interest

All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

# BlackWall Penrith Fund No. 3

ARSN 165 156 945

## Directors' Report - Continued

### Information on Officeholders

As a result of a reorganisation of the BlackWall Limited management structure, there have been some changes in the BlackWall board and as a result there have been changes to the board of the Responsible Entity. Richard Hill has stepped down as Chairman and is replaced by Joseph (Seph) Glew. Richard will remain on the board as a non-executive director. Jessica (Jessie) Glew has joined the board and was appointed as joint managing director together with Tim Brown. Stuart Brown has resigned as CEO of BlackWall and will remain on the board in a non-executive capacity. All of these changes are effective as at the date of these financial statements.

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

### **Joseph (Seph) Glew, Non-Executive Director and Chairman**

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 40 years. In addition, since the early 1990s Seph has run many turnaround 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.

### **Timothy Brown, Joint Managing Director and Chief Financial Officer**

Timothy Brown is the Chief Financial Officer for the BlackWall Group and its funds, and is responsible for all aspects of the group's financial reporting, debt management and accounting operations. Timothy joined the formerly listed Pelorus Property Group Limited in 2008 as Group Financial Controller and became Chief Financial Officer in 2009, continuing with BlackWall when it listed in 2011. He has a Bachelor of Commerce from the University of New South Wales, is a member of the Institute of Chartered Accountants of Australia and has a Graduate Diploma from the Financial Services Institute of Australasia. With over 20 years experience in the financial services and property industries, he started his career with Deloitte in their middle market audit division working on a wide variety of SMEs. In 2002 he joined Lend Lease Corporation and held a number of finance roles across the Lend Lease portfolio from development and retail financial management to corporate treasury, including Treasury Manager for Lend Lease's European operations based in London.

### **Jessica (Jessie) Glew, Joint Managing Director and Chief Operating Officer (appointed 26 August 2019)**

Jessie is Joint Managing Director and Chief Operating Officer for the BlackWall Group and its funds. Jessie has been with BlackWall since early 2011. Prior to her appointment as Joint Managing Director, Jessie was COO at BlackWall. Jessie has a Bachelor of International Communication from Macquarie University and finalising a Bachelor of Property Economics at the University of Technology Sydney.



# BlackWall Penrith Fund No. 3

ARSN 165 156 945

## **Stuart Brown, Non-Executive Director**

Stuart has been involved in property investment for over 18 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 an independent Director of Coogee Boys' Preparatory School and Randwick District Rugby Union Football Club.

## **Richard Hill, Non-Executive Director**

Richard Hill has extensive investment banking experience and was the founding partner of the corporate advisory firm Hill Young & Associates. Richard has invested in BlackWall'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 Sirtex Medical Limited (listed on the ASX). Richard is Chairman of the Westmead Millennium Institute for Medical Research. In the last three years, Richard has served as a director (Chairman) of Sirtex Medical Limited (Sirtex), listed on ASX. Richard resigned as director of Sirtex on 28 October 2017.

## **Robin Tedder, Non-Executive Director**

Robin began his career on the dealing desk of a merchant bank in 1976. In 1981 he founded Hatmax Capital Markets which grew rapidly through organic development and merger with Australian Gilt Securities in 1988, such that by the time he departed after 14 years as CEO in 1995, over 80 people were employed across debt capital markets, both the Sydney Futures Exchange and ASX, in asset management and corporate finance. In 1995 Robin established Vintage Capital which became an active investor in funds management, commercial property, retailing, healthcare and logistics. He has been an investor in Blackwall projects since 1997, is a former member of ASX, and has served on various boards of both listed and private companies since 1984. He is the Chairman of Blackwall's Board Audit Committee.

## **Sophie Gowland, Company Secretary and Head of Funds Management**

Sophie is a lawyer with over 10 years of experience in legal practice and financial services. Prior to joining BlackWall, Sophie practiced in the areas of corporate advisory, equity capital markets and mergers and acquisitions with firms including Gilbert + Tobin. Sophie was previously an investment banker with Credit Suisse, specialising in equity capital markets. Sophie holds a Bachelor of Commerce and Bachelor of Laws (First Class Honours) from the University of Queensland.

## **Meeting Attendances**

<b>Director</b>	<b>Board Meetings</b>
Meetings Held	10
Richard Hill	10
Seph Glew	10
Robin Tedder	10
Stuart Brown	10
Timothy Brown	10
Jessica Glew (appointed on 26 August 2019)	n/a

# BlackWall Penrith Fund No. 3

ARSN 165 156 945

## Events Subsequent to Reporting Date and Likely Developments

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

## Remuneration

In accordance with the terms of the Constitution and Product Disclosure Statement, the Responsible Entity is entitled to receive an annual management fee based on 0.5% of the gross asset value of the Fund. The total fees paid to the Responsible Entity and its associates during the year are set out in the Related Party Transactions note.

There were no fees paid or payable from the Fund to the Directors of the Responsible Entity during the financial year.

The Fund does not provide any short term or post employment benefits to its KMP.

## Interests in the Fund

The number of units on issue at 30 June 2019 was 4,500,000 (2018: 4,500,000). The Responsible Entity and its associates held 260,263 units in the Fund as at 30 June 2019 (2018: 273,158). There were no withdrawals from the Fund during the year.

## Value of Fund's Assets

The value of the Fund's assets is set out in the Statement of Financial Position in the Total Assets line. Refer to the Financial Assets note for valuation details.

## Environmental Regulation

The Fund's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or a Territory.

## Indemnities of Officers

During the financial period the Responsible Entity has paid premiums to insure each of the Directors named in this report along with officers of that Responsible Entity 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 Responsible Entity, other than conduct involving a wilful 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 Fund.

## Non-audit Services and Auditor

Amounts paid to the auditor during the year are detailed at the Auditor's Remuneration note of the financial statements.

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.

# BlackWall Penrith Fund No. 3

ARSN 165 156 945

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

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



**Tim Brown**  
Director  
Sydney, 30 September 2019



**Jessie Glew**  
Director  
Sydney, 30 September 2019

# BlackWall Penrith Fund No. 3

ARSN 165 156 945

## Directors' Declaration

In the opinion of the Directors of BlackWall Fund Services Limited, the Responsible Entity of BlackWall Penrith Fund No. 3:

- (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 Fund's financial position as at 30 June 2019 and of its performance for the period ended on that date; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

The Statement of Significant Accounting Policies confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



**Tim Brown**  
Director  
Sydney, 30 September 2019



**Jessie Glew**  
Director  
Sydney, 30 September 2019



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

**To the Directors of BlackWall Fund Services Limited (“the Responsible Entity”)**

As auditor for the financial report of BlackWall Penrith Fund No. 3 for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the 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 30th day of September 2019

ESV

**ESV Accounting and Business Advisors**

A handwritten signature in black ink that reads 'Tim Valtwies'.

**Tim Valtwies**  
**Partner**



## INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF BLACKWALL PENRITH FUND NO. 3

### Opinion

We have audited the financial report of BlackWall Penrith Fund No. 3 ("the Fund"), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Fund's financial position as at 30 June 2019 and of its performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Responsibilities of the directors for the financial report

The directors of BlackWall Fund Services Limited ("the Responsible Entity") 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 control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF BLACKWALL PENRITH FUND NO. 3**

In preparing the financial report, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

Dated at Sydney on the 30th of September 2019

**ESV Accounting and Business Advisors**

**Tim Valtwies**  
**Partner**