

Bakehouse Quarter Trust

ARSN 162 705 455

Annual Financial Statements

For the Year Ended 30 June 2018

Bakehouse Quarter Trust
ARSN 162 705 455
Responsible Entity: BlackWall Fund Services Limited
ABN 39 079 608 825
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Bakehouse Quarter Trust

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Directors' Report

The Bakehouse Quarter Trust (Trust) is a unit trust registered as a managed investment scheme. As its name suggests the Trust was formed to allow retail investors to hold an investment in the Bakehouse Quarter at North Strathfield in Sydney.

The Trust's investment in the Bakehouse is by way of a holding in the wholesale investment trust that owns the Property. This trust, known as the Kirela Development Unit Trust, is capitalised by a syndicate of wholesale and sophisticated investors and was formed in 1997 when the Property was purchased from Arnott's Biscuits. Since inception BlackWall's funds and asset management business has directed the re-development of the project from a disused factory to an urban business precinct. In June 2017 BlackWall announced that it had negotiated a call option arrangement under which the Bakehouse could be sold in late 2018 for a price of \$380 million. Recently amendments were agreed to the call option arrangement that will move the completion date out to February 2019.

The Fund has 2,130,137 units on issue. At 30 June 2018 BQT's NTA is \$10.97 per unit. This NTA is up 18.47% on December 2017 and is the result of the directors revaluing BQT's interest in the Bakehouse Quarter up to sale value. BlackWall is structuring an offer, subject to the Bakehouse Quarter sale completing under which BQT investors will be given an opportunity to roll their BQT units into units in the ASX listed BlackWall Property Trust (ASX code BWR) on an NTA for NTA basis.

The profit for the Trust for the year ended 30 June 2018 was \$6,315,987 (2017: \$4,146,608).

Distributions

During the current financial year \$830,753 in distributions have been paid by the Trust.

Significant Changes in Affairs

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

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue			
Interest		44	17
Distribution income		-	35,280
Unrealised gain on revaluation of Kirela units		6,483,059	4,019,791
Profit on sale of financial assets		-	263,144
Total revenue		6,483,103	4,318,232
Expenses			
Responsible entity management fees		(128,023)	(121,053)
Compliance fees		(38,019)	(47,510)
Administration expenses		(593)	(2,750)
Finance costs		(481)	(311)
Total expenses		(167,116)	(171,624)
Profit For the Year		6,315,987	4,146,608
Other comprehensive income		-	-
Total Comprehensive Income For the Year		6,315,987	4,146,608

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Statement of Financial Position

As at 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash	1	12,935	15,081
Investment in Kirela Development Unit Trust	2	23,393,866	18,268,916
Total Current Assets		23,406,801	18,283,997
TOTAL ASSETS		23,406,801	18,283,997
LIABILITIES			
Current Liabilities			
Trade and other payables	3	40,582	16,703
Loan from Kirela		-	386,309
Total Current Liabilities		40,582	403,012
NET ASSETS		23,366,219	17,880,985
Unitholders' fund		4,178,832	5,009,586
Retained profits		19,187,387	12,871,399
NET ASSETS ATTRIBUTTABLE TO UNITHOLDERS		23,366,219	17,880,985
Net tangible assets		23,366,219	17,880,985
Number of units on issue		2,130,137	2,130,137
NTA per unit		\$10.97	\$8.39

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Statement of Changes in Net Assets Attributable to Unitholders

For the Year Ended 30 June 2018

	Number of Units on Issue No.	Unitholders' Fund \$	Retained Profits \$	Total \$
Balance at 1 July 2017	2,130,137	5,009,586	12,871,399	17,880,985
Profit for the year	-	-	6,315,987	6,315,987
Returns of capital	-	(830,753)	-	(830,753)
Balance at 30 June 2018	2,130,137	4,178,833	19,187,386	23,366,219
Balance at 1 July 2016	2,623,867	9,743,344	10,719,852	20,463,196
Profit for the year	-	-	4,146,608	4,146,608
Redemption of capital	(493,730)	(1,684,267)	(1,995,061)	(3,679,328)
Returns of capital	-	(3,049,491)	-	(3,049,491)
Balance at 30 June 2017	2,130,137	5,009,586	12,871,399	17,880,985

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Statement of Cash Flows

For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
Cash Flows from Operating Activities		
Interest and distribution received	44	35,297
Interest paid	(481)	(311)
Payment of expenses	(142,756)	(176,584)
Net Cash Flows Used in Operating Activities	(143,193)	(141,598)
	5	
Cash Flows from Investing Activities		
Return of Capital from BWR units	-	83,628
Return of capital from Kirela units	971,801	-
Payment for BlackWall Property Trust units	-	(337,300)
Payment for Pymont Bridge Trust units	-	(100,000)
Net Cash Flows Used in Investing Activities	971,801	(353,672)
Cash Flows from Financing Activities		
Returns of capital to unitholders	(830,754)	-
Proceeds from loan from Kirela	-	509,812
Net Cash Flows From Financing Activities	(830,754)	509,812
Net Increase / (Decrease) in Cash Held		
Cash and cash equivalents at the beginning of year	15,081	539
Cash and Cash Equivalents at the End of Year	12,935	15,081
	1	

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Notes to the Financial Statements

For the Year Ended 30 June 2018

1. Current Assets – Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash at bank	12,935	15,081
Total	12,935	15,081

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

2. Financial Assets at FVTPL – Current Assets

	2018	2017
	\$	\$
Current Investment		
Kirela Development Unit Trust	23,393,866	18,268,916
Total	23,393,866	18,268,916

3. Current Liabilities – Payables

	2018	2017
	\$	\$
Other payables		
- Related parties	-	-
- Other	8,550	4,158
Distribution payable	32,032	12,545
Total	40,582	16,703

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

4. Distributions

During the year, the Trust paid distributions by way of returns of capital as follows:

	2018		2017	
	CPU	\$	CPU	\$
Return of capital	39.00	830,753	143.00	3,049,491
Total	39.00	830,753	143.00	3,049,491

5. Reconciliation of Profit After Income Tax to Operating Cash Flows

	2018	2017
	\$	\$
Profit for the year	6,315,987	4,146,608
Unrealised gain on revaluation of financial assets	(6,483,059)	(4,019,791)
Profit on sale of financial assets	-	(263,144)
(Decrease)/Increase in trade and other payables	23,879	(5,271)
Net cash (outflows) inflows from operating activities	(143,193)	(141,598)

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Notes to the Financial Statements

For the Year Ended 30 June 2018

6. Auditor's Remuneration

	2018	2017
	\$	\$
Remuneration of the auditor of the Trust for:		
- Audit and other audit related services	13,333	13,567
- Taxation services	1,200	1,200
	<u>14,533</u>	<u>14,767</u>

7. Commitments and Contingencies

There are no commitments or contingencies as at 30 June 2018 (2017: Nil).

8. Related Party Transactions

(a) Related Parties

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

(b) Unit holdings by Related Parties

Total unit holdings held by related parties as at 30 June 2018 was 54,472 units (2017: 54,472 units).

(c) Transactions with Related Parties

The Responsible Entity is entitled to a management fee in relation to the operation of the Trust. This fee is prescribed in the Constitution and equates to up to 0.65% of the gross asset value of the Trust.

All transactions with related parties were made on normal commercial terms and conditions and at market rates, and were approved by the Board where applicable.

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

	2018	2017
	\$	\$
Expenses		
Management fee paid to Responsible Entity	128,023	121,053
Outstanding balances		
Trade and other payables – current	-	386,309

(d) Interests in Related Parties

As at year end The Trust owned 53,779 units in Kirela Unit Trust (2017: 53,779) and received return of capital of \$971,801 for the year ended 30 June 2018. All distributions received were 100% tax deferred for income tax purpose therefore they are accounted for as returns of capital in the accounts.

9. Subsequent Events

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

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Notes to the Financial Statements

For the Year Ended 30 June 2018

10. Financial Risk Management

(a) Financial risk management

The main risk the Trust is exposed to through its financial instruments is liquidity risk. The Trust is not exposed to any major market risk (including interest rate risk) or credit risk, other than the underlying property. The Trust's principal financial instruments are financial assets. This note presents information about the Trust's exposure to each of the above risks, their objectives, policies, and processes for measuring and managing risk, and the management of capital.

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the risk management framework. They monitor the Trust's risk exposure by regularly reviewing finance and property markets. The Trust holds the following material assets:

	2018	2017
	\$	\$
Financial assets	23,393,866	18,268,916

(b) Liquidity risk

The Trust is exposed to liquidity risk to the extent that at the end of the term of the Trust, amounts owing to unitholders will be required to be repaid from the proceeds of the realisation of the financial asset. There is no exposure to liquidity risk from distributions to unitholders as these are only paid when distributions are received from investments held. The amounts disclosed in the table are the contractual undiscounted cash flows. Financial liabilities due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Maturing within 1 year	Maturing 2 - 5 years	Total
	\$	\$	\$
At 30 June 2018			
Financial liabilities			
Payables	40,582	-	40,582
At 30 June 2017			
Financial liabilities			
Payables	16,703	-	16,703

(c) 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).

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Notes to the Financial Statements

For the Year Ended 30 June 2018

The following table presents the Trust's financial assets measured at fair value as at 30 June.

	Level 1	Level 2	Level 3	Total balance
	\$	\$	\$	\$
As at 30 June 2018				
Financial assets	-	-	23,393,866	23,393,866
As at 30 June 2017				
Financial assets	-	-	18,268,916	18,268,916

(b) Reconciliation of movements (Level 3)

The following table is a reconciliation of the movements in financial assets classified as Level 3 as at 30 June. Refer to the Critical Accounting Estimates and Judgments note for valuation method.

	\$
As at 30 June 2018	
Balance at the beginning of the year	18,268,916
Return of Capital	(1,358,110)
Fair value movements	6,483,060
Balance at the end of the year	<u>23,393,866</u>
As at 30 June 2017	
Balance at the beginning of the year	20,484,630
Additions	422,674
Sales and redemptions	(6,658,179)
Fair value movements	4,019,791
Balance at the end of the year	<u>18,268,916</u>

11. Segment Reporting

The Trust 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.

12. Trust Details

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

13. Critical Accounting Estimates and Judgments

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

Key estimates – financial assets

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Notes to the Financial Statements

For the Year Ended 30 June 2018

The fair value of the unlisted securities is determined by reference to the net assets of the underlying entities. The Trust assesses impairment at each reporting date by evaluating conditions specific to the Trust that may lead to impairment of assets.

14. Statement of Significant Accounting Policies

The Trust is a registered managed investment scheme registered in Australia.

The financial statements for the Trust were authorised for issue in accordance with a 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 Trust also comply with IFRS as issued by the International Accounting Standards Board.

These financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of financial assets for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the Trust in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Presentation currency

Both the functional and presentation currency of the Trust 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

The Trust classifies its financial assets at FVTPL. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, the Trust measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The Trust subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss as applicable.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

Revenue

Interest income is recognised as interest accrues using the effective interest method. 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.

In-specie distributions and returns of capital are brought on to the balance sheet by an adjustment in the carrying value of the relevant investment and then reflected in the profit and loss as an unrealised gain.

All revenue is stated net of the amount of GST.

Terms and conditions of units

Each unit issued confers upon the unitholder an equal interest in the Trust, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Trust. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Trust.

The rights, obligations and restrictions attached to each unit are identical in all respects. Applications received for units in the Trust are recorded net of any entry fees payable prior to the issue of units in the Trust.

Unit prices

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

Income Tax

Under current income tax legislation the Trust is not liable for taxation where the taxable income is distributed in full to unitholders.

GST

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period. There is only one standard which may be applicable to the Trust.

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

The Trust has not yet assessed the impact however it should not have any material changes to the Trust's financial statements.

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Directors' Report - Continued

Information on Officeholders

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. Unless otherwise stated, Officeholders have been in office since the beginning of the financial year to the date of these financial statements.

Richard Hill, Non-Executive Director (Independent Chairman)

Richard Hill has extensive investment banking experience and was the founding partner of the corporate advisory firm Hill Young & Associates. Richard has invested in 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. Richard is Chairman of the Westmead 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 retired as director of Sirtex on 28 October 2017.

Joseph (Seph) Glew, Non-Executive Director

Seph has worked in the commercial property industry in New Zealand, the USA and Australia. Seph has driven large scale property development and financial structuring for real estate for over 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.

Robin Tedder, Non-Executive Director

Robin has worked in finance and investment since 1976 during which time he has served as the CEO of an investment bank and as non-executive director on the boards of public and private companies in banking, insurance, funds management, property, healthcare, retail and wine. He was a member of ASX for many years. He is the Chairman of investment company Vintage Capital and has been an investor in BlackWall Group projects since 1997. Robin is also the Chairman of the BlackWall Board Audit Committee.

Stuart Brown, Executive Director and Chief Executive Officer

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.

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Timothy Brown, Executive Director and Chief Financial Officer Officer (appointed as Director on 29 January 2018)

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

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

Director	Board Meetings
Meetings Held	10
Seph Glew	10
Stuart Brown	10
Robin Tedder	10
Richard Hill	10
Timothy Brown (Appointed in January 2018)	5

Remuneration

The Responsible Entity is entitled to a management fee in relation to the operation of the Trust. This fee is prescribed by the constitution and is 0.65% per annum of the gross assets of the Trust. The fees paid to the Responsible Entity during the year are set out in the Related Party Transactions note.

There were no fees paid or payable from the Trust to the Directors of the Responsible Entity during the financial year. The Trust does not provide any short term or post employment benefits to its KMP. KMP include all Directors and the Chief Financial Officer (Tim Brown).

Interests in the Trust

The number of units on issue at 30 June 2018 was 2,130,137 (2017: 2,130,137). The Responsible Entity and its associates did not hold any units as at 30 June 2018. There were no withdrawals during the reporting period.

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Value of Trust's Assets

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

Environmental Regulation

The Entity's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or a Territory other than those that pertain to the ownership and development of real estate.

Indemnities of Officers

During the financial year the Responsible Entity has paid premiums to insure each of the Directors named in this report along with officers of that Company 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 Company, other than conduct involving a willful breach of duty. No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor to the Trust.

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 arising that have materially affected the Trust's operations or may materially affect its operations, state of affairs or the results of operations in future financial years.

Non-audit Services and Auditor

Amounts paid to the auditor for non-audit services 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. 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.



Stuart Brown

Director

Sydney, 28 September 2018

Directors' Declaration

In the opinion of the Directors of BlackWall Fund Services Limited, the Responsible Entity of Bakehouse Quarter Trust:

- (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 Trust's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The Statement of Significant Accounting Policies note 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.

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

Stuart Brown

Director

Sydney, 28 September 2018



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 of the financial report of Bakehouse Quarter Trust for the year ended 30 June 2018, 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 28th day of September 2018

A handwritten signature in black ink, appearing to read 'ESV'.

ESV Accounting and Business Advisors

A handwritten signature in black ink, appearing to read 'Tim Valtwies'.

Tim Valtwies
Partner



INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF BAKEHOUSE QUARTER TRUST

Opinion

We have audited the financial report of Bakehouse Quarter Trust ("the Trust"), which comprises the statement of financial position as at 30 June 2018, 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 Bakehouse Quarter Trust is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Trust's financial position as at 30 June 2018 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 Trust 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 BAKEHOUSE QUARTER TRUST

In preparing the financial report, the directors are responsible for assessing the Trust'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 Trust 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. This description forms part of our auditor's report.

Dated at Sydney on the 28th day of September 2018

ESV Accounting and Business Advisors

Tim Valtwies
Partner