Mandurah, WA

WOTSO PROPERTY

Property by name, flexible by nature

ANNUAL REPORT

30 JUNE 2022

CONTENTS

Directors' Report

WOTSO Property (WOT or the Group) has made a profit of $34.1 million for 2022 and will pay a final distribution of 3.0 cents per security. WOT's 15 owned properties comprise 81,000 sqm of NLA and its flexspace business has just under 5,000 members.

3.0 cents
Final Distribution

$1.66
Adjusted Net Asset Value (NAV) per Security

$23.7 million
Flexspace annualised income at June 2022

81,000 sqm
NLA across properties

5,000
WOTSO members

The WOT Points of Difference

1

Acquire and repurpose distressed assets in the suburbs or regions of Australia and New Zealand

We look for either physically or financially distressed properties. After acquisition we reposition the asset by creating a vertically integrated building, most often home to our flexspace business, WOTSO, and, if large enough, other service based uses such as a childcare centre, gym, café and larger traditional office tenants.

2

Produce higher returns

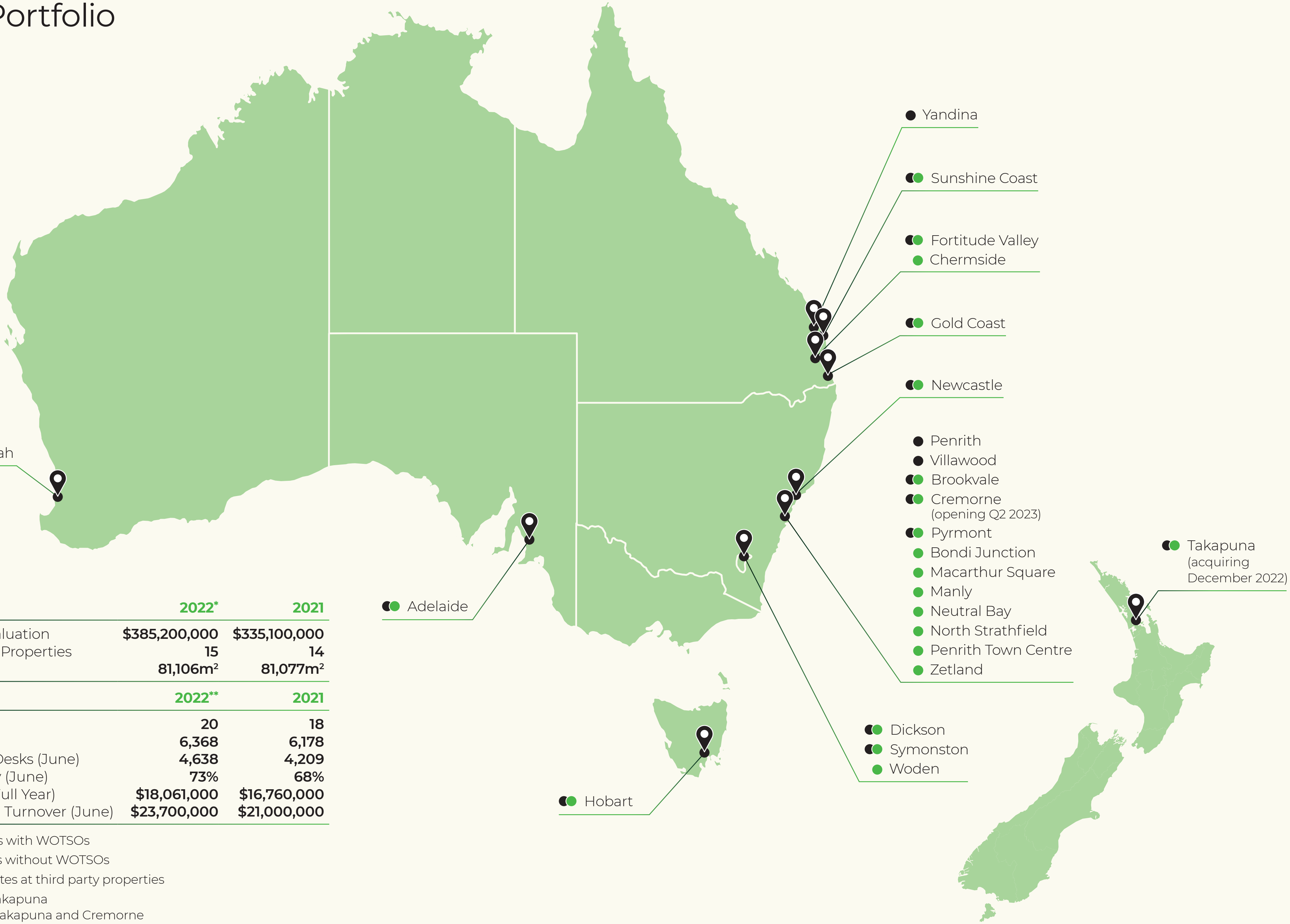
At maturity the WOTSO businesses in the properties we own should produce a net profit after paying a notional market rent. The objective is that the profit when analysed as part of the income of the asset results in a higher than market return than would be achieved under traditional leases.

3

Strategic leasing for our WOTSO business

There is value in a network of WOTSO locations and it is not always possible to purchase. Where we can do the right lease deal with third party landlords we see leasing as a viable option to grow our network. We apply the same financial discipline to leasing sites as we do purchasing them.

Our Portfolio



Properties	2022*	2021
Property Valuation	$385,200,000	$335,100,000
Number of Properties	15	14
NLA	81,106m²	81,077m²

WOTSO	2022**	2021
Sites	20	18
Desks	6,368	6,178
Occupied Desks (June)	4,638	4,209
Occupancy (June)	73%	68%
Turnover (Full Year)	$18,061,000	$16,760,000
Annualised Turnover (June)	$23,700,000	$21,000,000

- Properties with WOTSOs
- Properties without WOTSOs
- WOTSO sites at third party properties

* Excludes Takapuna
** Excludes Takapuna and Cremorne

Property Valuations & Performance

The table below shows the changes in property valuation as well as the current passing income under traditional lease terms for each property. Part of our difference to other REITs is our capacity to produce higher returns, in the table below this is referred to as WOTSO profit. We expect WOTSO profit to grow as occupancy levels increase. The properties are categorised by level of maturity:

- **Start-Up** – new purchases (open less than 1 year)
- **Developing** – revenue growth through occupancy (generally 1-3 years)
- **Mature** – revenue growth through price and service increases and properties that do not have a WOTSO in them.

Investment Property Portfolio		Current Leased Net Income $'000	Current Additional WOTSO Profit $'000	Current Total Net Income $'000	Valuation at 30 June 2022 $'000	Valuation at 30 June 2021 $'000
Start-Up						
Brookvale, NSW	◐●	302	(115)	187	5,000	4,200
Mandurah, WA	◐●	310	(325)	(15)	2,900	-
Cremorne, NSW (opening 2023)	◐●	-	-	-	15,700	-
Developing						
Dickson, ACT	◐●	1,583	50	1,633	31,000	31,300
Fortitude Valley, QLD	◐●	230	134	364	11,500	8,600
Newcastle, NSW	◐●	250	204	454	7,000	6,000
Adelaide, SA	◐●	434	253	687	8,800	7,100
Mature						
Symonston, ACT	◐●	390	289	679	8,000	8,400
Pyrmont, NSW	◐●	7,081	128	7,209	148,000	150,100
Sunshine Coast, QLD	◐●	2,020	158	2,178	29,000	24,200
Gold Coast, QLD	◐●	1,791	672	2,463	26,800	19,800
Hobart, TAS	◐●	657	188	845	13,750	8,200
Villawood, NSW	●	1,825	n/a	1,825	28,500	22,000
Penrith, NSW	●	1,280	n/a	1,280	26,250	21,500
Yandina, QLD	●	2,700	n/a	2,700	23,000	20,200
Toowoomba, QLD (sold in 2022)		-	-	-	-	3,500
Total Investment Property Portfolio Owned		**20,853**	**1,636**	**22,489**	**385,200**	**335,100**
Takapuna, NZ (settlement Dec 2022)	◐●	-	-	-	9,500	-
Total Investment Property Portfolio		**20,853**	**1,636**	**22,489**	**394,700**	**335,100**

◐● Properties with WOTSOs

● Properties without WOTSOs

Just over 50% of the property portfolio has been independently valued over the last 6 months resulting in a $30 million uplift in asset value. This 9% uplift is the result of a few factors:

- Cap rate compression
- Higher property occupancy
- WOTSO flexspace income being recognised in some valuations

WOTSO Third Party Sites Review

In addition to the investment property portfolio we have nine leased locations from third party landlords.

WOTSO Third Party Lease Portfolio	Area SQM	Current WOTSO Profit $'000	Potential WOTSO Profit $'000
Start-Up			
Macarthur Square, NSW (opening Sep 2022)	296	-	120
Developing			
Woden, ACT	1,213	(38)	262
Bondi Junction, NSW	753	187	376
Penrith, NSW	484	120	163
North Strathfield, NSW	6,230	(394)	1,923
Mature			
Manly, NSW	2,061	401	1,064
Neutral Bay, NSW	1,648	201	850
Zetland, NSW	2,608	763	838
Chermside, QLD	1,365	309	402
Total WOTSO Third Party Lease Portfolio	**16,658**	**1,549**	**5,998**

We recognise that some sites are not yet profitable, however they are still developing, and we are encouraged by the potential net income of these sites, and that the month on month revenue continues to grow.

Mandurah, WA

Repurposing Distressed Buildings

In the last 12 months we have purchased three strategic assets with a focus on sustainability.

237-239 Military Road, Cremorne, NSW (two adjoining properties)

The building that currently houses WOTSO Neutral Bay is under option to be sold with vacant possession. 237 Military Road will be fully refurbished to create a new home for our WOTSO Neutral Bay business.

By refurbishing the site, the carbon impact is significantly lower than a traditional new build. The property will include a new energy efficient lighting and air-conditioning system to reduce operational carbon as well as solar panels on the roof to offset energy consumption.

The purchase of the adjacent property at 239 Military Road is a property play for an increased land hold for a future development opportunity.

28 Ormsby Terrace, Mandurah, WA

A former 1,500 sqm sailing museum that closed in 2012. Post its life as a sailing museum the property struggled to maintain a permanent tenant. We purchased the building vacant and have worked to transform it into a WOTSO and onsite café, maintaining many of the original structures and features to pay homage to its history.

Much of the fit out was sourced from a local recycle yard, upcycling many of the materials to create walls and furniture.

After opening in June 2022, WOTSO Mandurah is already 30% occupied.

9 Huron Street, Takapuna, Auckland, New Zealand

Our first foray into New Zealand. The building has been vacant for a number of years and come December 2022 we will commence refurbishing the building as opposed to a knock down rebuild, we feel working with older buildings gives our space character.

The building will be home to New Zealand's first WOTSO with much of the existing fit-out being able to be adapted to work for a WOTSO layout.

All three assets have a positive impact on the environment by repurposing, recycling and re-using.

Case Study – Newcastle

1 Tudor Street, Newcastle

Property Acquisition Date	**Apr-21**
WOTSO Opening Date	**Aug-21**
Net Lettable Area	**1,006 sqm**
Purchase Price	**$4,000,000**

We purchased 1 Tudor with vacant possession in April 2021 and have repositioned the asset in just over 12 months with an annualised revenue of $648,000 and potential revenue of $1.26 million.

Annualised Income July 22	**$648,000**
Property Outgoings	**($85,000)**
WOTSO Operating Costs	**($171,000)**
Net Income	**$392,000**
Net Income as a rate/sqm	**$390 per sqm**
Number of businesses	**40**

Under a traditional lease scenario we believe:

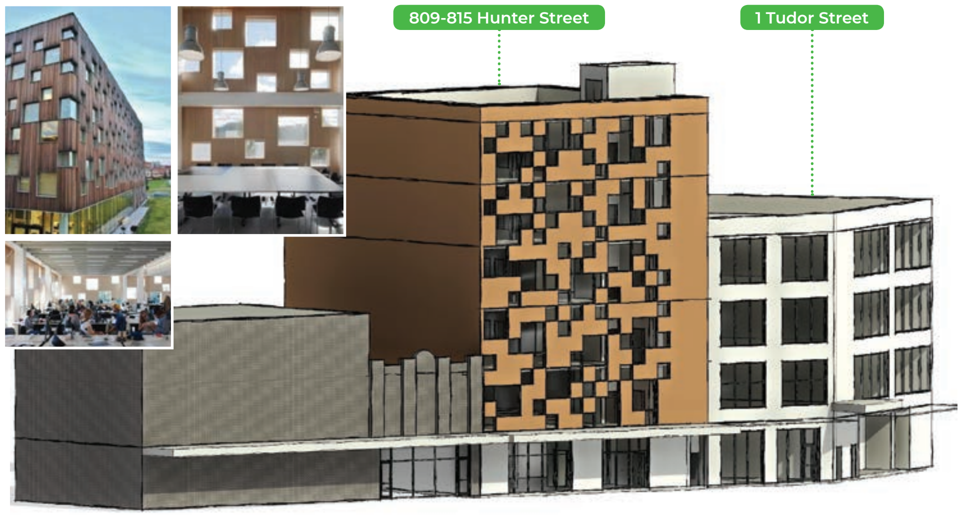
- The net income would be 20-30% less
- The period of vacancy would have been 50-75% longer
- A leasing fee would have been paid to agents for sourcing tenants
- It would have been leased to 1-2 tenants, not a network of 40 businesses
- There would be re-leasing risk at the end of the term

809-815 Hunter Street, Newcastle

Property Acquisition Date	**May-21**
Net Lettable Area	**475 sqm**
Purchase Price	**$1,450,000**
Number of Tenants	**7**

The acquisition of 1 Tudor led to the purchase of the neighbouring property at 809-815 Hunter Street, a mixed use commercial and residential property with significant redevelopment potential. Given the success of 1 Tudor Street we are working on plans for a new 3,000sqm commercial building for WOTSO to expand into and to add some other service based uses such as a gym or a medical offering.

1 Tudor Street



Proposed Development of 809-815 Hunter Street

The Numbers

The Year Gone By

Once again, the historical numbers for the year are materially affected by COVID and comparison to prior years are difficult to make. During the lockdowns leading up to December 2021 we provided rent waivers and deferrals to some of our property tenants on leases, and WOTSO re-implemented its suspension policies for its members. Government assistance and rent waivers from third party landlords reduced the impact to net rental income.

The headline statutory profit before tax of $36.7 million more than tripled during the year, and is dominated by revaluation income. Below we carve out statutory adjustments including property revaluations, depreciation, amortisation and the effect of the leasing accounting standard to focus on our net rental income performance for the year which was $20.5 million, up from $18.6 million. Income comparatives to the 2021 year are also tainted by the fact the stapling only occurred part way through that year so whilst 2022 has had a strong result from a profit perspective we think it's more relevant to look at what the net rental income position is now on an annualised basis. We do this on the page following.

Profit or Loss	2022 $'000	2021 $'000
Property lease income	22,198	22,475
COVID-19 rent waivers given	(441)	(253)
Flexspace income	20,991	8,047
Flexspace COVID-19 waivers given	(2,830)	-
Government assistance	267	122
Total Revenue	**40,185**	**30,391**
Property outgoings	(7,394)	(7,342)
External WOTSO rent expense	(6,045)	(1,340)
External COVID-19 rent waivers received	745	5
WOTSO site staff costs	(2,598)	(1,146)
WOTSO Operating expenses	(4,421)	(1,995)
Total Operating Expenses	**(19,713)**	**(11,818)**
Net Rental Income	**20,472**	**18,573**
Overhead and administration costs	(2,858)	(1,793)
Fund management fees	(3,120)	(2,530)
Transaction fees	(553)	(189)
Borrowing costs	(2,658)	(2,444)
Loan portfolio income	364	450
Funds From Operations	**11,647**	**12,067**
Other statutory adjustments	25,021	(333)
Statutory Profit Before Tax	**36,668**	**11,734**
Funds from Operations per Security	**$0.07**	**$0.07**

Balance Sheet

Following the latest round of valuations we have seen a strong rise in adjusted NAV per security to $1.66 from $1.49 at 30 June 2021. Net gearing sits at 27%. We expect gearing to grow as we look to draw debt on unencumbered properties to fund acquisitions and the repositioning of recent purchases.

Balance Sheet	2022 $'000	2021 $'000
Cash and cash equivalents	2,514	7,473
Loan portfolio	5,522	8,753
Other current assets	5,339	6,477
Investment property portfolio	385,200	331,600
Contract to purchase Takapuna property	9,500	-
WOTSO business valuation	45,000	42,000
Other non-current assets	4,396	5,637
Total Assets	**457,471**	**401,940**
Other current liabilities	(7,800)	(2,753)
Property settlement payable for Takapuna	(8,509)	-
Borrowings	(127,000)	(117,000)
Other non-current liabilities	(996)	(844)
Total Liabilities	**(144,305)**	**(120,597)**
Adjusted NAV	**313,166**	**281,343**
Attributable to NCI	(41,294)	(38,364)
Adjusted NAV Attributable to WOT Owners	**271,872**	**242,979**
Adjusted NAV per Security	**$1.66**	**$1.49**
Statutory adjustments	(16,300)	(8,813)
Statutory Net Assets Attributable to Equity Holders of WOT	**255,572**	**234,166**
Statutory Net Assets per Security	**$1.56**	**$1.44**
Net Gearing*	**27%**	**25%**

* Net gearing is calculated as borrowings less liquid assets divided by total assets less liquid assets and right of use lease assets.

Note:

- 2021 includes only five months of the stapled group
- 2022 was impacted by COVID lockdowns

Given the above, it is difficult to compare the 2021 and 2022 results.

The Position Now

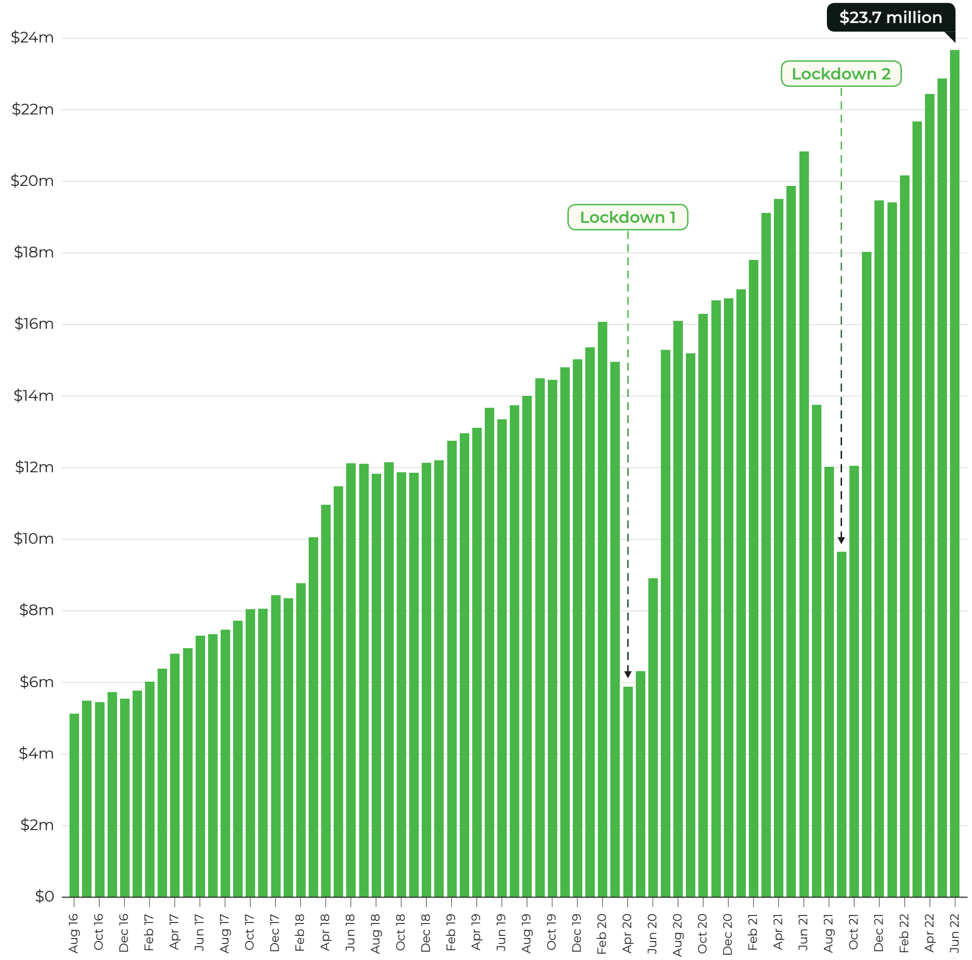
Since the lockdowns ended, we have seen a strong recovery and growth in our property lease income and our flexspace income. Below is a snapshot of the Group's July 2022 annualised performance, in effect it's current funds from operations. It is not a forecast per se as many of our newer properties are in their start-up or developing phases, but gives a better picture of the performance of WOT without the noise of COVID.

Annualised Funds From Operations at July 2022	$'000
Property lease net income	20,853
Additional WOTSO profit	1,636
Total Property Net Income	**22,489**
WOTSO leased sites net income	1,549
Net Rental Income	**24,038**
Overhead and administration costs	(2,840)
Fund management fees	(3,857)
Borrowing costs	(5,267)
Loan portfolio income	283
Funds From Operations	**12,357**
Funds from Operations per Security	**$0.08**

Dickson, ACT

WOTSO Annualised Turnover

WOTSO's annualised turnover (its current monthly revenue multiplied by 12) now sits close to 50% higher than pre pandemic levels at just under $24 million.



Future Plans

As we look forward into the next year and beyond we are conscious of the potential of a global economic downturn, rising inflation and the ongoing impact of COVID. We have proved that our strategy and offering works and we have an ability to navigate challenging economic and social times. So, whatever circumstances the future brings, we will be looking for the opportunities. Of course, opportunities require funding. We have been working to increase the gearing within our property portfolio to ensure we are well placed to take advantage of acquisition opportunities as they present.

As a brand, WOTSO is now a key part of the flexible workspace discussion in Australia. We have made significant progress on positioning ourselves as a leader and innovator in the Australian market and are now known for being **a local home for small businesses**.

We want to continue driving and promoting our brand so WOTSO becomes a household name and the first thing people type into a search engine when looking for a flexible space solution. This increased brand recognition will occur organically as we open sites in new areas but will also be driven by our continued marketing efforts, media engagement and involvement in the local communities in which we operate.

We are in a strong position to continue to grow the business. We are embarking on a period where we expect to see an increasing customer demand for our flexspace offering, combined with economic uncertainty that will tease out a greater number and higher quality acquisition opportunities.

The Team

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Financial Statements

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2022

	Note	2022 $'000	2021* $'000
Revenue	2	40,185	30,391
Direct Costs	3	(19,176)	(12,387)
Net Rental Income		**21,009**	**18,004**
Administration expenses	4	(6,995)	(4,512)
Trading Profit		**14,014**	**13,492**
Net gain on assets	See table adjacent	32,078	8,462
Operating Profit		**46,092**	**21,954**
Building and fixtures depreciation	5	(5,929)	(8,321)
Amortisation of software development	15	(82)	-
Finance costs	6	(3,801)	(2,857)
Finance income	7	364	450
Gain on lease modification		24	508
Profit Before Income Tax		**36,668**	**11,734**
Income tax expense	23	(2,592)	(2,104)
Total Profit and Other Comprehensive Income		**34,076**	**9,630**
Total profit and other comprehensive income attributable to:			
Members of BlackWall Property Trust		27,150	8,731
Members of WOTSO Limited		(2,491)	(1,094)
Members of Planloc Limited		5,910	(1,910)
Attributable to Members of Group		**30,569**	**5,727**
Non-controlling interest		3,507	3,903
Total Profit and Other Comprehensive Income		**34,076**	**9,630**
Earnings per Security			
Weighted average number of securities		162,957,715	149,299,466
Basic and diluted earnings per security	32	18.8 cents	3.8 cents

* The 2021 results above include 12 months of BlackWall Property Trust and five months of both WOTSO Limited and Planloc Limited results (covering the period from stapling).

How to Read these Financial Statements

The 2022 Annual Report is comprised of the results of all three stapled entities. The 2022 results include those of BlackWall Property Trust, WOTSO and Planloc for the entire financial year. Whereas the 2021 results only include BlackWall Property Trust for the entire financial year, and the results of WOTSO and Planloc from the date of stapling (8 February 2021). The stand-alone full year financial statements for WOTSO and Planloc can be found in the annexures of this report.

Net Gain / (Loss) on Assets

	2022 $'000	2021 $'000
Gold Coast, QLD	6,955	916
Villawood, NSW	6,363	(95)
Hobart, TAS	5,452	428
Sunshine Coast, QLD	4,928	1,738
Penrith, NSW	4,805	131
Yandina, QLD	2,509	127
Fortitude Valley, QLD	1,960	206
Adelaide, SA	258	447
Brookvale, NSW	251	(5)
Newcastle, NSW	184	35
Mandurah, WA	40	-
Takapuna, NZ*	30	-
Cremorne, NSW	18	-
Toowoomba, QLD	-	(102)
Dickson, ACT	(433)	706
Symonston, ACT	(683)	297
Pyrmont, NSW	(3,092)	3,633
Total Net Gain on Fair Value of Properties	**29,545**	**8,462**
Net gain on fair value of hedge asset	2,533	-
Total Net Gain on Fair Value of Assets	**32,078**	**8,462**

* Contracts have been exchanged on the purchase of Takapuna and settlement will occur in December 2022.

Balance Sheet at 30 June 2022

	Note	2022 $'000	2021 $'000
Assets			
Current Assets			
Cash and cash equivalents		2,514	7,473
Trade receivables	8	1,213	899
Loan portfolio	9	3,904	8,753
Rental deposits	10	4,126	2,078
Property held for sale	11	-	3,500
Total Current Assets		**11,757**	**22,703**
Non-Current Assets			
Investment property portfolio	12	385,200	331,600
Contract to purchase Takapuna property	13	9,500	-
Property, plant and equipment	14	12,854	14,173
Loan portfolio	9	1,618	-
WOTSO software development asset	15	840	695
Right of use lease assets	16	33,605	20,068
Goodwill	17	26,150	26,150
Hedge asset	21	2,533	-
Rental deposits	10	575	4,575
Other receivables	18	390	305
Total Non-Current Assets		**473,265**	**397,566**
Total Assets		**485,022**	**420,269**
Liabilities			
Current Liabilities			
Trade and other payables	19	7,505	2,527
Property settlement payable for Takapuna	13	8,509	-
Employee provisions	20	295	226
Borrowings	21	10,000	-
Lease liabilities	16	4,786	3,960
Total Current Liabilities		**31,095**	**6,713**
Non-Current Liabilities			
Trade and other payables	19	375	214
Tenant bond liabilities		604	625
Employee provisions	20	17	5
Make good provisions	22	1,412	1,353
Borrowings	21	117,000	117,000
Deferred tax liability	23	4,696	2,104
Lease liabilities	16	32,957	19,725
Total Non-Current Liabilities		**157,061**	**141,026**
Total Liabilities		**188,156**	**147,739**
Net Assets		**296,866**	**272,530**

	2022 $'000	2021 $'000
Equity		
Issued capital	258,133	257,519
Accumulated losses	(2,561)	(23,353)
Equity Holders of WOTSO Property	**255,572**	**234,166**
Non-Controlling Interests in BWR	**41,294**	**38,364**
Total Equity	**296,866**	**272,530**
Net assets attributable to equity holders of WOTSO Property	255,572	234,166
Securities on issue (number)	163,360,291	162,921,662
Net assets per security	$1.56	$1.44
Adjusted net assets per security*	$1.66	$1.49

* Adjusted net assets exclude deferred tax liabilities, the impact of right of use leases and includes a WOTSO business value of $45 million. See the Directors' Report on page 8 for further detail.

Investment Property Portfolio

Investment Property Portfolio		Valuation at 30 June 2022 $'000	Valuation at 30 June 2021 $'000
Brookvale, NSW	●●	5,000	4,200
Cremorne, NSW	●●	15,700	-
Mandurah, WA	●●	2,900	-
Dickson, ACT	●●	31,000	31,300
Fortitude Valley, QLD	●●	11,500	8,600
Newcastle, NSW	●●	7,000	6,000
Adelaide, SA	●●	8,800	7,100
Symonston, ACT	●●	8,000	8,400
Pyrmont, NSW	●●	148,000	150,100
Villawood, NSW	●	28,500	22,000
Penrith, NSW	●	26,250	21,500
Sunshine Coast, QLD	●●	29,000	24,200
Yandina, QLD	●	23,000	20,200
Gold Coast, QLD	●●	26,800	19,800
Hobart, TAS	●●	13,750	8,200
Toowoomba, QLD (sold in 2022)		-	3,500
Total Investment Property Portfolio Owned		**385,200**	**335,100**
Takapuna, NZ (settlement Dec 2022)	●●	9,500	-
Total Investment Property Portfolio		**394,700**	**335,100**

●● Properties with WOTSOs

● Properties without WOTSOs

Statement of Cash Flows

for the year ended 30 June 2022

	2022 $'000	2021* $'000
Cash Flows From Operating Activities		
Receipts from tenants/members	40,566	31,004
Payments to suppliers and employees	(19,097)	(18,671)
Proceeds from rental deposit	2,000	1,981
Other income	642	122
Net Cash Flows From Operating Activities	**24,111**	**14,436**
Cash Flows From Investing Activities		
Payments for capital improvements	(8,078)	(3,270)
Payments for property purchases	(18,344)	(12,979)
Payments for property, plant and equipment	(2,014)	(2,579)
Payments for WOTSO software development asset	(227)	(119)
Proceeds on sale of property	3,494	568
Loans advanced	(3,494)	(15,393)
Loans repaid from borrower	6,725	10,330
Cash acquired on acquisition of subsidiary	726	-
Purchase consideration for acquisition of subsidiary	(182)	-
Cash acquired on stapling	-	432
Net Cash Flows Used in Investing Activities	**(21,394)**	**(23,010)**
Cash Flows From Financing Activities		
Distributions paid	(10,332)	(16,344)
Rental payments	(3,885)	(1,002)
Interest paid	(3,801)	(2,444)
Interest received	364	485
Purchase of securities from NCI	(22)	-
Proceeds from borrowings	10,000	20,000
Repayment of borrowings	-	(215)
Distribution income	-	35
Payment of stapling transaction costs	-	(773)
Proceeds from issue of securities	-	113
Net Cash Flows Used in Financing Activities	**(7,676)**	**(145)**
Net Decrease in Cash and Cash Equivalents	**(4,959)**	**(8,719)**
Cash and cash equivalents at the beginning of the year	7,473	16,192
Cash and Cash Equivalents at End of the Year	**2,514**	**7,473**

* The 2021 results above include 12 months of BlackWall Property Trust and five months of both WOTSO Limited and Planloc Limited results (covering the period from stapling).

Reconciliation of Operating Cash Flows

	2022 $'000	2021 $'000
Profit for the Year	**34,076**	**9,630**
Non-Cash Flows in Profit:		
Depreciation and amortisation	10,878	10,031
Net interest paid	3,437	2,407
Net gain on assets	(29,545)	(8,462)
Loss on sale of assets	69	-
Straight-line rental income	(1,285)	(1,212)
Gain on lease modification	(24)	(508)
Variable lease payments	917	194
Deduct net lease waivers	(1,020)	-
Gain on hedge asset	(2,533)	-
Issue of securities	70	-
Operating Cash Flows Before Movement in Working Capital	**15,040**	**12,080**
Increase in trade receivables	1,553	(1,238)
Increase in trade and other payables	4,845	1,259
Increase in provisions	81	231
Increase in deferred tax liability	2,592	2,104
Net Cash Flows From Operating Activities	**24,111**	**14,436**

Statement of Changes in Equity

for the year ended 30 June 2022

		Attributable to Owners of Parent			Attributable to Owners of WOTSO			Attributable to Owners of Planloc				
	No. of Securities on Issue	Issued Capital $'000	Retained Earnings (Accumulated Losses) $'000	Total $'000	Issued Capital $'000	Retained Earnings (Accumulated Losses) $'000	Total $'000	Issued Capital $'000	Retained Earnings (Accumulated Losses) $'000	Total $'000	Non-Controlling Interests $'000	Total Equity $'000
Balance at 1 July 2021	**162,921,662**	**245,902**	**(38,746)**	**207,156**	**11,617**	**17,303**	**28,920**	**-**	**(1,910)**	**(1,910)**	**38,364**	**272,530**
Profit (loss) for the year	-	-	27,150	27,150	-	(2,491)	(2,491)	-	5,910	5,910	3,507	**34,076**
Total Profit (Loss) and Other Comprehensive Income (Loss)	**-**	**-**	**27,150**	**27,150**	**-**	**(2,491)**	**(2,491)**	**-**	**5,910**	**5,910**	**3,507**	**34,076**
Transactions with Owners in Their Capacity as Owners:												
Issue of securities	438,629	542	-	542	72	-	72	-	-	-	-	**614**
Purchase of NCI shares	-	-	-	-	-	-	-	-	-	-	(22)	**(22)**
Distributions paid	-	-	(9,777)	(9,777)	-	-	-	-	-	-	(555)	**(10,332)**
Total Transactions with Owners	**438,629**	**542**	**(9,777)**	**(9,235)**	**72**	**-**	**72**	**-**	**-**	**-**	**(577)**	**(9,740)**
Balance at 30 June 2022	**163,360,291***	**246,444**	**(21,373)**	**225,071**	**11,689**	**14,812**	**26,501**	**-**	**4,000**	**4,000**	**41,294**	**296,866**
Balance at 1 July 2020	**142,150,000**	**246,576**	**(37,521)**	**209,055**	**-**	**-**	**-**	**-**	**-**	**-**	**48,166**	**257,221**
Profit (loss) for the year	-	-	8,731	8,731	-	(1,094)	(1,094)	-	(1,910)	(1,910)	3,903	**9,630**
Total Profit (Loss) and Other Comprehensive Income (Loss)	**-**	**-**	**8,731**	**8,731**	**-**	**(1,094)**	**(1,094)**	**-**	**(1,910)**	**(1,910)**	**3,903**	**9,630**
Transactions with Owners in Their Capacity as Owners:												
Issue of new units to create stapled securities as part of stapling transaction on 8 February 2022, net of transaction costs	20,691,412	(773)	-	(773)	11,603	18,397	30,000	-	-	-	(4,329)	**24,898**
Issue of securities	80,250	99	-	99	14	-	14	-	-	-	-	**113**
Purchase of NCI shares	-	-	(5)	(5)	-	-	-	-	-	-	(2,981)	**(2,986)**
Distributions paid	-	-	(9,951)	(9,951)	-	-	-	-	-	-	(6,395)	**(16,346)**
Total Transactions with Owners	**20,771,662**	**(674)**	**(9,956)**	**(10,630)**	**11,617**	**18,397**	**30,014**	**-**	**-**	**-**	**(13,705)**	**5,679**
Balance at 30 June 2021	**162,921,662**	**245,902**	**(38,746)**	**207,156**	**11,617**	**17,303**	**28,920**	**-**	**(1,910)**	**(1,910)**	**38,364**	**272,530**

* Subsequent to 30 June 2022, 406 securities have been bought back by the Group.

Notes to the Financial Statements

1. Segment Reporting

Identification of Reportable Operating Segments

WOTSO Property is comprised of three reportable segments based on differences in products and services provided, being:

- **Properties:** traditional commercial leases and flexible workspaces on owned properties;
- **Leased WOTSO Sites:** traditional commercial leases and flexible workspaces on third party leased properties; and
- **Overhead:** responsible for the overall management and compliance of the Group.

These operating segments are based on the internal reports that are reviewed and used by the Directors in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Directors review funds from operations. The accounting policies adopted for internal reporting to the Directors are consistent with those adopted in the financial statements.

Intersegment Transactions

Intersegment transactions are made at market rates and eliminated on consolidation.

Intersegment Receivables, Payables, Leases and Loans

Intersegment loans are recognised at the consideration received and charged market interest at the discretion of the lender. All intersegment receivables, payables, leases and loans are eliminated on consolidation.

Restatement of Prior Period Segment Reporting

During the year, the Group restructured the manner of its internal organisation and the composition of its reportable segments such that Directors manage the Group in accordance with three revised primary operating segments. These operating segments are based on those properties that are owned by the Group, those properties which are operated under third party lease agreements, as well as an overhead segment responsible for the overall management and administration of the Group. This represents a change in operating segment management, where in previous years Directors viewed the Group as comprised of two operating segments being the property owning segment, and the WOTSO flexible workspace operating business segment. The change in operating segment management is consistent with the internal management of the Group by the Directors and consistent with internal reporting to the Directors.

Accordingly, the Group has restated the operating segment information for the year ended 30 June 2021.

1. Segment Reporting (continued)

Operating Segment Information

Profit or Loss	Properties $'000	Leased WOTSO Sites $'000	Overhead $'000	Total 2022 $'000	Properties $'000	Leased WOTSO Sites $'000	Overhead $'000	Total 2021 Restated $'000
Property lease income	22,198	-	-	22,198	22,475	-	-	22,475
COVID-19 rent waivers	(441)	-	-	(441)	(253)	-	-	(253)
Flexspace income	10,403	10,488	-	20,891	4,131	3,916	-	8,047
Flexspace COVID-19 waivers	(835)	(1,995)	-	(2,830)	-	-	-	-
Government assistance	267	-	-	267	122	-	-	122
Other income	-	100	-	100	-	-	-	-
Total Revenue	**31,592**	**8,593**	**-**	**40,185**	**26,475**	**3,916**	**-**	**30,391**
Property outgoings	(7,394)	-	-	(7,394)	(7,342)	-	-	(7,342)
Rent expense	-	(6,045)	-	(6,045)	-	(1,340)	-	(1,340)
COVID-19 rent waivers received	-	745	-	745	-	5	-	5
WOTSO Staff costs	(1,359)	(1,239)	-	(2,598)	(678)	(468)	-	(1,146)
WOTSO operating expenses	(1,870)	(2,551)	-	(4,421)	(865)	(1,130)	-	(1,995)
Total Operating Expenses	**(10,623)**	**(9,090)**	**-**	**(19,713)**	**(8,885)**	**(2,933)**	**-**	**(11,818)**
Net Rental Income (Loss)	**20,969**	**(497)**	**-**	**20,472**	**17,590**	**983**	**-**	**18,573**
Overhead & administration costs	-	-	(3,875)	(3,875)	-	-	(1,982)	(1,982)
Fund management fees	-	-	(3,120)	(3,120)	-	-	(2,530)	(2,530)
Finance income	364	-	-	364	450	-	-	450
Finance costs	(2,658)	-	-	(2,658)	(2,444)	-	-	(2,444)
Funds From Operations	**18,675**	**(497)**	**(6,995)**	**11,183**	**15,596**	**983**	**(4,512)**	**12,067**
Gain in asset value	32,078	-	-	32,078	8,462	-	-	8,462
Depreciation	(3,273)	(2,656)	-	(5,929)	(7,242)	(1,079)	-	(8,321)
Amortisation	(82)	-	-	(82)	-	-	-	-
Impact of AASB 16	-	(582)	-	(582)	-	(474)	-	(474)
Profit (Loss) Before Tax	**47,398**	**(3,735)**	**(6,995)**	**36,668**	**16,816**	**(570)**	**(4,512)**	**11,734**

1. Segment Reporting (continued)

Balance Sheet	Properties $'000	Leased WOTSO Sites $'000	Total 2022 $'000	Properties $'000	Leased WOTSO Sites $'000	Total 2021 Restated $'000
Cash and cash equivalents	2,343	171	**2,514**	7,335	138	**7,473**
Trade receivable	911	302	**1,213**	783	116	**899**
Loan portfolio	3,904	-	**3,904**	8,753	-	**8,753**
Rental deposits	-	4,000	**4,000**	-	2,000	**2,000**
Other assets	126	-	**126**	78	-	**78**
Property held for sale	-	-	**-**	3,500	-	**3,500**
Total Current Assets	**7,284**	**4,473**	**11,757**	**20,449**	**2,254**	**22,703**
Investment property portfolio	385,200	-	**385,200**	331,600	-	**331,600**
Contract to purchase Takapuna property	9,500	-	**9,500**	-	-	**-**
Property, plant and equipment	1,780	11,074	**12,854**	1,354	12,819	**14,173**
Loan portfolio	1,618	-	**1,618**	-	-	**-**
WOTSO software development asset	840	-	**840**	695	-	**695**
Goodwill	26,150	-	**26,150**	26,150	-	**26,150**
Hedge asset	2,533	-	**2,533**	-	-	**-**
Rental deposits	-	575	**575**	-	4,575	**4,575**
Other receivables	390	-	**390**	305	-	**305**
Total Non-Current Assets	**428,011**	**11,649**	**439,660**	**360,104**	**17,394**	**377,498**
Total Assets	**435,295**	**16,122**	**451,417**	**380,553**	**19,648**	**400,201**
Trade and other payables	(2,958)	(4,547)	**(7,505)**	(1,356)	(1,171)	**(2,527)**
Property settlement payable for Takapuna property	(8,509)	-	**(8,509)**	-	-	**-**
Employee provisions	(295)	-	**(295)**	(226)	-	**(226)**
Borrowings	(10,000)	-	**(10,000)**	-	-	**-**
Total Current Liabilities	**(21,762)**	**(4,547)**	**(26,309)**	**(1,582)**	**(1,171)**	**(2,753)**
Trade and other payables	-	(375)	**(375)**	-	(214)	**(214)**
Tenant bond liabilities	(604)	-	**(604)**	(625)	-	**(625)**
Employee provisions	(17)	-	**(17)**	(5)	-	**(5)**
Borrowings	(117,000)	-	**(117,000)**	(117,000)	-	**(117,000)**
Total Non-Current Liabilities	**(117,621)**	**(375)**	**(117,996)**	**(117,630)**	**(214)**	**(117,844)**
Total Liabilities	**(139,383)**	**(4,922)**	**(144,305)**	**(119,212)**	**(1,385)**	**(120,597)**
Deferred Tax Liability	(4,696)	-	**(4,696)**	(2,104)	-	**(2,104)**
Net Impact of AASB 16	-	(5,550)	**(5,550)**	-	(4,970)	**(4,970)**
Net Assets	**291,216**	**5,650**	**296,866**	**259,237**	**13,293**	**272,530**

2. Revenue

Revenue is earned through property rental, under traditional lease arrangements or month-to-month under the WOTSO flexspace brand.

	2022 $'000	2021 $'000
Revenue from Contracts with Customers		
Flexspace income	18,061	8,047
Property income	21,757	22,222
Government stimulus	267	122
Other income	100	-
Total Revenue	**40,185**	**30,391**

Government stimulus is comprised of $202,000 (2021 - $122,000) received from JobSaver and $65,000 (2021 - $nil) received from state government grants.

The Group has entered into an option agreement with its Neutral Bay landlord that is expected to see its lease terminated. An option fee of $100,000 has been received, and is included in other income, and a further $4.9 million is receivable if the option is exercised. The option expires in September, 2022 but may be extended for another 12 months. The Group's new purchase in Cremorne will provide a replacement home for the Neutral Bay WOTSO business.

Impact of COVID-19

Properties

Government mandated rent relief was provided to tenants that met the qualifying criteria during the reporting period. The relief provided was partly by way of rent waiver with the remainder provided as a deferral of rent. During the period $441,000 was provided as a rent waiver and $173,000 was provided as a rent deferral to tenants external to the Group. Since the start of the pandemic, tenants external to the Group have had $1.0 million of rental payments waived and an additional $673,000 have been deferred.

WOTSO

WOTSO reinstated its suspension policy during the year, which was available to any members in locked-down areas and allowed them to suspend their membership without penalty. This resulted in average revenue decreases of approximately 65% across impacted sites during the lockdowns. The policy ended in November 2021 and revenue has since recovered with June annualised revenue reaching just shy of $24 million, close to 50% higher than pre-COVID levels. WOTSO received $745,000 (2021 - $5,000) in rent relief from its third party landlords and was eligible for JobSaver and other forms of Government Stimulus.

3. Direct Costs

	2022 $'000	2021 $'000
Property outgoings	7,509	6,918
WOTSO operating costs	6,914	3,336
Right of use lease asset depreciation	4,867	1,709
Loss on sale of assets	69	55
Bad debt (recovery) / expense	(183)	369
Total Direct Costs	**19,176**	**12,387**

4. Administration Expenses

Administration expenses are comprised of management fees payable to BlackWall Limited, compliance costs and WOTSO overheads. The Group pays a responsible entity fee calculated at 0.75% of Gross Assets per annum and WOTSO pays a fee calculated as 2% of Gross Revenue on all sales up to $20 million per annum and 5% on sales above $20 million per annum

WOTSO overheads are comprised of head office staff of $1.4 million and other overhead costs associated with the running of the WOTSO business, such as travel and marketing costs.

	2022 $'000	2021 $'000
Responsible entity fees	3,120	2,530
Compliance costs	1,833	1,237
WOTSO overheads	2,042	745
Total Administration Expenses	**6,995**	**4,512**

5. Building and Fixtures Depreciation

Building and fixtures depreciation is comprised of depreciation of fit-out and property improvements.

	2022 $'000	2021 $'000
WOTSO fit-out depreciation	3,333	1,378
Property depreciation	2,596	6,943
Total Building and Fixtures Depreciation	**5,929**	**8,321**

6. Finance Costs

	2022 $'000	2021 $'000
Interest on borrowings	2,658	2,444
Interest on right of use lease liabilities	1,143	413
Total Finance Costs	**3,801**	**2,857**

7. Finance Income

Finance income is comprised entirely of interest received on loans as detailed in Note 9 – Loan Portfolio.

	2022 $'000	2021 $'000
Interest on loans	364	450
Total Finance Income	**364**	**450**

8. Trade Receivables

	2022 $'000	2021 $'000
Trade receivables	1,271	1,264
Related parties	17	4
Expected credit loss allowance	(75)	(369)
Total Trade Receivables	**1,213**	**899**

9. Loan Portfolio

Name	2022 $'000	2021 $'000	Current Security $'000	Margin Above RBA Cash Rate	Security / Details
Vendor finance	200	-	3,500	4.0%*	Refer to Note 11
Mosman	1,800	6,250	12,750	2.0%	Commercial property in Mosman
SAO	1,845	170	7,868	2.0%	Investments in Pyrmont Bridge Property
Gymea	-	2,250	-	-	Repaid
Flipout (tenant)	59	83	-	-	Fit-out
Total Current Loan Portfolio	**3,904**	**8,753**			
Vendor finance	1,618	-	3,500	4.0%*	Refer to Note 11
Total Non-Current Loan Portfolio	**1,618**	**-**			

* Fixed rate of interest of 4.0%.

10. Rental Deposits

	2022 $'000	2021 $'000
WOTSO North Strathfield bond	4,000	2,000
Other	126	78
Total Current Rental Deposits	**4,126**	**2,078**
WOTSO North Strathfield bond	-	4,000
Rental deposits	575	575
Total Non-Current Rental Deposits	**575**	**4,575**
Total Rental Deposits	**4,701**	**6,653**

The WOTSO North Strathfield bond is held to secure WOTSO's lease at its North Strathfield site. The final two instalments of $2.0 million each will be offset against rent payable over the next year.

11. Toowoomba Property Sale

The Group's Toowoomba property was sold for its carrying value of $3.5 million in September 2021. The sale was executed through a vendor finance agreement for $2.0 million with $1.5 million paid upfront. The loan has been secured on the related property and is being repaid over a 10-year period at 4% per annum fixed interest rate.

12. Investment Property Portfolio

Investment Property Portfolio		Independent Valuation Date	Independent Valuer Cap Rate	2022 $'000	2021 $'000
Start-Up Phase					
Brookvale, NSW	●●	Jun-22	3.50%	5,000	4,200
Cremorne, NSW	●●	PPC*	n/a	15,700	-
Mandurah, WA	●●	PPC*	n/a	2,900	-
Developing Phase					
Dickson, ACT	●●	Jun-22	6.50%	31,000	31,300
Fortitude Valley, QLD	●●	Jun-22	6.00%	11,500	8,600
Newcastle, NSW	●●	PPC*	n/a	7,000	6,000
Adelaide, SA	●●	Nov-20	7.50%	8,800	7,100
Mature Phase					
Symonston, ACT	●●	Jun-22	6.75%	8,000	8,400
Pyrmont, NSW	●●	Dec-21	5.38%	148,000	150,100
Villawood, NSW	●	Jun-22	5.50%	28,500	22,000
Penrith, NSW	●	Jun-22	5.75%	26,250	21,500
Sunshine Coast, QLD	●●	Jun-22	6.00%	29,000	24,200
Yandina, QLD	●	Dec-21	8.25%	23,000	20,200
Gold Coast, QLD	●●	Jun-22	7.28%	26,800	19,800
Hobart, TAS	●●	Jun-22	6.25%	13,750	8,200
Toowoomba, QLD (sold in 2022)		n/a	n/a	-	3,500
Total Investment Property Portfolio (Owned)				**385,200**	**335,100**
Takapuna, NZ (settlement Dec 2022)**	●●	PPC*	n/a	9,500	-
Total Investment Property Portfolio				**394,700**	**335,100**

●● Properties with WOTSOs

● Properties without WOTSOs

* Valuation of recent acquisition has been held at the properties purchase price plus any capital expenditure incurred since acquisition.

** Contracts have been exchanged on the purchase of Takapuna and settlement will occur in December 2022.

The values of properties is based on the most recent independent valuation, adjusted to include any capital expenditure since valuation. These adjustments don't assume any value margin but simply add the amount of capital spent. All properties have been independently valued, except for recent acquisitions Newcastle, Cremorne and Mandurah.

13. Takapuna Property Purchase

In June 2022, contracts were exchanged to purchase the vacant property at 9 Huron Street, Takapuna, Auckland, New Zealand for $10.5 million New Zealand Dollars (NZ$). The asset will simultaneously represent the Group's first investment into the New Zealand market as well as the growth of the WOTSO brand in New Zealand. The purchase is expected to be settled in December 2022. As at 30 June 2022, NZ$9.0 million of the purchase price remains outstanding and will be paid upon settlement.

At 30 June 2022, the Group has recorded in the Balance Sheet a Contract to Purchase Takapuna Property (asset) of AU$9.5 million and a Property Settlement Payable for Takapuna (liability) of AU$8.5 million.

14. Property, Plant and Equipment

	2022 $'000	2021 $'000
Opening Balance	14,173	62
Additions	2,014	22,432
Depreciation	(3,333)	(8,321)
Total Property, Plant and Equipment	**12,854**	**14,173**

15. WOTSO Software Development Asset

Over the last few years, WOTSO has undertaken a project to develop in-house software to help manage its operations and customer invoicing. The software has been developed in conjunction with external developers and has commenced commercialisation during 2022. The Group owns 25% as well as a perpetual licence of the software. As at 30 June 2022, the Group has contributed $840,000 (2021 - $695,000) to fund the development of the software.

As at 30 June 2021, the Group had classified contributions of $348,000 as an investment in associate. During 2022, this balance was reclassified as software development costs.

During 2022 it was determined that the software operating platform was sufficiently ready for use, and as a result, the Group commenced amortising the WOTSO software development asset. During 2022 $82,000 (2021 - $nil) of amortisation was recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income.

16. Right of Use Lease Assets and Lease Liabilities

Right of Use Lease Assets

Right of use lease assets relate to third party leases held by WOTSO. WOTSO leases premises to house its flexible workspace product under agreements of 5 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. For impairment testing, the right-of-use assets have been allocated to the WOTSO cash-generating unit. Refer to Note 17 – Goodwill for further information on the impairment testing key assumptions and sensitivity analysis.

Additions largely relate to an amended lease agreement for WOTSO's North Strathfield site.

	2022 $'000	2021 $'000
Opening balance	20,068	-
Additions	18,408	41,759
Depreciation	(4,867)	(1,709)
Disposals	(4)	(19,982)
Total Right of Use Lease Assets	**33,605**	**20,068**

	2022 $'000	2021 $'000
Right of use lease asset	46,995	28,591
Accumulated depreciation	(13,390)	(8,523)
Written Down Value of Right of Use Lease Assets	**33,605**	**20,068**

Lease Liabilities

	2022 $'000	2021 $'000
Opening balance	23,685	-
Additions	18,408	38,828
Interest charged	1,143	413
Repayments	(5,300)	(1,141)
Modification	(193)	(14,415)
Total Lease Liabilities (Current and Non-current)	**37,743**	**23,685**

Refer to Note 28 for the timing of lease liability maturities.

Neutral Bay Lease

During the year, the Group entered into an option deed with the property owners at the current WOTSO Neutral Bay site, that, if exercised, will see the Group give up the various leases it holds at that site and receive an additional $4.9 million from the property owners (the Group received $100,000 in October 2021). The option can be extended for a further 12 months.

The Group is comfortable with an outcome that sees WOTSO occupy either the newly acquired Cremorne site only, or both the Cremorne and Neutral Bay sites. We are confident that the WOTSO offering will continue to be successful on Sydney's lower north shore under either circumstance.

17. Goodwill

As determined in the scheme booklet, at the date of the stapling transaction in 2021, WOTSO was valued at $30 million, and BWR at $1.45 per unit or $206 million. To implement the stapling in 2021, each BWR unitholder was given an equal number of WOT securities. In addition, all WOTSO shareholders were given one security for approximately every 3.92 WOTSO shares held. Planloc had $nil value and so its shareholders were not given any securities.

The acquisition of WOTSO and Planloc was accounted for using the full goodwill method, as follows during the year ended 30 June 2021:

	WOTSO $'000	Planloc $'000	Total $'000
Value at Stapling	30,000	-	30,000
Net Assets at Stapling	3,850	-	3,850
Goodwill	26,150	-	26,150

All goodwill has been allocated to the WOTSO cash-generating unit.

The Group has determined the recoverable amount of goodwill as at 30 June 2022 by a value-in-use calculation using a discounted cash flow model, based on a 5-year projection period and terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for WOTSO:

- the discount rate of 15.7% pre-tax reflects management's estimate of the time value of money and the Group's weighted average cost of capital for WOTSO;
- although WOTSO has consistently opened 3 new sites per year in the last few years, only current operations have been included in the valuation;
- all currently operational sites are forecast to continue growing to reach maturity between June 2022 and June 2025; and
- monthly target desk prices range from $250 to $900 and are considered competitive rates within each site's operating environment.

There were no other key assumptions.

Sensitivity

As disclosed above, the Directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- the date at which sites meet maturity would need to be delayed by over four years for goodwill to be impaired, with all other assumptions remaining constant;
- the discount rate would be required to increase by over 8% for the WOTSO goodwill to be impaired, with all other assumptions remaining constant; and
- WOTSO maturity revenue would need to decrease by more than 11% for goodwill to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of WOTSO's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

18. Other Receivables

	2022 $'000	2021 $'000
COVID deferred rent receivable	390	305
Total Other Receivables	**390**	**305**

19. Trade and Other Payables

	2022 $'000	2021 $'000
Trade payables	5,456	1,781
Related parties	1,364	195
Tenant incentives	-	19
Unearned revenue	401	318
Tenant deposits	92	133
COVID deferred rent	192	81
Total Current Trade and Other Payables	**7,505**	**2,527**
COVID deferred rent	375	214
Total Non-Current Trade and Other Payables	**375**	**214**
Total Trade and Other Payables	**7,880**	**2,741**

Included within trade payables is $2.9 million (2021 - $nil) of rent payable to the lessor of the Group's WOTSO North Strathfield site, and will be offset against the current deposit of $4.0 million.

20. Employee Provisions

Employee benefit provisions relate to annual leave and long service leave payable to employees. The number of employees for the Group as at 30 June 2022 was 97 (2021 - 64).

	2022 $'000	2021 $'000
Current employee provisions	295	226
Non-current employee provisions	17	5
Total Employee Provisions	**312**	**231**

21. Borrowings

All facilities are priced off the bank bill swap rate (BBSY). The facilities have no undrawn balance. The loan to value ratio (LVR) shown below is calculated against the carrying value in these financial statements with the facility LVR covenant shown in parenthesis.

Security	LVR (Covenant)	Borrowings 30 Jun 2022 $'000	Borrowings 30 Jun 2021 $'000	Hedged Amount $'000	Security Value $'000	Expiry	Margin	Lender
Penrith (current)	38% (55%)	10,000	10,000	-	26,250	12/22	1.90%	CBA
Villawood	25% (65%)	7,000	7,000	-	28,500	01/24	2.00%	NAB
Pyrmont	41% (50%)	60,000	60,000	30,000	148,000	01/24	1.90%	NAB
Various	42% (65%)	40,000	40,000	-	94,800	01/24	1.90%	NAB
Yandina	43% (60%)	10,000	-	-	23,000	02/24	1.85%	NAB
Unencumbered properties		-	-	-	64,650			
Total		**127,000**	**117,000**	**30,000**				

The Group has commenced the renewal of the borrowings secured on the Penrith property, which is due to expire in December 2022. As part of this renewal, the Group intends to increase the borrowings secured on the Penrith property by $3.0 million to $13.0 million. Additionally, the Group has renegotiated the borrowings secured on the Villawood property subsequent to year-end, with additional borrowings of $5.0 million being advanced, increasing the total borrowings on the Villawood property to $12.0 million subsequent to year-end.

Hedging

In August 2021, the Group entered into an interest rate swap agreement with NAB on $30 million of the $60 million loan secured by the Pyrmont property. The interest rate swap agreement commences in July 2024 for 4 years from that date with a fixed base rate of 1.67%. At 30 June 2022 the interest rate swap agreement is recorded on the Balance Sheet and is measured at its fair value of $2.5 million (2021 - $nil).

No other hedges are currently in place.

22. Make Good Provisions

Make good provisions relate to estimated costs required to return leased property to the state required by the lease. These have been discounted at the same rate as the underlying lease liability.

	2022 $'000	2021 $'000
Make good provisions	1,412	1,353
Total Make Good Provisions	**1,412**	**1,353**

23. Income Tax Expense and Deferred Tax

WOTSO Property is comprised of three separate taxable entities – BlackWall Property Trust, Planloc Limited and WOTSO Limited. Each of these entities completes a separate tax return.

Included in the Group's deferred tax liability of $4.7 million is $2.1 million in relation to Planloc's unrealised gains on its investments. Prior to the stapling, Planloc was part of the Pelorus Private Equity (PPE) consolidated tax group. PPE has already recognised this deferred tax liability and has paid tax on all gains prior to stapling. However, as Planloc has not yet joined a new consolidated tax group, it has not benefitted from a reset cost base. This means that if the gains were to be realised under the current structure, Planloc would be liable to pay tax on the gains. WOTSO Property is assessing options to restructure Planloc's inclusion in existing consolidated tax groups, thereby adjusting its recorded cost base and reversing the reported deferred tax liability with no liability ever being realised.

The remaining deferred tax liability balance of $2.6 million is a result of unrealised gains earned on investments within Planloc Limited during the 2022 year.

The below table shows a breakdown of the Group's other net deferred tax balances not recognised. The Group has not recognised these as at 30 June 2022, due to the uncertainty around the ability of the Group to recoup these in the short to medium term. The recoupment and realisation of the deferred tax assets will be determined by reference to each respective taxpayer of the Group. As such, the tax losses (and other deferred tax assets) incurred by WOTSO Limited will be available to offset against the future taxable income of WOTSO Limited and not the other members of the Group (subject to WOTSO Limited meeting the relevant loss recoupment tests).

Unrecognised Deferred Tax Assets	2022 $'000	2021 $'000
Right of use leases	1,719	1,680
Accruals and provisions	288	252
Prepayments	(11)	(35)
Blackhole expenses	-	2
Fixed asset depreciation	(1,556)	(1,433)
Carried forward taxable losses	3,344	2,925
Total Deferred Tax Assets (Unrecognised)	**3,784**	**3,391**

24. Distributions

A final distribution of 3.0 cents per security has been declared to be paid on 6 September 2022.

Prior Distributions Paid	Payment Date	Amount Per Security	Distributions Paid $'000
Interim distribution	08 April 2022	3.0 cps	4,889
Final distribution	31 August 2021	3.0 cps	4,888
Total 2022			**9,777**
Interim distribution	04 February 2021	3.5 cpu	4,976
Final distribution	25 September 2020	3.5 cpu	4,976
Total 2021			**9,952**

25. Acquisition and Disposal of Subsidiaries

On 24 June 2022, the Group acquired 100% of the issued units of Gymea Bay Unit Trust, obtaining control of Gymea Bay Unit Trust. Gymea Bay Unit Trust is a real estate investment holding trust and qualifies as a business as defined in AASB 3 Business Combinations.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	2022 $'000
Cash and cash equivalents	726
Total identifiable assets acquired and liabilities assumed	726
Total Consideration	**726**
Satisfied by:	
Cash and cash equivalents	182
Issuance of securities	544
Total Consideration Transferred	**726**
Net cash outflow arising on acquisition:	
Cash consideration	(182)
Cash and cash equivalents balances acquired	726
	544

No goodwill was recognised as part of the acquisition of Gymea Bay Unit Trust.

During 2022, the Group disposed of Bakehouse Quarter Trust, a dormant entity of the Group, for $nil consideration.

26. Stapling of BlackWall Property Trust, WOTSO Limited and Planloc Limited in 2021

During 2021, the already ASX listed units in BlackWall Property Trust (BWR) were stapled to the shares of WOTSO and Planloc to form stapled securities such that the individual units and shares of BWR, WOTSO and Planloc must be bought or sold together. The securities, collectively known as "WOTSO Property" were admitted to the official list of the Australian Securities Exchange (ASX) on 8 February 2021 with the ASX code WOT. BWR, WOTSO and Planloc remain separate disclosing entities in accordance with the Corporations Act 2001.

These financial statements present both the consolidated financial statements and accompanying notes of BWR and its controlled entities and the financial statements of the other reporting group members, WOTSO and Planloc separately as permitted by ASIC Corporations (Stapled Group Reports) Instrument 2015/838. BWR is the deemed parent of the Group in accordance with AASB 3 'Business Combinations' effective from the date of acquisition, being 8 February 2021. The contributed equity and retained earnings of WOTSO and Planloc are shown as non-controlling interests in these consolidated financial statements even though the equity holders of WOTSO and Planloc (the acquirees) are also equity holders in BWR (the acquirer) by virtue of the stapling arrangement.

The table below shows the contributions of each entity to the prior year 2021 results since stapling and the impact to the reported WOTSO Property results if the stapling had occurred on 1 July 2020.

Year ended 30 June 2021	WOTSO Since Stapling $'000	WOTSO 2021 Full Year $'000	Planloc Since Stapling $'000	Planloc 2021 Full Year $'000
Revenue	8,169	17,169	949	2,383
Expenses	(9,263)	(20,561)	(2,859)	(4,026)
Profit / (Loss)	**(1,094)**	**(3,392)**	**(1,910)**	**(1,643)**

27. Lease Commitments Receivable

Future minimum rent receivable under non-cancellable operating leases as at 30 June 2022 are as follows:

	2022 $'000	2021 $'000
Receivable within 1 year	24,189	24,629
Receivable within 2-5 years	46,748	56,342
Receivable in over 5 years	19,346	21,312
Total	**90,283**	**102,283**

28. Financial Instruments

(a) Financial Risk Management

The main risks the Group is exposed to through its financial instruments are market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Group's principal financial instruments are property investment structures and borrowings (including interest rate hedges). Additionally, the Group has various other financial instruments such as cash, trade debtors and trade creditors, which arise directly from its operations.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors of the Group has overall responsibility for the establishment and overseeing of the risk management framework. The Board monitors the Group's risk exposure by regularly reviewing finance and property markets. Major financial instruments held by the Group which are subject to financial risk analysis are as follows:

	2022 $'000	2021 $'000
Financial Assets		
Cash and cash equivalents	2,514	7,473
Trade receivables	1,213	899
Loan portfolio	5,522	8,753
Contract to purchase Takapuna	9,500	-
Hedge asset	2,533	-
Other receivables	390	305
Rental deposits	4,701	6,653
Financial Liabilities		
Trade and other payables	7,880	2,741
Property settlement payable for Takapuna	8,509	-
Employee provisions	312	231
Tenant bond liabilities	604	625
Borrowings	127,000	117,000

(b) Sensitivity Analysis

The Group is exposed to interest rate and credit risk. The loan portfolio has been made to related parties with property as security and thus management consider this to be a low credit risk.

In relation to interest rate risk, if interest rates on borrowings were to increase or decrease by 1%, profit after tax would increase or decrease by $1.22 million (2021 - $1.17 million).

Additionally, the Group has entered into a hedging arrangement associated with the borrowings on the Pyrmont property, which will minimise interest rate risk during the term of the hedging arrangement. See Note 21.

The Group is exposed to currency risk through its contract to purchase the Takapuna property in New Zealand Dollars (NZD). Management considers this risk low given the relative parity and historical low volatility between Australian Dollars (AUD) and NZD. If the NZD were to appreciate by 5%, the property settlement payable for the Takapuna property would increase by $402,000 (2021

- $nil). If the NZD were to depreciate by 5%, the property settlement payable for the Takapuna property would decrease by $367,000 (2021 - $nil). Subsequent valuations of the property will also be subject to foreign currency risk.

(c) Capital Management

The Group's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for securityholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of distributions paid to securityholders, issue new securities, buy-back securities, purchase or sell assets.

(d) Liquidity Risk

The major liquidity risk faced by the Group is its ability to realise assets. The Group has borrowings of $127 million (2021 - $117 million) and total gross assets of $485 million (2021 - $420 million), of which $395 million (2021 - $335 million) are, or will be, income producing real estate assets for which there is a deep and active market. At the end of the reporting period, the Group held the following financial arrangements:

	Maturing Within 1 Year $'000	Maturing 2 – 5 Years $'000	Maturing Over 5 Years $'000	Total $'000
At 30 June 2022				
Financial Liabilities				
Trade and other payables	7,505	375	-	7,880
Property settlement payable for Takapuna	8,509	-	-	8,509
Tenant bond liabilities	-	604	-	604
Employee provisions	295	17	-	312
Lease liabilities	4,786	15,813	17,144	37,743
Borrowings	10,000	117,000	-	127,000
Total	**31,095**	**133,809**	**17,144**	**182,048**

	Maturing Within 1 Year $'000	Maturing 2 – 5 Years $'000	Maturing Over 5 Years $'000	Total $'000
At 30 June 2021				
Financial Liabilities				
Trade and other payables	2,527	214	-	2,741
Tenant bond liabilities	-	625	-	625
Employee provisions	226	5	-	231
Lease liabilities	3,960	14,696	5,029	23,685
Borrowings	-	117,000	-	117,000
Total	**6,713**	**132,540**	**5,029**	**144,282**

(e) Fair Value Measurements

(i) Fair Value Hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making measurements. The fair value hierarchy has the following levels:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- **Level 3** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group currently does not have any assets or liabilities that are traded in an active market.

The fair value of financial assets and financial liabilities that are not traded in an active market is determined using valuation techniques. For investments in related party unlisted security trusts, fair values are determined by reference to published security prices of these investments which are based on the net tangible assets (NTA) of the investments.

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 30 June 2022				
Investment property portfolio	-	-	394,700	**394,700**
Loan portfolio	-	-	5,522	**5,522**
Hedge asset	-	-	2,533	**2,533**
At 30 June 2021				
Investment property portfolio	-	-	335,100	**335,100**
Loan portfolio	-	-	8,753	**8,753**

(ii) Valuation Techniques Used to Derive Level 3 Fair Values

The carrying amounts of the loan portfolio and the other assets approximates the fair values as they are short term receivables. The hedge asset is valued in line with mark to market valuations provided by NAB (the issuer) on a monthly basis.

For all other financial assets, carrying value is an approximation of fair value. There were no transfers between Level 1, 2 and 3 financial instruments during the year.

Significant unobservable inputs associated with the valuation of investment properties are as follows:

Significant Unobservable Inputs Used to Measure Fair Value	Change to Inputs	Impact of Increase in Input on Fair Value $'000	Impact of Decrease in Input on Fair Value $'000
Capitalisation rate	0.25%	(15,360)	17,310
Net market rent	5%	24,402	(24,402)

(iii) Fair Value Measurements Using Significant Observable Inputs (Level 3)

The following table is a reconciliation of the movements in financial assets classified as Level 3 for the year ended 30 June 2022:

	$'000
At 30 June 2022	
Balance at the beginning of the year	8,753
Loans advanced	3,494
Loans repaid	(6,725)
Hedge asset	2,533
Balance at 30 June 2022	**8,055**
At 30 June 2021	
Balance at the beginning of the year	22,383
Loans advanced	15,393
Loans eliminated on stapling	(18,693)
Loans repaid	(10,330)
Balance at 30 June 2021	**8,753**

29. Parent Entity Disclosures

The parent entity has been identified as BlackWall Property Trust (BWR).

	2022 $'000	2021 $'000
(Loss) profit for the year	(4,346)	5,438
Total (Loss) Profit and Other Comprehensive (Loss) Income for the Year	**(4,346)**	**5,438**
Financial Position:		
Current assets	97,141	7,240
Non-current assets	137,848	251,679
Total Assets	**234,989**	**258,919**
Current liabilities	(765)	(373)
Non-current liabilities	(40,000)	(50,742)
Total Liabilities	**(40,765)**	**(51,115)**
Net Assets	**194,224**	**207,804**

Contingent Liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital Commitments – Property, Plant and Equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Significant Accounting Policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 36.

30. Controlled Entities

Name	Percentage Owned 2022	2021
Parent Entity:		
BlackWall Property Trust	n/a	n/a
Controlled Entity of Parent Entity:		
Yandina Sub-Trust	100%	100%
BlackWall Telstra House Trust	100%	100%
BlackWall Hobart Unit Trust	100%	100%
Flinders Street Unit Trust	100%	100%
84 Brunswick Street Unit Trust	100%	100%
Bakehouse Quarter Trust	-	100%
Tudor Street Newcastle Unit Trust	100%	100%
Ada Avenue Brookvale Unit Trust	100%	100%
Military Road Cremorne Unit Trust	100%	-
Ormsby Terrace Unit Trust	100%	-
Pyrmont Bridge Property Pty Ltd*	46%	46%
Pyrmont Bridge Trust	73%	73%
WRV Unit Trust**	99%	49%
Woods PIPES Fund	74%	74%
WOTSO Limited	100%	100%
WOTSO Services 1 Pty Ltd	100%	100%
WOTSO Employment Services Pty Limited	100%	100%
WOTSO Penrith Pty Ltd	100%	100%
WOTSO Chermside Pty Ltd	100%	100%
WOTSO Services 2 Unit Trust	100%	100%
WOTSO Services 2 Pty Ltd	100%	100%
WOTSO Services 3 Pty Ltd	100%	-
WOTSO Neutral Bay Pty Ltd	100%	100%
WOTSO Bondi Junction Pty Ltd	100%	100%
WOTSO at RFW Manly Pty Ltd	100%	100%
WOTSO Sunshine Coast Pty Ltd	100%	100%
WOTSO Hobart Pty Ltd	100%	100%
WOTSO Pyrmont Pty Ltd	100%	100%
WOTSO North Strathfield Pty Ltd	100%	100%
WOTSO Adelaide Pty Ltd	100%	100%
WOTSO Blacktown Pty Ltd	100%	-
WOTSO Canberra South Pty Ltd	100%	100%
WOTSO Canberra North Pty Ltd	100%	100%
WOTSO Gold Coast Pty Ltd	100%	100%
WOTSO Macarthur Square Pty Ltd	100%	-
WOTSO Mandurah Pty Ltd	100%	-
WOTSO Woden Pty Ltd	100%	100%
WOTSO Zetland Pty Ltd	100%	100%
WOTSO Spare Pty Ltd	100%	100%
WOTSO Coffee Pty Ltd	100%	100%
Kirela Development Unit Trust	100%	100%
Planloc Limited	100%	100%
Gymea Bay Road Unit Trust	100%	-

* Consolidated because BlackWall Property Trust is the most significant shareholder and exercises management control

** Planloc owns an additional 49% of WRV Unit Trust, bringing ownership across the Group to 99%

31. Related Party Transactions

(a) Related Parties

In these financial statements, related parties are parties as defined by AASB 124 Related Party Disclosures rather than the definition of related parties under the Corporations Act 2001 and ASX Listing Rules.

(b) Interests in Related Parties

As at year end the Group held no interests in related parties.

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(c) Loans to Related Parties

The Group has the following outstanding loans to related parties:

	2022 $	2021 $
SAO Investments Pty Ltd	1,845,000	170,000
Gymea Bay Pty Ltd as trustee for Gymea Bay Unit Trust	-	2,250,000
Mosman Branch Pty Ltd as trustee for Mosman Branch Unit Trust	1,800,000	6,250,000
Total	**3,645,000**	**8,670,000**

Further detail can be found in Note 9.

(d) Related Party Transactions

In accordance with the constitution of BlackWall Property Trust and a management agreement with WOTSO Limited and Planloc Limited, BlackWall Fund Services Limited (BFSL) is entitled to receive management fees and recover other associated administrative costs in its management of these entities. These fees are comprised of:

- Management fee charged to BWR and Planloc of 0.75% of Gross Assets per annum (2021 – 0.75%)
- Management fee charged to WOTSO based on 2% of Gross Revenue on all sales up to $20 million per annum and 5% on sales above $20 million per annum (2021 – 2% and 5% respectively).

All transactions with related parties were made on arm's length commercial terms and conditions, at market rates and were approved by the Board. Related party transactions that occurred during the year are as follows:

	2022 $	2021 $
Income		
WOTSO rent, outgoing and utilities	-	2,420,733
Interest income	161,120	446,600
Sundry recoveries	107,340	52,510
Total Income	**268,460**	**2,919,843**
Expenses		
WOTSO rent expenses	669,529	395,692
Remuneration paid to BFSL	1,691,853	2,526,297
Property management, leasing fees and accounting fees	3,855,166	2,081,486
Transaction fees	362,650	189,000
Capital raising fee	-	150,000
Total Expenses	**6,579,198**	**5,342,475**
Outstanding Balances		
Trade and other receivables (current)	17,476	3,726
Trade and other payables (current)	1,363,770	195,292

32. Earnings per Security

	2022 $'000	2021 $'000
Profit after income tax	34,076	9,630
Non-controlling interest	(3,507)	(3,903)
Profit After Income Tax Attributable to Owners of WOT Securities	**30,569**	**5,727**
	Number	**Number**
Weighted average number of ordinary securities used in calculating basic and diluted earnings per security	162,957,715	149,299,466
	Cents	**Cents**
Basic and diluted earnings per security	18.8	3.8

33. Auditor's Remuneration

	2022 $	2021 $
Audit and assurance services	138,395	113,300
Tax services	20,010	19,150
Total Auditor's Remuneration	**158,405**	**132,450**

34. Subsequent Events

Subsequent to year end, the Group launched two new funds: Pyrmont Bridge Mortgage Fund and Pyrmont Subordinated Notes Trust. Both funds will replace the existing Pyrmont Bridge Trust, which is expected to close in the first half of 2023, and offer investors alternative options to capitalise on the Pyrmont Bridge Property. Pyrmont Bridge Mortgage Fund will offer investors a fixed 6% per annum return earned after advancing a $20 million 2nd mortgage to the property owner, Pyrmont Bridge Property Pty Ltd. Pyrmont Subordinated Notes Trust will provide a return of 3% above the cash rate earned on the issuance of convertible notes with a value of $15.45 million to the Pyrmont Bridge Property Pty Ltd. These convertible notes may be converted into equity of Pyrmont Bridge Property Pty Ltd at the discretion of the unit holder at the end of the term if not repaid. The Group currently owns 73% of the existing fund and is expected to continue to own over 50% of the new funds.

Additionally, subsequent to 30 June 2022, the Group has commenced the renewal of the borrowings secured on the Penrith property, which is due to expire in December 2022. As part of this renewal, the Group is expected to increase the borrowings secured on the Penrith property by $3.0 million to $13.0 million. Additionally, the Group has renegotiated the borrowings secured on the Villawood property subsequent to year-end, with additional borrowings of $5.0 million being advanced, increasing the total borrowings on the Villawood property to $12.0 million subsequent to year-end.

To the best of the Directors' knowledge, since the end of the 2022 year there have been no other 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.

35. Critical Accounting Estimates and Judgments

The Directors of the Group 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 in economic data, obtained both externally and within the Group.

Key Estimates – Fair Values of Investment Properties

The Group carries its investment properties at fair value with changes in the fair values recognised in profit or loss. At the end of each reporting period, the Directors of the Group update their assessment of the fair value of each property, taking into account the most recent independent valuations. The key assumptions used in this determination are set out in the Investment Property Portfolio table in Note 12. If there are any material changes in the key assumptions due to changes in economic conditions, the fair value of the investment properties may differ and may need to be re-estimated. For this report all properties, with the exception of recent acquisitions and the Adelaide property, are held at independent valuations carried out in the last 12 months plus any capital expenditure incurred subsequent to valuation. Recent acquisitions are held at recent purchase price plus any capital expenditure incurred. The Adelaide property was independently valued in November 2020 and is held at that value plus additional capital expenditure since that time.

Goodwill and Other Indefinite Life Intangible Assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 36. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

COVID Pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Lease Term for Right of Use Lease Assets and Liabilities

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

36. Statement of Significant Accounting Policies

The financial statements cover the listed WOTSO Property Group, which is comprised of BlackWall Property Trust, WOTSO Limited, Planloc Limited and their controlled entities. All are incorporated and domiciled in Australia. BlackWall Property Trust is a managed investment scheme registered in Australia. The address of the Group's registered office is Level 1, 50 Yeo Street, Neutral Bay NSW 2089.

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements for the Group were authorised for issue in accordance with a resolution of the Directors of the Group 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, as appropriate for for-profit oriented entities.

The financial statements of the Group also comply with IFRS as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The Group is a group of the kind referred to in ASIC Class Order 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 following is a summary of the material accounting policies adopted by the Group in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

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.

The Group is in a net current liability position of $19.3 million at 30 June 2022. This is largely driven by current borrowings that are expected to be renewed prior to expiration in December 2022, and a property settlement due in December 2022 for which additional borrowings are currently being negotiated.

Comparative Figures

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

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.

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Presentation Currency

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

Principles of Consolidation

Controlled Entities

The consolidated financial statements comprise the financial statements of the Group (refer to Note 30 - Controlled Entities). The Controlled Entities each have June financial years end and use consistent accounting policies. Investments in Controlled Entities held by the parent entity are accounted for at cost less any impairment charges (refer to Note 29 - Parent Entity Disclosures).

Subsidiaries are all those entities over which the Parent Entity has control. The Parent Entity controls an entity when the Parent Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-entity Balances

All inter-entity balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of Controlled Entities have been changed where necessary to ensure consistencies with those policies applied by the Parent Entity.

Impairment of Assets

At each reporting date, the Group reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired.

If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, either the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, or the income of the asset is capitalised at its relevant capitalisation rate.

An impairment loss is recognised if the carrying value of an asset exceeds its recoverable amount. Impairment losses are expensed to the income statement.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

Financial Instruments

Interest Rate Hedges

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rates. Such derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their net fair value is positive and as liabilities when their net fair value is negative.

The fair values of interest rate swaps are determined by reference to market values for similar instruments and are reported on by the counter party to the instrument. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss for the year.

Non-Derivative Financial Instruments

Non-derivative financial instruments comprise financial assets (including property investment structures), loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non- derivative financial instruments are measured as described below.

Recognition

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognised if the Group's contractual rights to the cash flow from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Loans and Receivables

Loans and receivables include loans to related entities. They are subsequently measured at amortised cost, less any allowance for expected credit losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. A financial instrument is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial instruments are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and unrealised movements.

Financial Assets (Investment Property Portfolio)

The investment property portfolio contains a portion of financial assets being property investment structures at fair value through profit or loss. All gains and losses in relation to financial assets are recognised in profit or loss. The Group classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value and those to be measured at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Currently all financial assets are measured subsequently at fair value.

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss.

Measurement

At initial recognition, the Group 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 Group 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.

Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any expected credit losses. An estimate for doubtful debts is made when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor and default payments are considered objective evidence of impairment. Bad debts are written off when identified as uncollectable.

Trade and Other Payables

Liabilities for trade creditors are carried at cost which is the fair value of the consideration to be paid in the future for goods or services received, whether or not billed to the Group at balance date. The amounts are unsecured and are usually paid within 30 days of recognition.

Interest Bearing Borrowings

Interest bearing borrowings are initially recognised at fair value less any related transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost.

Revenue

Rent

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

WOTSO income comprises rental and recovery of outgoings from members. Rental income is accounted for on a straight-line basis over the membership term, if applicable.

Lease Incentives

Rent free incentives granted are recognised as an integral part of total rental income.

Cash incentives paid or payable to tenants are capitalised as part of investment properties.

Investment Income

Interest income is recognised as interest accrues using the effective interest method. Property investment structure income is recognised when the right to receive distribution has been established.

For tax deferred distributions (returns of capital) earned from any trusts that have significant carried forward tax losses, such distributions 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.

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognised as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Office equipment	2 – 10 years
Furniture, fixtures and fittings	2 – 10 years
Fit-out	Lesser of 10 years and expected remaining lease term
Leasehold improvements	Lesser of 10 years and expected remaining lease term

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

For personal use only

Held for Sale Properties

Properties are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather through continuing use and a sale is considered highly probable. They are measured at their carrying amount. Any subsequent increases or decreases in carrying amount is recognised in the profit and loss.

Investment Properties

The Group recognises investment properties, and corresponding property settlement payables when contracts have been exchanged for the acquisition of new investment properties.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise. Included in the value measurement are adjustments for straight-lining of lease income.

Right of Use Lease Assets

A right of use asset is recognised at the commencement date of a lease. The right of use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right of use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right of use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Intangible Assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Internally Generated Intangible Assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development is recognised if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated on a straight-line basis over the expected useful lives of the intangible asset as follows:

Software development	5 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Impairment of Non-Financial Assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions

Distributions are recognised when declared during the financial year and no longer at the discretion of the company.

Foreign Currencies

In preparing the financial statements of the Group, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

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 relevant taxation authority. 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.

Earnings per Security (EPS)

The Group presents basic and diluted EPS. Basic EPS is calculated by dividing the profit or loss attributable to ordinary security holders of the Group by the weighted average number of securities outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary security holders and the weighted average number of securities outstanding for the effects of all dilutive potential securities.

New Accounting Standards and Interpretations

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year. Several amendments apply for the first time in the current year. However, they do not impact the annual consolidated financial statements of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Based on our preliminary assessment, we do not expect them to have a material impact on the Group.

Directors' Report

(Continued from Page 10)

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 Group's operations or may materially affect its operations, state of affairs or the results of operations in future financial years, with the exception of those events disclosed in Note 34.

Directory of Properties

Property	Property Address
Queensland:	
Fortitude Valley	76-84 Brunswick St, Fortitude Valley QLD 4006
Gold Coast	194 Varsity Pde, Varsity Lakes QLD 4227
Sunshine Coast	30 Chancellor Village Blvd, Sippy Downs QLD 4556
Yandina	54 Pioneer Rd, Yandina QLD 4561
New South Wales:	
Pyrmont	55 Pyrmont Bridge Rd, Pyrmont NSW 2009
Villawood	824 Woodville Rd, Villawood NSW 2163
Newcastle	1 Tudor St & 809-815 Hunter St, Newcastle NSW 2302
Brookvale	2 Ada Ave, Brookvale NSW 2100
Penrith	120 Mulgoa Rd, Penrith NSW 2750
Cremorne	233-239 Military Rd, Cremorne NSW 2090
Australian Capital Territory:	
Dickson	490 Northbourne Ave, Dickson ACT 2602
Symonston	10-14 Wormald St, Symonston ACT 2609
South Australia:	
Adelaide	217 & 223 Flinders St, Adelaide SA 5000
Tasmania:	
Hobart	162 Macquarie St, Hobart TAS 7000
Western Australia:	
Mandurah	22 Ormsby Terrace, Mandurah WA 6210

ASX Additional Information

Additional information required by the ASX and not shown elsewhere in this report is as follows. The securityholder information set out below was current as at 22 July 2022.

1. Securityholders

The Group's top 20 largest securityholders were:

	Investor	Securities (No.)	Securities (%)
1	Jagar Holdings Pty Ltd	19,393,297	11.87%
2	Blackwall Fund Services Limited	16,843,284	10.31%
3	Pelorus Private Equity Limited	15,975,000	9.78%
4	SAO Investments Pty Ltd	15,714,000	9.62%
5	Hollia Pty Limited	13,814,865	8.46%
6	Vintage Capital Pty Ltd	11,575,140	7.09%
7	Seno Management Pty Ltd <Taipa Trust>	5,575,000	3.41%
8	Mr Archibald Geoffrey Loudon	3,959,803	2.42%
9	Alerik Pty Limited	3,905,000	2.39%
10	Mr Richard Hill & Mrs Evelyn Hill	3,603,720	2.21%
11	PRSC Pty Ltd	3,100,000	1.90%
12	Tampopo Pty Ltd	3,057,315	1.87%
13	Castle Bay Pty Limited	2,755,258	1.69%
14	Ms Gia Ravazzotti	2,700,000	1.65%
15	Lymkeesh Pty Ltd	2,558,632	1.57%
16	HSBC Custody Nominees (Australia) Limited	2,008,465	1.23%
17	Seno Management Pty Ltd <Seno Super Fund>	1,825,000	1.12%
18	Glenahilty Pty Ltd	1,366,134	0.84%
19	Koonta Pty Ltd	1,254,597	0.77%
20	Oyama Pty Limited	1,179,393	0.72%

2. Distribution of Securityholders

The distribution of securityholders by size of holding was:

Category (Securities Held)	No. of Holders
1 – 1,000	943
1,001 – 5,000	723
5,001 – 10,000	207
10,001 – 100,000	308
100,001 and over	86
Total Number of Securityholders	**2,267**

The Group has 163,359,885 securities on issue. All securities carry one vote per security without restrictions. All securities are quoted on the Australian Securities Exchange (ASX:WOT).

3. Substantial Securityholders

The Group's substantial securityholders are set out below:

Investor	Securities (No.)	Securities (%)
Seph Glew	65,809,387	40.28
Paul Tresidder	55,522,116	33.99
BlackWall Limited	16,843,284	10.31
Pelorus Private Equity Limited	15,975,000	9.78
Robin Tedder	14,224,650	8.71

4. Key Management Personnel's Relevant Interests

The current relevant interests in the Group held by Key Management Personnel of the Group are shown below.

Name (Position)	22 July 2021	Net Change	22 July 2022
Seph Glew (Non-Executive Director)	63,551,580	2,257,807	65,809,387
Timothy Brown (Joint MD and CFO)	881,517	6,200	887,717
Jessie Glew (Joint MD and COO)	476,698	27,500	504,198
Richard Hill (Non-Executive Director)	6,671,245	-	6,671,245
Robin Tedder (Non-Executive Director)	14,224,650	-	14,224,650
Total	**85,805,690**	**2,291,507**	**88,097,197**

Information on Officeholders of the Group

BlackWall Fund Services Limited, as responsible entity of the BlackWall Property Trust, WOTSO Limited and Planloc Limited have identical Boards of Directors. The term Board hereafter should be read as a reference to all three of these Boards.

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

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 “turn-around” processes in relation to distressed properties and property structures for both private and institutional property owners.

While working for the Housing Corporation of New Zealand and then AMP, Seph qualified as a registered valuer and holds a Bachelor of Commerce. In the 1980s he served as an Executive Director with New Zealand based property group Chase Corporation and as a Non-Executive Director with a number of other listed companies in New Zealand and Australia.

Timothy Brown

Joint Managing Director and CFO

Tim is Joint Managing Director and Chief Financial Officer for the BlackWall Group and its funds. Tim joined the Group in 2008 as Financial Controller and became Chief Financial Officer in 2009. He took on the Managing Director role along with Jessie in late 2019. He has a Bachelor of Commerce from the University of New South Wales and is a member of the of Chartered Accountants of Australia and New Zealand. With over 20 years' experience in the financial services and property industries, he started his career with Deloitte and joined Lend Lease Corporation in 2002. Tim is also on the board of Eastern Suburbs Cricket Club and Coogee Boy's Preparatory School.

Jessica Glew

Joint Managing Director and COO

Jessie is Joint Managing Director and Chief Operating Officer (COO) for the BlackWall group and its funds. Jessie has been with BlackWall since early 2011. She was made COO in early 2018 and took on the Managing Director role along with Tim in late 2019. Jessie has a Bachelor of International Communication from Macquarie University and finalising a Bachelor of Property Economics at the University of Technology Sydney. In addition Jessica is a Board Member of The Kids' Cancer Project.

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. Richard has served as a director (Chairman) of the Westmead Institute for Medical Research and director (Chairman) of Sirtex Medical Limited (Sirtex), formerly listed on ASX.

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 Audit Committee.

Alexander Whitelum

Company Secretary

Alex joined BlackWall in April 2020 and executes all aspects of BlackWall's corporate and fund transactions, is responsible for BlackWall's corporate governance functions and oversees investor relations. Previously, Alex was a lawyer at Clayton Utz in their Corporate, M&A and Capital Markets team. Alex holds a Bachelor of Laws (Hons) and a Bachelor of Commerce (Economics) from Macquarie University. He is admitted as a solicitor to the Supreme Court of New South Wales and the High Court of Australia.

Meeting Attendances

Director	No. of Board Meetings Held	Board Meeting Attendance
Seph Glew	7	7
Timothy Brown	7	7
Jessie Glew	7	7
Richard Hill	7	7
Robin Tedder	7	7

Options

There were no options granted during the year ended 30 June 2022. There are no options on issue as at the date of this report.

Responsible Entity, Manager and Custodian Remuneration

BFSL's remuneration details can be found under the Related Party Transactions note of the financial statements.

The Custodian of BlackWall Property Trust is Perpetual Limited. The custody fee is calculated at the greater of $15,000 per annum or 0.025% per annum of the gross asset value up to $100 million then 0.015% for gross assets value between $100-$500 million of BWR, plus GST. In addition, the Custodian is entitled to be paid any out-of-pocket expenses incurred in the performance of its duties.

Interests in the Group

At the date of this report, the Group has 163,359,885 securities on issue (2021 - 162,921,662). BFSL and its associates held 16.8 million securities in the Group.

Value of the Group's Assets

At 30 June 2022, the Group's assets value is set out in the Group's Consolidated Balance Sheet. Refer to the Investment Property Portfolio table for valuation details.

Environmental Regulation

The Group operations are not regulated by any significant environmental law or regulation under either Commonwealth or State legislation. However, the Group has adequate systems in place for the management of its environmental requirements and is not aware of any instances of non-compliance of those environmental requirements as they apply to the Group.

Indemnities of Officers

During the financial year the Group has paid premiums to insure each of the Directors named in this report along with Officers of the Group against all liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or Officer of the Group, other than conduct involving a wilful breach of duty. The insurance policy prohibits disclosure of the nature of the liability, the amount of the premium and the limit of liability.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor to the Group.

Corporate Governance Statement

A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which is released via the ASX announcement platform and can be accessed at blackwall.com.au

Auditor and Non-Audit Services

$138,395 and $20,010 was paid to the auditor for audit and non-audit services respectively during the year (2021 - $113,300 and $19,150). The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

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

ESV Business Advice and Accounting continues in office in accordance with section 327 of the Corporations Act 2001.

Rounding of Amounts

The entities comprising the Group are of a kind referred to in ASIC Legislative Instrument 2016/191, and in accordance with that legislative instrument, 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 of the Group.

Tim Brown
Director
Sydney, 8 August 2022

Jessie Glew
Director
Sydney, 8 August 2022

Directors' Declaration

In the opinion of the Directors of WOTSO Limited, Planloc Limited and BlackWall Fund Services Limited, the Responsible Entity of BlackWall Property Trust, collectively referred to as the Directors:

(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 Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that each of WOTSO Limited, Planloc Limited and BlackWall Property Trust will be able to pay their debts as and when they become due and payable.

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

The Directors have been given the declarations by the Joint Managing Directors and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

Tim Brown
Director
Sydney, 8 August 2022

Jessie Glew
Director
Sydney, 8 August 2022

Auditor's Independence Declaration and Audit Report

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As auditor for the audit of Blackwall Property Trust, the deemed parent for stapled security WOTSO Property, for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor 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 on the 8th day of August 2022.

ESV Business Advice and Accounting

Chris Kirkwood
Partner

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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF BLACKWALL PROPERTY TRUST

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Blackwall Property Trust as the deemed parent representing the stapled security arrangement of WOTSO Property ('the Group'), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on pages 11 to 14, notes including a summary of significant accounting policies on pages 15 to 37, and the directors' declaration of the Group.

The WOTSO Property consists of BlackWall Property Trust and its controlled entities at the year end, WOTSO Limited and its controlled entities at the year end and Planloc Limited. Units in BlackWall Property Trust and shares in WOTSO Limited and Planloc Limited are jointly traded as a Stapled Security on the Australian Securities Exchange under the name of WOTSO Property.

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

- giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial 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 Group 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Valuation of Property Investment Portfolio	
Key Audit Matter	**How the scope of our audit responded to the risk**
As of 30 June 2022, the total property investment portfolio of the group is valued at $385.2 million (30 June 2021: $331.6 million) which is significant to the balance sheet. The property investment portfolio is recorded at fair value. For some properties, valuation recorded as at year end is based on independent valuations obtained during the year and valuations for balance of properties is based on Director's valuation which is based on the independent valuation obtained as of 31 December 2021 or prior period and adjusted for capital expenditure incurred since that date till yearend. Valuation for properties acquired during the year is based on cost and adjusted for capital expenditure incurred since the acquisition date till yearend. The external valuations make a number of property specific key estimates and assumptions; assumptions in relation to market comparable yields and estimates in relation to future rental income increases or decreases and discount rates and other inputs. The Covid 19 pandemic has resulted in economic uncertainty and a reduction in market transaction evidence. Management has addressed the higher risk by using external valuation experts to value investment properties. The audit approach considered how Covid 19 is likely to effect property values and inputs into valuation models and included assessing lease expiry, rent waivers, growth rates and let up timeframes. The valuation of the property investment portfolio held is the key driver of the net assets value and total return. Incorrect valuation could have significant impact on the investment valuation and, therefore, the return generated for unitholders.	Our procedures included, but were not limited to: > Obtain a schedule of property investment portfolio and agree it to the financial statements. > Obtained copies of independent valuers' valuation report for all properties and compared the values to recorded valuation in general ledger and calculated the difference between the two values and make inquiries regarding changes in tenancy levels and level of capital expenditure incurred and assess the reasonableness of impact it has on the valuation of the property. > On sample basis we – Assessed reasonableness of key judgements, assumptions and inputs used, such as lease incentives, rental growth rates, let up periods, allowances for rent waivers and deferrals. – Compared the yield rates used in the calculation to other market participants – We agreed key inputs to underlying tenancy schedules – Review of the expert's competence and objectivity as independent valuer. – Obtain the tenancy schedules and considered if there are any significant movements that could result in a change in value > Assessing the disclosures in the financial report including using our understanding obtained from the testing against the requirements of the accounting standard. There are increased economic and financial uncertainties as a result of COVID-19. This will require management to increase the frequency of valuation and provide clear and full disclosure of valuations. Based on our work performed, we conclude the valuation of the property investment portfolio is not materially misstated as at yearend.

Business advice and accounting

Revenue	
Key Audit Matter	**How the scope of our audit responded to the risk**
The Group generates its revenue from two distinct revenue streams – rental income from long-term tenancy ($21.75 million) and rental income from short-term tenancy ($18.06 million). Rental income from long-term tenancy is earned from leasing of the commercial investment properties owned by the Group – owned in BlackWall Property Trust and Planloc Limited. Majority of rental income earned is as a result of tenancy agreement with 3rd party tenants and a small portion is earned from leasing to related party – WOTSO Limited which is eliminated on consolidation. Rental income from short-term tenancies is earned from leasing of desks, office space, meeting rooms and related services (co-working business) to short term tenants – operated by WOTSO Limited. Majority of premises used for operating of WOTSO co-working business is leased from related entity – BlackWall Property Trust and some are leased from 3rd party landlords. Given the number of tenancies across the two operations – long-term (for owned commercial investment properties) and short-term (for co-working business), there is a risk that revenue is incorrectly recorded.	Our procedures included, but were not limited to: > For long-term rental income on sample basis, we obtained the underlying tenancy agreements and agreed the key details to the tenancy schedule. We verified the monthly rental invoicing to details as per tenancy schedule to check for accuracy. Based on monthly rental as per tenancy schedule we created an annual rental income expectation adjusted for rental waivers etc. and checked the actual total year to date rental income for accuracy and completeness. We compared the total rental income per property with prior period rental income and investigated material/unusual variances. > For short-term rental income relating to co-working business, on sample basis of tenancies across different site locations we verified the monthly billing for desks, office space hired to the agreed terms as per information in the tenancy management database and the price list per location. We also performed comparison of monthly revenue per location with monthly revenue from prior period and investigated any unusual or significant movement. > Assessed the disclosures included in the financial statement for revenue are in accordance with AASB 15. Based on our work performed, we conclude the revenue for the Group is free from material misstatement.

Goodwill	
Key Audit Matter	**How the scope of our audit responded to the risk**
The Stapling of WOTSO Limited to the Stapled Group resulted in recognition of goodwill of $26.15 million in the Group financials. At the date of the stapling transaction, WOTSO Limited was valued at $30 million and the acquisition of WOTSO by the Stapled Group was accounted for using the full goodwill method resulting in a goodwill of $26.15 million. The goodwill has been allocated to the WOTSO cash-generating unit. At the time of stapling, management prepared a valuation of the WOTSO business and obtained an independent expert to evaluate the valuation for reasonability. At year end management performed impairment testing to assess if the recorded goodwill amount is recoverable from future operations and not impaired. Based on the assessment performed by management there are no indicators of impairment of recorded goodwill.	Our procedures included, but were not limited to: > We have tested the discounted cash flow model prepared by management by comparing the forecast results with actual results for current year, including updating the WACC and other assumptions used in the model. > Discussion with management in relation to underlying assumptions and the achievability. > Reviewing the impairment assessment paper prepared by management. > Comparing actual results to the independent evaluation report prepared by RSM. > Verifying the disclosure included in the financial statement in relation to Goodwill. Based on our work performed, we conclude that there are no indicators of impairment and the goodwill balance is free from material misstatement.

Business advice
and accounting

Other Information

Other information is financial and non-financial information in the Group's annual report which is provided in addition to the Financial Report and the Auditor's Report for the year ended 30 June 2022. The directors of the Responsible Entity ('the directors') are responsible for the other information. The other information comprises the information included in the Directors' report (pages 3-10 and 38-41) which we obtained prior to the date of this auditor's report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The directors of 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 the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has 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 the 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/ar2.pdf This description forms part of our auditor's report.

Dated at Sydney on the 8th day of August 2022.

ESV Business Advice and Accounting

Chris Kirkwood
Partner

ANNEXURES

WOTSO Limited

FINANCIAL STATEMENTS 30 JUNE 2022

WOTSO Limited – Director's Report

Director's report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' and 'the Group') consisting of WOTSO Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Principal Activities
During the financial year, the principal continuing activities of the consolidated entity consisted of flexible workspace, offering everything from a single desk to larger spaces for corporates and established teams.

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

Indemnities of Officers
During the financial year, the Group has paid premiums to insure each of the Directors named in this report along with Officers of the Group against all liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or Officer of the Group, other than conduct involving a 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 Group.

COVID and its Impact
WOTSO was significantly impacted by COVID lockdowns in several states, and reinstated its suspension policy during the financial year, allowing members in the locked-down areas to suspend their membership without penalties. As a result, the average revenue decreased by approximately 65% across impacted sites during the lockdowns. The policy ended in November 2021 and revenue has since recovered and continued the Group's pre-pandemic growth, with June annualised revenue reaching just under $24 million. The Group provided $2.71 million in rent waivers and received $4.05 million in rent relief from its landlords and was eligible for JobSaver.

Funds from Operations
The statutory profit has been impacted by non-cash accounting expenses such as depreciation, amortisation and the application of AASB16 accounting for leases. The table below strips these numbers out to come to a funds from operations number of $1.5 million for the 2022 financial year.

	2022	2021
Profit or Loss	**$'000**	**$'000**
Flexspace income	20,772	16,327
Flexspace COVID-19 waivers given	(2,711)	-
Government assistance	267	807
Other Income	375	35
Total Revenue	**18,703**	**17,169**
Rent expenses	(11,706)	(6,780)
COVID-19 waivers received	4,051	490
Operating expenses	(4,541)	(4,533)
WOTSO site staff costs	(2,598)	(2,411)
Total Operating Expenses	**(14,794)**	**(13,234)**
Net Flexspace Income	**3,909**	**3,935**
Overhead and administration costs	(2,042)	(1,832)
Management fees	(361)	(150)
Borrowing costs	-	(65)
Funds from Operations	**1,506**	**1,888**
Other statutory adjustments	(3,573)	(5,894)
Statutory Loss	**(2,067)**	**(4,006)**

WOTSO Limited – Financial Statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Revenue			
Revenue from WOTSO members	3	18,061	16,327
Property management fees	3	275	-
Government assistance	3	267	807
Other revenue	3	100	-
Franchise fees		-	35
Total Revenue		**18,703**	**17,169**
Expenses			
COVID rent waivers received from landlords	4	4,051	490
Staff costs		(4,043)	(3,407)
Other operating expenses		(5,482)	(5,518)
Variable lease payments		(917)	(322)
Bad and doubtful debts expenses		(18)	-
Total Expenses		**(6,409)**	**(8,757)**
Operating Profit		**12,294**	**8,412**
Depreciation – fit-out	9	(3,333)	(2,905)
Depreciation – right of use lease asset	10	(9,682)	(8,572)
Interest – right of use lease liability	10	(1,594)	(1,691)
Gain on lease modifications	5	330	851
Amortisation – WOTSO software development	8	(82)	-
Interest expenses		-	(65)
Impairment of goodwill		-	(36)
Loss before income tax		**(2,067)**	**(4,006)**
Income tax expense		-	-
Loss for the year		**(2,067)**	**(4,006)**
Other comprehensive income		-	-
Total Loss		**(2,067)**	**(4,006)**

Balance Sheet as at 30 June 2022

	Note	2022 $'000	2021 $'000
Assets			
Current assets			
Cash and cash equivalents		274	441
Trade and other receivables	6	514	215
WOTSO North Strathfield rental bond	7	4,000	2,000
Total current assets		**4,788**	**2,656**
Non-current assets			
Lease rental deposits	7	575	575
WOTSO software development asset	8	840	695
Property, plant and equipment	9	12,796	14,111
Right of use lease asset	10	44,684	34,080
WOTSO North Strathfield bond	7	-	4,000
Total non-current assets		**58,895**	**53,461**
Total Assets		**63,683**	**56,117**
Liabilities			
Current liabilities			
Trade and other payables	11	4,867	1,251
Unearned revenue		253	210
Deferred lease payments – COVID	4	192	81
Employee provisions	12	295	226
Tenant deposits		92	133
Right of use lease liabilities	10	9,925	8,994
Total current liabilities		**15,624**	**10,895**
Non-current liabilities			
Loans payable – related party	13	7,007	12,177
Deferred lease payments – COVID	4	375	214
Make good provisions	12	1,495	1,447
Employee provisions	12	17	5
Right of use lease liabilities	10	40,142	30,361
Total non-current liabilities		**49,036**	**44,204**
Total Liabilities		**64,660**	**55,099**
Net (Liabilities) Assets		**(977)**	**1,018**
Share capital	16	11,689	11,617
Accumulated losses		(12,666)	(10,599)
Total (Accumulated Deficiency) Equity		**(977)**	**1,018**

WOTSO Limited – Financial Statements

Statement of Cash Flows for the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Members receipts		19,660	18,353
Property management fees		303	-
Government assistance - COVID	3	267	984
Landlord compensation – Neutral Bay	3	110	-
Franchise fees		-	38
Operating expenditure		(3,322)	(7,804)
Employee payments		(4,045)	(3,502)
Proceeds (payment) of rental bonds	7	2,000	(47)
Net cash inflow from operating activities		**14,973**	**8,022**
Cash flows from investing activities			
Payments for property, plant and equipment		(2,073)	(5,361)
Payments for WOTSO software development asset		(242)	(286)
Cash acquired on acquisition of subsidiary	18	726	72
Purchase consideration for acquisition of subsidiary	18	(182)	(500)
Advance to - UEM Joint Venture		-	(35)
Net cash outflow from investing activities		**(1,771)**	**(6,110)**
Cash flows from financing activities			
Proceeds from borrowings		-	4,177
Repayment of borrowings		(5,653)	-
Lease payments		(7,716)	(6,302)
Proceeds from issuance of shares		-	15
Interest paid		-	(56)
Net cash outflow from financing activities		**(13,369)**	**(2,166)**
Net decrease in cash and cash equivalents		(167)	(254)
Cash and cash equivalents at the beginning of the year		441	695
Cash and cash equivalents at end of the year		274	441

All items inclusive of GST where applicable.

Reconciliation of Operating Cash Flows

	Note	2022 $'000	2021 $'000
Loss for the year		**(2,067)**	**(4,006)**
Non-cash Flows in Profit:			
Depreciation and amortisation	9,10	13,097	11,477
Net interest paid		1,594	1,690
Right of use lease modifications and terminations	5	(330)	(851)
Goodwill impairment		-	36
Deduct net lease waivers and variable lease payments (included in financing cash flows)		(2,721)	(168)
Changes in Operating Assets and Liabilities:			
(Increase) / decrease in trade and other receivables		(298)	195
Increase / (decrease) in trade and other payables		3,575	(354)
Increase in provisions		80	56
Increase / (decrease) in deferred revenue		43	(6)
Decrease (Increase) in rental bonds		2,000	(47)
Net Cash Inflow from Operating Activities		**14,973**	**8,022**

WOTSO Limited – Financial Statements

Statement of Changes in Equity for the year ended 30 June 2022

	No. of Shares On issue	Issued Capital $'000	Accumulated Losses $'000	Total (Accumulated Deficiency) Equity $'000
Balance at 1 July 2021	**162,921,662**	**11,617**	**(10,599)**	**1,018**
Loss and other comprehensive loss for the year	-	-	(2,067)	(2,067)
Total Loss and Other Comprehensive Loss for the Year	**-**	**-**	**(2,067)**	**(2,067)**
Transactions with Owners in Their Capacity as Owners				
Issue of units	438,629	72	-	72
Total Transactions with Owners in Their Capacity as Owners	**438,629**	**72**	**-**	**72**
Balance at 30 June 2022	**163,360,291***	**11,689**	**(12,666)**	**(977)**
Balance at 1 July 2020	**81,068,581**	**11,602**	**(6,593)**	**5,009**
Loss for the year	-	-	(4,006)	(4,006)
Other comprehensive income	-	-	-	-
Total Comprehensive Income for the Year	**-**	**-**	**(4,006)**	**(4,006)**
Transactions with Owners in Their Capacity as Owners				
Issue of units	81,853,081	15	-	15
Total Transactions with Owners in Their Capacity as Owners	**81,853,081**	**15**	**-**	**15**
Balance at 30 June 2021	**162,921,662**	**11,617**	**(10,599)**	**1,018**

* Subsequent to 30 June 2022, 406 securities have been bought back by the Company.

WOTSO Limited – Notes to the Financial Statements

1. Cash Flow Management

At the end of the year, the Balance Sheet showed current liabilities exceeded current assets by $10.8m. This is mainly driven by lease payments due over the next 12 months totalling $10m. The corresponding leased asset is not allowed to be classified as a current asset under accounting standards but would approximately offset this deficit.

The Group is cash flow positive and closely monitors liquidity. WOTSO also has an available line of credit in the form of its loan agreement with BlackWall Property Trust (BWR), the trust that it is stapled to, to make up WOTSO Property. The majority of the lease liability referred to above is also payable to BlackWall Property Trust owned properties.

2. Segment Reporting

Identification of reportable operating segments
WOTSO reports as one segment of the WOTSO Property Group. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

3. Revenue

Disaggregation of Revenue from Contracts with Customers	**2022 $'000**	**2021 $'000**
Offices	13,079	11,629
Coworking	2,478	2,511
Other Services*	2,504	2,187
Total Revenue from WOTSO Members	**18,061**	**16,327**

*Other Services includes meeting room hire, parking, virtual office, and other member services.

WOTSO received government assistance as part of COVID economic stimulus in NSW and ACT, where WOTSO turnover was significantly impacted by lockdowns. Details as follows:

Government Assistance:	**2022 $'000**	**2021 $'000**
Jobsaver	203	-
Business grants – NSW and ACT	61	-
National disability services	3	6
JobKeeper wage subsidy	-	864
Cash flow boost	-	(63)
Total	**267**	807

Other Revenue:	**2022 $'000**	**2021 $'000**
Property management fees*	275	-
Landlord compensation**	100	-
Franchise fees – BWF	-	35
Total	375	35

* WOTSO provides property management services to properties that WOTSO leases from Blackwall Property Trust, and charges an annual property management fee to BlackWall Property Trust of $30,000 per property managed.

** WOTSO has entered into an option agreement with its Neutral Bay landlord that is expected to see its lease terminated. An option fee of $100,000 has been received and a further $4.9 million is receivable if the option is exercised. The option expires in September 2022 but may be extended for another twelve months.

4. Rent Waivers and Deferrals

During the COVID crisis, the Federal Government mandated a code of conduct between commercial landlords and their tenants. This mandated that lessors provide rent relief to any commercial tenant significantly impacted by the pandemic. Rent relief was required to be at the same proportion of the tenant's reduction in revenue driven by the pandemic. This relief was to be provided via a waiver for at least 50% of the relief, with the remaining proportion provided as a rent deferral to be repaid over the greater of the remaining life of the lease or two years.

WOTSO Limited – Notes to the Financial Statements

The rent waivers received by WOTSO from its landlords in the reporting period have been treated as variable lease payments per AASB 16 and as such they have been recognised within the operating profit of the Group. From the start of the COVID pandemic in March 2020, a total of $4,777,000 was waived. In contrast, the rent deferrals received by WOTSO, were also treated as a variable lease payment per AASB 16, but the difference has been recognised as a deferred rent liability. As at 30 June 2022, WOTSO had rent deferral liabilities totalling $567,000 (2021 - $295,000), for which deferred repayments will continue over the term of the leases.

5. Gain on Lease Terminations

	2022 $'000	2021 $'000
Gain on lease terminations and modifications	330	851
Total	**330**	**851**

The gain on lease terminations is mainly driven by a reduction in the leased area in the Pyrmont site, by 966sqm.

6. Trade and Other Receivables

	2022 $'000	2021 $'000
Trade receivables from WOTSO members	354	69
Trade receivables from related parties	28	16
Expected credit loss allowance	(16)	(11)
GST receivable	-	14
Other receivables	148	127
Total	**514**	**215**

7. Other Assets

	2022 $'000	2021 $'000
Secured bond – WOTSO North Strathfield	4,000	2,000
Total Current Other Assets	4,000	2,000
Secured bond – WOTSO North Strathfield	-	4,000
Lease rental deposits	575	575
Total Non-Current Other Assets	575	4,575
Total Other Assets	4,575	6,575

The WOTSO North Strathfield bond is held to secure WOTSO's lease at its North Strathfield site. The final two instalments of $2 million each will be offset against rent payable over the next financial year, as agreed by the landlord.

8. WOTSO Software Development Asset

Over the last few years, WOTSO has undertaken a project to develop in-house software to help manage its operations and customer invoicing. The software has been developed in conjunction with external developers and has commenced commercialisation during 2022. The Group owns 25% as well as a perpetual licence of the software. As at 30 June 2022, the Group has contributed $840,000 (2021 - $695,000) to fund the development of the software.

As at 30 June 2021, the Group had classified contributions of $348,000 as an investment in associate. During 2022, this balance was reclassified as software development costs.

During 2022 it was determined that the software operating platform was sufficiently ready for use, and as a result, the Group commenced amortising the WOTSO software development asset. During 2022 $82,000 (2021 - $nil) of amortisation was recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income.

9. Property, Plant and Equipment

	2022 $'000	2021 $'000
Fit-out	21,674	19,656
Less: accumulated depreciation	(8,878)	(5,545)
	12,796	14,111

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	2022 $'000	2021 $'000
Carrying amount at the beginning of year	14,111	11,233
Transfer from WOTSO Neutral Bay	-	574
Additions	2,018	5,209
Depreciation expense	(3,333)	(2,905)
Carrying amount at the end of year	**12,796**	**14,111**

WOTSO Limited – Notes to the Financial Statements

10. Right of Use Assets and Lease Liabilities

	2022	2021
	$'000	$'000
Right of use assets	71,488	48,719
Less: accumulated depreciation	(26,804)	(14,639)
	44,684	34,080

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	2022	2021
	$'000	$'000
Carrying amount at the beginning of year	34,080	34,827
Right of use assets – modifications *	10,819	(1,974)
Remeasurement of right of use assets **	605	2,340
Transfer from WOTSO Neutral Bay	-	1,790
Additions	9,805	5,940
Depreciation expense	(9,682)	(8,572)
Disposals	(943)	(271)
Carrying amount at the end of year	**44,684**	**34,080**

*Additions and Modifications mostly relate to a lease amendment for WOTSO's North Strathfield site. It also includes three new leases with BWRs - Newcastle, Brookvale and Mandurah.

**Remeasurements reflect revised contractual payments within existing lease liabilities, including changes in an index or rate used to determine the amounts payable.

WOTSO Neutral Bay

During the year, the Group entered into an option deed with the property owners at the current WOTSO Neutral Bay site, that, if exercised, will see the Group give up the various leases it holds at that site and receive an additional $4.9 million from the property owners. The Group received $100,000 in October 2021. The option can be extended for a further 12 months.

The Group is comfortable with an outcome that sees WOTSO occupy either the newly acquired Cremorne site only, or both the Cremorne and Neutral Bay sites. We are confident that the WOTSO offering will continue to be successful on Sydney's lower North Shore under either circumstance.

Right of Use Assets Liabilities

	2022	2021
	$'000	$'000
Opening Balance	39,355	37,208
Modifications and remeasurements	11,351	(541)
Additions	9,805	7,747
Disposals	(1,249)	(291)
Interest charged	1,594	1,691
Repayments	(10,789)	(6,459)
Total Lease Liabilities	**50,067**	**39,355**
Current lease liabilities	9,925	8,994
Non-current lease liabilities	40,142	30,361
Total Lease Liabilities	**50,067**	**39,355**

11. Trade and Other Payables

	2022	2021
	$'000	$'000
Trade and other payables	3,549	318
Payables with related party	413	40
Total Trade and Other Payables	3,962	358
Accrued expenses	719	761
Sundry payables	186	132
Total	4,867	1,251

Of the total trade payables, $2.92 million relate to rent payable to the North Strathfield landlord, which will be offset against the current deposit of $4.00 million. Refer to Note 7 – Other Assets

WOTSO Limited – Notes to the Financial Statements

12. Provisions

	2022 $'000	2021 $'000
Current – employee benefits	295	226
Non-current – employee benefits	17	5
Non-current – make good provision	1,495	1,447
Total provisions	**1,807**	**1,678**
Balance at the beginning of year	1,678	1,545
Net provisions increase	129	133
Balance at the end of year	**1,807**	**1,678**

Employee benefit provisions relate to annual leave and long service leave payable to employees. The number of employees for the Group as at 30 June 2022 was 70 (2021: 64).

Make good provisions relate to estimated costs required to return leased property to the state required by the lease. These have been discounted at the same rate as the underlying lease liability, per AASB 16 *Leases*.

13. Borrowings

	2022 $'000	2021 $'000
Non-current		
Loan from related party – BWR	7,007	12,177
Total non-current borrowings	**7,007**	**12,177**

The borrowings from BWR are subject to interest at a margin of 2.0% over the RBA cash rate and is subject to a loan term of 5 years from June 2021. Interest is chargeable at the discretion of the lender.

14. Deferred Tax Assets

WOTSO has not recognised deferred tax assets during this financial year. This is due to the uncertainty around the ability of the Group to recoup these in the short to medium term. The net deferred tax assets predominately relate to tax losses and therefore are available to offset against any deferred tax liabilities subject to meeting the relevant loss recoupment tests. This does not affect their ability to be utilised in the future. WOTSO estimates that net deferred tax asset is $3.78 million as detailed below.

	2022 $'000	2021 $'000
Right of use leases	1,720	1,680
Accruals, provisions, and prepayments	285	252
Prepayments	(11)	(35)
Fixed asset depreciation	(1,556)	(1,433)
Carried forward tax losses	3,344	2,927
Total unrecognised deferred tax assets	**3,782**	**3,391**

15. Auditor's Remuneration

	2022	2021
Remuneration of ESV for:	$	$
Audit and assurance services	63,170	58,000
Taxation and other services	13,338	19,162
Total	**76,508**	**77,162**

16. Issued Capital

	2022 Shares	2021 Shares	2022 $'000	2021 $'000
At the beginning of the period	162,921,662	81,068,581	11,617	11,602
Issue of new units – stapled transaction	-	81,772,831	-	-
Issue of new units – post-stapling transaction	-	80,250	-	-
Issue of new units	438,629	-	72	15
At the end of the period	163,360,291	162,921,662	11,689	11,617

17. Contingencies

The Group had no contingent assets or liabilities at 30 June 2022 (2021: $nil).

WOTSO Limited – Notes to the Financial Statements

18. Acquisition of Subsidiary

On 24 June 2022, the Group acquired 100% of the issued units of Gymea Bay Unit Trust, obtaining control of Gymea Bay Unit Trust. Gymea Bay Unit Trust is a real estate investment holding trust and qualifies as a business as defined in AASB 3.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	2022 $'000
Cash and cash equivalents	726
Total identifiable assets acquired and liabilities assumed	726
Total Consideration	**726**
Satisfied by:	
Cash and cash equivalents	182
Issuance of stapled securities	544
Total Consideration Transferred	**726**
Net cash outflow arising on acquisition:	
Cash consideration	(182)
Cash and cash equivalents balances acquired	726
	544

No goodwill was recognised as part of the acquisition of Gymea Bay Unit Trust.

19. Subsequent Events

To the best of the Directors' knowledge, since the end of the year, there have been no other 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.

20. Controlled Entities

	Country of incorporation	2022 %	2021 %
Parent entity:			
WOTSO Limited	Australia	n/a	n/a
Subsidiaries of parent entity:			
WOTSO Services 1 Pty Ltd	Australia	100	100
WOTSO Employment Services Pty Limited	Australia	100	100
WOTSO Penrith Pty Ltd	Australia	100	100
WOTSO Chermside Pty Ltd	Australia	100	100
WOTSO Services 2 Unit Trust	Australia	100	100
WOTSO Services 2 Pty Ltd	Australia	100	100
WOTSO Bondi Junction Pty Ltd	Australia	100	100
WOTSO at RFW Manly Pty Ltd	Australia	100	100
WOTSO Sunshine Coast Pty Ltd	Australia	100	100
WOTSO Hobart Pty Ltd	Australia	100	100
WOTSO Pyrmont Pty Ltd	Australia	100	100
WOTSO North Strathfield Pty Ltd	Australia	100	100
WOTSO Adelaide Pty Ltd	Australia	100	100
WOTSO Canberra South Pty Ltd	Australia	100	100
WOTSO Canberra North Pty Ltd	Australia	100	100
WOTSO Gold Coast Pty Ltd	Australia	100	100
WOTSO Woden Pty Ltd	Australia	100	100
WOTSO Zetland Pty Ltd	Australia	100	100
WOTSO Coffee Pty Ltd	Australia	100	100
Kirela Development Unit Trust	Australia	100	100
WOTSO Neutral Bay Pty Ltd	Australia	100	100
WOTSO Newcastle Pty Ltd	Australia	100	-
WOTSO Brookvale Pty Ltd	Australia	100	-
WOTSO Mandurah Pty Ltd	Australia	100	-
WOTSO Services 3 Pty Ltd	Australia	100	-
WOTSO Macarthur Square Pty Ltd	Australia	100	-
WOTSO Blacktown Pty Ltd	Australia	100	-
Gymea Bay Unit Trust	Australia	100	-

WOTSO Limited – Notes to the Financial Statements

21. Related Party Transactions

Related Parties, Associates
In these financial statements, related parties are parties as defined by AASB 124 *Related Party Disclosures* rather than the definition of related parties under the Corporations Act 2001 and ASX Listing Rules.

Associates
Interests held in associates by the Group are set out in Note 8 – WOTSO Software Development Asset.

Transactions With Related Entities
The Group pays rent for leased properties owned by related parties. The rent paid is determined with reference to arm's length commercial rates. Additionally, WOTSO pays for management fees, and other expenses such as car parking. WOTSO receives property management fees from related parties, which are charged at a rate of $30,000 per property managed.

All transactions with related parties were made on normal commercial terms and conditions and at market rates and were approved by the Board where applicable. The following transactions occurred during the financial year and the balances were outstanding at the year-end between the Group and its related entities.

	2022 $	2021 $
Revenue:		
Property management fees	275,100	-
Other revenue	111,800	132,504
Franchise fees	-	34,540
Total Revenue	386,900	167,044
Expenses:		
Rent and outgoings paid	3,023,302	4,586,286
Fit-out	179,538	760,620
Management fees	552,799	149,955
Staff costs	102,703	173,560
Interest expenses	-	69,745
Other expenses	233,557	615,627
Total Expenses	4,091,899	6,355,793
Outstanding balances:		
Trade and other receivables	28,404	15,994
Trade and other payables	413,412	39,626
Deferred lease payments – COVID – current	85,800	23,229
Deferred lease payments – COVID – non-current	221,651	83,237
Loans payable	7,007,000	12,177,492

22. Parent Entity Information

	2022 $'000	2021 $'000
Results:		
Profit (loss) after tax	(188)	(428)
Total comprehensive income (loss) after tax	**(188)**	**(428)**
Financial position:		
Current assets	19,973	23,419
Non-current assets	560	560
Total assets	**20,533**	**23,979**
Current liabilities	(85)	(37)
Non-current liabilities	(9,447)	(12,885)
Total liabilities	**(9,532)**	**(12,922)**
Net assets	**11,001**	**11,057**
Share capital	11,689	11,557
Retained earnings (accumulated losses)	(688)	(500)
Total equity	**11,001**	**11,057**

The parent entity had no contingencies or capital commitments at 30 June 2022 (2021: $nil).

23. Financial Risk Management

a) Financial Risk Management

The main risks the Group is exposed to through its financial instruments are market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's principal financial instruments are cash and cash equivalents, financial assets and loans payable. Additionally, the Group has various other financial instruments such as trade debtors, lease rental deposits and trade creditors, which arise directly from its operations.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies, and processes for measuring and managing risk, and the management of capital. The Board has overall responsibility for the establishment and overseeing of the risk management framework. It monitors the Group's risk exposure by regularly reviewing finance and property markets.

WOTSO Limited – Notes to the Financial Statements

The Group holds the following major financial instruments:

	2022 $'000	2021 $'000
Cash and cash equivalents	274	441
Trade and other receivables	514	215
WOTSO North Strathfield bond	4,000	6,000
Lease rental deposits	575	575
Trade and other payables	4,867	1,251
Loans payable – related party	7,007	12,177
Lease liabilities	50,067	39,355

(b) Sensitivity analysis

The Group is not exposed to any material credit, interest or liquidity risks. There are no subsidiaries in the group subject to foreign exchange risk.

(c) Capital management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, buy-back shares, purchase or sell assets.

(d) Liquidity risk

At 30 June 2022	Maturing Within 1 year $'000	Maturing 2 – 5 years $'000	Maturing over 5 years $'000	Total $'000
Financial liabilities				
Trade and other payables	4,867	-	-	4,867
Borrowings	-	7,007	-	7,007
Lease Liabilities	9,925	24,161	15,981	50,067
	14,792	**31,168**	**15,981**	**61,941**

At 30 June 2021	Maturing Within 1 year $'000	Maturing 2 – 5 years $'000	Maturing over 5 years $'000	Total $'000
Financial liabilities				
Trade and other payables	1,251	-	-	1,251
Borrowings	-	12,177	-	12,177
Lease Liabilities	9,075	27,493	2,787	39,355
	10,326	**39,670**	**2,787**	**52,783**

24. Critical Accounting Estimates and Judgments

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information.

Goodwill and Other Indefinite Life Intangible Assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 26 – Statement of Significant Accounting Policies.

COVID Pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Lease Term for Right of use Assets and Liabilities
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

WOTSO Limited – Notes to the Financial Statements

Incremental Borrowing Rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

25. Basis of Preparation and Accounting Policies

WOTSO Limited is part of the listed WOT stapled group, 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.

These general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial statements of the Company also comply with IFRS as issued by the International Accounting Standards Board ('IASB').

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 statutory financial information for the Group has been presented for the year ended 30 June 2022 and for the comparative year ended 30 June 2021. The comparative period statutory financial information does not include the results of all WOTSO sites. With the acquisition of BWF Franchise Pty Ltd (now WOTSO Neutral Bay) on 31 October 2020, WOTSO acquired control of this entity, and consolidated from this date. This means the current year statutory financial information includes twelve months of consolidated results from this entity, whereas the comparative period has eight.

The financial statements are presented in Australian dollars.

26. Statement of Significant Accounting Policies

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

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.

WOTSO reported a net loss for the year and is in a net liability position, as described in Note 1- Cash Flow Management. However, many of the WOTSO sites are in the build-up phase and profitability is expected to improve. The Group has earned positive cash flows from operations during the year and projects it will have sufficient cash balances to pay debts as they fall due and forecasts for the next twelve months display enough liquidity for it to be appropriate for WOTSO to continue as a going concern.

Even though the COVID pandemic and the related measures to slow the spread of the virus remain uncertain and have significantly impacted WOTSO, the Directors are confident that the Group will be able to continue as a going concern.

Additionally, short-term funding may be obtained from related parties if needed.

Presentation of Financial Statements
Both the functional and presentation currency of WOTSO Limited and its Australian subsidiaries is Australian dollars.

Principles of Consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries. A list of controlled entities is contained in Note 20 - Controlled Entities. All controlled entities have a June financial year end and use consistent accounting policies. Investments in subsidiaries held by the Group are accounted for at cost, less any impairment charges (refer to Note 22 - Parent Entity Information).

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Inter-company Balances
All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Operating Segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

WOTSO Limited – Notes to the Financial Statements

Property, Plant and Equipment
Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

Depreciation
The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The estimated useful lives used for each class of depreciable assets are:

Furniture, Fixtures and Fittings	over 2 to 10 years
Office Equipment	over 4 to 10 years
Leasehold Improvements	lesser of 10 years and expected remaining lease term
Right of use assets	remaining lease terms, including any options where they are reasonably certain to be exercised

At each balance sheet date, assets' residual values and useful lives are reviewed, particularly with reference to the remaining expected lease term of each site, and adjusted if appropriate.

Disposal
An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

Internally Generated Intangible Assets
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development is recognised if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated on a straight-line basis over the expected useful lives of the intangible asset as follows:

Software development	5 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment of Assets
At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired.

If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, either the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, or the income of the asset is capitalised at its relevant capitalisation rate.

An impairment loss is recognised if the carrying value of an asset exceeds its recoverable amount. Impairment losses are expensed to the profit and loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

Right of Use Lease Assets
A right of use asset is recognised at the commencement date of a lease. The right of use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of

WOTSO Limited – Notes to the Financial Statements

costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right of use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right of use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Financial Instruments

Non-derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Recognition

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flow from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial Assets

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 not measured at amortised cost are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

(i) Equity investments

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss.

(ii) Loans and receivables

Loans and receivables including loans to related entities are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. A financial instrument is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

An impairment loss in respect of a financial instrument measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial instruments are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses are recognised in the profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial instruments measured at amortised cost, the reversal is recognised in profit and loss.

WOTSO Limited – Notes to the Financial Statements

Financial Liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Investments in Associates
Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an investee. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control over those policies.

Under the equity method of accounting, investments in the associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

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

Trade and Other Receivables
Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor and default payments are considered objective evidence of impairment. Bad debts are written off when identified as uncollectable.

Trade and Other Payables
Liabilities for trade creditors are carried at cost which is the fair value of the consideration to be paid in the future for goods or services received, whether or not billed to the Group at balance date. The amounts are unsecured and are usually paid within 30 days of recognition.

Interest Bearing Borrowings
Interest bearing borrowings are initially recognised at fair value less any related transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost.

Employee Benefits

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution to defined contribution plans are recognised as a personnel expense in profit and loss when they are due.

Other long term employee benefits
The Group's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. These employee benefits have not been discounted to the present value of the estimated future cash outflows to be made for those benefits.

Short term benefits
Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs.

Provisions
Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Revenue
WOTSO income comprises rental and recovery of outgoings from property tenants. Rental income is accounted for on a straight-line basis over the lease term, if applicable.

Business Combination
The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- equity interests issued by the Group; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

WOTSO Limited – Notes to the Financial Statements

Income Tax

Current income tax expense
The charge for current income tax expense is based on the profit year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Accounting for deferred tax
Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax calculation
Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred income tax assets
Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Benefit brought to account
The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax consolidation
WOTSO Limited has elected to form a tax consolidated group with its wholly owned entities for income tax purposes under the tax consolidation regime. As a consequence, all members of the tax consolidated group are taxed as a single entity. The head entity within the tax consolidated group is WOTSO Limited.

In addition to its own current and deferred tax amounts, WOTSO Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group in conjunction with any tax funding arrangement amounts.

The Group recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

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

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

Equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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

New Accounting Standards and Interpretations
The consolidated Entity has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Based on our preliminary assessment, we do not expect them to have material impact on the Group.

WOTSO Limited – Director's Report (Continued)

Director's Report (Continued)

Auditor and Non-audit Services

$63,170 and $13,338 were paid to the auditor for audit and non-audit services respectively during the financial year (2021: $58,000 and $19,162 respectively) as detailed in Note 15 - Auditor's Remuneration. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

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

ESV Business Advice and Accounting continues in office in accordance with section 327 of the Corporations Act 2001.

Rounding of Amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, and in accordance with that legislative instrument amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Subsequent Events and Significant Changes in Affairs

To the best of the Directors' knowledge, since the end of the financial year, there have been no other matters or circumstances, except for those disclosed in Note 19 – Subsequent events, 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.

Information on Officeholders

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

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 "turn-around" processes in relation to distressed properties and property structures for both private and institutional property owners.

While working for the Housing Corporation of New Zealand and then AMP, Seph qualified as a registered valuer and holds a Bachelor of Commerce. In the 1980s he served as an Executive Director with New Zealand based property group Chase Corporation and as a Non-Executive Director with a number of other listed companies in New Zealand and Australia.

Timothy Brown
Executive Director and Joint Managing Director

Tim is Joint Managing Director and Chief Financial Officer for WOTSO and BlackWall. Tim joined the BlackWall Group in 2008 as Financial Controller and became Chief Financial Officer in 2009. He has a Bachelor of Commerce from the University of New South Wales and is a member of the Chartered Accountants Australia and New Zealand. With over 20 years' experience in the financial services and property industries, he started his career with Deloitte and joined Lend Lease Corporation in 2002. Tim is also on the board of Eastern Suburbs Cricket Club and Coogee Boy's Preparatory School.

Jessica Glew
Executive Director and Joint Managing Director

Jessie is Joint Managing Director and Chief Operating Officer (COO) for the BlackWall group and its funds. Jessie has been with BlackWall since early 2011. She was made COO in early 2018 and took on the Managing Director role along with Tim in late 2019. Jessie has a Bachelor of International Communication from Macquarie University and finalising a Bachelor of Property Economics at the University of Technology Sydney. In addition Jessica is a Board Member of The Kids' Cancer Project.

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. Richard has served as a director (Chairman) of the Westmead Institute for Medical Research and director (Chairman) of Sirtex Medical Limited (Sirtex), formerly listed on ASX.

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 Audit Committee.

Alex Whitelum
Company Secretary

Alex joined WOTSO and BlackWall in 2020 and is responsible for WOTSO's corporate governance functions and oversees investor relations. Previously, Alex was a lawyer at Clayton Utz in their Corporate, M&A and Capital Markets team. Alex holds a Bachelor of Laws (Hons) and a Bachelor of Commerce (Economics) from Macquarie University. He is admitted as a solicitor to the Supreme Court of New South Wales and the High Court of Australia.

WOTSO Limited – Director's Report (Continued)

Meeting Attendances

Director	No. of Board Meetings Held	Board Meeting Attendance
Seph Glew	7	7
Timothy Brown	7	7
Jessica Glew	7	7
Richard Hill	7	7
Robin Tedder	7	7

Registered office
Level 1 50 Yeo Street Neutral Bay, Sydney, NSW
Phone: +61 2 9033 8699 or 1800 4 WOTSO

Principal place of business
Level 1 50 Yeo Street, Neutral Bay, Sydney, NSW

Auditor
ESV Business Advice and Accounting
Level 13, 68 York Street, Sydney NSW 2000

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

Tim Brown
Director
Sydney, 8 August 2022

Jessie Glew
Director
Sydney, 8 August 2022

Director's 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, 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 30 June 2022 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.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

Tim Brown
Director
Sydney, 8 August 2022

Jessie Glew
Director
Sydney, 8 August 2022

Auditor's Independence Declaration and Audit Report

Business advice and accounting

ESV

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As auditor for the audit of WOTSO Limited and its controlled entities for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor 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 on the 8th day of August 2022.

ESV Business Advice and Accounting

Chris Kirkwood
Partner

Level 13, 68 York Street Sydney NSW 2000
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esvgroup.com.au

Business advice and accounting

ESV

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WOTSO LIMITED AND ITS CONTROLLED ENTITIES

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of WOTSO Limited ('the Company') and its controlled entities ('the Group'), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes including a summary of significant accounting policies, and the directors' declaration.

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

- giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial 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 Group 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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esvgroup.com.au
A member of TIAG®, a worldwide alliance of independent accounting firms, a division of TAG Alliances.
Liability limited by a scheme approved under Professional Standards Legislation.

Revenue	
Key Audit Matter	**How the scope of our audit responded to the risk**
Group has recorded revenue of $18.06 million (30 June 2021: $16.32 million) generated from rental income form short-term tenancies. Rental income from short-term tenancies is earned from leasing of desks, office space, meeting rooms and related services (co-working business) to short term tenants. Given the number of tenancies across multiple locations there is a risk that revenue is incorrectly recorded.	Our procedures included, but were not limited to: > For the short-term rental income relating to co-working business, on sample basis of tenancies across different site locations we verified the monthly billing for desks, office space hired to the agreed terms as per information in the tenancy management database and the price list per location. > We also performed comparison of monthly revenue per location with monthly revenue from prior period and investigated and made inquiries with management for any unusual or significant movement. Based on our work performed, we conclude the revenue for the Group is free from material misstatement.

Other Information

Other information is financial and non-financial information in the Company's annual report which is provided in addition to the Financial Report and the Auditor's Report for the year ended 30 June 2022. The directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' report (page 48 and 64-65) which we obtained prior to the date of this auditor's report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The directors of the Company 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 the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Business advice and accounting

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 the 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/ar2.pdf This description forms part of our auditor's report.

Dated at Sydney on the 8th day of August 2022.

ESV Business Advice and Accounting

Chris Kirkwood
Partner

Planloc Limited

FINANCIAL STATEMENTS **30 JUNE 2022**

PLANLOC Limited – Director's Report

Director's Report

The Directors present their report, together with the financial statements of Planloc Limited (referred to hereafter as the 'Company') for the year ended 30 June 2022.

Principal activities
Planloc Limited is a listed property investment company. The Company is stapled to two other entities (BlackWall Property Trust and WOTSO Limited) and forms the listed WOTSO Property (ASX: WOT). The Company has an investment in a retail mixed use property located in Penrith, NSW and an entertainment precinct in Villawood, NSW.

The Penrith property's tenants include Barbeques Galore, Boating Camping Fishing, Rashay's Restaurant, Tru Ninja, Factory Plus and a Bliss Early Learning Centre. There is a small 230sqm vacancy. It was independently valued in June 2022 at $26.25 million up from its previous valuation of $21.5 million

The Company also owns just under 50 % of the WRV Unit Trust, which owns The Woods property. The property is an entertainment precinct in Sydney's west, approximately 28 kilometres from Sydney CBD. The property has great exposure to Woodville Road and is home to 8 different tenants including Zone Bowling, Chipmunks Playland, Sydney Indoor Climbing Gym, Jump Swim School, Flip Out and Cross Fit Bawn. It was also independently valued in June 2022 at $28.5 million an increase of $6.5 million.

COVID and its impact
Coronavirus (COVID) has directly impacted the rent received from tenants.

The Company's rental receipts for the financial year were impacted by rent waivers provided to property tenants, totalling $92,000 (2021: $141,000). This was largely due to the mandatory code issued by the federal government that regulated the conduct between commercial landlords and their tenants. Fortunately, the relief provided has prevented any tenant vacancies despite many having been significantly impacted by the COVID pandemic.

Despite this, property values have appreciated considerably during the year, with Villawood increasing in value from $22.0 million in November 2020 to $28.5 million in June 2022, and Penrith increasing from $21.5 million in November 2020 to $26.25 million in June 2022.

PLANLOC Limited – Financial Statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Revenue			
Property rental income		1,506	1,836
Finance income		57	-
Unrealised gains	11	7,937	547
Total Revenue		**9,500**	**2,383**
Expenses			
Property outgoings		(429)	(448)
Business operating expenses	12	(220)	(138)
Depreciation expense	7	(142)	(365)
Net finance costs	9	(70)	(838)
Other expenses		-	(133)
Total Expenses		**(861)**	**(1,922)**
Profit before income tax		**8,639**	**461**
Income tax expense	13	(2,592)	(2,104)
Profit (loss) for the year		**6,047**	**(1,643)**
Other comprehensive income		-	-
Total Comprehensive Income (Loss)		**6,047**	**(1,643)**

Balance Sheet as at 30 June 2022

	Note	2022 $'000	2021 $'000
Assets			
Current assets			
Cash and cash equivalents		28	51
Loan portfolio	5	200	-
Deferred rent receivables	4	26	-
Trade and other receivables	3	-	25
Total current assets		**254**	**76**
Non-current assets			
Deferred rent receivables	4	78	83
Loan portfolio	5	1,618	-
Financial assets	6	7,461	4,329
Investment property	7	26,250	21,500
Total non-current assets		**35,407**	**25,912**
Total Assets		**35,661**	**25,988**
Liabilities			
Current liabilities			
Trade and other payables	8	104	262
Borrowings	9	10,000	-
Total current liabilities		**10,104**	**262**
Non-current liabilities			
Borrowings	9	16,860	25,668
Deferred tax liabilities	13	4,696	2,104
Total non-current liabilities		**21,556**	**27,772**
Total Liabilities		**31,660**	**28,034**
Net Assets (Liabilities)		**4,001**	**(2,046)**
Share capital	10	**-**	-
Retained earnings (accumulated losses)		**4,001**	**(2,046)**
Total Equity		**4,001**	**(2,046)**

PLANLOC Limited – Financial Statements

Statement of Cash Flows for the year ended 30 June 2022

	Notes	2022 $'000	2021 $'000
Cash Flows from Operating Activities			
Receipt from property tenants		1,604	1,993
Payments to suppliers		(922)	(1,022)
Performance fees paid		-	(1,318)
Interest received		57	-
Interest paid		(70)	(700)
Net Cash Flows From (Used in) Operating Activities		**669**	**(1,047)**
Cash Flows from Investing Activities			
Loans advanced		(1,965)	-
Repayment of loans		147	-
Payments of capital expenditure	7	(66)	(85)
Purchase of investments		-	(44)
Net Cash Flows Used in Investing Activities		**(1,884)**	**(129)**
Cash Flows from Financing Activities			
Proceeds from borrowings		1,192	5,668
Repayment of borrowings		-	(4,046)
Dividends paid		-	(529)
Net Cash Flows From Financing Activities		**1,192**	**1,093**
Net Decrease in Cash and Cash Equivalents		**(23)**	**(83)**
Cash and cash equivalents, at beginning of year		51	134
Cash and Cash Equivalents, at End of Year		**28**	**51**

Statement of Changes in Equity for the year ended 30 June 2022

	No. of Shares on Issue	Ordinary Shares $'000	Retained Earnings (Accumulated Losses) $'000	Total $'000
Balance at 1 July 2021	**162,921,662**	**-**	**(2,046)**	**(2,046)**
Profit for the year	-	-	6,047	6,047
Total Profit and Other Comprehensive Income for the Year	**-**	**-**	**6,047**	**6,047**
Transactions with Owners in Their Capacity as Owners				
Issue of units	438,629	-	-	-
Total Transactions with Owners in Their Capacity as Owners	**438,629**	**-**	**-**	**-**
Balance at 30 June 2022	**163,360,291***	**-**	**4,001**	**4,001**
Balance at 1 July 2020	**4**	**-**	**126**	**126**
Loss for the year	-	-	(1,643)	(1,643)
Total Loss and Other Comprehensive Loss for the Year	**-**	**-**	**(1,643)**	**(1,643)**
Transactions with Owners in Their Capacity as Owners				
Dividend paid	-	-	(529)	(529)
New units issued for stapling	162,921,658	-	-	-
Total Transactions with Owners in Their Capacity as Owners	**162,921,658**	**-**	**(529)**	**(529)**
Balance at 30 June 2021	**162,921,662**	**-**	**(2,046)**	**(2,046)**

* Subsequent to 30 June 2022, 406 securities have been bought back by the Stapled Group.

PLANLOC Limited – Notes to the Financial Statements

1. COVID Impact

COVID has directly impacted the rent received from tenants and indirectly impacted the property valuations.

Planloc Limited's (the "Company") rental receipts for the reporting period were impacted by rent waivers provided to property tenants, totalling $92,000 (2021: $141,000), and rent deferrals totalling $27,000 (2021: $83,000). This was largely due to the mandatory code issued by the federal government that regulated the conduct between commercial landlords and their tenants. Fortunately, the relief provided has prevented any tenant vacancies despite many having been significantly impacted by the COVID pandemic.

2. Segment Reporting

The Company operates in one business segment being the ownership and leasing of investment properties in Australia.

3. Trade and Other Receivables

	2022 $'000	2021 $'000
Other trade receivables	-	25
	-	**25**

4. Deferred Rent Receivable

	2022 $'000	2021 $'000
Current - deferred rent receivable	26	-
Non-current - deferred rent receivable	78	83
	104	**83**

5. Loan Portfolio

	2022 $'000	2021 $'000	Current Security $'000	Fixed interest rate	Details
Current – Vendor finance	200	-	3,500	4.0%	See below
Non-current – Vendor finance	1,618	-	3,500	4.0%	See below
	1,818	**-**	**3,500**		

On the 8th of September 2021, BlackWall Property Trust (BWR), part of the stapled WOT Group, sold its Toowoomba property. The sale was executed through a vendor finance agreement with Planloc over a 10-year period and it is being repaid at a 4% fixed interest rate. This loan is secured against the Toowoomba property through a registered first mortgage.

6. Financial Assets

The Company's financial assets comprise of an investment in WRV. The investment reflects a 49.88% holding of WRV Unit Trust, which owns The Woods. The property is an entertainment precinct in Sydney's west, approximately 28 kilometres from Sydney CBD. The property has great exposure to Woodville Road and is home to 8 different tenants including Zone Bowling, Chipmunks Playland, Sydney Indoor Climbing Gym, Jump Swim School, Flip Out and Cross Fit Bawn. It was independently valued in June 22 at $28.5 million increasing from $21.5 million which is reflected in the revaluation of the WRV unit value.

	2022 $'000	2021 $'000
Balance at the beginning of year	4,329	3,989
Purchase of investment units	-	44
Revaluation increase	3,132	296
	7,461	**4,329**

PLANLOC Limited – Notes to the Financial Statements

7. Investment Property

The Company has a property investment located in Penrith, Sydney. The Penrith property is a big box retail complex located at 120 Mulgoa Road, Penrith. The property was independently valued in June 2022 at $26.25. The valuer adopted a market yield of 5.75%with net income of around $1.5 million p.a. Tenants include Boating Camping Fishing (BCF), Barbeques Galore, Little Learning Child Care, Tru Ninja, and Rashay's Pizza Pasta Grill. The current vacancy of around 300 sqm is awaiting planning approval for a City Cave wellness centre who have signed a letter of offer over the space. The valuation was performed on the basis of BCF committing to a 3 year lease extension over their space which has been agreed to and is currently being documented.

A reconciliation of the property values are as follows:

	$'000
Balance at 1 July 2021	21,500
Capital improvements	66
Depreciation	(142)
Revaluations	4,805
Movement in straight-line receivable	21
Balance at 30 June 2022	**26,250**
Balance at 1 July 2020	21,500
Capital improvements	85
Depreciation	(365)
Revaluations	280
Balance at 30 June 2021	**21,500**

8. Trade and Other Payables

	2022 $'000	2021 $'000
Trade and other payables	44	37
Related party	-	141
	44	178
Rental income in advance	29	53
Tenant deposits	31	31
Total Trade and Other Payables	104	262

Further information relating to payables from related parties is set out in Note 18 – Related Party Transactions.

9. Borrowings

	2022 $'000	2021 $'000
CBA	10,000	-
Total current borrowings	**10,000**	**-**
BWR	16,860	15,668
CBA	-	10,000
Total non-current borrowings	**16,860**	**25,668**
	26,860	**25,668**

The loan from CBA was taken out in January 2020 for a loan term of 3 years and is secured against the Company's Penrith property. The loan is due to expire in December 2022, however Planloc is currently in negotiations on the renewal of this loan with CBA and is expected to increase it by $3 million. The Company is confident the loan will be renewed on similar terms. The current margin of the facility is 1.90% over BBSY and the borrowings are unhedged.

The unsecured borrowings are from BlackWall Property Trust (BWR). BWR is stapled to Planloc and therefore a related party and forms part of the capital structure of WOT. Interest is chargeable at the discretion of the lender at a rate of 2% over the RBA cash rate.

During the financial year, Planloc incurred in the following finance costs:

	2022 $'000	2021 $'000
BWR loan interest (adjustment) expense	(137)	286
CBA	207	552
Total non-current borrowings	**70**	**838**

10. Share Capital

	2022 Shares	2021 Shares	2022 $'000	2021 $'000
At the beginning of the year	162,921,662	4	-	-
Issue of new units	438,629	162,921,658	-	-
At the end of the year	163,360,291	162,921,662	-	-

PLANLOC Limited – Notes to the Financial Statements

11. Unrealised Gains

	2022 $'000	2021 $'000
Investment property in Penrith	4,805	252
Investment in WRV	3,132	295
	7,937	547

12. Business Operating Expenses

	2022 $'000	2021 $'000
Consultants fees	6	9
Fund management fees	187	120
Administration expenses	27	9
	220	**138**

13. Income Tax Expense and Deferred Tax Liabilities

(a) Income tax expense

	2022 $'000	2021 $'000
Deferred tax expense	2,592	2,104
Total Income tax expense	**2,592**	**2,104**
Reconciliation of prima facie tax payable to income tax		
Profit before income tax	8,639	461
Expected tax expense at 30%	2,592	138
Recognition of deferred tax balances	-	1,966
Total Income Tax Expense	**2,592**	**2,104**

(b) Deferred tax liabilities

	2022 $'000	2021 $'000
Financial assets	1,377	438
Investment properties	3,408	1,696
Tax losses	(89)	(30)
Total Deferred Tax Liabilities	**4,696**	**2,104**
Movements:		
Balance, at the beginning of year	2,104	-
Charged to profit and loss	2,592	2,104
Balance, at the end of year	**4,696**	**2,104**

Included in the Company's deferred tax liability of $4.7 million is $2.1 million in relation to unrealised gains on its investments. Prior to the stapling, the Company was part of the Pelorus Private Equity (PPE) consolidated tax group. PPE has already recognised this deferred tax liability and paid tax on all gains prior to stapling. However, as the Company has not yet joined a new consolidated tax group, it has not benefitted from a reset cost base. This means that if the gains were to be realised under the current structure, the Company would be liable to pay tax on the gains. The Company is assessing options to restructure the Company's inclusion in existing consolidated tax groups, thereby adjusting its recorded cost base and reversing the reported deferred tax liability with no liability ever being realised.

The remaining deferred tax liability balance of $2.6 million is a result of unrealised gains earned on investments during the 2022 year.

14. Auditor's Remuneration

Remuneration of ESV for:	2022 $	2021 $
Audit and assurance services	20,028	9,000
Taxation and other services	3,000	1,200
	23,028	**10,200**

PLANLOC Limited – Notes to the Financial Statements

15. Commitments and Contingencies

The Company leases out its investment property held under operating leases. The future minimum lease payments receivables are disclosed as follows:

	2022 $'000	2021 $'000
Receivable within 1 year	1,678	1,865
Receivable within 2-5 years	4,240	3,405
Receivable over 5 years	4,582	2,701
	10,500	**7,971**

There are no other commitments and contingencies as at 30 June 2022 (2021: $nil).

16. Reconciliation of Loss After Income Tax to Operating Cash Flows

	2022 $'000	2021 $'000
Profit (loss) for the year	6,047	(1,643)
Non-cash flows included in profit (loss):		
Straight-line rental income	(21)	(28)
Unrealised gain on revaluation of investment property	(4,805)	(252)
Unrealised gain on revaluation of financial asset	(3,132)	(295)
Depreciation	142	364
Changes in assets and liabilities:		
Decrease in trade and other receivables	25	34
Increase in deferred rent receivables	(21)	(37)
Decrease in trade and other payables	(158)	(1,294)
Increase in deferred tax liabilities	2,592	2,104
Net cash flows from (used in) operating activities	**669**	**(1,047)**

17. Subsequent Events

Subsequent to 30 June 2022, Planloc has commenced negotiations to renew the secured loan on the Penrith property, which expires in December 2022. As part of this renewal, Planloc is expected to increase the borrowings secured on the Penrith property by $3 million to $13 million.

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

18. Related Party Transactions

(a) Related Entities

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

Fees and Transactions

Management fees are charged to entities predominately for property management services and the fees charged are determined with reference to arm's length commercial rates.

These services principally relate to the provision of property management services, property portfolio advisory services, maintenance and insurances, strategic advice and management supervision services, administration, marketing and risk management services.

The Company paid performance fees and interest to related parties. The interest incurred on mortgage related loan. 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.

As at 30 June 2022, there were no outstanding receivables and payables with related entities.

The following represents the transactions that occurred during the financial year, and the balances outstanding at year end, between the Company and its related entities.

	2022 $	2021 $
Expenses:		
Interest (adjustment) paid	(137,099)	488,763
Performance fee paid	187,600	1,317,988
Consulting and management fees paid	72,082	405,468
Dividends paid	-	529,000
Outstanding balances:		
Trade and other payables	-	3,749
Borrowings	16,860,805	15,668,250

(b) Interests in Related Parties

As at year end the Company owned units in the following related entities.

Entity	**Holdings**		**Returns of Capital / Distribution Received**	
	2022 '000	**2021 '000**	**2022 $'000**	**2021 $'000**
WRV Unit Trust	1,995	1,995	-	-
			-	**-**

PLANLOC Limited – Notes to the Financial Statements

(c) Key Management Personnel (KMP)

KMP include Directors only. The Directors did not receive any remuneration from the Company as at 30 June 2022 (2021: $nil).

19. Financial Risk Management

a) Financial Risk Management

The main risks the Company is exposed to through its financial instruments are market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's principal financial instruments are the loan portfolio, financial assets and borrowings. Additionally, the Company has various other financial instruments such as cash and cash equivalents, trade debtors and trade creditors. This note presents information about the Company's exposure to each of the above risks, their objectives, policies, and processes for measuring and managing risk, and the management of capital. The Board has overall responsibility for the establishment and overseeing of the risk management framework. They monitor the Company's risk exposure by regularly reviewing finance and property markets.

The Company holds the following major financial instruments:

	2022 $'000	2021 $'000
Financial Assets		
Cash and cash equivalents	28	51
Trade and other receivables	-	25
Deferred rent receivables	104	83
Loan portfolio	1,818	-
Financial assets	7,461	4,329
Financial liabilities		
Trade and other payables	104	262
Borrowings	26,860	25,668

(b) Material risk

(i) Interest rate risk

The Company has exposure to market risk for changes in interest rates on its loan portfolio and borrowings. The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the interest rates on borrowings is as follows:

	June 2022		June 2021	
	Interest rate margin %	Balance $'000	Interest rate margin %	Balance $'000
Loan portfolio	4.00	1,818	-	-
Borrowings - BWR	2.00	16,860	2.10	15,668
Borrowings - CBA	1.90	10,000	2.05	10,000

Sensitivity analysis

At 30 June 2022, if interest rates on the loan portfolio and borrowings had moved, as illustrated in the table below, with all other variables held constant, profit would be affected as follows:

	2022 $'000	2021 $'000
Movement in interest rates		
+ 1.0%	(250)	(257)
- 1.0%	250	257

(ii) Price risk

The major exposure is the Company's investments in financial assets. In relation to the investment in WRV units, a 10% decrease in the price (from the price at 30 June 2022, i.e. $3.73 per unit) would result in an unrealised loss of $746,000 (2021: $433,000).

(c) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Company has credit risk exposures to related parties investments in related and unrelated property structures under financial instruments and contractual arrangements entered into by the Company. The Company limits its exposure to credit risk by obtaining equitable mortgages over real property for related/unrelated party loan receivables and investments in related and unrelated property structures.

PLANLOC Limited – Notes to the Financial Statements

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. At the end of the reporting period, the Company held the following financial arrangements:

	Maturing Within 1 year $'000	Maturing Within 2 – 5 years $'000	Maturing over 5 years $'000	Total $'000
At 30 June 2022				
Trade and other payables	104	-	-	104
Borrowings	10,000	16,860	-	26,860
	10,104	**16,860**	**-**	**26,964**
At 30 June 2021				
Trade and other payables	262	-	-	262
Borrowings	-	25,668	-	25,668
	262	**25,668**	**-**	**25,930**

(e) Fair value measurement

i) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial assets traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Company is the current bid price and the quoted market price for financial liabilities is the current asking price.

The following table presents the Company's assets measured at fair value as at the reporting date. 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 $'000
At 30 June 2022				
Loan portfolio	-	-	1,818	1,818
Investment properties	-	-	26,250	26,250
Financial assets	-	-	7,461	7,461
At 30 June 2021				
Investment properties	-	-	21,500	21,500
Financial assets	-	-	4,329	4,329

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

The fair value of the unlisted securities is determined by reference to the net assets of the underlying entities.

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

The following table is a reconciliation of the movements in financial assets classified as Level 3 for the year ended 30 June:

	$'000
At 30 June 2022	
Balance, at beginning of year	4,329
Loan advanced	1,818
Fair value movement	3,132
Balance, at end of year	**9,279**
At 30 June 2021	
Balance, at beginning of year	3,989
Purchase	44
Fair value movement	296
Balance, at end of year	**4,329**

20. Dividends

$Nil dividends were paid for the year ended 30 June 2022 (2021: $529,000).

PLANLOC Limited – Notes to the Financial Statements

21. Critical Accounting Estimates and Judgments

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information.

The COVID pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Impairment
The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Refer to note 6 - Financial Assets.

Financial assets
Investments in unlisted securities have been classified as financial assets and movements in fair value is recognised through profit and loss statement. The fair value of the unlisted securities is determined by reference to the net assets of the underlying entities.

Fair values of investment properties
The Company carries its investment property at fair value with changes in the fair values recognised through profit and loss statement. At the end of each reporting period, the Directors review and update their assessment of the fair value of the property, taking into account the most recent independent valuation.

The key assumptions used in this determination are set out in Note 7. Independent Valuer Yield represents the market rent divided by the property value and the market yield the independent valuer has applied to arrive to the valuation. If there are any material changes in the key assumptions due to changes in economic conditions, the fair value of the investment properties may differ and may need to be re-estimated. For this report the property is held at independent valuation carried out in June 2022.

22. Basis of preparation and accounting policies

Planloc Ltd is a public company, and part of the stapled WOTSO Property, which is incorporated and domiciled in Australia. The financial statements for the Company were authorised for issue in accordance with a resolution of the Directors on the date they were issued.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements of the Company also comply with IFRS as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

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 financial statements are presented in 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.

Planloc is in a net current liability position of $9.85 million at 30 June 2022. This is largely driven by current borrowings that are expected to be renewed prior to expiration in December 2022.

Presentation of Financial Statements
Both the functional and presentation currency of Planloc Limited is Australian dollars.

Investment Properties
Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in the reserves in the year in which they arise.

Impairment of assets
At each reporting date, the Company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired.

If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, either the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the income of the asset is capitalised at its relevant capitalisation rate.

PLANLOC Limited – Notes to the Financial Statements

An impairment loss is recognised if the carrying value of an asset exceeds its recoverable amount. Impairment losses are expensed to the profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of the asset.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Recognition

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flow from the financial assets expire or if the Company transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Loans and receivables

Loans and receivables including loans to related entities and to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial Assets

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Unrealised gains and losses arising from changes in the fair value of these assets are included in the reserves in the period in which they arise, unless they relate to reversal of previous unrealised loss, which were then recognised in profit or loss.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance date. For investments in related party unlisted unit trusts, fair values are determined by reference to published unit prices of these investments, which are based on the net tangible assets of each of the investments.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. A financial instrument is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. In the case of available for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

An impairment loss in respect of a financial instrument measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available for sale financial asset is calculated by reference to its fair value.

Individually significant financial instruments are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses are recognised in the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial instruments measured at amortised cost, the reversal is recognised in profit and loss.

Comparative Figures

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

Cash and Cash Equivalents

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

Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor and default

PLANLOC Limited – Notes to the Financial Statements

payments are considered objective evidence of impairment. Bad debts are written off when identified as uncollectible.

Trade and Other Payables

Liabilities for trade creditors are carried at cost which is the fair value of the consideration to be paid in the future for goods or services received, whether or not billed to the Company at balance date. The amounts are unsecured and are usually paid within 30 days of recognition.

Interest Bearing Borrowings

Interest bearing borrowings are initially recognised at fair value less any related transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost.

Revenue

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

Rent is recognised monthly in arrears.

Investment income

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.

Dividend revenue is recognised when the right to receive a dividend has been established, which in the case of quoted securities is the ex-dividend date.

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 comprehensive income as an unrealised gain.

Income Tax

Current income tax expense

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Accounting for deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax calculation

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred income tax assets

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Benefit brought to account

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

PLANLOC Limited – Notes to the Financial Statements

Equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

New Accounting Standards and Interpretations

The consolidated Entity has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Based on our preliminary assessment, we do not expect them to have material impact on the company.

Director's Report (Continued)

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

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 "turn-around" processes in relation to distressed properties and property structures for both private and institutional property owners.

While working for the Housing Corporation of New Zealand and then AMP, Seph qualified as a registered valuer and holds a Bachelor of Commerce. In the 1980s he served as an Executive Director with New Zealand based property group Chase Corporation and as a Non-Executive Director with a number of other listed companies in New Zealand and Australia.

Timothy Brown
Executive Director and Joint Managing Director
Tim is Joint Managing Director and Chief Financial Officer for WOTSO Property and BlackWall. Tim joined the BlackWall Group in 2008 as Financial Controller and became Chief Financial Officer in 2009. He has a Bachelor of Commerce from the University of New South Wales and is a member of the Chartered Accountants Australia and New Zealand. With over 20 years' experience in the financial services and property industries, he started his career with Deloitte and joined Lend Lease Corporation in 2002. Tim is also on the board of Eastern Suburbs Cricket Club and Coogee Boy's Preparatory School.

Jessica Glew
Executive Director and Joint Managing Director
Jessie is Joint Managing Director and Chief Operating Officer (COO) for the BlackWall group and its funds. Jessie has been with BlackWall since early 2011. She was made COO in early 2018 and took on the Managing Director role along with Tim in late 2019. Jessie has a Bachelor of International Communication from Macquarie University and finalising a Bachelor of Property Economics at the University of Technology Sydney. In addition Jessica is a Board Member of The Kids' Cancer Project.

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. Richard has served as a director (Chairman) of the Westmead Institute for Medical Research and director (Chairman) of Sirtex Medical Limited (Sirtex), formerly listed on ASX.

PLANLOC Limited – Director's Report (Continued)

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 Audit Committee.

Alex Whitelum
Company Secretary
Alex joined WOTSO Property and BlackWall in 2020 and is responsible for WOTSO's corporate governance functions and oversees investor relations. Previously, Alex was a lawyer at Clayton Utz in their Corporate, M&A and Capital Markets team. Alex holds a Bachelor of Laws (Hons) and a Bachelor of Commerce (Economics) from Macquarie University. He is admitted as a solicitor to the Supreme Court of New South Wales and the High Court of Australia.

Meeting Attendances

Director	No. of Board Meetings Held	Board Meeting Attendance
Seph Glew	7	7
Timothy Brown	7	7
Jessica Glew	7	7
Richard Hill	7	7
Robin Tedder	7	7

Environmental Regulation
The Company'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 Company paid premiums to insure each of the Directors named in this report along with Officers of the 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 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 Company.

Auditor and Non-audit Services
$20,028 and $3,000 were paid to the auditor for audit and non-audit services respectively during the financial year (2021: $9,000 and $1,200 respectively) as detailed in Note 14 - Auditor's Remuneration. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

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

ESV Business Advice and Accounting continues in office in accordance with section 327 of the Corporations Act 2001.

Rounding of Amounts
The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, and in accordance with that legislative instrument amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Subsequent Events and Significant Changes in Affairs
To the best of the Directors' knowledge, since the end of the financial year, there have been no other matters or circumstances, except for those disclosed in Note 17 – Subsequent Events, that have materially affected the Company's operations or may materially affect its operations, state of affairs or the results of operations in the current or future financial years.

Registered office
Level 1 50 Yeo Street Neutral Bay, Sydney, NSW
Phone: +61 2 9033 8699 or 1800 4 WOTSO

Principal place of business
Level 1 50 Yeo Street, Neutral Bay, Sydney, NSW

Auditor
ESV Business Advice and Accounting
Level 13, 68 York Street, Sydney NSW 2000

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

Tim Brown
Director
Sydney, 8 August 2022

Jessie Glew
Director
Sydney, 8 August 2022

PLANLOC Limited – Director's Declaration

Director's 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, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial period ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

Tim Brown
Director
Sydney, 8 August 2022

Jessie Glew
Director
Sydney, 8 August 2022

Auditor's Independence Declaration and Audit Report

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As auditor for the audit of Planloc Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor 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 on the 8th day of August 2022.

ESV Business Advice and Accounting

Chris Kirkwood
Partner

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLANLOC LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Planloc Limited ('the Company'), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes including a summary of significant accounting policies, and the directors' declaration.

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

- giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial 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 Company 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Valuation of Investment Property	
Key Audit Matter	**How the scope of our audit responded to the risk**
As of 30 June 2022, the investment property is valued at $26.25 million (June 2021: $21.5 million) which is significant to the balance sheet. The investment property is recorded at fair value. The valuation recorded as at year end is based on independent valuation obtained as of 30 June 2022. The external valuations make a number of property specific key estimates and assumptions; assumptions in relation to market comparable yields and estimates in relation to future rental income increases or decreases and discount rates and other inputs. The Covid 19 pandemic has resulted in economic uncertainty and a reduction in market transaction evidence. Management has addressed the higher risk by using external valuation experts to value investment properties. The audit approach considered how Covid 19 is likely to effect property values and inputs into valuation models and included assessing lease expiry, rent waivers, growth rates and let up timeframes. The valuation of the investment property held is the key driver of the net assets value and total return. Incorrect valuation could have significant impact on the investment valuation and, therefore, the return generated for shareholders.	Our procedures included, but were not limited to: > Reconcile the recorded value of investment property in financial statements to underlying independent valuation obtained as on 30 June 2022. > We performed following procedures: – Assessed reasonableness of key judgements, assumptions and inputs used, such as lease incentives, rental growth rates, let up periods, allowances for rent waivers and deferrals. – Compared the yield rates used in the calculation to other market participants – We agreed key inputs to underlying tenancy schedules – Review of the expert's competence and objectivity as independent valuer. – Obtain the tenancy schedule and considered if there are any significant movements that could result in a change in value > Assessing the disclosures in the financial report including using our understanding obtained from the testing against the requirements of the accounting standard. There are increased economic and financial uncertainties as a result of COVID-19. This will require management to increase the frequency of valuation and provide clear and full disclosure of valuations. Based on our work performed, we conclude the valuation of the investment property is not materially misstated as at year end.

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Other Information

Other information is financial and non-financial information in the Company's annual report which is provided in addition to the Financial Report and the Auditor's Report for the year ended 30 June 2022. The directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' report (pages 69 and 81-82) which we obtained prior to the date of this auditor's report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The directors of the Company 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 the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has 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 the 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/ar2.pdf This description forms part of our auditor's report.

Dated at Sydney on the 8th day of August 2022.

ESV Business Advice and Accounting

Chris Kirkwood
Partner

Notes

Notes

Bondi, NSW

WOTSO PROPERTY

WOTSO Property (ASX:WOT)
A security comprising:

- WOTSO Limited (ACN 636 701 267)
- BlackWall Fund Services Limited (ACN 079 608 825) as responsible entity for BlackWall Property Trust (ARSN 109 684 773)
- Planloc Limited (ACN 062 367 560)

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