



BLACKWALL

ANNUAL
REPORT

2023

Contents

3	Directors' Report
6	Statement of Profit or Loss and Other Comprehensive Income
6	Balance Sheet
7	Statement of Cash Flows
8	Statement of Changes in Equity
9	Notes to the Financial Statements
20	Directors' Report – Continued
24	Directors' Declaration
25	Auditor's Independence Declaration and Audit Report

Directors' Report

Chairman's Update and Review

BlackWall (BWF) will pay a final dividend of 2.5 cents per share (cps) to bring the full year dividend to 5.0 cps fully franked.

BlackWall net earnings from activities were \$3.1 million (4.7cps) but after adjusting for the mark-to-market value of its investment in WOTSO Property (WOT) the group is reporting a statutory loss of \$1.0 million.

At balance date BlackWall held 16.9 million WOT securities which were marked down to a value of \$1.14 per security (ps). The directors are confident in the future of WOT and are focused on the underlying value of its assets and the potential of the WOTSO business. We believe that WOT has an underlying NAV of \$1.51 ps and are exploring options that might assist this value to be reflected in the market.

We have also been reviewing the operations and structure of BlackWall and have resolved to make an offer to acquire Pelorus Private Equity Ltd (Pelorus). This was announced to the market on 24 August and will involve BlackWall offering 1 BWF share for every 3 Pelorus shares.

Pelorus was previously listed on the ASX but de-listed in 2010 before splitting into a number of separate entities with BlackWall emerging from that process. Subsequent reductions in capital saw Pelorus left as an unlisted public company with net assets of \$16 million and a value of 7cps. Through acquisitions and the growth in the value of assets Pelorus now has net assets of \$60 million (excluding deferred taxes) and a value of 20cps.

Pelorus has interests in several commercial properties and holds just under 20% of WOT in addition to investments in a number of start-up ventures.

A pro forma balance sheet of the combined group is summarised on the next page. Should the takeover proceed total assets for the combined group grow to over \$100 million assuming a WOT share price of \$1.14ps. The current share price is \$1.25ps which puts gross assets at \$114 million and at \$1.51ps this rises to \$126 million.

The acquisition of Pelorus is subject to acceptance by Pelorus shareholders and approvals at meetings to be held by BlackWall and WOTSO Property which we hope to achieve by the end of November.

Assuming success with the Pelorus takeover, BlackWall will focus on growing its investment and funds management activities.



J R (Seph) Glew
Chairman

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Transaction Balance Sheet Summaries

The balance sheets below show BlackWall and Pelorus' net assets at 30 June 2023 and the combined position should the transaction proceed. Some adjustments have been made to reflect our assessment of value of the businesses. The main adjustment being the inclusion of a valuation for the BlackWall fund and property management business that is not reflected in the financial statements under accounting standards. The adjustments are detailed below the table.

	Notes	June 23 BlackWall \$'000	June 23 Pelorus \$'000	Post Transaction Consolidated Pro-Forma \$'000
Cash and receivables		6,327	150	6,477
Fund and property management business valuation	1	20,000	-	20,000
Investment in WOTSO Property		19,266	36,154	55,420
Commercial property investments (BWF managed)		-	21,643	21,643
Investment in IndigoBlack	4	500	500	1,000
Other investments	5	-	1,633	1,633
Employee loans		1,027	1,200	2,227
Other assets	3	15	68	83
Total Assets		47,135	61,348	108,483
Trade and other payables	5	697	21	718
Borrowings		5,000	-	5,000
Provisions		972	62	1,034
Total Liabilities		6,669	83	6,752
Adjusted Net Assets		40,466	61,265	101,731
Adjusted Net Assets per Share		@ \$0.60 ea	@ \$0.20 ea	
Reconciliation to Statutory Reports:				
Adjusted net assets		40,466	61,265	
Statutory Adjustments:				
Fund and property management business valuation	1	(20,000)	-	
Deferred tax liabilities	2	(1,710)	(10,207)	
Other assets	3	308	-	
Other liabilities	3	(329)	-	
Other investments - Indigoblack Construction	4	(479)	(478)	
Other investments - Teletrack	5	-	750	
Trade and other payables	5	-	(750)	
Statutory Net Assets		18,256	50,580	

Notes

1. A valuation of BlackWall's fund and property management business has been added.
2. Total net assets have been adjusted to exclude the effects of deferred taxes. The deferred tax liability for Pelorus has yet to be finalised.
3. Effects of the leasing accounting standard have all been removed.
4. BlackWall's and Pelorus' investments in Indigoblack Construction are measured using the equity method. This has been adjusted to reflect an estimate of fair value.
5. Reflection of an option arrangement over one of Pelorus' investment to show the net position.

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65 Pymont Bridge Rd, Pymont NSW

BlackWall FY 23 Performance Review

	2023 \$'000	2022 \$'000
Profit or Loss		
Management fee income	6,597	5,739
Transaction income	352	634
Other (loss) / profit	(39)	(18)
Revenue	6,910	6,355
Total operating expenses	(4,855)	(4,435)
Operating Profit	2,055	1,920
Government COVID assistance	37	223
Investment distributions received	1,012	968
Funds From Activities	3,104	3,111
WOT – unrealised loss	(4,221)	(1,205)
Depreciation and finance costs	(232)	(50)
(Loss) / Profit Before Tax	(1,349)	1,856
Income tax benefit / (expense)	343	(210)
(Loss) / Profit After Tax	(1,006)	1,646

Commentary

- Revenue increased by 9% largely due to growth in the number of properties managed by the group and the turnover of the WOTSO Flexspace business.
- Investment distributions increased by 5%. WOT distributions are received as returns of capital due to tax losses contained in WOT and are not included in revenue but are shown in Funds From Activities above.
- Statutory loss after tax driven by unrealised revaluations of holdings in WOT to the ASX price of \$1.14 at 30 June 23. WOT's net asset value is \$1.51 per security. The investment segment as a result shows a loss of \$4 million.
- The Pyrmont Bridge Road Mortgage Fund was renewed during the year. It is secured over the asset that we manage at 55 Pyrmont Bridge Road in Pyrmont, NSW. We also manage the equity syndicate that owns the property.

The Directors' Report continues on page 20.

217 & 223 Flinders St, Adelaide SA



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Financial Statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Management fees	2	6,597	5,739
Transaction income	2	352	544
Associate (loss) / income	2	(39)	72
Total Revenue		6,910	6,355
Operating expenses	4	(4,855)	(4,435)
Operating Profit		2,055	1,920
Revaluation loss	3	(3,209)	(237)
Government COVID stimulus		37	223
Depreciation – property, plant and equipment	11	(177)	(44)
Finance costs – interest expense		(55)	(6)
(Loss) / Profit Before Income Tax		(1,349)	1,856
Income tax benefit / (expense)	5	343	(210)
(Loss) / Profit for the Year		(1,006)	1,646
Other comprehensive income		-	-
Total (Loss) / Profit and Other Comprehensive (Loss) / Income		(1,006)	1,646
Earnings Per Share			
(Loss) / Profit Attributable to the Ordinary Equity Holders:			
Basic (loss) / earnings per share	19	(1.5) cents	2.5 cents
Diluted (loss) / earnings per share	19	(1.5) cents	2.5 cents

Balance Sheet at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Assets			
Current Assets			
Cash and cash equivalents	6	5,788	1,166
Trade and other receivables	7	539	1,293
Total Current Assets		6,327	2,459
Non-current Assets			
Investments	8	19,266	23,412
Employee loans	10	1,027	1,056
Investment using equity method	9	21	40
Right of use lease asset	12	308	444
Property, plant and equipment	11	15	122
Total Non-current Assets		20,637	25,074
Total Assets		26,964	27,533
Liabilities			
Current Liabilities			
Trade and other payables	13	697	916
Right of use lease liability	16	140	137
Provision for employee benefits	14	806	701
Provision for tax payable	17	60	273
Borrowings	6	5,000	-
Total Current Liabilities		6,703	2,027
Non-current Liabilities			
Deferred tax liabilities	15	1,710	2,592
Right of use lease liability	16	189	329
Provision for employee benefits	14	106	25
Total Non-current Liabilities		2,005	2,946
Total Liabilities		8,708	4,973
Net Assets		18,256	22,560
Equity			
Share capital		16,455	16,447
Reserves		73	73
Retained earnings		1,728	6,040
Total Equity		18,256	22,560
Statutory net assets per share		\$0.27	\$0.33

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Statement of Cash Flows for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Cash Flows from Operating Activities			
Management fee receipts and recoveries		8,292	5,690
Net interest received / (paid)		42	(4)
Government COVID stimulus		37	223
Payments to suppliers and employees		(5,422)	(4,172)
Income tax paid		(752)	(611)
Net Cash Flows from Operating Activities		2,197	1,126
Cash Flows from / (used in) Investing Activities			
Returns of capital from WOT investment		1,012	968
Proceeds on disposal of Gynea Bay investment		-	181
Dividend received from IndigoBlack investment		-	90
Investment in WOT securities	8	(75)	(2,015)
Payment for property, plant and equipment	11	(70)	(25)
Net Cash Flows from / (used in) Investing Activities		867	(801)
Cash Flows from Financing Activities			
Loans received		5,009	-
Proceeds from issue of shares		8	1,311
Dividends paid to shareholders	18	(3,306)	(3,450)
Rental payments	16	(153)	(153)
Net Cash Flows from / (used in) Financing Activities		1,558	(2,292)
Net Increase / (Decrease) in Cash Held		4,622	(1,967)
Reconciliation of Cash Balances:			
Cash and cash equivalents at the beginning of the year		1,166	3,133
Net increase / (decrease) in cash held		4,622	(1,967)
Cash and Cash Equivalents at End of the Year		5,788	1,166

All items inclusive of GST where applicable.

Reconciliation of Operating Cash Flows

	2023 \$'000	2022 \$'000
(Loss) / Profit for the Year	(1,006)	1,646
Non-Cash Flows in (Loss) / Profit:		
Unrealised loss	3,209	237
Depreciation on right of use lease asset	136	138
Depreciation on property, plant and equipment	177	44
Interest expense on lease liability	16	20
Equity accounted loss / (profit)	39	(253)
Operating Cash Flows Before Movement in Working Capital	2,571	1,832
Decrease / (increase) in trade and other receivables	754	(961)
Decrease in deferred tax liabilities	(882)	(278)
(Decrease) / increase in trade and other payables	(219)	434
Decrease in income taxes payable	(213)	(123)
Increase in provisions	186	222
Net Cash Flows from Operating Activities	2,197	1,126

Statement of Changes in Equity for the year ended 30 June 2023

	No. of Shares on Issue	Issued Capital \$'000	Retained Earnings \$'000	Reserves \$'000	Total \$'000
Balance at 1 July 2022	67,466,445	16,447	6,040	73	22,560
Loss for the year	-	-	(1,006)	-	(1,006)
Other comprehensive income	-	-	-	-	-
Total Comprehensive Loss for the Year	-	-	(1,006)	-	(1,006)
Transactions with Owners in Their Capacity as Owners:					
Dividend paid	-	-	(3,306)	-	(3,306)
Issue of shares	13,792	8	-	-	8
Total Transactions with Owners	13,792	8	(3,306)	-	(3,298)
Balance at 30 June 2023	67,480,237	16,455	1,728	73	18,256
Balance at 1 July 2021	63,141,445	14,080	7,844	73	21,997
Profit for the year	-	-	1,646	-	1,646
Other comprehensive income	-	-	-	-	-
Total Comprehensive Income for the Year	-	-	1,646	-	1,646
Transactions with Owners in Their Capacity as Owners:					
Dividend paid	-	-	(3,450)	-	(3,450)
Issue of shares	4,325,000	2,367	-	-	2,367
Total Transactions with Owners	4,325,000	2,367	(3,450)	-	(1,083)
Balance at 30 June 2022	67,466,445	16,447	6,040	73	22,560

Share Capital and Reserves

(a) Summary Table

	2023 \$'000	2022 \$'000
67,480,237 ordinary shares (June 2022: 67,466,445)	16,455	16,447
Total	16,455	16,447

(b) Movement in Shares on Issue

Number of Shares	2023 No.	2022 No.
At the beginning of reporting period	67,466,445	63,141,445
Issue of shares under employee share scheme	13,792	-
Issue of shares under options scheme	-	4,325,000
At Reporting Date	67,480,237	67,466,445

No further shares have been issued since 30 June 2023. No amounts are unpaid on any of the shares. Ordinary shares participate in dividends. All ordinary shares carry one vote per share without restriction. All shares are fully paid.

(c) Reserves

	2023 \$'000	2022 \$'000
Share options reserve	73	73
Total	73	73

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

Options	Expiry Date	Exercise Price	Number
Employee and Directors options	5 October 2023	\$0.55	475,000

Notes to the Financial Statements

1. Segment Information

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

	Revenue \$'000	Distribution Received \$'000	COVID Stimulus \$'000	Operating Expense \$'000	Funds From Activities \$'000	Revaluation (Loss) \$'000	Interest and Depn \$'000	Pre-tax Profit \$'000
Profit or Loss 2023								
BlackWall	6,949	-	37	(3,464)	3,522	-	(177)	3,345
Investments	(39)	1,012*	-	(719)	254	(4,221)	(55)	(4,022)
Corporate	-	-	-	(672)	(672)	-	-	(672)
Total Operations	6,910	1,012	37	(4,855)	3,104	(4,221)	(232)	(1,349)
Profit or Loss 2022								
BlackWall	6,102	-	223	(3,071)	3,254	-	(44)	3,210
Investments	253	968	-	(607)	614	(1,205)	(6)	(597)
Corporate	-	-	-	(757)	(757)	-	-	(757)
Total Operations	6,355	968	223	(4,435)	3,111	(1,205)	(50)	1,856
						Assets	Liabilities	Net Assets
						\$'000	\$'000	\$'000
Balance Sheet 2023								
BlackWall						2,976	(1,955)	1,021
Investments						23,988	(6,711)	17,277
Corporate						-	(42)	(42)
Consolidated						26,964	(8,708)	18,256
						Assets	Liabilities	Net Assets
						\$'000	\$'000	\$'000
Balance Sheet 2022								
BlackWall						4,013	(2,103)	1,910
Investments						23,520	(2,597)	20,923
Corporate						-	(273)	(273)
Consolidated						27,533	(4,973)	22,560

* Refer to Note 3 for further information on the revaluation loss and distributions received as returns of capital during the year.

2. Revenue

Revenue is earned through management and transaction fees from real estate investment structures.

	2023 \$'000	2022 \$'000
Fund management fees	3,840	3,161
Property management fees	741	693
Project management fees	611	762
Leasing fees	475	214
Expense recovery and other fees	930	909
Management Fees Total	6,597	5,739
Transaction fee - Asset acquisitions	214	328
Transaction fee - Debt establishment fee	118	-
Transaction fee - Restructure fee	20	-
Transaction fee - Asset disposal	-	35
Transaction income - Gymea Bay	-	181
Transaction Income Total	352	544
Associate - share of comprehensive (loss) / income	(39)	72
Total Revenue	6,910	6,355
Timing of revenue recognition:		
- Management fees incurred over time	6,597	5,739
- Transaction income at a point in time	313	616
	6,910	6,355

The Associate income is the share of losses from BWF's investment in the construction business of IndigoBlack.

See Note 9 for further information.

3. Unrealised Loss on Investments

	2023 \$'000	2022 \$'000
WOT distribution received as return of capital	1,012	968
WOT mark to market loss from share price	(4,221)	(1,205)
Total	(3,209)	(237)

During FY 2023 the group received \$1.012 million in WOT distributions as returns of capital, which have been applied as a reduction to the cost of the investment. The unrealised loss of \$4.2 million re-values the group's investment based on the Australian Securities Exchange (ASX) price of WOT securities at 30 June of \$1.14 per security and therefore includes \$1.012 million received in cash. For additional information refer to Note 8.

4. Operating Expenses

	2023 \$'000	2022 \$'000
Employee and consultant expenses	3,567	3,330
Other operating expenses	1,137	947
Depreciation - right of use assets	136	138
Lease interest costs	15	20
Total	4,855	4,435

5. Income Tax (Benefit) / Expense

	2023 \$'000	2022 \$'000
Current tax	539	488
Deferred tax	(882)	(278)
Total	(343)	210
Prima facie tax (receivable) / payable on (loss) / profit from ordinary activities before income tax at 25.0% (2022: 25.0%)	(337)	464
Add / (less) tax effect of:		
Non-deductible items	(6)	(226)
Over provision in prior years	-	(28)
Total	(343)	210

6. Cash, Cash Equivalents and Borrowings

The group is holding \$5 million in cash on deposit that was received through a related party borrowing for the same amount (2022: \$nil). The related party loan has a margin of 2.5% over the cash rate. The deposit is currently earning interest at a rate of 4.85%.

7. Trade and Other Receivables

	2023 \$'000	2022 \$'000
Trade receivables:		
Related parties	534	1,289
Total Trade Receivables	534	1,289
Other receivables	5	4
Total	539	1,293

Further information relating to trade receivables from related parties is set out in Note 24. None of the receivables were impaired as at 30 June 2023 (2022: \$nil).

8. Investments

WOTSO Property is listed on the ASX under the code "WOT". At 30 June 2023, WOT was quoted at \$1.14 per security on the ASX (2022: \$1.39 per security).

A reconciliation of investments is set out below:

	WOT \$'000
June 2023	
Balance at the beginning of the year	23,412
Return of capital	(1,012)
Purchase of additional units	75
Mark to market valuation	(3,209)
Balance at the End of the Year	19,266
June 2022	
Balance at the beginning of the year	22,602
Return of capital	(968)
Purchase of additional units	2,015
Mark to market valuation	(237)
Balance at the End of the Year	23,412

9. Equity Accounted Investments

Investee	2023 Ownership %	2022 Ownership %	2023 \$'000	2022 \$'000
IndigoBlack Construction & OCD	25	25	21	40
			21	40

	Total 2023 \$'000	Total 2022 \$'000
Carrying amount at beginning of year	40	58
Share of comprehensive (loss) / income	(39)	253
Dividend repaid / (received)	20	(90)
Disposal of investments	-	(181)
Carrying Amount at End of Year	21	40

10. Employee Loans

Loans have been made to Directors and employees for them to acquire shares under the employee share scheme. The loans attract interest at a rate equivalent to the deemed ATO loan interest rate and are secured against the shares. All dividends received in relation to the secured shares are used to repay the loans. At 30 June 2023, \$1.0 million in loans have been issued to employees of the group (2022: \$1.1 million).

11. Property, Plant and Equipment

	2023 \$'000	2022 \$'000
At cost	994	924
Less accumulated depreciation	(979)	(802)
Total Written Down Value	15	122
	2023 \$'000	2022 \$'000
Carrying amount at the beginning of year	122	141
Additions	70	25
Depreciation expense	(177)	(44)
Carrying Amount at the End of Year	15	122

12. Right of Use Lease Asset

	2023 \$'000	2022 \$'000
Right of use lease asset	773	773
Less: Accumulated depreciation	(465)	(329)
Written Down Value of Right of Use Lease Assets	308	444

BWF leases its head office located in Neutral Bay, NSW. BWF has entered into an option agreement with its Neutral Bay landlord that if exercised is expected to see its lease terminated. An option fee of \$10,000 was received in 2021, and a further \$490,000 is receivable if the option is exercised. In September 2022 the option period was extended by 12 months. If the option is exercised in September 2023, the remaining fee is payable 6 months later, and the group will relocate to the Cremorne property that is owned by the WOT Property Group.

13. Trade and Other Payables

	2023 \$'000	2022 \$'000
Trade payables:		
Other parties	530	680
Related parties	29	102
Total Trade Payables	559	782
Sundry payables and accrued expenses	138	134
Total	697	916

Further information relating to trade payables to related parties is set out in Note 24.

14. Provisions

	2023 \$'000	2022 \$'000
Current – employee benefits	806	701
Non-current – employee benefits	106	25
Total Provisions	912	726
Balance at the beginning of year	726	504
Net additional provision increase	186	222
Balance at the End of Year	912	726

The number of BWF employees as at 30 June 2023 was 21 (2022: 21).

15. Deferred Tax Liabilities

	2023 \$'000	2022 \$'000
Deferred Tax Liabilities / (Assets) Balance Comprises:		
Financial assets	1,970	2,801
Provision for employee benefits	(228)	(182)
Accrued expenses	(27)	(21)
Lease assets	(5)	(6)
Total	1,710	2,592
Movements:		
Balance at the beginning of year	2,592	2,870
Charged to profit and loss	(882)	(278)
Balance at the End of Year	1,710	2,592

16. Lease Liabilities

	2023 \$'000	2022 \$'000
Opening balance	466	596
Interest charged	16	20
Repayments	(153)	(153)
Modifications	-	3
Total Lease Liabilities	329	466
Current	140	137
Non-current	189	329
Total	329	466

17. Provision for Tax Payable

	2023 \$'000	2022 \$'000
Payable at the beginning of year	273	396
Current year tax liability	539	516
Payments made	(752)	(611)
Over provision in prior years	-	(28)
Payable at the End of Year	60	273

18. Dividends

Fully franked dividends paid to shareholders during the financial year were as follows:

	2023 \$'000	2022 \$'000
2022 final dividend of 2.4 cents paid on 8 September 2022 (2021 final: 2.6 cents)	1,619	1,696
2023 interim dividend of 2.5 cents paid on 21 March 2023 (2022 interim: 2.6 cents)	1,687	1,754
Total	3,306	3,450

In addition, the Board has declared a final fully franked dividend of 2.5 cents per share to be paid on 30 November 2023.

	2023 \$'000	2022 \$'000
Franking credits available for subsequent periods based on a tax rate of 25.0% (2022: 25.0%)	1,170	1,437

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

19. Earnings Per Share

	2023	2022
Basic (loss) / earnings per share	(1.5) cents	2.5 cents
Diluted (loss) / earnings per share	(1.5) cents	2.5 cents

Calculated as follows:

(Loss) / Profit attributable to the owners of the group	(\$1,006,000)	\$1,646,000
Weighted average number of shares for basic EPS	67,469,770	65,629,785
Weighted average number of shares for diluted EPS	67,523,399	65,704,671

20. Auditor's Remuneration

	2023 \$	2022 \$
Remuneration of ESV for:		
Audit and assurance services	42,950	43,000
Taxation services	9,150	11,050
Other audit of AFSL and compliance plans	24,270	24,200
Total	76,370	78,250

21. Contingencies

The group had no contingent assets or liabilities at 30 June 2023 (2022: \$nil).

22. Subsequent Events

The Board has declared a final fully franked dividend of 2.5 cps to be paid on 30 November 2023.

On 24 August 2023 BlackWall announced an intention to make a takeover bid for Pelorus Private Equity Limited. Further details are contained in the announcement and in the Directors' report.

To the best of the Directors' knowledge, since the end of the financial 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.

23. Controlled Entities

Name	Country of Incorporation	Percentage Owned	
		2023 (%)	2022 (%)
Parent Entity:			
BlackWall Limited	Australia	n/a	n/a
Subsidiaries of Parent Entity:			
BlackWall Management Services Pty Ltd	Australia	100	100
BlackWall Fund Services Limited	Australia	100	100
Bakehouse Management Pty Ltd	Australia	100	100
Bakehouse Quarter Trust	Australia	100	100
BlackWall Management (NZ) Ltd	New Zealand	-	100

24. Related Party Transactions

(a) Related Parties, Associates, Managed Funds

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 9.

Managed Funds

The group holds investments in a number of property funds for which it acts as either manager or responsible entity.

Fees and Transactions

Management fees are charged to these entities predominantly for property and fund management services. The management fees are paid under a management agreement and the fees charged are determined with reference to arm's length commercial rates.

These services principally relate to:

- funds management: provision of strategic investment advice, asset management and investment portfolio services; and
- property management: property portfolio advisory services, maintenance and insurances, strategic advice and management supervision services, administration, leasing, project management, marketing and risk management services.

The group recharges its related parties, associates and managed funds for administration services which include accounting and bookkeeping fees, corporate secretarial services and those expenses that are incurred by members of the group on behalf of the related parties, associates and managed funds. In addition, the group pays the following fees to related entities:

- rent for BWF head office. The rent paid is determined with reference to arm's length commercial rates; and
- director fees.

Other transactions and outstanding balances with related parties, associates and managed funds relate to loans payable and receivable and distributions from managed funds. All transactions with related parties were made on arm's length commercial terms and conditions, at market rates, and were approved by the Board where applicable.

The following table discloses the revenue and expenses between related parties as well as the balances outstanding at year end between BWF and its related parties.

	2023 \$	2022 \$
Revenue:		
Management fees	5,909,612	4,999,788
Transaction and performance fees	340,057	387,650
Distribution / returns of capital from funds	992,299	968,307
Expenses:		
Rent and outgoings paid	192,952	180,744
Outstanding Balances:		
Trade and other receivables – current	533,745	1,288,708
Employee loans	1,026,643	1,055,530
Trade and other payables – current	28,887	101,751
Loan payable	5,000,000	-

(b) Interests in Related Parties

As at year end the group owned units in the following related entities:

Entity	Holdings		Distribution / Returns of Capital	
	2023 No.	2022 No.	2023 \$	2022 \$
WOT	16,900,000	16,843,284	1,012,000	968,307
			1,012,000	968,307

(c) Key Management Personnel Compensation

	2023 \$	2022 \$
Total remuneration paid	1,020,000	970,000

Detailed remuneration disclosures and relevant interests are provided in the Directors' Report.

25. Parent Entity Information

	2023 \$'000	2022 \$'000
Results:		
Profit after tax	831	368
Total Comprehensive Income After Tax	831	368
Financial Position:		
Current assets	22	298
Non-current assets	1,316	1,096
Total Assets	1,338	1,394
Current liabilities	(391)	(873)
Non-current liabilities	(6,073)	(3,179)
Total Liabilities	(6,464)	(4,052)
Net Assets	(5,126)	(2,658)
Share capital	16,455	16,447
Accumulated losses	(21,640)	(19,164)
Reserves	59	59
Total Equity	(5,126)	(2,658)

The parent entity had no contingencies or capital commitments at 30 June 2023 (2022: \$nil). The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 28.

26. Financial Risk Management

(a) Financial Risk Management

The main risks the group is exposed to through its financial instruments are market risks (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The group's principal financial instruments are cash, financial assets and borrowings. Additionally, the group has various other financial instruments such as 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, its objectives, policies and processes for measuring and managing risk and the management of capital. The Board has overall responsibility for the establishment and oversight of the risk management framework. It monitors the group's risk exposure by regularly reviewing finance and property markets.

The group holds the following major financial instruments:

	2023 \$'000	2022 \$'000
Financial Assets		
Cash and cash equivalents	5,788	1,166
Investment in WOT	19,266	23,412
Employee loans	1,027	1,056
Financial Liabilities		
Trade and other payables	697	916
Lease liabilities	329	466
Borrowings	5,000	-

(b) Sensitivity Analysis

The group is exposed to interest rate 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 \$35,000.

The investment in WOT securities is subject to price risk. A 10% decrease in the ASX trading price (from the price at 30 June 2023, being \$1.14 per security) would result in an unrealised loss after tax of \$1,144,950.

(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 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

	Maturing within 1 Year \$'000	Maturing within 2-5 Years \$'000	Maturing in 5 or more Years \$'000	Total \$'000
At 30 June 2023				
Financial Liabilities				
Trade and other payables	697	-	-	697
Lease liabilities	140	189	-	329
Borrowings	5,000	-	-	5,000
	5,837	189	-	6,026
At 30 June 2022				
Financial Liabilities				
Trade and other payables	916	-	-	916
Lease liabilities	137	329	-	466
	1,053	329	-	1,382

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

The following table presents the group's financial assets measured at fair value as at 30 June. Refer to Note 27 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 2023				
Investment in WOT	19,266	-	-	19,266
At 30 June 2022				
Investment in WOT	23,412	-	-	23,412

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

There are currently no Level 3 financial assets. The fair value of the financial assets are usually determined by reference to the net assets of the underlying entities.

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

There were no balances classified as Level 3 financial assets during the year. There were no transfers between Level 1, 2 and 3 during the year.

27. Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements 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 – Impairment

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

Key Estimates – Financial Assets

Investments in listed securities have been classified as financial assets and movements in fair value are recognised through the profit or loss statement. The fair value of the listed securities is based on the closing price from the ASX as at the reporting date.

28. Statement of Significant Accounting Policies

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

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.

BWF is a group of the kind referred to in ASIC Instrument 2016/191 and, in accordance with that Instrument, 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.

BWF is in a net current liability position of \$376,000 at 30 June 2023. The borrowings of \$5 million are classified as current due to the demand nature of the loan and cash is held on hand that offsets these borrowings. Further, the group has \$19.3 million of listed WOT securities that can be readily converted to cash.

Segment Reporting

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The group's primary format for segment reporting is based on business segments. The business segments are determined based on the group management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets

The group has adopted three reporting segments: BlackWall, Investments, and Corporate.

The BlackWall segment engages in funds and asset management as well as property services that include property management, leasing and general property consultancy. Income earned by the segment includes recurring income from fund and asset management mandates and transaction-based income typically related to those mandates. Management treats these operations as one fee earning operating segment. The assets assigned to the segment are those it is required to hold to comply with its AFSL capital adequacy requirements.

The Investments segment includes interests in property related investments such as units in related party listed and unlisted unit trusts, loans and cash. It generates income from dividends, distributions and interest.

The Corporate segment relates to company taxation and selected corporate overheads.

Presentation of Financial Statements

Both the functional and presentation currency of BWF and its Australian subsidiaries is Australian dollars.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of BWF and its subsidiaries. A list of controlled entities is contained in Note 23. 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 25).

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.

Intercompany Balances

All intercompany 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.

Associates

Interests in associates are accounted for using the equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post acquisition profits or losses of the investee in profit or loss. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. The carrying amount of equity accounted investments is tested for impairment in accordance with these policies.

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	2 to 10 years
Office equipment	4 to 10 years

Right of use assets are depreciated on a straight-line basis, with reference to the remaining lease term, including options to extend if reasonably certain to extend the lease term.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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.

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.

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

All financial assets at FVTPL have been classified as financial assets, with gains and losses 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.

(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 parties 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.

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 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.

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 credit loss impairment 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.

Employee Benefits

Other Long Term Employee Benefits

The group's net obligation in respect of long term employee benefits 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.

Revenue

BWF Property Fees include management fees and transaction fees. They are recognised when it becomes legally due and payable to the group.

Investment Income

Finance income comprises interest on funds invested and gains on the disposal of financial assets. Interest income is recognised as interest accrues using the effective interest method. Dividend and distribution revenue is recognised when the right to receive income has been established.

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

All revenue is stated net of the amount of GST.

Leases

AASB 16 was adopted by the group on 1 July 2019, applying the modified retrospective approach. Right of use assets and liabilities are recognised for all leases with a lease term of more than 12 months; unless the underlying asset is of a low value. Initial recognition of both the right of use asset and corresponding lease liability is calculated using the present value of remaining lease payments; discounted using the rate implicit in the lease or, if not easily determinable, the lessee's incremental borrowing rate. The right of use asset is adjusted for any prepaid or accrued lease payments or onerous lease contracts.

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

BWF has elected to form a tax consolidated group with its wholly-owned entities for income tax purposes under the tax consolidation regime with effect from 1 January 2011. As a consequence, all members of the tax consolidated group are taxed as a single entity from that date. The head entity within the tax consolidated group is BWF.

In addition to its own current and deferred tax amounts, BWF 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.

Dividends

The final dividend for June period is declared and authorised after the end of the reporting period, therefore provision for dividend is not booked in the current year accounts.

EPS

The group presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Comparative Figures

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

New Accounting Standards and Interpretations

BWF 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

ASX Additional Information

Additional information required by the ASX and not shown elsewhere in this report is as follows. The shareholder information set out below was current as at 27 July 2023.

1. Shareholders

The group's top 20 largest shareholdings were:

Investor	Shares No.	Shares %
1 Seno Management Pty Ltd	6,215,000	9.21
2 Vintage Capital Pty Limited	5,759,943	8.54
3 Lymkeesh Pty Ltd	4,304,742	6.38
4 Frogstorm Pty Ltd <Rockahula>	3,400,000	5.04
5 National Nominees Limited	3,165,000	4.69
6 Sandhurst Trustees Ltd	2,762,000	4.09
7 Glenahilty Pty Ltd	2,724,515	4.04
8 Koonta Pty Ltd	2,550,985	3.78
9 Sao Investments Pty Ltd	2,225,000	3.30
10 Kiut Investments Pty Ltd	1,976,175	2.93
11 Frolic Events Pty Ltd <Brown-Brown Family>	1,960,000	2.90
12 Bin24 Business Advisors Pty Limited	1,950,000	2.89
13 Maloo Investments Pty Ltd	1,464,370	2.17
14 Pinnatus Pty Ltd	1,178,434	1.75
15 Mr Richard Hill & Mrs Evelyn Hill	1,151,295	1.71
16 Frolic Events Pty Ltd <The Revelry Superfund>	1,000,000	1.48
17 Oyama Pty Limited	1,000,000	1.48
18 Mr Archibald Geoffrey Loudon	986,973	1.46
19 Tampopo Pty Ltd	777,983	1.15
20 Netwealth Investments Limited <Wrap Services>	633,310	0.94

2. Distribution of Shareholders

The distribution of shareholders by size of holding was:

Category	No. of Shareholders
1 – 1,000	290
1,001 – 5,000	460
5,001 – 10,000	212
10,001 – 100,000	301
100,001 and over	62
Total Number of Shareholders	1,325

BWF has 67,480,237 ordinary shares on issue. All shares carry one vote per share without restrictions. All shares are quoted on the Australian Securities Exchange (ASX: BWF).

3. Substantial Shareholders

BWF's substantial shareholders are set out below:

Investor	Shares No.	Shares %
Seph Glew	10,613,667	15.73
Paul Tresidder	8,703,155	12.90
Robin Tedder	8,518,282	12.62
Pelorus Private Equity Limited	4,175,000	6.19
Archibald Geoffrey Loudon	4,080,959	6.05
Stuart Brown	4,000,000	5.93

4. Directors' and KMPs' Relevant Interests

Details of each KMP's relevant interests in BWF is shown below:

Investor	1 August 2022	Net Change	27 July 2023
Timothy Brown (Joint MD and CFO)	2,960,000	-	2,960,000
Jessica Glew (Joint MD and COO)	2,050,178	9,458	2,059,636
Seph Glew (Non-Executive Chairman)	10,582,667	31,000	10,613,667
Richard Hill (Non-Executive Director)	1,969,278	-	1,969,278
Robin Tedder (Non-Executive Director)	8,495,017	23,265	8,518,282
Total	26,057,140	63,723	26,120,863

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Business Risks

You should be aware that investment in BWF carries material risks and that several factors may affect future value and any dividends, many of which are beyond the control of the group. Many of these risks are inherited from the underlying assets and the performance of the funds that BWF manages. Acquiring and holding shares in the group therefore involves risks and, while not exhaustive, some of these risks are set out in this section.

Material Business Risk	Inflation
Potential Impact	The majority of the property we manage is contracted on a gross lease basis. This exposes BWF to the risk that property outgoings (for example, energy, financing, services and labour) may increase faster than income and therefore impact our fee revenue.
Management Plan	This is a risk we have accepted as mismatches in income and expenses are a normal property risk and are expected to balance out over time. Lease ratchets, along with CPI adjustment clauses, alleviate a large portion of the risk.

Material Business Risk	Changes in the Commercial Property Market
Potential Impact	As BWF derives income from management and transaction fees that are linked to the commercial property market, changes in that market may impact cashflow.
Management Plan	BWF has little control over changes in the commercial property market it manages but monitors movements in the market and considers the funds it manages in light of these movements.

Material Business Risk	Legislative and Regulatory Changes
Potential Impact	Increased costs and compliance risk associated with adhering to regulatory requirements.
Management Plan	BWF monitors changes to legislation and regulatory requirements and adjusts its operations accordingly.

Material Business Risk	Climate Change and Climate Related Events
Potential Impact	Climate change related weather events could cause substantial damage to the assets BWF manages. In this scenario BWF's ability to charge fees during this time may be hampered.
Management Plan	BWF ultimately has no control over this risk but continues to operate to drive sustainability initiatives in the assets it manages.

Material Business Risk	Technology Changes and Innovation
Potential Impact	Rapid advancements in technology may cause BWF to be less competitive in the market.
Management Plan	Management continually monitors industry trends to remain at the forefront of new technologies and innovation, while investing in relevant technology as necessary.

Material Business Risk	Discontinuation of Financial Support for Businesses
Potential Impact	Tenant insolvencies may cause a significant negative impact on BWF's fee revenue and financial position.
Management Plan	BWF takes appropriate measures to manage its revenue streams and cash reserves. Additionally, BWF continually monitors the financial health of tenants and parties to mitigate the risk of potential insolvencies.

Material Business Risk	Employee Recruitment and Retention
Potential Impact	The tightening labour market and upward pressure on wages impacts the day-to-day operation of our business.
Management Plan	We continually review our remuneration and rewards and training programs with the aim of being a competitive and attractive employer.

Material Business Risk	Cyber Risk
Potential Impact	As with most businesses we do have cyber risks that we cannot eliminate entirely but our risks are relatively small and we perform regular system reviews to ensure sensitive information is properly stored or destroyed.
Management Plan	We hold specific cyber insurance policies that provide cover in the event of a cyber attack/breach.

Material Business Risk	Macroeconomic Factors
Potential Impact	Threat of domestic and global recession, ongoing impacts of COVID and investor sentiment are some of the primary macroeconomic considerations that may impact our business.
Management Plan	As a management team we continually monitor these factors however, ultimately, they are often beyond our control.

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Information on Officeholders

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

Joseph (Seph) Glew

Non-Executive Director and Chairman

Seph has worked in the commercial property industry in New Zealand, the USA and Australia and 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 Institute 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.

Jessie 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 and has a strong background in and passion for the property industry. For the past 13 years, Jessie has specialised in working with distressed properties and spaces, and the operations of the WOTSO business. Jessie holds a Bachelor’s degree in International Communication from Macquarie University and NSW Real Estate License.

Jessie joined the Board of The Kids Cancer Project in 2021 and over the last 2 years has provided insights and operational knowledge to help support 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 the group’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 the group’s 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 the group’s Board Audit Committee.

Alexander Whitelum (to 10 March 2023)

Company Secretary

Alex joined the BlackWall group in 2020 and executed all aspects of the group’s corporate and fund transactions, was responsible for corporate governance functions and did oversee 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.

Agata Ryan (from 10 March 2023)

Company Secretary

Agata joined BlackWall in February 2023 and oversees all aspects of BlackWall’s corporate and fund transactions, the corporate governance and regulatory functions and investor relations. Before joining BlackWall, Agata worked as a lawyer at a boutique property law firm and prior to that was legal counsel in the commercial property legal team at Stockland. Agata holds a Bachelor of Arts, Master of Commerce and Juris Doctor degree from UNSW. She is admitted as a solicitor of 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	6	6
Timothy Brown	6	6
Jessie Glew	6	6
Richard Hill	6	5
Robin Tedder	6	6

The Audit Committee, comprised of Richard Hill and Robin Tedder, met twice during the reporting period. Both committee members attended each meeting.

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. However, the group believes that it 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.

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 can be accessed at blackwall.com.au

Auditor and Non-audit Services

An amount of \$24,270 was paid to the auditor for non-audit services during the year (2022: \$24,200) as detailed in Note 20. 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 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.

Remuneration Report (Audited)

The Board is responsible for determining the remuneration of KMP. For the reporting period the Board has determined that KMP included the Managing Directors (MD), Chief Financial Officer (CFO), and the Chief Operating Officer (COO). KMP determine the employees' remuneration.

When determining the remuneration of KMP, senior executives or employees, the following is taken into consideration:

- remuneration is aligned with the delivery of returns to shareholders;
- responsibilities, results, innovation and entrepreneurial behaviour are recognised and rewarded; and
- the group's financial position and market conditions.

The remuneration payable to KMP is reviewed at times deemed appropriate by the Board. There are no performance conditions for Board members or contracts for KMP. Any performance payments are at the discretion of the Board. The nature and the amount of each element of remuneration paid to the Board members and KMP for the reporting period are listed below:

	Short Term				Post-employment		Total	
	Directors' Fees		Salary and Other		Superannuation			
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
Timothy Brown	-	-	347,500	322,500	27,500	27,500	375,000	350,000
Jessie Glew	-	-	347,500	322,500	27,500	27,500	375,000	350,000
Seph Glew	100,000	100,000	-	-	-	-	100,000	100,000
Richard Hill	85,000	85,000	-	-	-	-	85,000	85,000
Robin Tedder	85,000	85,000	-	-	-	-	85,000	85,000
Total	270,000	270,000	695,000	645,000	55,000	55,000	1,020,000	970,000

Loans have been made to KMP in order for them to acquire shares under BlackWall's employee share scheme. The loans attract interest at a rate equivalent to the deemed ATO loan interest rate and are secured against the shares. All dividends received from these shares repay the loan balance. The following loans were outstanding at year-end:

	2023	2022
	\$	\$
Timothy Brown	509,659	524,000
Jessie Glew	491,500	505,330
Total	1,001,159	1,029,330

Share Options

(a) Unissued Options

The following options are currently on issue.

	Expiry Date	Exercise Price	Number Under Option
Richard Hill	05 October 2023	55 cents	300,000
Employees	05 October 2023	55 cents	175,000
Total			475,000

(b) Shares Issued on the Exercise of Options

No ordinary shares were issued during or subsequent to the current financial year in the exercise of options. No amounts are unpaid on any of the shares on issue.

Subsequent Events and Significant Changes in Affairs

The Board has declared a final fully franked dividend of 2.5 cents per share to be paid on 30 November 2023.

On 24 August 2023 BlackWall announced an intention to make a takeover bid for Pelorus Private Equity Limited. Further details are contained in the announcement and in the Directors' report.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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



Tim Brown
Director
Sydney, 29 August 2023



Jessie Glew
Director
Sydney, 29 August 2023

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, 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 2023 and of its performance for the financial year 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 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.



Tim Brown
Director
Sydney, 29 August 2023



Jessie Glew
Director
Sydney, 29 August 2023

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 Limited and its Controlled Entities for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Dated at Sydney on the 29th of August 2023.

ESV Business advice and accounting

Chris Kirkwood
Partner

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Blackwall Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statements of cash flows for the year then ended on pages 6 to 8, notes comprising a summary of significant accounting policies on pages 9 to 19, and the directors' declaration of the Group.

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 2023 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 (including Independence Standards)* (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.

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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.

Revenue Recognition	
Key Audit Matter	How the scope of our audit responded to the key audit matter
<p>Revenue Recognition Revenue for the Group consists primarily of:</p> <ul style="list-style-type: none"> - Asset Management Fees - Property Management Fees - Performance and Transaction Fees - Investment Income <p>Revenue from Asset Management Fees and Transaction Fees are primarily received from Property Funds that, Blackwall Fund Services Limited, a subsidiary of the Group acts as a responsible entity for. These fees are based on a fixed amount or a percentage of the total assets under management or total rental income.</p> <p>Property Management Fees are received by BlackWall Management Services Pty Ltd, a subsidiary of the Group that manages the properties owned by related entities.</p> <p>The Group also earns revenue in the form of distributions and interest income.</p> <p>Given the number of different revenue streams that the Group has, there is a risk that revenue is incorrectly recorded.</p>	<p>Our procedures included but were not limited to:</p> <p>For Asset Management Fees and Property Management Fees, we have performed substantive analytical procedures by creating an expectation and comparing with the actual fees recorded and investigating material variances.</p> <p>For Performance and Transaction Fees, we have verified the underlying calculation for the fees to be charged and if revenue recognition criteria have been met.</p> <p>For Investment Income, we verified the revenue with supporting dividend / distribution statements.</p> <p>We also considered whether the revenue recognition policies adopted and followed by the Group as disclosed in Note 2 & 28 of the consolidated financial report are consistent with the Australian accounting standards.</p> <p>Based on our procedures, we can conclude that the revenue for the Group is not materially misstated.</p>

Financial Assets – Investment in WOTSO Property	
Key Audit Matter	How the scope of our audit responded to the key audit matter
<p>Financial Assets – Investment in WOTSO Property As at yearend the Group has a total investment of \$19,266,000 in ASX listed stapled security – WOTSO Property (WOT).</p> <p>The investments are recorded at fair value through profit or loss which is calculated based on the closing market value of the listed security on 30 June 2023.</p>	<p>Our procedures included, but were not limited to:</p> <p>Verifying the investments are held in the name of the Group by obtaining the chess issuer statement and the units register of the stapled security.</p> <p>Verifying the investments are not held as collateral or pledged as security and the Group has unrestricted rights to the investment.</p> <p>Verifying the investments are recorded at fair value at yearend by independently obtaining the closing market value of the security and reperforming the investment valuation.</p> <p>Verifying the disclosures in relation to financial assets as disclosed in Note 8 & 26 of the consolidated financial report are consistent with the accounting standards.</p> <p>Based on our procedures, we can conclude that investment in WOTSO Property is held at fair value and free from material misstatement.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2023 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 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 Group's ability 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf This description forms part of our auditor's report.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 23 and 24 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Blackwall Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

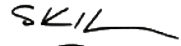
Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Dated at Sydney on the 29th of August 2023.



ESV Business advice and accounting



Chris Kirkwood
Partner

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