



Property by name,
flexible by nature

INTERIM REPORT

HALF-YEAR ENDED
31 DECEMBER 2022



WOTSO



Macarthur Square, NSW

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Macarthur Square, NSW

Directors' Report

WOTSO Property (WOT or the Group) has produced headline statutory profit before tax of \$7.3 million for the half year ended 31 December 2022 and will pay an interim distribution of 3.0 cents per security. The settlement of WOT's Takapuna property in New Zealand during the period has increased WOT's property portfolio to 16. WOT's flexspace business, now with 5,000 members, has also continued to grow.

3.0 cents

Interim Distribution

\$1.58

Statutory net
asset value (NAV)
per security

\$1.64

Adjusted NAV
per security

\$25.5 million

Flexspace annualised
income at December 2022
(current monthly income multiplied by 12)

100,000 sqm

Owned and leased NLA

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

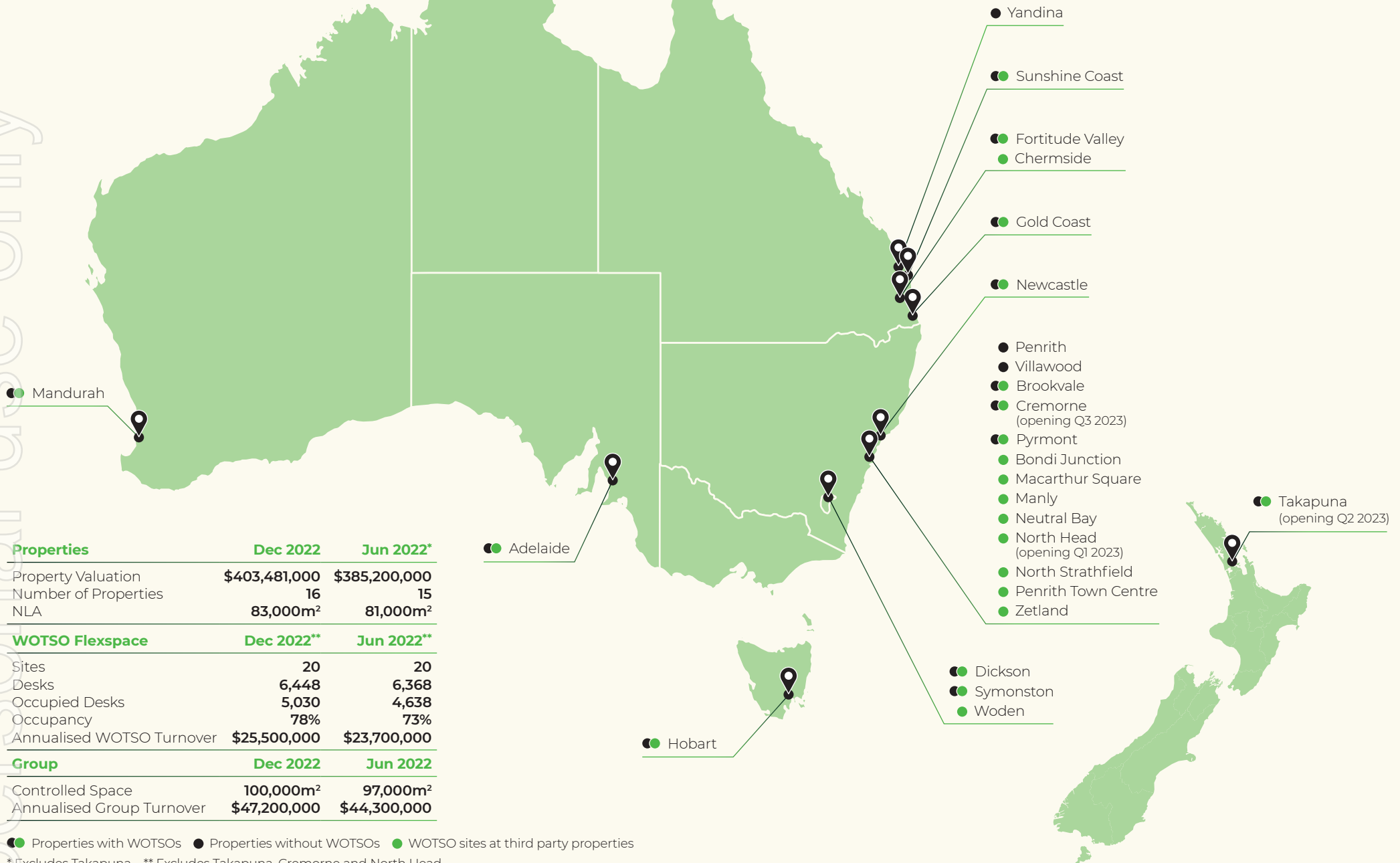
At maturity the WOTSO businesses in the properties we own should produce a net profit after paying a notional market rent. The objective is that the profit when analysed as part of the income of the asset results in a higher than market return than would be achieved under traditional leases.

3

Strategic leasing for our WOTSO business

There is value in a network of WOTSO locations and it is not always possible to purchase each piece of real estate. 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 to purchasing them.

Our Portfolio



Properties	Dec 2022	Jun 2022*
Property Valuation	\$403,481,000	\$385,200,000
Number of Properties	16	15
NLA	83,000m ²	81,000m ²
WOTSO Flexspace	Dec 2022**	Jun 2022**
Sites	20	20
Desks	6,448	6,368
Occupied Desks	5,030	4,638
Occupancy	78%	73%
Annualised WOTSO Turnover	\$25,500,000	\$23,700,000
Group	Dec 2022	Jun 2022
Controlled Space	100,000m ²	97,000m ²
Annualised Group Turnover	\$47,200,000	\$44,300,000

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

* Excludes Takapuna ** Excludes Takapuna, Cremorne and North Head

Overview

Flexible working, and to a degree flexible space, is becoming a favoured operational model for an increasing number of businesses across different industries. Flexible office space continues to grow its share of the commercial real estate world but is still a small percentage of that market leaving significant opportunity for growth. The pandemic has led to strong customer demand for functional, sustainable, and local office space and over the last 6 months we have continued to be able to respond to this demand both through acquisition of assets (Takapuna, NZ) and leasing of new locations from third parties (North Head and Macarthur Square, NSW).

Our portfolio is now made up of 16 owned properties, 13 of which house a WOTSO Flexspace as well as 9 other WOTSOs that are leased from third parties.

Our occupancy across our owned property portfolio is 96% and across our WOTSO spaces is around 80% (excluding our recent acquisitions). It was a great outcome to lease 1,600 sqm at our Pymont asset in the last 6 months. We continue to build the scale of our network and grow our occupancy particularly across our WOTSO portfolio. Better occupancy partnered with pricing improvements will assist in growing our Group revenue, which saw a 30% increase from December 2021 to December 2022. Our flexspace annualised income now sits just shy of \$26 million.

As our flexible office solutions evolve we are finding that flexible space can be offered across several other sectors including, but not limited to, medical/health and kitchens. We have recently launched WOTSO HealthSpace and WOTSO CookSpace in collaboration with industry skilled partners.

We remain confident that our strategy of acquiring assets in the suburbs and regions of Australia and New Zealand along with leasing strategic locations, on favourable leasing terms, in assets we would otherwise not be able to own, is the right one. We think it is also prudent to highlight that we continue to build a leading workspace management platform with integrated CRM, and we have made good progress over the last 6 months to generate a commercialised product.

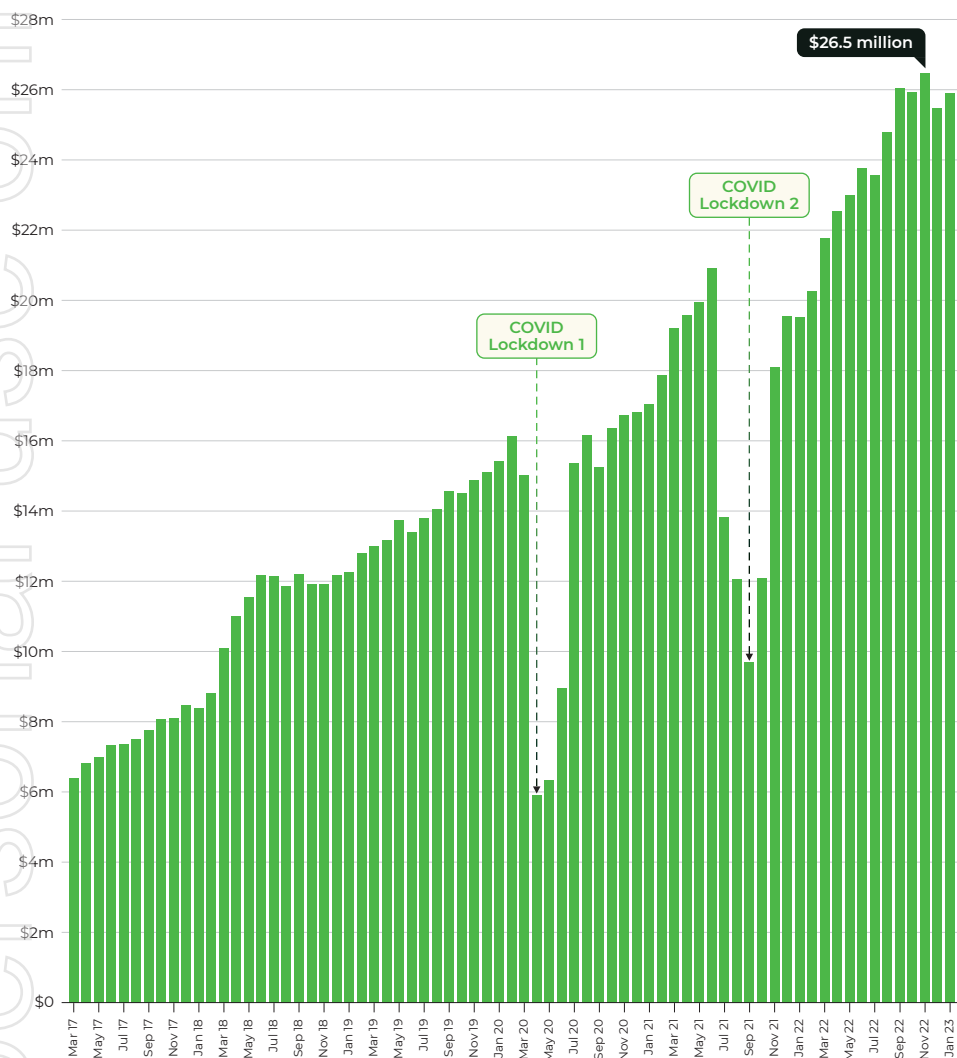
With 100,000 sqm of NLA across our owned and leased properties including WOTSO Flexspace of just over 40,000 sqm that is home to 5,000 members, and moderate gearing of 32% we are optimistic about the next 6 months and our potential.



WOTSO Review

WOTSO Annualised Turnover

WOTSO's annualised turnover (its current monthly revenue multiplied by 12) increased to \$26.5 million during the period before settling at \$25.5 million in December as part of the usual holiday period slow-down. We expect to be back above \$26 million in February 2023.



New Flex Concepts



WOTSO HealthSpace

During the period we have partnered with Wellshare, one of Australia's leading flexible health space providers, that will see the formation of WOTSO HealthSpace and the roll out of dedicated serviced environments for allied health professionals across four of our properties initially, before further expansion in the future. The offering differs from the traditional WOTSO flexspace by focusing specifically on one industry and offering an environment tailored to suit health professionals.



WOTSO CookSpace

In response to market demands for flexible kitchen space we are developing WOTSO CookSpace. A joint venture with two well established chefs, WOTSO CookSpace is expected to launch in Q2 2023 with its first site in North Strathfield, NSW. The offering sees each kitchen in the cookspace fitted out with high-quality and professional kitchen equipment designed for food entrepreneurs, bakers, food truck operations, retail food startups, back-up kitchens, caterers and more.



WOTSO Express

With the opening of the WOTSO flexspace at the third party leased site in Macarthur Square during the period, the Group entered into its first WOTSO Express offering. The offering covers less than 500 sqm of space and provides office space in a retail environment at Western Sydney's most extensive shopping outlet, Macarthur Square Shopping Centre. As the retail environment continues to evolve there is an expectation for shopping centres to continue to transform and deliver valuable offerings for consumers. The initial performance of the site is promising, and we expect this offering to expand as we identify similar opportunities in under-served markets.

The Numbers

Performance

Net Rental Income which includes flexspace and ordinary lease income increased by 17% to \$11.7 million compared to December 2021. This was driven by our property vacancy dropping to 4% and WOTSO occupancy rising to around 80% as we continue to rebound and build our turnover out of the pandemic.

Funds From Operations has remained at 3 cps but has been impacted by rising interest rates, which has seen borrowing costs rise by \$1.8 million over the period. We have hedging for \$30 million of debt (at 1.67%) that commences over the next 18 months and this, along with our rising revenue streams including leases linked to CPI, puts us in a good position to continue growing in a higher interest rate environment. We are hopeful that interest rates will present us with acquisition opportunities.

Headline Statutory Profit has risen to \$7.3 million and includes new independent valuations of our Adelaide and Sunshine Coast assets in the last 6 months resulting in uplifts of around \$7 million. Other properties have been held at their June valuations, which all represent independent valuations performed in the last 12 months.

	Dec 2022 \$'000	Dec 2021 \$'000
Profit or Loss		
Property lease income	11,228	10,680
COVID-19 rent waivers given	(53)	-
Flexspace income	12,493	10,073
Flexspace COVID-19 waivers given	(4)	(2,837)
Government assistance	6	267
Total Revenue	23,670	18,183
Property outgoings	(5,267)	(3,137)
External WOTSO rent expense	(3,343)	(2,781)
External COVID-19 rent waivers received	38	819
WOTSO site staff costs	(1,532)	(1,177)
WOTSO operating expenses	(1,910)	(1,918)
Total Operating Expenses	(12,014)	(8,194)
Net Rental Income	11,656	9,989
Overhead and administration costs	(2,009)	(1,653)
Fund management fees	(2,153)	(1,382)
Transaction fees	-	(259)
Borrowing costs	(3,125)	(1,330)
Loan portfolio income	273	251
Funds From Operations	4,642	5,616
Funds from Operations per Security	\$0.03	\$0.03
Net gain on assets	6,983	7,139
Depreciation and amortisation	(3,630)	(8,640)
Impact of AASB 16	(119)	(316)
One-time utility recharges	(617)	-
Statutory Profit Before Tax	7,259	3,799

Balance Sheet

Statutory NAV sits at \$1.58 per security and our adjusted NAV is at \$1.64 per security. We have increased our borrowings to fund acquisitions and now have around \$8 million of cash for future acquisitions. Net gearing has risen to 32% and we will continue to gear our unencumbered properties to allow us to move quickly as opportunities arise.

A Note on NAV

Our group is not your standard REIT in that we have the WOTSO Flexspace business included in WOT. It has a value like any operating business that is above its net assets on the balance sheet. In our case the value reflected in our NAV below is around \$38 million driven by the historical acquisition of WOTSO. We believe it's worth more than this and as a result our published NAVs understate WOT's real worth in our view. In past reports we have put in estimates of what this value is but now believe it is not for us to decide and over time our performance will help others to come to their own conclusion of this value.

Our adjusted NAV now only strips out accounting adjustments for the leasing standard and deferred tax.

	Dec 2022 \$'000	Jun 2022 \$'000
Balance Sheet		
Cash and cash equivalents	7,556	2,514
Loan portfolio	3,215	5,522
Other current assets	1,013	5,339
Investment property portfolio	403,481	385,200
Contract to purchase Takapuna property	-	9,500
Property, plant and equipment	12,002	12,854
Goodwill	26,150	26,150
Other non-current assets	4,728	4,338
Total Assets	458,145	451,417
Other current liabilities	(5,075)	(7,800)
Property settlement payable for Takapuna	-	(8,509)
Borrowings	(146,015)	(127,000)
Other non-current liabilities	(1,082)	(996)
Total Liabilities	(152,172)	(144,305)
Adjusted NAV	305,973	307,112
Attributable to NCI	(37,641)	(41,294)
Adjusted NAV Attributable to WOT Owners	268,332	265,818
Adjusted NAV per Security	\$1.64	\$1.63
Statutory adjustments:		
Right of use lease assets and liabilities	(5,668)	(5,550)
Deferred tax liability	(5,092)	(4,696)
Statutory Net Assets Attributable to Equity Holders of WOT	257,572	255,572
Statutory Net Assets per Security	\$1.58	\$1.56
Net Gearing*	32%	29%

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

Financial Statements

Statements of Profit or Loss and Other Comprehensive Income

for the period ended 31 December 2022

	Note	Dec 2022 \$'000	Dec 2021 \$'000
Revenue	2	23,670	18,183
Direct costs	3	(12,197)	(7,947)
Net Rental Income		11,473	10,236
Administration expenses	4	(4,162)	(3,294)
Trading Profit		7,311	6,942
Net gain on assets		6,983	7,139
Operating Profit		14,294	14,081
Depreciation and amortisation	5 & 12	(3,630)	(8,640)
Finance costs	6	(3,678)	(1,917)
Finance income		273	251
Gain on lease modification		-	24
Profit Before Income Tax		7,259	3,799
Income tax expense		(396)	(265)
Total Profit		6,863	3,534
Foreign currency translation gains		267	-
Total Profit and Other Comprehensive Income		7,130	3,534
Total profit and other comprehensive income attributable to:			
Members of BlackWall Property Trust		8,089	4,349
Members of WOTSO Limited		(2,112)	(1,507)
Members of Planloc Limited		925	618
Attributable to Members of Group		6,902	3,460
Non-controlling interest		228	74
Total Profit and Other Comprehensive Income		7,130	3,534
Earnings per Security			
Weighted average number of securities		163,359,901	162,929,266
Basic and diluted earnings per security	20	4.2 cents	2.1 cents

Revenue (from Note 2)

	Dec 2022 \$'000	Dec 2021 \$'000
Revenue from Contracts with Customers		
Flexspace income	12,489	7,136
Property income	11,175	10,680
Government stimulus	6	267
Other income	-	100
Total Revenue	23,670	18,183

Direct Costs (from Note 3)

	Dec 2022 \$'000	Dec 2021 \$'000
Property outgoings	(5,178)	(3,233)
WOTSO operating costs	(4,359)	(2,379)
Right of use lease asset depreciation	(2,571)	(2,431)
Loss on sale of assets	-	(69)
Bad debt (expense) / recovery	(89)	165
Total Direct Costs	(12,197)	(7,947)

Balance Sheet at 31 December 2022

	Note	Dec 2022 \$'000	Jun 2022 \$'000
Assets			
Current Assets			
Cash and cash equivalents		7,556	2,514
Trade receivables	7	912	1,213
Loan portfolio	8	1,692	3,904
Rental deposits	9	101	4,126
Total Current Assets		10,261	11,757
Non-Current Assets			
Investment property portfolio	10	403,481	385,200
Contract to purchase Takapuna property	11	-	9,500
Property, plant and equipment		12,002	12,854
Loan portfolio	8	1,523	1,618
WOTSO software development asset	12	877	840
Investment in associate	12	54	-
Right of use lease assets	13	33,692	33,605
Goodwill	14	26,150	26,150
Hedge asset	16	2,666	2,533
Rental deposits	9	709	575
Other receivables		422	390
Total Non-Current Assets		481,576	473,265
Total Assets		491,837	485,022
Liabilities			
Current Liabilities			
Trade and other payables	15	4,711	7,505
Property settlement payable for Takapuna	11	-	8,509
Employee provisions		364	295
Borrowings	16	-	10,000
Lease liabilities	13	5,129	4,786
Total Current Liabilities		10,204	31,095
Non-Current Liabilities			
Trade and other payables	15	248	375
Tenant bond liabilities		816	604
Employee provisions		18	17
Make good provisions		1,637	1,412
Borrowings	16	146,015	117,000
Deferred tax liability		5,092	4,696
Lease liabilities	13	32,594	32,957
Total Non-Current Liabilities		186,420	157,061
Total Liabilities		196,624	188,156
Net Assets		295,213	296,866

	Dec 2022 \$'000	Jun 2022 \$'000
Equity		
Issued capital	258,132	258,133
Accumulated losses	(827)	(2,561)
Reserves	267	-
Equity Holders of WOTSO Property	257,572	255,572
Non-Controlling Interests in BWR	37,641	41,294
Total Equity	295,213	296,866
Net assets attributable to equity holders of WOTSO Property	257,572	255,572
Securities on issue (number)	163,359,885	163,360,291
Net assets per security	\$1.58	\$1.56
Adjusted net assets per security*	\$1.64	\$1.63

*Adjusted net assets exclude deferred tax liabilities, the impact of right of use leases. See the Directors' Report on page 7 for further detail.

Investment Property Portfolio		Valuation at 30 Jun 2022 \$'000	Movement	Valuation at 31 Dec 2022 \$'000
Pymont, NSW	●●	148,000	-	148,000
Sunshine Coast, QLD	●●	29,000	2,500	31,500
Dickson, ACT	●●	31,000	200	31,200
Villawood, NSW	●	28,500	100	28,600
Gold Coast, QLD	●●	26,800	100	26,900
Penrith, NSW	●	26,250	41	26,291
Yandina, QLD	●	23,000	-	23,000
Cremorne, NSW	●●	15,700	1,100	16,800
Hobart, TAS	●●	13,750	50	13,800
Adelaide, SA	●●	8,800	4,200	13,000
Fortitude Valley, QLD	●●	11,500	150	11,650
Takapuna, NZ	●●	9,500	(210)	9,290
Symonston, ACT	●●	8,000	200	8,200
Newcastle, NSW	●●	7,000	50	7,050
Brookvale, NSW	●●	5,000	-	5,000
Mandurah, WA	●●	2,900	300	3,200
Total Investment Property Portfolio		394,700	8,781	403,481

●● Properties with WOTSOs ● Properties without WOTSOs

Statement of Cash Flows

for the period ended 31 December 2022

	Dec 2022 \$'000	Dec 2021 \$'000
Cash Flows from Operating Activities		
Receipts from tenants / members	28,273	19,133
Payments to suppliers and employees	(17,823)	(9,802)
(Payments) of / proceeds from rental deposit	(134)	2,000
Other income	6	368
Net Cash Flows from Operating Activities	10,322	11,699
Cash Flows from Investing Activities		
Payments for property purchases	(8,509)	(3,117)
Payments for capital improvements	(2,920)	(3,574)
Payments for property, plant and equipment	(993)	(729)
Payments for WOTSO software development asset	(135)	(143)
Payments for investment in associate	(54)	-
Proceeds on sale of property	-	1,500
Loans advanced	(132)	(876)
Loans repaid from borrower	2,439	2,500
Net Cash Flows used in Investing Activities	(10,304)	(4,439)
Cash Flows from Financing Activities		
Proceeds from borrowings	19,015	-
Distributions paid	(5,168)	(5,165)
Purchase of securities from NCI	(4,210)	-
Interest paid	(3,678)	(1,330)
Rental payments	(1,803)	(1,876)
Proceeds from issue of securities to NCI	596	-
Interest received	273	232
Distribution income	-	2
Buy-back of issued WOT securities	(1)	-
Net Cash Flows from / (used in) Financing Activities	5,024	(8,137)
Net Increase / (Decrease) in Cash and Cash Equivalents	5,042	(877)
Cash and cash equivalents at the beginning of the period	2,514	7,473
Cash and Cash Equivalents at End of the Period	7,556	6,596

* All items inclusive of GST where applicable.

Reconciliation of Operating Cash Flows

	Dec 2022 \$'000	Dec 2021 \$'000
Profit for the Period	6,863	3,534
Non-Cash Flows in Profit:		
Depreciation and amortisation	6,201	11,071
Net interest paid	3,405	1,666
Variable lease payments	338	101
Distribution income	-	(2)
Gain on lease modification	-	(24)
Deduct net lease waivers	(38)	(818)
Gain on hedge asset	(133)	(591)
Straight-line rental income	(431)	(605)
Offset of North Strathfield bond	(1,076)	-
Net gain on assets	(6,850)	(6,548)
Operating Cash Flows Before Movement in Working Capital	8,279	7,784
Decrease in rental deposits	3,891	1,959
Decrease / (increase) in trade receivables	269	(512)
Increase in deferred tax liability	396	265
Increase in provisions	70	73
(Decrease) / increase in trade and other payables	(2,583)	2,130
Net Cash Flows from Operating Activities	10,322	11,699

Statement of Changes in Equity

for the period ended 31 December 2022

	No. of Securities on Issue	Attributable to Owners of Parent			Attributable to Owners of WOTSO			Attributable to Owners of Planloc			Non-Controlling Interests \$'000	Reserves \$'000	Total Equity \$'000
		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			
Balance at 1 July 2022	163,360,291	246,444	(21,373)	225,071	11,689	14,812	26,501	-	4,000	4,000	41,294	-	296,866
Profit (loss) for the period	-	-	7,822	7,822	-	(2,112)	(2,112)	-	925	925	228	-	6,863
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	267	267
Total Profit (Loss) and Other Comprehensive Income (Loss)	-	-	7,822	7,822	-	(2,112)	(2,112)	-	925	925	228	267	7,130
Transactions with Owners in Their Capacity as Owners:													
Buy-back of issued securities	(406)	(1)	-	(1)	-	-	-	-	-	-	-	-	(1)
Issue of NCI units	-	-	-	-	-	-	-	-	-	-	596	-	596
Purchase of NCI units	-	-	-	-	-	-	-	-	-	-	(4,210)	-	(4,210)
Distributions paid	-	-	(4,901)	(4,901)	-	-	-	-	-	-	(267)	-	(5,168)
Total Transactions with Owners	(406)	(1)	(4,901)	(4,902)	-	-	-	-	-	-	(3,881)	-	(8,783)
Balance at 31 December 2022	163,359,885*	246,443	(18,452)	227,991	11,689	12,700	24,389	-	4,925	4,925	37,641	267	295,213
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 period	-	-	4,349	4,349	-	(1,507)	(1,507)	-	618	618	74	-	3,534
Total Profit (Loss) and Other Comprehensive Income (Loss)	-	-	4,349	4,349	-	(1,507)	(1,507)	-	618	618	74	-	3,534
Transactions with Owners in Their Capacity as Owners:													
Issue of securities	49,700	61	-	61	9	-	9	-	-	-	-	-	70
Distributions paid	-	-	(4,888)	(4,888)	-	-	-	-	-	-	(277)	-	(5,165)
Total Transactions with Owners	49,700	61	(4,888)	(4,827)	9	-	9	-	-	-	(277)	-	(5,095)
Balance at 31 December 2021	162,971,362	245,963	(39,285)	206,678	11,626	15,796	27,422	-	(1,292)	(1,292)	38,161	-	270,969

* Subsequent to 31 December 2022, 298,558 securities have been bought back by the Group.

Notes to the Financial Statements

1. Segment Reporting

Identification of Reportable Operating Segments

WOTSO Property comprises three reportable operating segments based on different products and services provided, being:

- **Properties:** traditional commercial leases and flexible workspaces on owned properties;
- **Third Party Leased WOTSO Sites:** traditional commercial leases and flexible workspaces in third party leased properties; and
- **Corporate 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 period, the Group restructured the manner of its internal organisation and the composition of its reportable operating 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 leases, as well as a corporate and overhead segment responsible for the overall management and administration of the Group. This represents a change in operating segment management, where in previous periods Directors viewed the Group as comprising two operating segments being the property owning segment and the WOTSO flexible workspace 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 period ended 31 December 2021.

1. Segment Reporting (continued)

Operating Segment Information

Profit or Loss	Properties \$'000	Third Party Leased WOTSO Sites \$'000	Corporate and Overhead \$'000	Total Dec 2022 \$'000	Properties \$'000	Third Party Leased WOTSO Sites \$'000	Corporate and Overhead \$'000	Total Dec 2021 Restated \$'000
Property lease income	11,228	-	-	11,228	11,103	-	-	11,103
COVID-19 rent waivers	(53)	-	-	(53)	(423)	-	-	(423)
Flexspace income	6,660	5,833	-	12,493	4,968	5,005	-	9,973
Flexspace COVID-19 waivers	(2)	(2)	-	(4)	(783)	(2,054)	-	(2,837)
Government assistance	6	-	-	6	201	66	-	267
Other income	-	-	-	-	-	100	-	100
Total Revenue	17,839	5,831	-	23,670	15,066	3,117	-	18,183
Property outgoings	(5,267)	-	-	(5,267)	(3,137)	-	-	(3,137)
Rent expense	-	(3,343)	-	(3,343)	-	(2,781)	-	(2,781)
COVID-19 rent waivers received	-	38	-	38	-	819	-	819
WOTSO staff costs	(795)	(737)	-	(1,532)	(602)	(575)	-	(1,177)
WOTSO operating expenses	(592)	(1,318)	-	(1,910)	(886)	(1,032)	-	(1,918)
Total Operating Expenses	(6,654)	(5,360)	-	(12,014)	(4,625)	(3,569)	-	(8,194)
Net Rental Income / (Loss)	11,185	471	-	11,656	10,441	(452)	-	9,989
Overhead and administration costs	-	-	(2,009)	(2,009)	-	-	(1,912)	(1,912)
Fund management fees	-	-	(2,153)	(2,153)	-	-	(1,382)	(1,382)
Finance income	172	101	-	273	251	-	-	251
Finance costs	(3,125)	-	-	(3,125)	(1,330)	-	-	(1,330)
Funds From Operations	8,232	572	(4,162)	4,642	9,362	(452)	(3,294)	5,616
Gain in asset value	6,983	-	-	6,983	7,139	-	-	7,139
Depreciation and amortisation	(2,079)	(1,551)	-	(3,630)	(7,368)	(1,272)	-	(8,640)
Impact of AASB 16	-	(119)	-	(119)	-	(316)	-	(316)
One-time utility recharges	-	(617)	-	(617)	-	-	-	-
Profit / (Loss) Before Tax	13,136	(1,715)	(4,162)	7,259	9,133	(2,040)	(3,294)	3,799

1. Segment Reporting (continued)

Balance Sheet	Properties \$'000	Third Party Leased WOTSO Sites \$'000	Corporate and Overhead \$'000	Total Dec 2022 \$'000	Properties \$'000	Third Party Leased WOTSO Sites \$'000	Corporate and Overhead \$'000	Total Jun 2022 \$'000
Cash and cash equivalents	7,514	42	-	7,556	2,343	171	-	2,514
Trade receivable	774	138	-	912	911	302	-	1,213
Loan portfolio	1,692	-	-	1,692	3,904	-	-	3,904
Rental deposits	-	-	-	-	-	4,000	-	4,000
Other assets	101	-	-	101	126	-	-	126
Total Current Assets	10,081	180	-	10,261	7,284	4,473	-	11,757
Investment property portfolio	403,481	-	-	403,481	385,200	-	-	385,200
Contract to purchase Takapuna property	-	-	-	-	9,500	-	-	9,500
Property, plant and equipment	1,606	10,396	-	12,002	1,780	11,074	-	12,854
Loan portfolio	1,523	-	-	1,523	1,618	-	-	1,618
WOTSO software development asset	-	-	877	877	-	-	840	840
Investment in associate	-	-	54	54	-	-	-	-
Goodwill	-	-	26,150	26,150	-	-	26,150	26,150
Hedge asset	2,666	-	-	2,666	2,533	-	-	2,533
Rental deposits	-	709	-	709	-	575	-	575
Other receivables	422	-	-	422	390	-	-	390
Total Non-Current Assets	409,698	11,105	27,081	447,884	401,021	11,649	26,990	439,660
Total Assets	419,779	11,285	27,081	458,145	408,305	16,122	26,990	451,417
Trade and other payables	(2,333)	(2,378)	-	(4,711)	(2,958)	(4,547)	-	(7,505)
Property settlement payable for Takapuna property	-	-	-	-	(8,509)	-	-	(8,509)
Employee provisions	(364)	-	-	(364)	(295)	-	-	(295)
Borrowings	-	-	-	-	(10,000)	-	-	(10,000)
Total Current Liabilities	(2,697)	(2,378)	-	(5,075)	(21,762)	(4,547)	-	(26,309)
Trade and other payables	-	(248)	-	(248)	-	(375)	-	(375)
Tenant bond liabilities	(816)	-	-	(816)	(604)	-	-	(604)
Employee provisions	(18)	-	-	(18)	(17)	-	-	(17)
Borrowings	(146,015)	-	-	(146,015)	(117,000)	-	-	(117,000)
Total Non-Current Liabilities	(146,849)	(248)	-	(147,097)	(117,621)	(375)	-	(117,996)
Total Liabilities	(149,546)	(2,626)	-	(152,172)	(139,383)	(4,922)	-	(144,305)
Deferred tax liability	(5,092)	-	-	(5,092)	(4,696)	-	-	(4,696)
Net impact of AASB 16	-	(5,668)	-	(5,668)	-	(5,550)	-	(5,550)
Net Assets	265,141	2,991	27,081	295,213	264,226	5,650	26,990	296,866

2. Revenue

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

	Dec 2022 \$'000	Dec 2021 \$'000
Revenue from Contracts with Customers		
Flexspace income	12,489	7,136
Property income	11,175	10,680
Government stimulus	6	267
Other income	-	100
Total Revenue	23,670	18,183

With the impact of the COVID-19 pandemic fading during the period, the Group's flexspace business operated uninterrupted. As a result, the Group earned flexspace income of \$12 million for the period (Dec 2021 - \$10 million and \$2.8 million in COVID waivers provided to members).

Similarly, property income increased to \$11.2 million (Dec 2021 - \$11.1 million) and only \$53,000 (Dec 2021 - \$423,000) provided as rent waivers during the period. In addition, \$67,000 was provided as rent deferrals to tenants external to the Group during the period. Since the start of the pandemic, tenants external to the Group have received \$1.1 million of waived rental payments and an additional \$741,000 has been deferred.

Government stimulus is comprised of \$nil (Dec 2021 - \$202,000) received from JobSaver and \$6,000 (Dec 2021 - \$65,000) 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 was received in 2021 and is included in other income for the 2021 period, and a further \$4.9 million is receivable if the option is exercised. In September 2022 the option was extended for another 12 months. The Group's new purchase in Cremorne will provide a replacement home for the Neutral Bay WOTSO business.

3. Direct Costs

	Dec 2022 \$'000	Dec 2021 \$'000
Property outgoings	5,178	3,233
WOTSO operating costs	4,359	2,379
Right of use lease asset depreciation	2,571	2,431
Loss on sale of assets	-	69
Bad debt expense / (recovery)	89	(165)
Total Direct Costs	12,197	7,947

4. Administration Expenses

Administration expenses comprises 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 at 2% of Gross Revenue on all sales up to \$20 million per annum and 5% on sales above \$20 million per annum. The 5% portion of WOTSO's fee has been taken up on a pro-rata annualised basis for the December 2022 period.

WOTSO overheads comprise \$1.4 million for head office staff and other overhead costs associated with running the WOTSO business, such as travel and marketing costs.

	Dec 2022 \$'000	Dec 2021 \$'000
Responsible entity fees	2,153	1,382
Compliance costs	488	929
WOTSO overheads	1,521	983
Total Administration Expenses	4,162	3,294

5. Building and Fixtures Depreciation

	Dec 2022 \$'000	Dec 2021 \$'000
WOTSO fit-out depreciation	1,845	1,604
Property depreciation	1,687	7,036
Total Building and Fixtures Depreciation	3,532	8,640

Building and fixtures depreciation comprises depreciation of fit-out and property improvements.

Property depreciation for the December 2021 period included \$4.5 million of COVID instant asset write-offs. This amount was subsequently reversed for the full fiscal year ended 30 June 2022.

6. Finance Costs

	Dec 2022 \$'000	Dec 2021 \$'000
Interest on borrowings	3,125	1,330
Interest on right of use lease liabilities	553	587
Total Finance Costs	3,678	1,917

Finance costs have increased during the period following the rise in the official cash rate to 3.10% as at 31 December 2022 (Dec 2021 – 0.10%), combined with an increase in the overall borrowings of the Group to \$146 million as at 31 December 2022 (Dec 2021 - \$127 million).

7. Trade Receivables

	Dec 2022 \$'000	Jun 2022 \$'000
Trade receivables	1,093	1,271
Related parties	19	17
Expected credit loss allowance	(200)	(75)
Total Trade Receivables	912	1,213

8. Loan Portfolio

Name	Dec 2022 \$'000	Jun 2022 \$'000	Current Security \$'000	Interest Rate	Security/Details
Vendor finance	196	200	3,500	4.0% fixed	Commercial property in Toowoomba that was sold in 2021
Mosman	100	1,800	13,500	2.0% above cash rate	Commercial property in Mosman
SAO	1,255	1,845	7,825	2.0% above cash rate	Investments in Pymont Bridge Property
WOTSO CookSpace JV	127	-	-	-	Fit-out
WOTSO HealthSpace JV	5	-	-	2.5% above cash rate	Fit-out
Flipout (tenant)	9	59	-	-	Fit-out
Total Current Loan Portfolio	1,692	3,904			
Vendor finance	1,523	1,618	3,500	4.0% fixed	Commercial property in Toowoomba that was sold in 2021
Total Non-Current Loan Portfolio	1,523	1,618			

9. Rental Deposits

	Dec 2022 \$'000	Jun 2022 \$'000
WOTSO North Strathfield bond	-	4,000
Other	101	126
Total Current Rental Deposits	101	4,126
Rental deposits	709	575
Total Non-Current Rental Deposits	709	575
Total Rental Deposits	810	4,701

The WOTSO North Strathfield bond was held to secure WOTSO's lease at its North Strathfield site. The final two instalments of \$2.0 million each were applied against rent payable during the reporting period as part of the extension of the lease.

10. Investment Property Portfolio

Investment Property Portfolio		Independent Valuation Date	Independent Valuer Cap Rate	Dec 2022 \$'000	Jun 2022 \$'000
Start-Up Phase					
Brookvale, NSW	●●	Jun-22	3.50%	5,000	5,000
Cremorne, NSW	●●	PPC*	n/a	16,800	15,700
Mandurah, WA	●●	PPC*	n/a	3,200	2,900
Takapuna, NZ	●●	Dec-22	5.00%	9,290	-
Developing Phase					
Dickson, ACT	●●	Jun-22	6.50%	31,200	31,000
Fortitude Valley, QLD	●●	Jun-22	6.00%	11,650	11,500
Newcastle, NSW	●●	Dec-22	6.50%	7,050	7,000
Adelaide, SA	●●	Dec-22	7.00%	13,000	8,800
Mature Phase					
Symonston, ACT	●●	Jun-22	6.75%	8,200	8,000
Pyrmont, NSW	●●	Dec-21	5.38%	148,000	148,000
Villawood, NSW	●	Jun-22	5.50%	28,600	28,500
Penrith, NSW	●	Jun-22	5.75%	26,291	26,250
Sunshine Coast, QLD	●●	Dec-22	5.97%	31,500	29,000
Yandina, QLD	●	Dec-21	8.25%	23,000	23,000
Gold Coast, QLD	●●	Jun-22	7.28%	26,900	26,800
Hobart, TAS	●●	Dec-22	6.25%	13,800	13,750
Total Investment Property Portfolio (Owned)				403,481	385,200
Takapuna, NZ (settled Nov 2022)**	●●	PPC*	n/a	-	9,500
Total Investment Property Portfolio				403,481	394,700

●● Properties with WOTSOs ● Properties without WOTSOs

Price Plus Capital (PPC)* Valuation of recent acquisition has been held at the properties purchase price plus any capital expenditure incurred since acquisition.

** Contracts were exchanged on the purchase of Takapuna prior to 30 June 2022, and settlement occurred in November 2022.

The values of properties are 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.

11. Takapuna Property Purchase

In June 2022 contracts were exchanged to purchase the vacant property at 9 Huron Street, Takapuna, Auckland, New Zealand for NZ\$10.5 million. The asset represents the Group's first investment in the New Zealand market as well as the establishment of the WOTSO brand in New Zealand. The purchase was settled in November 2022.

At 31 December 2022 the property has been included within the investment property portfolio on the balance sheet. At 30 June 2022 the Group 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.

12. 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 commenced commercialisation during 2022. The Group owns a perpetual licence of the software, and during the period, increased its ownership in the software to 27% (2021 – 25%). As at 31 December 2022 the Group has contributed \$931,000 (Jun 2022 – \$840,000) to fund the development of the software.

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 the period ended 31 December 2022 \$98,000 (Dec 2021 – \$nil) of amortisation was recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income.

13. 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.

	Dec 2022 \$'000	Jun 2022 \$'000
Opening balance	33,605	20,068
Additions	2,658	18,408
Depreciation	(2,571)	(4,867)
Disposals	-	(4)
Total Right of Use Lease Assets	33,692	33,605

	Dec 2022 \$'000	Jun 2022 \$'000
Right of use lease asset	49,653	46,995
Accumulated depreciation	(15,961)	(13,390)
Written Down Value of Right of Use Lease Assets	33,692	33,605

Lease Liabilities

	Dec 2022 \$'000	Jun 2022 \$'000
Opening balance	37,743	23,685
Additions	2,658	18,408
Interest charged	553	1,143
Repayments	(3,305)	(5,300)
Modification	74	(193)
Total Lease Liabilities (Current and Non-current)	37,723	37,743

Neutral Bay Lease

During 2021, the Group entered into an option with the owners of 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 was extended for a further 12 months in September 2022.

14. Goodwill

Goodwill was generated when WOTSO Limited was stapled to BlackWall Property Trust as part of the stapling transaction completed in February 2021. In accordance with Note 22 no events or changes in circumstances indicate any impairment of goodwill at 31 December 2022.

15. Trade and Other Payables

	Dec 2022 \$'000	Jun 2022 \$'000
Trade payables	1,731	4,737
Accrued expenses	1,914	719
Related parties	405	1,364
Unearned revenue	387	401
Tenant deposits	81	92
COVID deferred rent	193	192
Total Current Trade and Other Payables	4,711	7,505
COVID deferred rent	248	375
Total Non-Current Trade and Other Payables	248	375
Total Trade and Other Payables	4,959	7,880

16. 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		Hedged Amount \$'000	Security Value \$'000	Expiry	Margin	Lender
		31 Dec 2022 \$'000	30 Jun 2022 \$'000					
Penrith	49% (55%)	13,000	10,000 (current)	-	26,291	08/24	2.20%	CBA
Villawood	42% (65%)	12,000	7,000	-	28,600	01/24	2.13%	NAB
Pymont	41% (50%)	60,000	60,000	30,000	148,000	01/24	1.90%	NAB
Various	45% (65%)	44,000	40,000	-	97,800	01/24	1.91%	NAB
Yandina	43% (60%)	10,000	10,000	-	23,000	02/24	1.85%	NAB
Fortitude Valley	26% (N/A)	3,000	-	-	11,650	09/27	2.40%	BOQ
Takapuna	43% (N/A)	4,015	-	-	9,290	11/27	3.00%	BNZ
Unencumbered properties		-	-	-	58,850			
Total		146,015	127,000	30,000				

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 Pymont property. The interest rate swap agreement commences in July 2024 for 4 years with a fixed base rate of 1.67%. At 31 December 2022 the interest rate swap agreement is recorded on the balance sheet and is measured at its fair value of \$2.7 million (June 2022 - \$2.5 million).

No other hedges are currently in place.

17. Tax

WOT comprises a number of taxable entities, the property owning trusts, Planloc Limited and the WOTSO Limited tax group.

As at 30 June 2022 the property owning trusts had carried forward revenue tax losses of approximately \$21 million. These losses are available to offset future taxable income, however they are not recognised on the balance sheet. Deferred tax liabilities are however recognised on the balance sheet of Planloc (\$5.1 million) in relation to unrealised gains on the assets of the company.

18. Distributions

A distribution of 3.0 cents per security has been declared to be paid on 14 March 2023.

Prior Distributions Paid	Payment Date	Amount Per Security	Distributions Paid \$'000
Final distribution	6 September 2022	3.0 cps	4,901
Total Dec 2022			4,901
Final distribution	31 August 2021	3.0 cps	4,888
Total Dec 2021			4,888

19. Financial Instruments

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 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 are 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 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 31 December 2022				
Investment property portfolio	-	-	403,481	403,481
Loan portfolio	-	-	3,215	3,215
Hedge asset	-	-	2,666	2,666
At 30 June 2022				
Investment property portfolio	-	-	394,700	394,700
Loan portfolio	-	-	5,522	5,522
Hedge asset	-	-	2,533	2,533

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

The carrying amounts of the loan portfolio approximate 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 period.

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%	(16,400)	18,200
Net market rent	5%	25,800	(25,800)

(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 period ended 31 December 2022:

	\$'000
At 31 December 2022	
Balance at the beginning of the period	402,755
Net gain on assets	6,850
Capital improvements	2,920
Straight-line rental income	431
Foreign currency translation gain	267
Hedge asset	133
Loans advanced	132
Depreciation	(1,687)
Loans repaid	(2,439)
Balance at 31 December 2022	409,362

\$'000

At 30 June 2022

Balance at the beginning of the year	343,853
Net gain on assets	29,545
Acquisition of property	18,344
Contract settlement payable for Takapuna	8,509
Capital improvements	8,078
Loans advanced	3,494
Hedge asset	2,533
Straight-line rental income	1,285
Loss on disposal of property	(71)
Depreciation	(2,596)
Proceeds on sale of property	(3,494)
Loans repaid	(6,725)

Balance at 30 June 2022 **402,755**

20. Earnings per Security

	Dec 2022 \$'000	Dec 2021 \$'000
Profit after income tax	7,130	3,534
Non-controlling interest	(228)	(74)
Profit After Income Tax Attributable to Owners of WOT Securities	6,902	3,460
	Number	Number
Weighted average number of ordinary securities used in calculating basic and diluted earnings per security	163,359,901	162,929,266
	Cents	Cents
Basic and diluted earnings per security	4.2	2.1

21. Subsequent Events

Subsequent to 31 December 2022 the Group commenced a security buy-back program and has bought back 298,558 securities.

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

22. Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends 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 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 10. 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 some recent acquisitions, are held at independent valuations carried out in the last 12 months plus any capital expenditure incurred subsequent to valuation. Certain recent acquisitions are held at recent purchase price plus any capital expenditure incurred.

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 23. 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 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 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 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 cost 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 change in circumstances.

Lease Make Good Provisions

Whenever the Group incurs an obligation for costs to dismantle and remove property from a leased asset, restore the site on which it is located, or restore the underlying asset to the condition required by the lease, a provision is recognised and measured. Judgement is exercised in estimating the present value of these costs. The Group reviews these estimates at each reporting period and adjusts them if there is a significant event or change in circumstance.

23. Statement of Significant Accounting Policies

The financial statements cover the listed WOTSO Property Group, which comprises BlackWall Property Trust, WOTSO Limited, Planloc Limited and their controlled entities. All are incorporated and domiciled in Australia with the exception of two controlled entities incorporated and domiciled in New Zealand. 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 general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standards AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022. The principal accounting policies adopted are consistent with those of the previous financial year ended 30 June 2022 and corresponding interim report period, unless otherwise stated.

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 asset position of \$57,000 at 31 December 2022 and has earned a net statutory profit before tax of \$7.3 million and positive cash flows from operations of \$10.3 million for the period then ended.

Comparative Figures

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.

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 ('CODM') 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.

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 period. However, they do not impact the interim 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 7)

Business Risks

With the growth of our property and third party leased portfolios and the expansion of the WOTSO model to include diversified offerings such as WOTSO HealthSpace, WOTSO CookSpace and WOTSO Express, the long-term outlook is promising. However, we recognise that the current economic environment is less than certain and effective risk management will see our existing and future offerings continue to grow and succeed.

Material Business Risk Inflation

Potential Impact The majority of our property portfolio is contracted on a gross lease basis. This exposes the Group to the risk that property outgoings may increase faster than income.

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.

Material Business Risk Interest Costs

Potential Impact The Group has borrowings that are exposed to interest rate movements and rising interest costs will negatively impact net earnings.

Management Plan The Directors believe that Group gearing is such that foreseeable increases in interest costs can be managed without undue stress.

Material Business Risk Lease Obligations

Potential Impact The profitability of leased sites is affected by movements in rents. As WOTSO's lease terms are longer than the month-to-month terms it provides to customers, there is a potential mismatch if rents rise and/or members fees fall.

Management Plan We mitigate this risk by siloing each lease in a separate company.

Material Business Risk Access and Cost of Capital

Potential Impact The Group's access to, and the cost of capital (both debt and equity), impacts ability to pursue new opportunities.

Management Plan We have little ability to control these factors other than to secure the best deals available at any given time.

Material Business Risk Competition

Potential Impact The Group continues to enjoy limited competition in the suburban flexible workspace market but we expect this to change as competitors shift their focus to this market in response to the "Work Near Home" trend.

Management Plan We believe that WOTSO's less corporate feel and growing demand in suburban locations should allow WOTSO to be a complementary offer rather than direct competition.

Material Business Risk Valuations

Potential Impact The real estate market is dynamic and real estate values may rise or fall from time to time. Any change in our real estate values affects the Group's net tangible asset backing and a sudden fall in the value of a particular real estate asset could cause lending covenants to be breached.

Management Plan The Group has no capacity to influence the market but we are continuously looking at ways to enhance the value of our properties.

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, reward and training with the aim of being a competitive and attractive employer.

Business Risks (continued)

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 systems 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 **Unplanned Capital Expenditures**

Potential Impact The need for significant unforeseen capital expenditure would affect the Group and may negatively impact debt obligations and/or distributions to investors.

Management Plan We practice continual maintenance and repurposing of all our properties and third-party sites to avoid significant wear and tear that could present a significant expense for the Group. Additionally we hold sufficient insurance coverage across our entire portfolio to absorb any material unplanned capital expenditures.

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.

Officeholders of the Group

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

Timothy Brown **Joint Managing Director and CFO**

Jessica Glew **Joint Managing Director and COO**

Richard Hill **Non-Executive Director**

Robin Tedder **Non-Executive Director**

Alexander Whitelum **Company Secretary**

Auditor

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

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



Tim Brown
Director
Sydney (8 February 2023)



Jessie Glew
Director
Sydney (8 February 2023)

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 Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial period 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 of the Responsible Entity 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 February 2023)



Jessie Glew
Director
Sydney (8 February 2023)



Auditor's Independence Declaration and Report

Business advice
and accounting

ESV

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

As auditor for the review of Blackwall Property Trust, the deemed parent for stapled security WOTSO Property, for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Dated at Sydney the 7th of February 2023



ESV Business Advice and Accounting



Chris Kirkwood
Partner

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Blackwall Property Trust as the deemed parent presenting the stapled security arrangement of WOTSO Property ('the Group'), which comprises the consolidated balance sheet as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information on pages 8 to 22, and the directors' declaration.

WOTSO Property consists of BlackWall Property Trust and its controlled entities as at half year ended 31 December 2022, WOTSO Limited and its controlled entities as at half year ended 31 December 2022 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.

Based on our review, which is not an audit, we have not become aware of any matters that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the Independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the responsible entity, would be in the same terms if given to the directors at the time of this auditor's report.

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

Directors' Responsibility for the Half-Year Financial Report

The Directors of responsible entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Dated at Sydney on the 8th of February 2023



ESV Business Advice and Accounting



Chris Kirkwood
Partner

Business advice
and accounting



Hobart, TAS

personal use only

ANNEXURES

WOTSO Limited

INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2022

WOTSO Limited – Financial Statements

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 half-year ended 31 December 2022.

Principal Activities

During the reporting period, 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.

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.

COVID and its Impact

Even though COVID remains as a possible risk for WOTSO, the group was not significantly impacted by COVID during the current reporting period.

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 arrive at net flexspace income which highlights the actual operating performance of the Group, along with fund management fees and overheads.

	Dec 2022	Dec 2021
	\$'000	\$'000
Profit or Loss		
Flexspace income	12,490	9,841
Flexspace COVID-19 waivers given	-	(2,705)
Government assistance	6	267
Other Income	-	100
Total Revenue	12,496	7,503
Rent expense	(6,433)	(5,554)
COVID-19 waivers received	38	2,993
Operating expenses	(2,931)	(2,224)
WOTSO site staff costs	(1,532)	(1,177)
Total Operating Expenses	(10,858)	(5,962)
Net Flexspace Income	1,638	1,541
Overhead and administration costs	(1,479)	(983)
Management fees	(325)	(146)
Interest Income	116	-
Depreciation – fit-out	(1,845)	(1,604)
Impact of AASB 16	472	122
Amortisation – WOTSO software development	(98)	-
Statutory Loss	(1,521)	(1,070)

WOTSO Limited – Financial Statements

Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2022

	Note	Dec 2022 \$'000	Dec 2021 \$'000
Revenue			
Revenue from WOTSO members	3	12,490	7,136
Government assistance	3	6	267
Other revenue	3	-	100
Total Revenue		12,496	7,503
Expenses			
COVID rent waivers received from landlords	4	38	2,993
Staff costs		(2,617)	(1,880)
Other operating expenses		(3,606)	(2,630)
Variable lease payments		(1,077)	(103)
Bad and doubtful debts expenses		(45)	(19)
Total Expenses		(7,307)	(1,639)
Operating Profit		5,189	5,864
Depreciation – fit-out	9	(1,845)	(1,604)
Depreciation – right of use lease asset	10	(4,629)	(4,830)
Interest – right of use lease liability	10	(718)	(830)
Gain on lease terminations and modifications	5	464	330
Amortisation – WOTSO software development	8	(98)	-
Interest Income		116	-
Loss before income tax		(1,521)	(1,070)
Income tax expense		-	-
Loss for the period		(1,521)	(1,070)
Other comprehensive income		-	-
Total Loss		(1,521)	(1,070)

Balance Sheet as at 31 December 2022

Note	Dec 2022 \$'000	Jun 2022 \$'000
Assets		
Current assets		
Cash and cash equivalents	898	274
Trade and other receivables	6 365	514
WOTSO North Strathfield rental bond	7 -	4,000
Total current assets	1,263	4,788
Non-current assets		
Lease rental deposits	7 709	575
WOTSO software development asset	8 877	840
Investment in Hamlet	8 54	-
Loans receivable - related parties	7 132	-
Property, plant and equipment	9 11,940	12,796
Right of use lease asset	10 42,405	44,684
Total non-current assets	56,117	58,895
Total Assets	57,380	63,683
Liabilities		
Current liabilities		
Trade and other payables	11 2,723	4,867
Unearned revenue	164	253
Deferred lease payments – COVID	4 194	192
Employee provisions	12 364	295
Tenant deposits	81	92
Right of use lease liabilities	10 9,606	9,925
Total current liabilities	13,132	15,624
Non-current liabilities		
Loans payable – related party	12 7,273	7,007
Deferred lease payments – COVID	4 249	375
Make good provisions	1,689	1,495
Employee provisions	18	17
Right of use lease liabilities	10 37,517	40,142
Total non-current liabilities	46,746	49,036
Total Liabilities	59,878	64,660
Net Liabilities	(2,498)	(977)
Share capital	13 11,689	11,689
Accumulated losses	(14,187)	(12,666)
Total Accumulated Deficiency	(2,498)	(977)

WOTSO Limited – Financial Statements

Statement of Cash Flows for the Half-Year ended 31 December 2022

	Note	Dec 2022 \$'000	Dec 2021 \$'000
Cash flows from operating activities			
Members receipts		13,920	7,513
Government assistance	3	6	267
Landlord compensation – Neutral Bay	3	-	110
Operating expenditure		(4,239)	(1,756)
Employee payments		(2,615)	(1,911)
(Payment) / receipt of security bond		(134)	2,000
Net cash inflow from operating activities		6,938	6,223
Cash flows from investing activities			
Payments for property, plant and equipment		(989)	(718)
Payments for WOTSO software development asset		(135)	(143)
Acquisition of investment in Hamlet		(54)	-
Loans advanced to joint arrangements		(132)	-
Net cash (outflow) from investing activities		(1,310)	(861)
Cash flows from financing activities			
Proceeds from borrowings		266	-
Repayment of borrowings		-	(2,598)
Lease payments		(5,285)	(2,250)
Interest received		15	-
Net cash outflow from financing activities		(5,004)	(4,848)
Net increase / (decrease) in cash and cash equivalent		624	(514)
Cash and cash equivalents at the beginning of the period		274	441
Cash and cash equivalents at end of the period		898	955

All items inclusive of GST where applicable.

Reconciliation of Operating Cash Flows

	Note	Dec 2022 \$'000	Dec 2021 \$'000
Loss for the period		(1,521)	(1,070)
Non-cash Flows in Profit:			
Depreciation and amortisation	9,10	6,572	6,434
Net interest paid		602	830
Right of use lease modifications and terminations	5	(464)	(330)
Add / (deduct) net lease waivers and variable lease payments (included in financing cash flows)		1,040	(2,890)
Changes in Operating Assets and Liabilities:			
Decrease / (increase) in trade and other receivables		149	(110)
Increase in trade and other payables		713	1,263
(Increase) / decrease in rental deposits		(134)	2,000
Increase in provisions		70	71
(Decrease) / increase in deferred revenue		(89)	25
Net Cash Inflow from Operating Activities		6,938	6,223

WOTSO Limited – Financial Statements

Statement of Changes in Equity for the Half-Year ended 31 December 2022

	No. of Shares On issue	Issued Capital \$'000	Accumulated Losses \$'000	Total (Accumulated Deficiency) Equity \$'000
Balance at 1 July 2022	163,360,291	11,689	(12,666)	(977)
Loss and other comprehensive loss for the period	-	-	(1,521)	(1,521)
Total Loss and Other Comprehensive Loss for the Period	-	-	(1,521)	(1,521)
Transactions with Owners in Their Capacity as Owners				
Buy-back of issued securities	(406)	-	-	-
Total Transactions with Owners in Their Capacity as Owners	(406)	-	-	-
Balance at 31 December 2022	163,359,885*	11,689	(14,187)	(2,498)

	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 period	-	-	(1,070)	(1,070)
Total Loss and Other Comprehensive Loss for the Period	-	-	(1,070)	(1,070)
Transactions with Owners in Their Capacity as Owners				
Issue of units	49,700	8	-	8
Total Transactions with Owners in Their Capacity as Owners	49,700	8	-	8
Balance at 31 December 2021	162,971,362	11,625	(11,669)	(44)

* Subsequent to 31 December 2022, 298,558 securities have been bought back by the Group.

WOTSO Limited – Notes to the Financial Statements

1. Cash Flow Management

At the end of the reporting period, the Balance Sheet showed current liabilities exceeded current assets by \$11.9m. This is mainly driven by lease payments due over the next 12 months totalling \$9.6m. 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 operates in one business segment, being flexspace. 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

<i>Disaggregation of Revenue from Contracts with Customers</i>	Dec 2022	Dec 2021
	\$'000	\$'000
Offices	9,251	5,084
Coworking	1,500	1,080
Other Services*	1,739	972
Total Revenue from WOTSO Members	12,490	7,136
Government Assistance	6	267
Landlord compensation**	-	100
Total Revenue	12,496	7,503

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

** 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 was extended for another twelve months in September 2022.

4. Rent Waivers and Deferrals

\$38,000 was received by WOTSO from a landlord in the reporting period and has been treated as a variable lease payment per AASB 16 and as such has been recognised within the operating profit of the Group. The rent deferral received by WOTSO, was also treated as a variable lease payment per AASB 16, but the difference has been recognised as a deferred rent liability. As at 31 December 2022, WOTSO had rent deferral liabilities totalling \$443,000 (Jun 2022 - \$567,000), for which deferred repayments will continue over the term of the leases.

5. Gain on Lease Terminations

	Dec 2022	Dec 2021
	\$'000	\$'000
Gain on lease terminations and modifications	464	330
Total	464	330

The gain on lease terminations is the result of a transition from long term leases to month to month agreements with other members of the WOT Group.

6. Trade and Other Receivables

	Dec 2022	Jun 2022
	\$'000	\$'000
Trade receivables from WOTSO members	163	354
Trade receivables from related parties	4	28
Expected credit loss allowance	(52)	(16)
Other receivables	250	148
Total	365	514

7. Other Assets

	Dec 2022	Jun 2022
	\$'000	\$'000
Secured bond – WOTSO North Strathfield	-	4,000
Total Current Other Assets	-	4,000
Lease rental deposits	709	575
Loan receivable - related parties	132	-
Total Non-Current Other Assets	841	575
Total Other Assets	841	4,575

WOTSO Limited – Notes to the Financial Statements

The WOTSO North Strathfield bond was held to secure WOTSO's lease at its North Strathfield site. As agreed by the landlord, this bond was released during the reporting period and offset against rent payable for this site.

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 commenced commercialisation during 2022. The Group owns a perpetual licence of the software and during the reporting period, increased its ownership in the software to 27% (Jun 2022 - 25%). As at 31 December 2022, the Group has contributed \$931,000 (Jun 2022 - \$840,000) to fund the development of the software.

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 the reporting period \$98,000 (Dec 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

	Dec 2022	Jun 2022
	\$'000	\$'000
Fit-out	22,663	21,674
Less: accumulated depreciation	(10,723)	(8,878)
	11,940	12,796

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

	Dec 2022	Jun 2022
	\$'000	\$'000
Carrying amount at the beginning of the period	12,796	14,111
Additions	989	2,018
Depreciation expense	(1,845)	(3,333)
Carrying amount at the end of the period	11,940	12,796

10. Right of Use Assets and Lease Liabilities

	Dec 2022	Jun 2022
	\$'000	\$'000
Right of use assets	73,838	71,488
Less: accumulated depreciation	(31,433)	(26,804)
	42,405	44,684

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

	Dec 2022	Jun 2022
	\$'000	\$'000
Carrying amount at the beginning of the period	44,684	34,080
Right of use assets – modifications *	2,702	10,819
Remeasurement of right of use assets **	1,770	605
Additions ***	1,211	9,805
Depreciation expense	(4,629)	(9,682)
Disposals ****	(3,333)	(943)
Carrying amount at the end of the period	42,405	44,684

* Lease modifications mostly relate to additional leased area in WOTSO Fortitude Valley.

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

*** Additions relate to the new lease agreement for WOTSO North Head.

**** During the reporting period, WOTSO and other members of the WOT Group, agreed to cancel certain existing leases and move to month-to-month tenancy agreements, with payments expensed as incurred on a monthly basis. This resulted in gain on lease terminations of \$464,000.

WOTSO Neutral Bay

During 2021, 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 was extended for a further 12 months in September 2022.

WOTSO Limited – Notes to the Financial Statements

Right of Use Assets Liabilities

	Dec 2022	Jun 2022
	\$'000	\$'000
Opening Balance	50,067	39,355
Modifications and remeasurements	4,274	11,351
Additions	1,211	9,805
Disposals	(3,791)	(1,249)
Interest charged	718	1,594
Repayments	(5,356)	(10,789)
Total Lease Liabilities	47,123	50,067
Current lease liabilities	9,606	9,925
Non-current lease liabilities	37,517	40,142
Total Lease Liabilities	47,123	50,067

11. Trade and Other Payables

	Dec 2022	Jun 2022
	\$'000	\$'000
Trade and other payables	462	3,549
Payables with related party	94	413
Total Trade and Other Payables	556	3,962
Accrued expenses	1,914	719
Sundry payables	253	186
Total	2,723	4,867

As at 30 June 2022, WOTSO had outstanding rent payable of \$2.92 million to the North Strathfield landlord, which was offset against the deposit of \$4.00 million. Refer to Note 7 – Other Assets

12. Borrowings

	Dec 2022	Jun 2022
	\$'000	\$'000
Non-current		
Loan from related party - BWR	7,273	7,007
Total non-current borrowings	7,273	7,007

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.

13. Issued Capital

	Dec 2022	Jun 2022	Dec 2022	Jun 2022
	Shares	Shares	\$'000	\$'000
At the beginning of the period	163,360,291	162,921,662	11,689	11,617
Buy-back of issued securities	(406)	-	-	-
Issue of new units	-	438,629	-	72
At the end of the period	163,359,885	163,360,291	11,689	11,689

14. Prior Period Adjustment

During the period, the Group assessed that the acquirer of Gynea Bay Unit Trust was erroneously determined as at 30 June 2022. Rather, BlackWall Property Trust (BWR), a member of the WOTSO Property stapled group, was the acquirer. The acquisition was satisfied by issuing stapled securities in WOTSO Property in consideration for Gynea Bay Unit Trust. As stapled securities in WOTSO Property were issued, the value of the stapled securities issued were apportioned across the respective members of the stapled group. Additionally, Gynea Bay Unit Trust incorrectly paid a cash distribution to the Group during the year ended 30 June 2022, which was eliminated upon consolidation. As a consequence of the above, the net cash received has been re-assessed as a loan from BWR. Accordingly, there is no net impact on the balances reported as at and for the year ended 30 June 2022.

15. Subsequent Events

To the best of the Directors' knowledge, since the end of the reporting period, 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.

16. 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 17 – 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

WOTSO Limited – Notes to the Financial Statements

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.

Make Good Provisions

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located, or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured. Judgement is exercised in estimating the present value of these costs. The Group reviews these estimates at each reporting period and adjusts if there is a significant event or change in circumstance.

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.

17. Statement of Significant 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.

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented

entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022. The principal accounting policies adopted are consistent with those of the previous financial year ended 30 June 2022 and corresponding interim report period, unless otherwise stated.

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.

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.

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. 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.

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.

WOTSO Limited – Notes to the Financial Statements

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.

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.

Director's Report (Continued)

Information on Officeholders

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

Joseph (Seph) Glew Non-Executive Director and Chairman
Timothy Brown Executive Director and Joint Managing Director
Jessica Glew Executive Director and Joint Managing Director
Richard Hill Non-Executive Director
Robin Tedder Non-Executive Director
Alex Whitelum Company Secretary

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

Auditor and Non-audit Services

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.

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



Tim Brown
Director
Sydney, 8 February 2023



Jessie Glew
Director
Sydney, 8 February 2023

WOTSO Limited – Notes to the Financial Statements

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 Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 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 February 2023



Jessie Glew
Director
Sydney, 8 February 2023

Auditor's Independence Declaration and Report

Business advice
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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF WOTSO LIMITED

In accordance with the requirements of section 307C of the Corporations Act, as auditor for the review of WOTSO Limited and its Controlled Entities for the half year ended 31 December 2022, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Dated at Sydney the 7th of February 2023



ESV Business Advice and Accounting



Chris Kirkwood
Partner

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WOTSO LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of WOTSO Limited and Controlled Entities ("the Group"), which comprises the balance sheet as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matters that makes us believe that the accompanying half-year financial report of the WOTSO Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the Independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors at the time of this auditor's report.

Directors' Responsibility for the Half-Year Financial Report

The Directors of WOTSO Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Business advice
and accounting**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WOTSO LIMITED***Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Dated at Sydney on the 8th of February 2023



ESV Business Advice and Accounting



Chris Kirkwood
Partner

Planloc Limited

INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2022

PLANLOC Limited – Financial Statements

Director's Report

The Directors present their report, together with the financial statements of Planloc Limited (referred to hereafter as the 'Company') for the half-year ended 31 December 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, which was independently valued in June 2022 at \$26.25 million, is fully occupied. The tenancies include Barbeques Galore, Boating Camping Fishing, Rashay's Restaurant, Tru Ninja, Factory Plus, Only About Children and City Cave.

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.

COVID and its impact

Even though Coronavirus (COVID) directly impacted the rent received from tenants and indirectly impacted the property valuations in previous reporting periods, there has been no impact in the current reporting period.

Statement of Profit or Loss and Other Comprehensive Income for the Half-Year ended 31 December 2022

		Dec 2022 \$'000	Dec 2021 \$'000
Note			
Revenue			
	Property rental income	1,014	694
	Finance income	36	19
3	Unrealised gains	1,197	1,429
	Total Revenue	2,247	2,142
Expenses			
	Property outgoings	(403)	(185)
4	Business operating expenses	(125)	(98)
9	Depreciation expense	(72)	(1,012)
	Net finance costs	(324)	36
	Total Expenses	(924)	(1,259)
	Profit before income tax	1,323	883
	Income tax expense	(397)	(265)
	Profit for the period	926	618
	Other comprehensive income	-	-
	Total Comprehensive Income	926	618

PLANLOC Limited – Financial Statements

Balance Sheet as at 31 December 2022

	Note	Dec 2022 \$'000	Jun 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents		33	28
Loan portfolio	5	196	200
Deferred rent receivable	6	26	26
Trade and other receivables	7	42	-
Total current assets		297	254
Non-current assets			
Deferred rent receivable	6	66	78
Loan portfolio	5	1,523	1,618
Financial assets	8	8,658	7,461
Investment property	9	26,291	26,250
Total non-current assets		36,538	35,407
Total Assets		36,835	35,661
Liabilities			
Current liabilities			
Trade and other payables	10	135	104
Borrowings	11	-	10,000
Total current liabilities		135	10,104
Non-current liabilities			
Borrowings	11	26,680	16,860
Deferred tax liabilities		5,093	4,696
Total non-current liabilities		31,773	21,556
Total Liabilities		31,908	31,660
Net Assets		4,927	4,001
Share capital	12	-	-
Retained earnings		4,927	4,001
Total Equity		4,927	4,001

Statement of Cash Flows for the period ended 31 December 2022

	Notes	Dec 2022 \$'000	Dec 2021 \$'000
Cash Flows from Operating Activities			
Receipt from property tenants		1,012	757
Payments to suppliers		(553)	(479)
Interest received		36	36
Interest paid		(324)	-
Net Cash Flows from Operating Activities		171	314
Cash Flows from Investing Activities			
Loans advanced		-	(1,965)
Repayment of loan portfolio		99	49
Payments of capital expenditure	9	(85)	-
Net Cash Flows from (Used in) Investing Activities		14	(1,916)
Cash Flows from Financing Activities			
Proceeds of borrowings		3,000	1,698
Repayment of borrowings		(3,180)	-
Net Cash Flows (Used in) from Financing Activities		(180)	1,698
Net Increase in Cash and Cash Equivalents		5	96
Cash and cash equivalents, at beginning of the period		28	51
Cash and Cash Equivalents, at End of the Period		33	147

PLANLOC Limited – Financial Statements

Reconciliation of Operating Cash Flows

	Dec 2022 \$'000	Dec 2021 \$'000
Profit for the Period	926	618
Non-cash Flows in Profit:		
Straight-line rental income	(28)	(30)
Unrealised gain on revaluation of WRV	(1,197)	(447)
Unrealised gain on revaluation of Property	-	(982)
Depreciation	72	1,012
Deferred tax liabilities	397	265
Changes in Operating Assets and Liabilities:		
Increase in trade and other receivables	(30)	(9)
Increase / (decrease) in trade and other payables	31	(113)
Net Cash Inflow from Operating Activities	171	314

Statement of Changes in Equity for the Half-Year ended 31 December 2022

	No. of Shares on Issue	Ordinary Shares \$'000	Retained Earnings (Accumulated Losses) \$'000	Total \$'000
Balance at 1 July 2022	163,360,291	-	4,001	4,001
Profit for the period	-	-	926	926
Other comprehensive income	-	-	-	-
Total Profit and Other Comprehensive Income for the Period	-	-	4,927	4,927
Transactions with Owners in Their Capacity as Owners				
Buy-back of issued securities	(406)	-	-	-
Total Transactions with Owners in Their Capacity as Owners	(406)	-	-	-
Balance at 31 December 2022	163,359,885*	-	4,927	4,927
Balance at 1 July 2021	162,921,662	-	(2,046)	(2,046)
Profit for the period	-	-	618	618
Other comprehensive income	-	-	-	-
Total Profit and Other Comprehensive Income for the Period	-	-	618	618
Transactions with Owners in Their Capacity as Owners				
Issue of units	49,700	-	-	-
Total Transactions with Owners in Their Capacity as Owners	49,700	-	-	-
Balance at 31 December 2021	162,971,362	-	(1,428)	(1,428)

* Subsequent to 31 December 2022, 298,558 securities have been bought back by the Group.

PLANLOC Limited – Notes to the Financial Statements

1. COVID Impact

Even though COVID directly impacted the rent received from tenants and indirectly impacted the property valuations in previous reporting periods, there has been no impact in the current reporting period.

During the period, Planloc Limited (the “Company”) provided no rent waivers (Dec 2021: \$88,000) and no rent deferrals (2021: \$105,000) to property tenants.

2. Segment Reporting

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

3. Unrealised Gains

	Dec 2022 \$'000	Dec 2021 \$'000
Investment property in Penrith	-	982
Investment in WRV	1,197	447
	1,197	1,429

4. Business Operating Expenses

	Dec 2022 \$'000	Dec 2021 \$'000
Consultants fees	20	2
Administration expenses	105	96
	125	98

5. Loan Portfolio

	Dec 2022 \$'000	Jun 2022 \$'000	Current Security \$'000	Interest Rate	Details
Current – Vendor finance	196	200	3,500	4.0%	See below
Non-current – Vendor finance	1,523	1,618	3,500	4.0%	See below
	1,719	1,818	3,500		

In 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 an agreed interest rate of 4%. This loan is secured against the Toowoomba property through a registered first mortgage. The loan runs until 2031, when it will be fully repaid.

6. Deferred Rent Receivable

	Dec 2022 \$'000	Jun 2022 \$'000
Current - deferred rent receivable	26	26
Non-current - deferred rent receivable	66	78
	92	104

7. Trade and Other Receivables

	Dec 2022 \$'000	Jun 2022 \$'000
Other trade receivables	42	-
	42	-

8. 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.

PLANLOC Limited – Notes to the Financial Statements

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.

	Dec 2022 \$'000	Jun 2022 \$'000
Balance at the beginning of the period	7,461	4,329
Revaluation increase	1,197	3,132
	8,658	7,461

9. 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 million. The valuer adopted a market yield of 5.75% with net income of around \$1.5 million p.a. Tenants in this fully occupied property include Boating Camping Fishing (BCF), Barbeques Galore, Only About Children, Tru Ninja, and Rashay's Pizza Pasta Grill and City Cave.

A reconciliation of the property values are as follows:

	\$'000
Balance at 1 July 2022	26,250
Capital improvements	85
Depreciation	(72)
Movement in straight-line receivable	28
Balance at 31 December 2022	26,291
Balance at 1 July 2021	21,500
Capital improvements	66
Depreciation	(142)
Movements in straight-line	21
Revaluations	4,805
Balance at 30 June 2022	26,250

10. Trade and Other Payables

	Dec 2022 \$'000	Jun 2022 \$'000
Trade and other payables	74	44
Rental income in advance	30	29
Tenant deposits	31	31
Total Trade and Other Payables	135	104

11. Borrowings

	Dec 2022 \$'000	Jun 2022 \$'000
CBA	-	10,000
Total current borrowings	-	10,000
BWR	16,680	16,860
CBA	13,000	-
Total non-current borrowings	26,680	16,860
Total Borrowings	26,680	26,860

The loan from CBA, which was renewed and increased by \$3 million in August 2022 for a loan term to August 2024, is secured against the Company's Penrith property. The current margin of the facility is 2.20% 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.

12. Share Capital

	Dec 2022 Shares	Jun 2022 Shares	Dec 2022 \$'000	Jun 2022 \$'000
At the beginning of the period	163,360,291	162,921,662	-	-
Buy-back of issued securities	(406)	-	-	-
Issue of new securities	-	438,629	-	-
At the end of the period	163,359,885	163,360,291	-	-

PLANLOC Limited – Notes to the Financial Statements

13. Subsequent Events

To the best knowledge of the Directors, there have been no matters or circumstances that have arisen since the end of the period 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.

14. Financial Instruments

Fair Value Measurements

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 31 December 2022				
Loan portfolio	-	-	1,719	1,719
Investment properties	-	-	26,291	26,291
Financial assets	-	-	8,658	8,658
At 30 June 2022				
Loan portfolio	-	-	1,818	1,818
Investment properties	-	-	26,250	26,250
Financial assets	-	-	7,461	7,461

(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.

The carrying amounts of the loan portfolio approximate the fair values as they are short term receivables.

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 period.

Significant unobservable inputs associated with the valuation of investment property 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%	(1,250)	1,250
Net market rent	5%	1,615	(1,616)

(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 period ended 31 December 2022:

	Financial Asset \$'000	Loan Portfolio \$'000	Investment Property \$'000	Total \$'000
At 31 December 2022				
Balance, at beginning of the period	7,461	1,818	26,250	35,529
Capital Improvements	-	-	85	85
Depreciation	-	-	(72)	(72)
Movements in straight-line	-	-	28	28
Loan to industrial Avenue (repayment)	-	(99)	-	(99)
Fair value movement	1,197	-	-	1,197
Balance, at 31 December 2022	8,658	1,719	26,291	36,668

15. 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.

PLANLOC Limited – Notes to the Financial Statements

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 8 - 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 9. 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 plus any subsequent capital expenditure incurred.

16. 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 general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022. The principal accounting policies adopted are consistent with those of the previous financial year ended 30 June 2022 and corresponding interim report period, unless otherwise stated.

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.

Presentation of Financial Statements

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

Comparative Figures

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.

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.

PLANLOC Limited – Notes to the Financial Statements

Director's Report (Continued)

Information on Officeholders

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

Joseph (Seph) Glew Non-Executive Director and Chairman
Timothy Brown Executive Director and Joint Managing Director
Jessica Glew Executive Director and Joint Managing Director
Richard Hill Non-Executive Director
Robin Tedder Non-Executive Director
Alex Whitelum Company Secretary

Auditor and Non-audit Services

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.

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.

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 period, there have been no other matters or circumstances, except for those disclosed in Note 13 – 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 periods.

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 February 2023



Jessie Glew
Director
Sydney, 8 February 2023

PLANLOC Limited – Notes to the Financial Statements

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 Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 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 February 2023



Jessie Glew
Director
Sydney, 8 February 2023

Auditor's Independence Declaration and Report

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF PLANLOC LIMITED

In accordance with the requirements of section 307C of the Corporations Act, as auditor for the review of Planloc Limited for the half year ended 31 December 2022, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Dated at Sydney the 7th of February 2023



ESV Business Advice and Accounting



Chris Kirkwood
Partner

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PLANLOC LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Planloc Limited ("the Company"), which comprises the balance sheet as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matters that makes us believe that the accompanying half-year financial report of Planloc Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the Independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors at the time of this auditor's report.

Directors' Responsibility for the Half-Year Financial Report

The Directors of Planloc Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PLANLOC LIMITED

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Dated at Sydney on the 8th of February 2023



ESV Business Advice and Accounting



Chris Kirkwood
Partner



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)

Address

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Website

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Registry

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