

23 October 2023

ASX Announcement

REPLACEMENT INDEPENDENT EXPERT'S REPORT

WOTSO Property refers to the independent expert's report prepared by Moore dated 18 August 2023 attached to the Notice of Meeting lodged with the ASX on 12 September 2023 (**Original IER**).

A replacement independent expert's report in response to feedback from ASIC has been received from Moore (**Replacement IER**). A copy of the Replacement IER is attached.

There is no change in the independent expert's opinion that the advantages outweigh the disadvantages of the proposed transaction the subject of the Original IER and Replacement IER.

A copy of the Replacement IER will be dispatched to securityholders.

For further information please contact:

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*Authorised for lodgement by
Agata Ryan, Company Secretary*

WOTSO PROPERTY (ASX:WOT)

A stapled security comprising:

WOTSO Limited (ACN 636 701 267)

BlackWall Fund Services Limited (ACN 079 608 825) as
responsible entity for BlackWall Property Trust (ARSN 109
684 773)

Planloc Limited (ACN 062 367 560)

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WOTSO PROPERTY (WOTSO LIMITED)

Replacement Independent Expert's Report and
Financial Service Guide for distribution to
Securityholders.

Proposed acquisition of securities requiring
Securityholder approval under s.611(7) of the
Corporations Act 2001.

17 OCTOBER 2023

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17 October 2023

The Directors
WOTSO Property (WOTSO Limited)
50 Yeo Street,
Neutral Bay, NSW, 2089

Dear Directors

REPLACEMENT INDEPENDENT EXPERT'S REPORT FOR SECURITYHOLDERS PROPOSED ACQUISITION OF SECURITIES REQUIRING SECURITYHOLDER APPROVAL

1. We refer to our engagement letter dated 26 July 2023 and are pleased to submit our Replacement Independent Expert opinion on the above Proposal. This report includes changes to our report issued on 18 August 2023 to:
 - Remove the statement that Directors are justified in recommending Securityholders vote Yes to the Proposal, as this statement was not included in the final Notice of Meeting.
 - In the tables of merits (Sections 1.5 and 8.2) to reclassify certain items from being under the heading of "advantages" to be under a new heading of "Other considerations including a lack of disadvantages" and add some further details.
 - Provide further details on our assessment of the exchange ratio in paragraph 109.

Our overall opinion of the Proposal that the advantages outweigh the disadvantages has NOT changed from the earlier report.

2. This summary should be read with the body of our Report, which sets out our scope of work, reasoning, and findings. It should also be read with the Notice of Meeting (**NoM**) provided to Securityholders.

1.1. Introduction

Background

3. WOTSO Property (**WOT**) is a listed Australian stapled group comprising two public companies, WOTSO Limited (**WOTSO**) and Planloc Limited (**Planloc**), and a diversified REIT, Blackwall Property Trust (**BWR**). Each WOT stapled security comprises one share in each of WOTSO and Planloc and one unit in BWR (**WOT Security**).
4. WOT is a provider and operator of flexible short-term workspaces. It has features of a REIT in that it owns many of its properties. Flexible workspaces are also provided from leased premises.
5. Net assets attributable to WOT equity holders was around \$258m at 31 Dec 22. Property assets have been independently valued in the last 12-18 months. Net assets attributable to equity holders appear well above the current implied market capitalisation of around \$195m.
6. Blackwall Limited (**BWF**) is a fund manager and company listed on the ASX. Pelorus Private Equity Limited (**Pelorus**) is an unlisted public investment company.

7. BWF holds a relevant interest of around 10% of WOT. Pelorus holds a relevant interest of around 20%¹ of WOT. BWF, Pelorus and WOT have directors and management in common.

Summary of the Proposal

8. The NoM sets out the proposed indirect acquisition of WOT Securities by BWF.
9. In summary, BWF will acquire up to 100% of the equity of Pelorus by issuing 1 BWF share for 3 Pelorus shares, (**Pelorus Acquisition**). This transaction is the subject of BWF Securityholder approval.
10. If the Pelorus Acquisition proceeds, then BWF will hold a relevant interest of around 30% of WOT.
11. You have received legal advice that Securityholder approval and our Report is required under s.611(7) of the Corporations Act (Act).
12. We understand that BWF, Pelorus and SAO (including its representative board members or associates) are persons excluded from voting on the Proposal for the purposes of **Act**.
13. We consider the ordinary security holders other than BWF, Pelorus or SAO or their associates as the non-associated security holders (**Securityholders**).
14. The acquisition of Relevant Interests in WOT Securities as a result of BWF acquiring all the shares in Pelorus as described above is the **Proposal** for the purposes of our analysis.

1.2. Purpose of this Report

15. As set out in the NoM, WOT have received advice that our Report is required for the purposes of Securityholder approval of the Proposal for under s.611(7) of the Act.
16. Therefore, the Directors have engaged Moore to prepare this Independent Experts Report. The scope of our Report is to assess whether the Proposal's advantages outweigh the disadvantages for Securityholders.

1.3. Basis of evaluation

17. The Proposal represents the indirect, "downstream" acquisition of a relevant interest in WOT Securities, through BWF's acquisition of Pelorus, as opposed to an issue of new securities by WOT or the direct acquisition of WOT Securities by BWF. We have followed ASIC regulatory guidance for this situation and assessed the merits of the Proposal to Securityholders from the viewpoint of:
- Whether Pelorus is receiving a premium for control for its interest in WOT. This is called our control premium assessment.
 - Whether Securityholders are foregoing the opportunity for sharing in any control premium.
 - Whether Securityholders are foregoing the opportunity of receiving a takeover bid.
 - Whether the Proposal may deter the making of a takeover bid.
 - Whether any other transactions are contemplated with the Pelorus.
 - Any other advantages and disadvantages of the Proposal.

¹ Comprised of a direct interest in ~10% and an indirect interest in a further ~10% which is held by Pelorus' wholly owned subsidiary, SAO Investments Pty Ltd (**SAO**)

1.4. Summary of control premium assessment

18. The table below sets out the BWF's relative offer price for the WOT Securities investment it owns compared to the value of the WOT Securities investment Pelorus owns at the 1:3 exchange ratio in the Pelorus Acquisition. The difference is to see if the Pelorus is receiving a premium for control.

Table 1

Summary	Low		Low		High		High	
\$ whole	BWF		Pelorus		BWF		Pelorus	
Value of WOT investment per BWF equivalent share	\$	0.29	\$	0.35	\$	0.38	\$	0.46
Difference - premium / (no premium)			-\$	0.06			-\$	0.08
Quantitative evaluation			No Premium				No Premium	

19. We have made the above assessment by only considering the value of the WOT Securities investment held by both BWF and Pelorus, as that is the focus of the decision for WOT Securityholders.
20. On this basis, we estimate that in BWF share equivalent terms, they are paying 6 cents (**Low**) to 8 cents (**High**) less for the interest in WOT Securities held by Pelorus.
21. The ranges shown reflect:
- **Low** – the value for the WOT Securities investments in BWF and Pelorus's, based upon the WOT ASX Security price of \$1.14 per Security on 30 June 2023. We understand that this is how the offer price was determined by BWF and Pelorus and is the current carrying value of the WOT investment in their respective records.
 - **High** – given we think the WOT Security price may not represent a liquid and active market price; we have assumed an upside value based upon the reported net asset value of WOT attributable to equity holders. This in turn assumes properties are at recent market valuations and an amount for historical goodwill.
22. In either case, no control premium is indicated. Put another way, we calculate that BWF are issuing 22.7m fewer BWF shares than what would be required to achieve parity (or an exchange ratio of 1 BWF share to 2.5 Pelorus shares) in value for the WOT investments in both companies. This ratio and number of BWF shares stays the same at any value adopted for the WOT Securities.
23. Therefore, we highlight that because of the circumstances of both BWF and Pelorus owning WOT Securities and the form of the Pelorus Acquisition, an absolute opinion of value of WOT is not required for our assessment. Rather we only need to consider the relative exchange value. Therefore, we do not form an overall opinion of the value of WOT and our reporting should not be taken to do so.

Control opinion

24. At either range we do not think Pelorus is receiving a premium for control for their interest in the WOT Securities.

1.5. Summary of merits assessment

25. We summarise the merits of the Proposal:

Advantages of the Proposal

- Directors advise that an increased holding by BWF will further the strategic alignment of interests. BWF already are the manager of WOT's assets. We think it is reasonable to expect that BWF has a greater incentive to perform well as manager, which would likely benefit WOT Securityholders overall.

Disadvantages of the Proposal

- BWF's offer was made to Pelorus and not to other Securityholders as a takeover bid for WOT Securities. However, WOT holdings are practically unchanged pre or post Proposal, with the same underlying persons controlling the 10.0% to 29.9% significant holdings and other Securityholders holdings remaining unchanged. Therefore in our view there is no substantive change because of the Proposal in the liquidity in the Securities of WOT for Securityholders who may still be able to sell their Securities independently.
- BWF will be overwhelmingly the largest Securityholder of WOT at around 30% and remain in control of the board and Securityholder decisions. However the situation of board control and practical Securityholder control remains identical whether the Proposal proceeds or not.

Other considerations (including a lack of disadvantages)

- At all valuation ranges for WOT, we think no control premium is being paid by BWF to Pelorus for the interests in WOT and Securityholders are not missing out on a control premium. Therefore the magnitude of advantages required to conclude that advantages outweigh disadvantages, is lower.
- Directors confirm that there are no material transactions contemplated with Pelorus Shareholders such that there is no indication of any compensation to them for the sale price being too low.
- Securityholders interest and WOT Board positions remains identical Pre and Post Proposal which is an unchanged circumstance. As such, we do not think there is any relative increased deterrence to a future control transactions. This lack of a disadvantage (no relative increase in deterrence) in our view is due to:
 - No change in underlying control. Any acquirer could still offer to buy 10.4% or 19.5% from essentially the same ultimate controllers of BWF or Pelorus pre or post Proposal.
 - A potential acquirer may find dealing with a single 29.9% stakeholder simpler if they want to achieve more than 30.0% control.
 - Or an acquirer could offer to buy from the non-associated Securityholders on the same basis as before or after the Proposal.

1.6. Summary of Opinion

26. On the balance of the above matters considered, we think that the advantages outweigh the disadvantages of the Proposal to Securityholders.

1.7. Summary of disclosures and limitations

27. Our opinion is subject to the limitations and disclaimers set out in the body of this Report.

Changes in market conditions

28. Our analysis and conclusions are based on market conditions existing at the date of this Report. We have assumed a valuation date of 30 June 2023. A limitation of our conclusion is that market conditions may change between the date of this Report and when the various aspects of the Proposal are concluded.

Individual Securityholder circumstances

29. Acceptance or rejection of the Proposal is a matter for individual Securityholders based upon their own views of value, risk, and portfolio strategy. Securityholders who are in doubt as to the action that they should take in relation to the Proposal should consult their professional advisor.

Financial Services Guide

30. Our Financial Services Guide is attached in **Appendix 4**. This includes the contact details of whom to address any concerns with this Report.

We thank you for the opportunity to assist you in this important matter.

Yours faithfully

Moore Australia (VIC) Pty Ltd

Holder of Australian Financial Services License No.247362



Colin Prasad
Director – Corporate Finance
CAANZ Business Valuation Specialist

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GLOSSARY

Term	Meaning
ACT	Corporations Act 2001.
APES	Accounting Professional and Ethical Standard.
ASIC	Australian Securities and Investments Commission.
ASX (GN)	Australian Stock Exchange. (Guidance Note).
BWF	Blackwall Limited is a fund manager and company listed on the ASX.
CFME / CFMR	Capitalised future maintainable earnings / revenue.
DCF	Discounted cash flow.
Directors	Directors of WOT.
FMV	Fair Market Value.
FY	Financial years ending 30 June.
MAV	Moore Australia (Vic) Pty Ltd – the authors of this Report.
NoM	Notice of Meeting including explanatory memorandum.
Pelorus	Pelorus Private Equity Limited is an unlisted public investment company.
Pelorus Acquisition	The offer by BWF to acquire 100% of Pelorus shares by offering 1 BWF share for each 3 Pelorus shares.

Term	Meaning
Proposal	The indirect acquisition of WOT Securities by BWF from Pelorus.
QMP	Quoted market price.
REIT	Real Estate Investment Trust.
RG	ASIC Regulatory Guide.
SAO	SAO Investments Pty Ltd, a subsidiary of Pelorus.
Securities	Each WOT stapled security comprises one share in each of WOTSO and Planloc and one unit in BWR attributable to equity holders. See WOT definition below.
Securityholders	The non-associated Securityholders of WOT, being ordinary Securityholders other than BWF, Pelorus, SAO or associates.
TEV	Total Enterprise Value.
VWAP	Volume weighted average price.
WOT	WOTSO Property is a listed Australian stapled group comprising two public companies, WOTSO Limited (WOTSO) and Planloc Limited (Planloc), and a diversified REIT, Blackwall Property Trust (BWR).

2.0 THE PROPOSAL

2.1. Securities acquisition

31. The NoM sets out the proposed indirect acquisition of WOT Securities by BWF.
32. Under the Pelorus Acquisition, BWF will acquire up to 100% of the equity of Pelorus by issuing 1 BWF share for 3 Pelorus shares. This transaction is the subject of BWF shareholder approval.
33. If the Pelorus Acquisition proceeds, then BWF will end up with a relevant interest of around 30% in WOT.

2.2. Securityholders resolution in the NoM

34. The NoM sets out the resolutions (**Resolution**) relevant to this Report which we summarise:
 - **Resolution 1: “Acquisition of Relevant Interests in WOTSO Stapled Securities”** – That Securityholders approve BWF acquiring a relevant interest of up to 48.6m Securities in WOT on completion of the proposal to acquire all of the issued shares in Pelorus.
35. We understand that BWF, Pelorus and SAO (including its representative board members and associates) are persons excluded from voting on the Proposal for the purposes of the s.611(7) of the Corporations Act 2001 (Cth.) (**Act**).
36. We consider the ordinary Securityholders other than BWF, Pelorus or SAO or their associates as the non-associated Securityholders (**Securityholders**).
37. We consider the acquisition of Relevant Interests in WOT Securities as a result of BWF acquiring all the shares in Pelorus as described above and the subject of Resolution 1 as the Proposal for the purposes of our analysis.

3.0 SCOPE OF THIS REPORT

3.1. Purpose

38. As set out in the NoM, WOT have received advice that our Report is required for the purposes of Securityholder approval of the Proposal for under s.611(7) of the Act.
39. Therefore, the Directors have engaged Moore to prepare this Independent Experts Report. The scope of the Report is to assess whether the Proposal's advantages outweigh the disadvantages for Securityholders.

3.2. Basis of evaluation

40. The Proposal represents the indirect, "downstream" acquisition of a relevant interest in WOT Securities, through BWF's acquisition of Pelorus, as opposed to an issue of new securities by WOT or the direct acquisition of WOT Securities by BWF. We have followed ASIC regulatory guidance for this situation and assessed the merits of the Proposal to Securityholders from the viewpoint of:
- Whether Pelorus² is receiving a premium for control for its interest in WOT. The lower the level of any premium of control paid, the lower the disadvantage for Securityholders. We have made this assessment by comparing the Offer price to our fair value assessment of WOT Securities per BWF equivalent share. This is called our control premium assessment.
 - Whether Securityholders are foregoing the opportunity for sharing in any control premium.
 - Whether Securityholders are foregoing the opportunity of receiving a takeover bid.
 - Whether the Proposal may deter the making of a takeover bid.
 - Whether any other transactions are contemplated with the Pelorus.
 - Any other advantages and disadvantages of the Proposal.
41. In assessing whether a control premium is paid or not we have valued the Securities of WOT assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. This is a standard of fair value.
42. We have also assumed premise of value as a going concern.
- Guidance*
43. Resolution 1 refers to approval being sought for the sale under s611(7) of the Act.
44. We have considered RG111.41 through RG 111.46 on the approval of a sale of securities under the above section of the Act.
45. The recommended form of analysis is consistent with our basis described above.

3.3. Limitations

46. We have only considered the effects of the Proposal.
47. We highlight that because of the circumstances of both BWF and Pelorus owning WOT Securities and the form of the Pelorus Acquisition, an absolute opinion of value of WOT is not required for our

² The ASIC guidance refers to the "vendor", however as noted this is an indirect acquisition of a relevant interest in WOT, and not a direct sale of WOT Securities to BWF. For the purposes of our analysis, we have regarded Pelorus as if it is the "vendor" in applying ASIC's guidance.

assessment. Rather we only need to consider the relative exchange value. Therefore, we do not form an overall opinion of the value of WOT and our reporting should not be taken to do so.

48. We are not aware of any other significant limitations on scope. Had our work not been limited in scope, then our opinion could differ, perhaps materially.

3.4. Other terms of reference

49. We have conducted our Services according to the guidelines contained in APES 110 *"Code of Ethics for Professional Accountants"* and the principals of APES 225 *"Valuation Services"*.
50. We confirm MAV are the holder of AFSL licence 247 262, which authorises us to provide reports and advice in respect of securities. A copy of our Financial Services Guide is included in **Appendix 4**.
51. Regulatory guidance from ASIC includes:
- RG 112 "Independence of Experts March 2011". We confirm our qualifications and independence in **Appendix 3**.
 - RG 111 "Content of Experts Reports – October 2020". Relevant guidance is given on the basis of evaluation including the standard of fair market value on a control basis and the use of prospective financial information only where there is a 'reasonable' (and not hypothetical – per RG 170) basis to do so.
 - RG 170 "Prospective Financial Information – April 2011" – factors that indicate 'reasonable grounds' for prospective financial information.
 - RG 74 "Acquisitions approved by members – December 2011".

4.0 PROFILE

4.1. Background³

52. WOT is an Australian stapled group whose Securities are listed on the ASX. WOT is a provider and operator of flexible short-term workspaces. It has features of a REIT in that it owns many of its properties. Flexible workspaces are also provided from leased premises. Longer term rentals are also provided.
53. According to the 31 Dec 2022 Half year financial statements and Directors Report:
- The overall strategy of the business is to acquire and re-purpose distressed property assets in suburbs or regions of Australia and New Zealand. The aim is to produce higher returns than traditional leasing.
 - The property portfolio was made up of 16 owned properties, 13 of which house a “WOTSO Flexspace” as well as 9 other WOTSO Flexspaces that are leased from third parties. This is 100,000 sqm of net lettable area across owned and leased properties including WOTSO Flexspace of just over 40,000 sqm.
 - Properties are mainly located in Greater Sydney and Southeast Queensland. There are also properties in Perth, Adelaide, Hobart, Canberra and Auckland. No sites have been established yet in Melbourne.
 - WOTSO's Flexspace business had more than 5,000 members for 6,448 desks.
 - Occupancy across owned property portfolio was 96% and across WOTSO Flexspaces was around 80%.
 - Flexible spaces are offered not just for office workers, but also other sectors including medical/health and kitchens.

4.2. Capital structure and Securityholders

54. The table below sets out Securityholders in WOT as of 27 July 2023 and the expected position if the Proposal proceeds:

Table 2 WOT Securityholders

Top 10 Securityholders		Pre Proposal	%	Post Proposal	%
1	Jagar Holdings Pty Ltd	19,550,000	12.0%	19,550,000	12.0%
2	Blackwall Fund Services Limited	16,900,000	10.4%	48,625,000	29.9%
3	Pelorus Private Equity Limited (incl. SAO Investments)	31,725,000	19.5%	-	0.0%
4	Hollia Pty Limited	13,814,865	8.5%	13,814,865	8.5%
5	Vintage Capital Pty Ltd	11,576,011	7.1%	11,576,011	7.1%
6	Seno Management Pty Ltd <Taipa Trust>	5,600,000	3.4%	5,600,000	3.4%
7	Alerik Pty Limited	4,050,000	2.5%	4,050,000	2.5%
8	Mr Archibald Geoffrey Loudon	3,959,803	2.4%	3,959,803	2.4%

³ Source: Directors / management, previous announcements.

Top 10 Securityholders		Pre Proposal	%	Post Proposal	%
9	Mr Richard Hill & Mrs Evelyn Hill	3,603,720	2.2%	3,603,720	2.2%
10	PRSC Pty Ltd	3,100,000	1.9%	3,100,000	1.9%
Total top 10		113,879,399	69.9%	113,879,399	69.9%
All other Securityholders		48,950,705	30.1%	48,950,705	30.1%
Total Securities		162,830,104	100.0%	162,830,104	100.0%
All Securityholders other than BWF & Pelorus			70.1%		70.1%

Source: WOT and MAV analysis

55. There are 162.8m Securities on issue. All Securities carry equal voting rights with one fully paid Security entitled to one vote at a meeting of the Securityholders. There is a total of 2,133 of ordinary Securityholders of WOT, meaning outside of the top 10, other Security holdings average around 23k each. At the current Security price of around \$1.20, this is greater than the minimum marketable parcel of \$500.
56. We observe that the capital structure of WOT is concentrated both Pre and Post Proposal. The top 10 Securityholders comprise 70% of total Securities. Outside the top 10, no Securityholder individually has more than 2%. BWF will increase their interest from around 10% to 30% Post Proposal and therefore become the largest Securityholder. However, due to common directors and management between BWF, Pelorus (and WOT), there is unlikely to be any practical change in control.
57. We highlight that (non-associated) Securityholders interests remain at 30% Pre and Post Proposal.

4.3. Financial Performance of WOT

58. The historical financial information in this Section was extracted from the audit reviewed financial reports for the half year ending 31 December **H1FY22 and H1FY23** as well as the unaudited actuals for the year ending 30 June 2023 (**FY23**).
59. The Auditor, ESV Business Advice and Accounting Sydney issued an unmodified review opinion dated 8 February 2023 on the H1FY23 financial report.
60. We set out below the recent historic financial performance for WOT as:

Table 3: Profit and Loss.

\$ '000s		H1FY22	H1FY23	FY23
		6 months	6 months	12 months
WOT consolidated	Note	Audit extract	Audit extract	Unaudited
Flexispace income	a	7,136	12,489	ns
Property income	a	10,680	11,175	ns
Other income		367	6	ns
Total Revenue	a	18,183	23,670	48,523
Property outgoings		(3,233)	(5,178)	ns
WOTSO operating costs		(2,379)	(4,359)	ns
ROU asset depreciation		(2,431)	(2,571)	ns
Other expenses		96	(89)	ns
Total Direct costs	b	(7,947)	(12,197)	(25,442)
Net Rental income		10,236	11,473	23,081
Administration expenses	c	(3,294)	(4,162)	ns

\$ '000s		H1FY22 6 months	H1FY23 6 months	FY23 12 months
WOT consolidated	Note	Audit extract	Audit extract	Unaudited
Trading profit		6,942	7,311	14,967
Net gain on assets	d	7,139	6,983	ns
Operating profit		14,081	14,294	ns
Depreciation and amortisation	e	(8,640)	(3,630)	ns
Net finance costs	e	(1,666)	(3,405)	ns
Other		24		ns
Income tax expense		(265)	(396)	ns
FX gains / loss			267	ns
Total Profit & other comprehensive income		3,534	7,130	ns
Attributable to members of Group		3,460	6,902	
Key Performance Indicators				
Total revenue growth YoY		na	30.2%	33.4%
Total direct costs / revenue		-43.7%	-51.5%	ns
Trading profit / revenue		38.2%	30.9%	ns!
Operating cash flows		11,699	10,322	

Source: Financial Reports and MAV analysis. Classifications may differ from the financial reports. Ns means not stated.

61. Table notes are as follows:

- Revenue has grown on 30% on a half year period on period basis in H1FY23 with no COVID interruptions or rent waivers as occurred in the previous period. The majority of growth was in the Flexispace short term leasing business. Full year FY23 is on track to show a slightly improved 2nd half of the year.
- Direct property costs include property outgoings, operating costs and ROU Asset depreciation in lieu of rent on leased properties. It does not include a charge for owned properties at the consolidated level.
- Administration expenses are management fees payable to BWF, compliance costs and other overheads. Fees are paid based upon a % of gross assets and revenue.
- Gain on assets is recorded based upon valuation of the property portfolio as well as minor gains on a hedge asset.
- Depreciation includes both for WOTSO Flexspace fit-out and owned properties. H1FY22 included an unusually large instant asset write off amount (for tax purposes), reversed in H2FY22. Finance costs are both interest on borrowings and on lease liabilities. This has increased with interest rate rises.

62. In our view the historical financial performance of WOT reflects a combination of trading operations and traditional property leasing. That trading profit, operating cash flows and total profit are positive suggests a potentially attractive business, subject to returns to capital providers. FY23 trading revenues and results exhibit stability.

4.5. Financial Position of WOT

63. We set out below a summary of the financial position for WOT as at, 30 June 2022 and 31 December 2022 extracted from the audited / reviewed financial reports noted above. We also show how we classify items used in our later calculations.

Table 4: Statement of Financial Position

\$ '000s		30-Jun-22	31-Dec-22	
WOT consolidated	Notes	Audit extract	Audit extract	Classification
ASSETS				
Current assets				
Cash and cash equivalents	a	2,514	7,556	Surplus
Trade and other receivables		1,213	912	Working Capital
Loan portfolio		3,904	1,692	Other
Rental deposits		4,126	101	Working Capital
Total current assets		11,757	10,261	
Non-current assets				
Investments in property portfolio	b	385,200	403,481	P&E
Contract to purchase Takapuna Property		9,500	-	P&E
Plant & equipment		12,854	12,002	P&E
Loan portfolio		1,618	1,523	Other
WOTSO software development asset		840	877	P&E
Investment in associate		-	54	Other
Right of use assets	c	33,605	33,692	P&E
Goodwill	d	26,150	26,150	Other
Other		3,498	3,797	Other
Total non-current assets		473,265	481,576	
TOTAL ASSETS		485,022	491,837	
LIABILITIES				
Trade and other payables		(7,505)	(4,711)	Working Capital
Property settlement for Takapuna		(8,509)	-	Debt
Provisions		(295)	(364)	Working Capital
Borrowings		(10,000)	-	Debt
Lease liabilities		(4,786)	(5,129)	Debt
Total current liabilities		(31,095)	(10,204)	
Non-current liabilities				
Borrowings	e	(117,000)	(146,015)	Debt
Lease liabilities	c	(32,957)	(32,594)	Debt
Deferred tax liabilities		(4,696)	(5,092)	Other
Other		(2,408)	(2,719)	Other
Total non-current liabilities		(157,061)	(186,420)	
TOTAL LIABILITIES		(188,156)	(196,624)	
NET ASSETS		296,866	295,213	
NET ASSETS attributable to equity holders		255,572	257,572	

\$ '000s		30-Jun-22	31-Dec-22	
WOT consolidated	Notes	Audit extract	Audit extract	Classification
Market capitalisation (Aug 2023)		NS	195,396	
Recorded net asset to equity holders value / Market capitalisation			132%	Uplift of 32%
Net operating assets (NWC+P&E)		439,538	445,990	
Net Debt		(170,738)	(176,182)	
Net operating assets less net debt		268,800	269,808	

Source: Financial Reports and MAV analysis. Classifications may differ from the Financial Reports.

64. Table notes are:

- We regard the whole of the 31 December 2022 cash balance as surplus to net against borrowings.
- Investments in property are based upon valuations detailed in the H1FY22 financial report. Those valuations were undertaken mostly in June or December 2022 by independent valuers with capitalisation rates ranging from 3.5% to 8.25%, (average 6.1%).
- Right of use assets relates to AASB16 lease accounting for leased properties. It is largely offset by the related lease liabilities and therefore has minimal impact on net assets.
- Goodwill is a historical amount that arose on formation of the group when WOTSO Limited was stapled to BlackWall Property Trust in February 2021. It may no longer represent current value, noting that there were no circumstances indicating impairment at 31 Dec 2022.
- Borrowings are various debt facilities from major banks secured against WOT property assets. All facilities are priced with margin above the bank bill swap rate. Margins at 31 Dec 2022 ranged from 1.9% to 3.0%. The current 3-month BBSW rate is 4.19%⁴ Loan to value ratio covenants range from 50% to 65% with debt levels currently in compliance within those ranges.

65. WOT exhibits high amounts of positive net assets at \$295.2m as a function of its property valuations and debt levels. Also included in \$26.2m of goodwill.

66. Net operating assets (NWC and PP&E), net of borrowings is \$269.8m with the difference from net asset largely due to excluding goodwill.

67. The market capitalisation of WOT in early August 2023 is \$195.4m. This is substantially below both net assets and net operating assets. After deducting outside equity interests, the 31 Dec 2022 net assets attributable to equity holders of \$257.6m is 132% of the market capitalisation, (being an uplift of 32%). We use the potential uplift in value later in our calculations.

68. Directors advised that 30 June 2023 net assets have since declined to \$276.6m, and net assets attributable to equity holders is \$246.0m which we estimate is 126% of market capitalisation.

⁴ S&PCAPIQ 8 August 2023

4.6. Security trading performance of WOT

69. We set out below the recent Security trading performance of WOT from March 2021 to July 2023:

Chart 1 – Security price & volume



Source: S&PCapIQ

70. The chart shows a decline in the Security price from March 2023. Since July 2023 there has been some recovery in the price.
71. The implied market capitalisation of WOT at the current Security price of \$1.20⁵ cents is \$195.4m which is less than the recorded net asset values taken from Table 4.
72. We summarise recent Security trading in the following table:

Table 5 recent Security trading summary

Security trading summary	Last 20 days	Last 3 months	Last 6 months	Last 12 months
\$'whole Value	\$ 128,027	\$ 575,043	\$1,187,378	\$1,877,820
Number of Securities (whole)	109,655	515,290	989,415	1,510,957
VWAP \$ whole	\$1.168	\$1.116	\$1.200	\$1.243
Number of Securities % to total issued	0.07%	0.32%	0.61%	0.93%
Annualised % Securities traded in period	0.85%	1.27%	1.22%	0.93%

Source: S&PCapIQ and MAV analysis

73. The table shows that the number of Securities traded over the past year was less than 1% of the total Securities on issue, or \$1.9m vs a market capitalisation of \$195.4m. There has been a modest increase in Security turnover more recently. However, we think the above table indicates that there is not a strongly liquid and active market for Securities. We are unsurprised by this given how tightly held the Securities are amongst the top 10 Securityholders.
74. We generally consider there is an active and liquid market when there is more than 15% of security turnover in a year, refer **Appendix 5**.

⁵ 4 August 2023

5.0 INDUSTRY OVERVIEW

5.1. Overview

75. We think that WOT operates within the Real Estate Investment Trust (**REIT**) and Office Property industries.

76. IBISWorld also publish data on both industries⁶.

Table 6: IBISWorld Summary of industry performance.

Industry	Historical growth 5 years	2022 Industry Total Revenue	Profit margin	Outlook growth 5 years
Real Estate Investment Trusts in Australia	Revenue growth 0.3% Profit growth -1.8%	\$17.4 billion	45.6%	Revenue growth 3.6%
Office Property Operators in Australia	Revenue growth -12.7% Profit growth -14.8%	\$26.1 billion	42.6%	Revenue growth 2.6%

77. Industry key trends and participants:

Real Estate Investment Trusts

Key Trends

REITs offer investors diversified exposure to property, requiring less capital than direct ownership.

The industry has undergone some consolidation, with rising acquisition activity over the period.

The COVID-19 pandemic has constrained performance for some product segments.

Industry firms are forecast to face higher borrowing costs over the next five years.

Demand for commercial property is projected to rise over the period, supporting rent increases.

Industry participation will likely rise, although some consolidation is forecast over the period.

Real estate investment trusts have faced volatile operating conditions over the past five years.

Major participants:

Stockland
Scentre

Office Property Operators

Key Trends

The total number of non-manual employees is going up and demand for CBD office space remains strong.

Working from home measures constrained demand for office space.

Automation has enabled office property operators to reduce their labour reliance.

Climbing business confidence will restore firms' demand for office space.

The number of non-manual labour employees in Australia is on track to climb.

Changes to traditional office organisation and use may limit demand for office space.

Volatile business confidence after the COVID-19 pandemic has dulled demand for offices.

Major participants:

None identified.

⁶ IBISWORLD INDUSTRY REPORT OD5551 Real Estate Investment Trusts in Australia– May 2022. INDUSTRY REPORT L6712A Office Property Operators in Australia – April 2023.

Goodman
Mirvac
Dexus
Charterhall

78. We acknowledge that much of the IBISWorld reporting relates to traditional REITS or long term leased office providers. This is not quite the same as WOT's focus is on flexible short term workspaces which carries with it 'hotel like' brand and customer management operations.
79. We are aware of the high profile difficulties as well as substantial losses in Australia faced by WeWork which announced a substantial doubt it can stay in business, despite signs of improvement in occupancy rates⁷.
80. Another wholly leased based co-working business, ASX listed Victory Offices failed. Although the "The Commons" Australian based co-working business has claimed profitable operations and increasing revenues⁸.
81. However, whilst the flexible co-working space business model is similar to WOT, its financial position is very different in that the above examples leased all of their properties. This means that they are nearly 100% leveraged with no upside in property asset values.

5.2. Industry remarks

82. Given the above, we observe that the macro conditions for REITS and flexible workspaces are likely positive but facing rising interest (or rental) costs.
83. Our valuation and assessment of the Proposal does not greatly depend on any further industry analysis.

⁷ AFR 9 August 2023: WeWork cites 'substantial doubt' that it can stay in business.

⁸ AFR 9 August 2023: As co-working spaces fail, this firm has 90pc occupancy (and will hit \$75m revenue).

6.0 VALUATION METHODOLOGIES

6.1. Available methodologies

84. The following summarises the various methodologies we have considered:
- **Market Based:** Business value or equity or an asset is determined by reference to comparable market buy/sell transactions or quoted market prices (**QMP**) if it is listed on an exchange or recent transactions.
 - **Income Based:** Value is determined by reference to capitalised future maintainable earnings or revenue (**CFME / CFMR**) or discounted cash flows (**DCF**) derived by the business or asset.
 - **Asset Based:** Value is determined by reference to the sale or realisable proceeds of individual assets or groups of assets in an entity.
85. We provide more details of the available valuation methodologies in **Appendix 2** of this Report.

6.2. Selected methodology

Market Based Value

86. WOT is publicly listed with a current Security price of \$1.20 and a market capitalisation of \$195.4m. For the reasons set out in Section 4.6, we think there may not be an active and liquid market for the Securities. Therefore, we think it may not be reliable to use a market-based value for WOT.
87. However, we observe that BWF and Pelorus adopted market values of their interests in WOT in their financial reports for 31 Dec 2022. In addition, we understand that the terms of the Pelorus Acquisition were agreed between BWF and Pelorus using the 30 June 2023 market value for WOT.
88. For this reason, we have adopted the market value of WOT in our analysis as the low range assessment.
89. We have considered other market evidence (if possible) in our other valuation techniques.

Income Based Value

90. WOT is both an operating business (WOTSO Flexspace) with positive revenue, EBITDA and cash flows as well as a REIT asset based business.
91. For the operating business, we think there may be 'goodwill' or other intangible assets associated with for example, its brand, membership base and customer management systems. The value of intangible assets is likely to be a function of its earnings or cash flows in excess of investment returns for owned properties.
92. Our preference is often for a DCF based approach where possible. Management provided an FY24 to FY28 forecast for the Flexi-space business only. The forecast assumptions assume:
- Income per current properties based on number of desks, desk rate and occupancy rates. This based largely on historical experience and projected forwards.
 - Actual rent expense for lease properties and a notional rent paid for owned properties, (eliminated on WOT group consolidation).
 - Internal management fees (eliminated on WOT group consolidation) and overheads.
 - Maintenance CAPEX.
 - Assumed growth rates.
93. Whilst we think the near term forecasts are plausible, any longer term projection may contain assumptions that are considered hypothetical in the context of RG 170. We do not mean this as a pejorative statement on the prospects of the business, but simply a reflection of the regulatory

guidance we are obliged to follow. As set out in Section 7, our control assessment does not depend on an accurate assessment of goodwill or intangibles.

Asset Based Value

94. WOT's recorded value of net assets is largely comprised of owned properties less debt. The properties have been recorded at recent market (independent) values. Therefore, we think a net assets approach is appropriate.
95. For the above reasons, we adopted an adjusted net asset based method at the high range.

7.0 CONTROL PREMIUM VALUE

7.1. Details

96. The table below sets out the BWF's relative offer price for the WOT Securities investment it owns compared to the value of the WOT Securities investment Pelorus owns at the 1:3 exchange ratio in the Pelorus Acquisition.
97. The difference is to see if the Pelorus is receiving a premium for control:

Table 7: Control analysis

Value Method		Low Market BWF	Low Market Pelorus	High Net Assets BWF	High Net Assets Pelorus
WOT investment value 30 June 2023 - \$'000's		\$19,266	\$36,154	\$19,266	\$36,154
Uplift from market value - \$'000's	32%	Nil	Nil	\$6,130	\$11,536
WOT adjusted investment "fair value"		\$19,266	\$36,154	\$25,397	\$47,658
# Securities on issue – '000's		67,480	311,658	67,480	311,658
Offer exchange ratio per BWF share		1.0	3.0	1.0	3.0
BWF # equivalent shares – '000's		67,480	103,886	67,480	103,886
Value per BWF share (\$ whole)		\$0.29	\$0.35	\$0.38	\$0.46
Difference - premium / (no premium) (\$ whole)			\$-0.06		\$-0.08
<i>Exchange ratio parity</i>			2.5		2.5
<i>Parity BWF shares – '000's</i>			<u>126,632</u>		<u>126,632</u>
<i>Difference to actual # BWF shares offered – '000's</i>			<u>-22,745</u>		<u>-22,745</u>

98. We have made the above assessment by mainly considering the value of the WOT Securities investment held by both BWF and Pelorus, as that is the focus of the decision for WOT Securityholders.

WOT recorded investment value 30 June 2023

99. This is taken from the Pelorus Acquisition adopted market values of WOT in the records of BWF and Pelorus. It is based on their respective WOT interests at \$1.14 per WOT Security, being the price on 30 June 2023.
100. We observe that in the 31 Dec 2022 financial reports of both BWF and Pelorus, their WOT interests were valued at \$1.44 per Security. The current (4 August 2023) WOT Security price is \$1.20 per Security.
101. For the reasons stated paragraph 87, we adopt the 30 June 2023 market value as our low range values for the WOT interests in BWF and Pelorus.

Uplift from market value

102. We have reservations that the market price of WOT may not be liquid enough to represent a meaningful valuation (see Sections 4.6 and 6.2).
103. For the purposes of this control assessment, we have therefore considered an uplift to recorded net asset value attributable to equity holders. We have estimated this based upon the difference between 31 Dec 2022 net asset value attributable to equity holders of WOT and the current market value as being 32%, taken from Table 4.

104. Those net asset values at 31 Dec 2022 in turn assumes properties are at recent market valuations and an amount for historical goodwill, less borrowings.
105. The resultant adjusted net asset values attributable to WOT Securityholders form our high range values for the WOT interests in BWF and Pelorus.

Share adjustments

106. The number of shares on issue in BWF and Pelorus and the exchange ratio of 1 BWF share for 3 Pelorus shares are taken from Pelorus Acquisition details provided to us.
107. We divide the total number of Pelorus shares by 3 so as to derive the number of BWF equivalent shares to be issued.

Value per BWF share

108. We then take the value of the WOT interest held in BWF and Pelorus at the low and high ranges and divide by the number of BWF equivalent shares.
109. Our analysis assumes that the exchange ratio of 1 BWF share for 3 Pelorus shares applies evenly to the WOT Securities held by each as well as other assets which we have not assessed in detail. We consider this reasonable for the purposes of our analysis due to the relatively high significance of WOT assets compared to other assets in both companies:
- We examined 31 Dec 2022 half-year audit reviewed financial reports which were available at the time of initial drafting of this Report. Subsequently, between 31 Dec 2022 and 30 June 23, BWF net assets decreased from \$22.8m to \$18.3m due to the decline in the WOT investment. Pelorus net assets remained at \$58.0m. Therefore in our view the relative significance of WOT assets is unchanged.
 - On 31 Dec 2023, in BWF the WOT investment was 88% of total assets and greater than net assets. In Pelorus the WOT investment was 63% of total assets and 91% of net assets. Given both companies accounting policy of marking investments (e.g. WOT securities, properties) to market value we are satisfied that the only other asset potentially not on the balance sheet at market value was possibly unrecorded⁹ management rights in BWF.
 - As the WOT assets are substantial, we think it is reasonably unlikely in the first instance that a different ratio of 1:3 applied to the WOT assets compared to any other assets.
 - Put another way, we calculate that BWF are issuing 22.7m fewer BWF shares than what would be required to achieve parity (or an exchange ratio of 1 BWF share to 2.5 Pelorus shares) in value for the WOT investments in both companies. In other words, no premium was offered. We also considered if a premium for the WOT assets was offered at say 1 BWF: 2 Pelorus shares so that Pelorus shareholders get relatively more BWF shares for the WOT assets on a proportional basis. To get back to the 1 BWF: 3 Pelorus (103 million BWF shares) on average overall under the Proposal, the exchange ratio on all the other assets would have to exceed 1 BWF: 4 Pelorus+. In our view it is highly unlikely that lower than stated market values of Pelorus's other property assets or very high values of BWF management rights would support this.
110. This results in the value of the WOT interests in BWF and Pelorus on a per BWF equivalent share basis, being:

⁹ Consistent with accounting requirements.

- For BWF, ranging from 29 cents to 38 cents per BWF share.
- For Pelorus, ranging from 35 cents to 46 cents per BWF share.

111. Table 7 shows that on this basis, we estimate that in BWF share equivalent terms, they are paying 6 cents (Low) to 8 cents (High) less for the interest in WOT Securities held by Pelorus as indicated by the negative values.
112. This ratio and number of BWF shares stays the same at any value adopted for the WOT Securities (e.g., the parity amounts are identical at the low and high range in Table 7).
113. We acknowledge that WOT Directors may consider that historical goodwill of \$26.2m (Table 4) included within WOT uplifted net asset values may be higher based upon DCF forecasts described in paragraph 92. We confirm that even if we assumed a higher uplift in value (e.g., 70%) the parity exchange ratio of 2.5 or the difference in BWF shares of 22.7m remains the same and our opinion does not change.
114. Conversely, we are advised that WOT net assets have declined slightly as of 30 June 2023 (paragraph 68) to an implied uplift of 26%. We are comfortable in adopting 32% as the high range value given any adopted value makes no difference to our assessment.

Premium for control

115. A premium for control can be defined as an amount or a percentage by which the pro-rata value of a controlling interest exceeds the pro-rata value of a non-controlling interest in a business enterprise, to reflect the power of control. The requirement for an explicit valuation adjustment for a control premium depends on the valuation purpose, methodology and approach adopted.
116. An Australian empirical study¹⁰ calculated observed premiums paid in takeovers to be in the order of 22%-35% over the long run. However takeover premiums in any period were volatile depending on the sectors involved and the economic cycle. This is based upon successful takeover offers and schemes of arrangement completed between 2005 and 2020 for companies listed on the ASX. We have also considered other empirical control premium studies and authorities¹¹ that take into account international markets. KPMG's 2019 valuation practices survey (not an empirical study) notes premiums for control adopted in the range of 14-34%.
117. As BWF are paying relatively less for Pelorus's interest in WOT than their own holding in WOT (i.e., negative values), no control premium for the WOT Securities is indicated.

Conclusion

118. No control premium is indicated at the low or high ranges.
119. We highlight that because of the circumstances of both BWF and Pelorus owning WOT Securities and the form of the Pelorus Acquisition, an absolute opinion of value of WOT is not required for our assessment. Rather we only need to consider the relative exchange value. Therefore, we do not form an overall opinion of the value of WOT and our reporting should not be taken to do so.

¹⁰ <https://www.rsm.global/australia/control-premium-study-2021>

¹¹ Mergerstat, & Pratt "Discounts & Premiums, 2nd edition

8.0 EVALUATION

8.1. Control premium assessment

120. The table below sets out the BWF's relative offer price for the WOT Securities investment it owns compared to the value of the WOT Securities investment Pelorus owns at the 1:3 exchange ratio. The difference is to see if the Pelorus is receiving a premium for control.

Table 8

Summary		Low		Low		High		High	
\$ whole	Ref	BWF		Pelorus		BWF		Pelorus	
Value of WOT investment per BWF equivalent share	Tbl.7	\$	0.29	\$	0.35	\$	0.38	\$	0.46
Difference - premium / (no premium)				-\$	0.06			-\$	0.08
Quantitative evaluation	Tbl.7			No Premium				No Premium	

121. Amounts are taken from Table 7.

Control opinion

122. At either range we do not think the Pelorus is receiving a premium for control for their interest in the WOT Securities.

8.2. Overall merits assessment

123. We summarise the merits of the Proposal:

Advantages of the Proposal

- Directors advise that an increased holding by BWF will further the strategic alignment of interests. BWF already are the manager of WOT's assets. We think it is reasonable to expect that BWF has a greater incentive to perform well as manager, which would likely benefit WOT Securityholders overall.

Disadvantages of the Proposal

- BWF's offer was made to Pelorus and not to other Securityholders as a takeover bid for WOT Securities. However, WOT holdings are practically unchanged pre or post Proposal, with the same underlying persons controlling the 10.0% to 29.9% significant holdings and other Securityholders holdings remaining unchanged. Therefore in our view there is no substantive change because of the Proposal in the liquidity in the Securities of WOT for Securityholders who may still be able to sell their Securities independently.
- BWF will be overwhelmingly the largest Securityholder of WOT at around 30% and remain in control of the board and Securityholder decisions. However the situation of board control and practical Securityholder control remains identical whether the Proposal proceeds or not.

Other considerations (including a lack of disadvantages)

- At all valuation ranges for WOT, we think no control premium is being paid by BWF to Pelorus for the interests in WOT and Securityholders are not missing out on a control premium. Therefore the magnitude of advantages required to conclude that advantages outweigh disadvantages, is lower.

- Directors confirm that there are no material transactions contemplated with Pelorus Shareholders such that there is no indication of any compensation to them for the sale price being too low.
- Securityholders interest and WOT Board positions remains identical Pre and Post Proposal which is an unchanged circumstance. As such, we do not think there is any relative increased deterrence to a future control transactions. This lack of a disadvantage (no relative increase in deterrence) in our view is due to:
 - No change in underlying control. Any acquirer could still offer to buy 10.4% or 19.5% from essentially the same ultimate controllers of BWF or Pelorus pre or post Proposal.
 - A potential acquirer may find dealing with a single 29.9% stakeholder simpler if they want to achieve more than 30.0% control.
 - Or an acquirer could offer to buy from the non-associated Securityholders on the same basis as before or after the Proposal.

8.3. Summary of Opinion

124. On the balance of the above matters considered, we think that the advantages outweigh the disadvantages of the Proposal to Securityholders.

APPENDIX 1 – SOURCES OF INFORMATION

- Notice of Meeting.
- BWF Takeover HOA.
- H1FY23 half year financial reports for BWF, Pelorus and WOTSO.
- Flexspace management forecast.
- WOT announcements.
- Emails and discussion with Directors or management.
- Other sources listed throughout the Report.

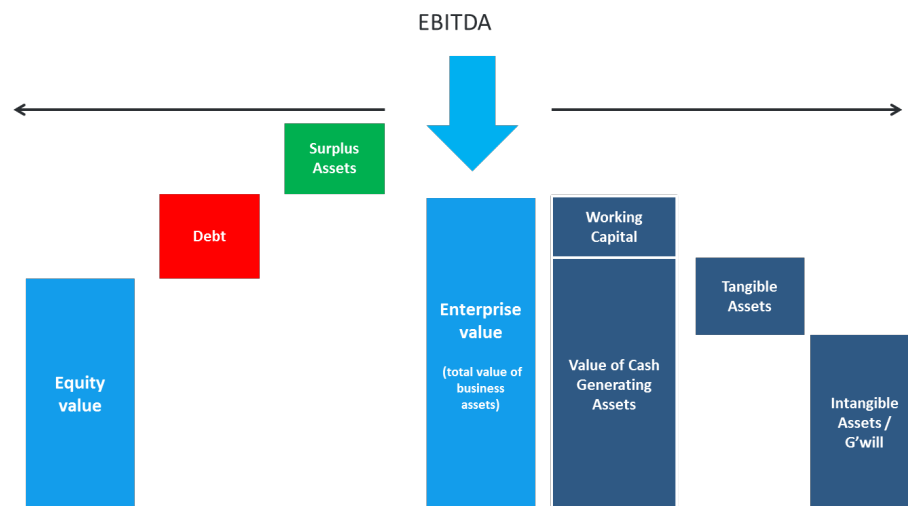
APPENDIX 2 – OVERVIEW OF VALUATION METHODOLOGIES AND PRINCIPLES

Type	Method	Description	When method used
Income Approaches	Discounted Cash Flow	<p>The Discounted Cash Flow (DCF) method derives the value of a business on a controlling basis based on the future cash flows of the business discounted back to a present value at an appropriate discount rate (cost of capital). The discount rate used will reflect the time value of money and the risks associated with the cash flows.</p> <ul style="list-style-type: none"> • The DCF Method requires: • Forecasting cash flows over a sufficient long period (at least 5 years and usually 10 years) • Assessing an appropriate discount rate (typically derived using judgment and aids such as the Capital Asset Pricing Model (CAPM)). The cost of equity (Ke) can be built up from first principles or benchmarked against comparable companies ("Co-Co") or transactions ("Co-Tran"), and • Estimation of the terminal value (value of the business into perpetuity) at the end of the period (typically derived using the capitalisation of earnings method). 	<p>Reasonably accurate forecast cash flows (minimum 5 years).</p> <p>Earnings or cash flows expected to fluctuate from year to year.</p> <p>Business is in start-up or turn around phase.</p> <p>Specific projects that have a finite or infinite life, for example, mining projects.</p>
	Capitalisation of Maintainable Earnings	<p>The Capitalisation of Maintainable Earnings (CME) method is the most used valuation method. It involves the application of a capitalisation multiple to an estimate of the Future Maintainable Earnings (FME) of the business. The FME must be maintainable by the business and must not include one-off gains or losses. The capitalisation multiple will reflect the risk, time value of money and future growth prospects of the business.</p> <p>The appropriate capitalisation multiple is determined with reference to the observed multiples of entities whose businesses are comparable</p>	<p>The business has a history of profits with a reasonably consistent trend and that trend is expected to continue.</p> <p>The business has an indefinite life.</p> <p>Cash flow forecasts are not available.</p>

Type	Method	Description	When method used
		("Co-Co") to that of the business being considered and/or comparable transactions, ("Co-Tran").	
	Capitalisation of Dividends	This method involves the capitalisation of forecast future maintainable dividends. The maintainable level of dividends is estimated by assessing the expected level of future maintainable earnings and the dividend policy of the entity. The appropriate capitalisation rate reflects the investor's required rate of return.	Valuation is for a minority interest. Stable business. High payout ratios.
	Yield Based	This method is primarily used for property assets and involves capitalising forecast distributions by an estimated future maintainable yield. The yield or rate is determined based on analysis of comparable entities.	Commercial or investment properties including retail, industrial and commercial.
Market Approach	Market	<p>This method values a Group based on the traded prices of its equity on a public market/exchange. The approach can adopt the prevailing spot rate of the entity's securities at valuation date or the Volume Weighted Average Price (VWAP over a set trading period i.e., the preceding 30, 60 or 90 trading days to the valuation date).</p> <p>In the absence of market data specific to the entity, the market approach can also be used by examining market values for comparable companies ("Co-Co") or comparable transactions ("Co-trans").</p> <p>Comparable transactions may be observed as being based upon a widely used industry practice such as a multiple of revenue instead of earnings.</p>	<p>Group's equity is listed on public market/exchange i.e., ASX.</p> <p>Securities in the entity are actively traded on the market/exchange.</p> <p>As above for comparable companies or transactions</p>

Type	Method	Description	When method used
Asset Approach	Asset Based	<p>Asset based valuation involve separating the business into components that can be readily sold, such as individual business Securities or items of plant and equipment and ascribing a value of each component based on the amount that could be obtained if sold.</p> <p>The asset value can be determined based on:</p> <ul style="list-style-type: none"> • Orderly realisation • Liquidation • Going concern 	<p>Asset rich entities</p> <p>For wind-up or realisation value</p>
Asset Approach	Cost approach	<p>The value of an asset determined by:</p> <p>Reproduction cost less depreciation (in basic terms, the cost of replicating functionality).</p> <p>Reproduction cost (in basic terms, the cost of recreating the asset).</p>	<p>The cost-based approach can be used to derive market value where market or income factors are difficult to obtain or estimate with reliability (for example, for some intangible assets).</p>

Valuation Principles



In adopting an income approach, a multiple of EBITDA or a DCF of cash flows is typically used to determine Total Enterprise Value (TEV), which represents the total value of the net business assets. Any excess over tangible and identified intangible assets (moving right in the diagram above) represents goodwill.

Moving left in the diagram, adjustments are made to TEV to add surplus assets (e.g., cash) and deduct debt so as to determine equity value. Surplus assets are any assets that are not required to generate the business's earnings or cash flows.

Further discounts may be applied to equity to determine a minority or illiquid value.

APPENDIX 3 – QUALIFICATIONS, INDEPENDENCE, DECLARATIONS AND CONSENTS

Statement of Qualifications, Independence, Declarations and Consents

Qualifications

Moore Australia (Vic) Pty Ltd (ABN 17 386 983 833) (**Moore**) is a Melbourne based accounting, audit and business advisory practice and is a licensed investment adviser within the terms of the Corporations Act 2001. Moore is an independent practice and a member of Moore International. Moore International is a national and international association of separate accountant and advisor entities represented in major capital cities of Australia and with 266 member firms operating in 112 countries worldwide.

The AFSL licence (No 247262) allows Moore to act for clients only in the capacity of providing reports in relation to certain corporate transactions or to provide general financial product advice on certain classes of financial products. Senior directors at Moore Stephens specialise in such advice and regularly perform corporate and asset valuations and advice on company restructures, acquisitions, and Proposals. Moore Stephens Audit (Vic) is affiliated with Moore Stephens and, acting through different directors, also performs audits on the accounts of Australian companies.

The primary persons responsible for preparing this Report on behalf of Moore are Mr Colin Prasad (B. Com ACA and BVS) (with the assistance of staff), who has a significant number of years of experience in relevant corporate matters including valuations, independent expert reports and investigating accountant engagements.

Independence

Moore considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC relating to independence of experts and has developed and issued an opinion and report on an unbiased basis.

Moore and its related entities or any of its Directors have not had within the previous two years, any Shareholding in WOT. During the 2 years period to this report Moore and its related entities have not provided any professional services to WOT or any related parties to WOT.

None of Moore, Mr Colin Prasad, nor any other member, director, partner or employee of any of Moore has any interest in the opinion reached by Moore except that we are entitled to receive professional fees for the completion of this Report based on time incurred at normal professional rates. Our fee for the preparation of this report is \$33,000. Except for these fees no parties will receive any other benefits, whether directly or indirectly, for or in connection with issuing this Report.

Disclaimers

This Report has been prepared at the request of the Directors of the Directors and was not prepared for any other purpose than stated in this Report in Section 3. This Report has been prepared for the sole benefit of the Directors and the Securityholders of WOT. This Report should not be used or relied upon for any purpose other than as set out in Section 3. Accordingly, Moore expressly disclaims any liability to any person (other than the Directors or Securityholders of WOT) who relies on our Report, or to any person at all who seeks to rely on the Report for any other purpose not set out in Section 3.

Appendix 1 identifies the sources of information upon which this Report has been based. To the extent we have used historical information we are entitled to rely upon the information. Any forecast information which has been referred to in this Report has been prepared by the relevant entity and is generally based upon best estimate assumptions about events and management actions that may or may not occur. Accordingly, Moore cannot provide any assurance that any

forecast is representative of results or outcomes that will actually be achieved. Whilst (unless stated otherwise in the Report) Moore has no reason to believe that such information is not reliable and accurate, it has not caused such information to be independently verified or audited in any way. Inquiry, analysis and review have brought nothing to our attention to indicate a material misstatement, omission or lack of reasonable grounds upon which to base our opinion.

The opinions given by Moore in this Report are given in good faith, based upon our consideration and assessment of information provided to us by the Directors and executives of the parties to the Proposal; and in the belief on reasonable grounds that such statements and opinions are correct and not misleading, (unless otherwise stated in the Report). This Report has been prepared with care and diligence.

Advanced drafts of this Report were provided to the Directors of the Directors. Minor changes for factual content were made to this Report. There was no alteration to the methodology or conclusions reached because of discussions related to drafts of the Report.

Moore's opinion is based on prevailing conditions at the date of this Report including market, economic and other relevant circumstances. These can change over relatively short time period and any subsequent changes in these conditions in the value either positively or negatively.

Indemnity

The Directors has agreed that it will indemnify Moore and its employees and officers in respect to any or all losses, claims, damages and liabilities arising as a result of or in connection with the preparation of this Report, except where the claim has arisen as a result of wilful misconduct or negligence by Moore.

Consent

This Report has been prepared at the request of the Directors and may accompany materials to be given to Securityholders.

Moore consents to the issuing of this Report and the form and context to which it is to be included with the materials. Other than the Report, Moore has not been involved in the preparation of the documents or other aspects of the Proposal or the materials to which this Report may be attached. Accordingly, we take no responsibility for the content of those materials or the Proposal as a whole. Neither the whole nor any part of this Report nor any reference thereto may be included in any other document without prior written consent of Moore as to the form and context to which it appears.

APPENDIX 4 – MOORE AUSTRALIA (VIC) PTY LTD FINANCIAL SERVICES GUIDE

This Financial Services Guide forms part of the Independent Expert Report.

Moore Australia (Vic) Pty Ltd (ABN 17 386 983 833) (**Moore**) holds Australian Financial Services Licence no 247262 authorising it to provide general financial product advice in relation to various financial products such as securities, interests in managed investment schemes, and superannuation to wholesale and retail clients. Moore has been engaged by WOT to provide an Independent Experts Report (the **Report**) for inclusion with materials to be sent Securityholders.

The Corporations Act, 2001 requires Moore to provide this Financial Services Guide (**FSG**) in connection with its provision of this Report. Moore does not accept instructions from retail clients. Moore provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Moore does not provide any personal retail financial product advice to retail investors, nor does it provide market-related advice to retail investors.

Moore is only responsible for this Report and this FSG. Moore is not responsible for any material publicly released by the Directors in conjunction with this Report. Moore will not respond in any way that might involve any provision of financial product advice to any retail investor.

This Report contains only general financial product advice. It was prepared without considering your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of this Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

When providing reports in the form of this Report, Moore's client is WOT to which it provides the report. Moore receives its remuneration from the Directors. For this Report and other services, Moore will receive a fee based upon normal professional rates plus reimbursement of out-of-pocket expenses from the Directors. Directors or employees of Moore or other associated entities may receive partnership distributions, salary, or wages from Moore. Moore and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products.

Moore has professional indemnity insurance cover for reports of this nature under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of Section 912B of the Corporations Act 2001.

Moore has internal complaints-handling mechanisms. If you have concerns regarding this Report, please contact us in writing to Mr. Kevin Mullen, Moore Australia (Vic) Pty Ltd, Level 44, 600 Bourke Street, Melbourne, Vic, 3000. We will endeavor to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request

APPENDIX 5 – ARTICLE ON SHARE TURNOVER



WHEN IS SHARE TRADING LIQUID ENOUGH FOR IER VALUATION

By Colin Prasad

Independent Expert Reports (IERs), or "fair & reasonableness" reports require a valuation of the subject Company. When we write an IER we consider if we can use a listed company's share price as a valuation method. But there needs to be an "active and deep liquid market" for it to be a meaningful guide to value.

In deciding this we examine share turnover ratios. A share turnover ratio is the volume of a company's shares traded over a period, as a proportion of the number of total shares on issue. We look at this for a subject Company on both a share trading volume and weighted by value basis.

But what is usually considered a reasonable level of share volume turnover liquidity in a listed company?

For this example, we calculated the annual share turnover ratio of every ASX-listed stock in FY23. The market cap weighted average turnover of the whole market was 81%. This means that 81% of the total shares on issue was turned over in a single year.

We expected this to be less than 100% given that superannuation funds and other institutional investors tend to hold a significant portion of listed shares for the longer term. For example, FY23 stock turnover by large but popular stocks was:

- BHP 67%
- CBA 53%
- CSL 55%
- WES 55%
- TLS 67%

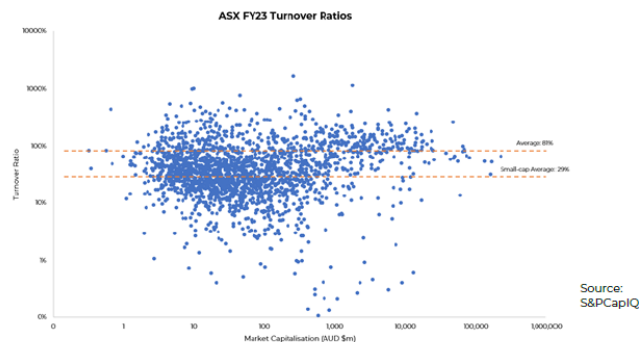
Companies with very high (> 100% turnover) tend to be funds (e.g. "BetaShares") and resources companies with (presently) exposure to critical metals or batteries (e.g. ASX:PMT Patriot Battery Metals).

Companies with less than 20% share volume turnover consisted of a mix of resources companies and industrials of varying market capitalisation. They shared no obvious characteristics, other than perhaps being closely held or unattractive. Macquarie Technology Group (ASX:MAQ) had just 18.2% turnover with a market cap of \$1.6 billion and is an example of a closely held company.

We also calculated the same for small-cap shares with <\$100m market capitalisation. The share volume turnover ratio dropped significantly to just 29% for FY23 for these companies.

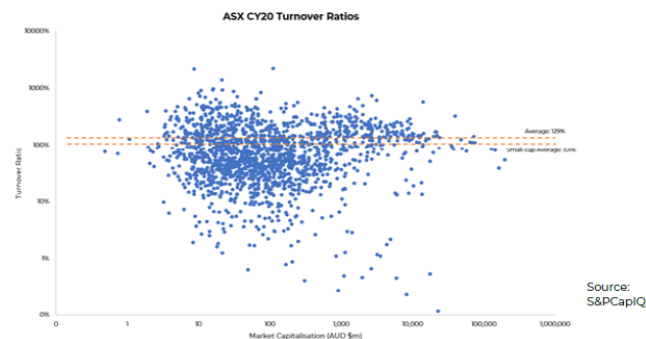
FY23 Chart – Share turnover % vs Market capitalisation.

Note a Log scale is used due to the breadth of data.



Interestingly, we calculated the same for the 2020 calendar year, which experienced heightened economic (COVID-19) instability. The annual share turnover was much higher, both for all ASX-listed companies at 129%, and for small-cap stocks at 101%. This demonstrates how much large scale market selloffs and rallies can skew the apparent turnover of shares.

CY2020 Chart – Share turnover % vs Market capitalisation (log scale).



At Moore Australia, we tend to write IER's on companies with smaller market capitalisations. I view CY2020 data of 101% as abnormal and FY23 data of 29% as more usual.

Therefore, on balance, I think that share trading turnover volumes below 15% would indicate some concern on the reliability of using the share price as a guide to value.

Of course, there are other factors to consider when determining whether a stock is liquid, including:

- Buy/sell spreads (market depth).
- Ownership and the level of free float.
- Size or pattern of trades in the period. For example if trading activity was isolated to a few big trades or was spread throughout the year.

Whilst a share with a trading turnover volume of below 15% means that we probably can not use the share price as a guide to value, we still should not ignore it outright. It just means that we would likely adopt another valuation approach as our primary approach, (e.g. an income or asset based method). If that approach was significantly different from the implied market capitalisation, it may cause us to consider whether our primary approach is plausible, or if there are other reasons for the difference.

Therefore, our expertise and judgement as the valuer is required for the circumstances. There may not always be a firm answer on where the 'cut-off' on share turnover liquidity sits.

If you would like to discuss this further, Moore Australia has valuation experts across the network. Please contact us today to find out more.



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The information provided in this document is for general advice only and does not represent, nor intend to be advice. We recommend that prior to taking any action or making any decision, that you consult with an advisor to ensure that individual circumstances are taken into account.

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