



WOTSO
PROPERTY

Property by name
flexible by nature

INTERIM REPORT

HALF-YEAR ENDED
31 DECEMBER 2023



Blacktown, NSW



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DIRECTORS' REPORT

WOTSO Property (WOT or Group) has produced headline revenue growth of 11% to \$26 million for the period ended 31 December 2023 and will pay an interim distribution of 1.0 cent per security.

1.0 cent

Interim distribution

\$28.8 million

Flexspace annualised income at December 2023
(current monthly income multiplied by 12)

\$1.50

Statutory net asset value (NAV) per security

\$1.84

Adjusted NAV per security

91,000 sqm

Owned and leased NLA

We are pleased to present our WOTSO Property December 2023 half year report announcing a significant milestone.

WOTSO Property was built on the foundations laid by the former Reed Property Trust, evolving to become BlackWall Property Trust, managed by BlackWall Limited (ASX:BWF). This lineage saw the birth of WOTSO Property in 2021, originally the brainchild of BlackWall Limited. Through the strategic stapling of WOTSO to BlackWall Property Trust WOTSO Property was created, marking a pivotal moment in our journey. Throughout these years, the management of our assets was entrusted to external entities.

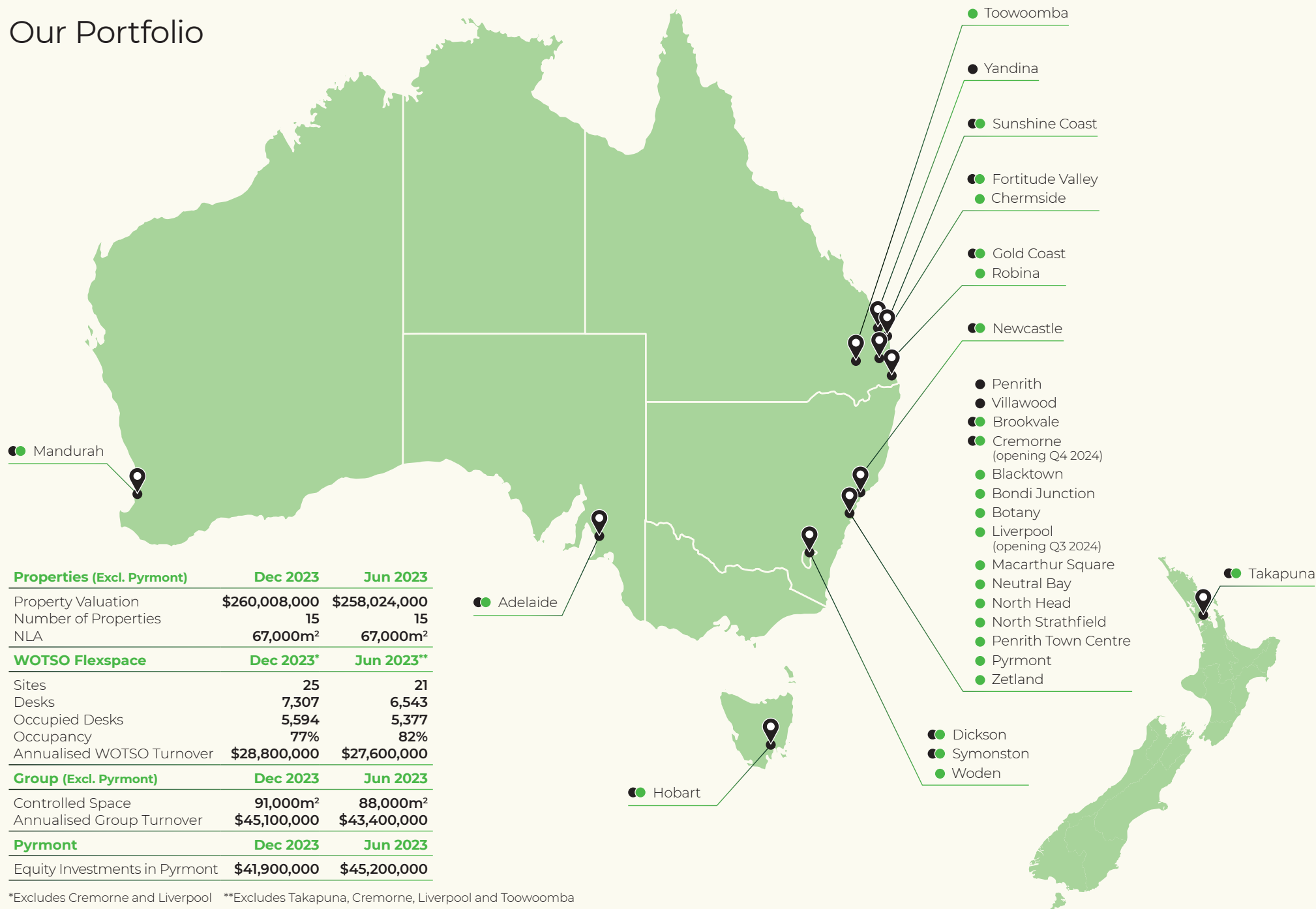
Today it is with immense pride that we announce WOTSO Property has fully transitioned to an autonomous entity, now exclusively owning, operating, and managing both its real estate and the WOTSO operating business. This evolution is not merely a change in structure but a reflection of WOT's stable and organic evolution from a dependent property trust with a limited asset base to a growing and self-sufficient business with a diverse portfolio and the in-house experience and know-how to supercharge growth through strategic acquisitions and leasing deals.

Our current position is robust, with a property portfolio valued at just over \$300 million inclusive of our equity interest in the landmark Pyrmont property (which is currently consolidated in statutory accounts). Our network has expanded to encompass 25 flexspaces across Australia and New Zealand, with 11 of these locations in our property portfolio. This growth trajectory underscores our strategic vision and operational efficiency, positioning WOTSO Property as a leader in the Australian and New Zealand flexible workspace sector.

The transition to direct ownership and management of our assets marks a significant chapter in our history allowing us to more closely align our operations with our long-term vision to:

- acquire and repurpose distressed assets in the suburbs and regions of Australia and New Zealand
- produce higher returns in the real estate we own
- strategically lease for our WOTSO business.

Our Portfolio



Properties (Excl. Pyrmont)	Dec 2023	Jun 2023
Property Valuation	\$260,008,000	\$258,024,000
Number of Properties	15	15
NLA	67,000m ²	67,000m ²
WOTSO Flexspace	Dec 2023*	Jun 2023**
Sites	25	21
Desks	7,307	6,543
Occupied Desks	5,594	5,377
Occupancy	77%	82%
Annualised WOTSO Turnover	\$28,800,000	\$27,600,000
Group (Excl. Pyrmont)	Dec 2023	Jun 2023
Controlled Space	91,000m ²	88,000m ²
Annualised Group Turnover	\$45,100,000	\$43,400,000
Pyrmont	Dec 2023	Jun 2023
Equity Investments in Pyrmont	\$41,900,000	\$45,200,000

*Excludes Cremorne and Liverpool **Excludes Takapuna, Cremorne, Liverpool and Toowoomba

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

Operational Highlights

Growth and Expansion

During the period from July to December 2023 WOT experienced remarkable growth, driven by strong customer demand for functional, sustainable, and locally situated office spaces. This period was characterised by our strategic expansion across suburbs and regions in Australia and New Zealand, aligning with changing customer needs and market dynamics.

We proudly launched four new WOTSO locations, enhancing our portfolio and increasing our total desk count to over 7,300. This expansion included our inaugural entry into New Zealand, opening in our Takapuna property purchased late 2022, alongside favorable lease arrangements in Toowoomba, Botany and Robina. While the introduction of new locations initially impacts total occupancy rates as we grow our member base, we concluded the half-year with an occupancy rate of 77%.

Financial Performance and Group Turnover

In December 2022, we reported annualised flexspace turnover of \$25.5 million, which has since grown to nearly \$29 million.

Reflective of our operational success and strategic expansion, our annualised group turnover, encompassing both the WOTSO business and traditional leasing activities, has surpassed \$45 million, excluding our interest in the landmark Pyrmont property.

Operational Enhancements and Asset Management

Throughout the half-year, we undertook a number of refurbishments across our network, focusing on both minor upgrades and significant redevelopment efforts. Notable projects included the expansion of the WOTSO space at our Dickson property and the repositioning of our Cremorne asset, which is slated for WOTSO occupancy in April 2024.

Our non-WOTSO property portfolio maintained a robust 96% occupancy, underscored by a strong tenancy base and favorable, long-term leasing arrangements. This stability reflects our comprehensive asset management strategy and our ability to attract and retain quality tenants.

Looking Ahead

As we move forward, WOT remains committed to leveraging opportunities for growth through both property acquisition and strategic leasing. In order to capitalise on opportunities we are seeing in the market both from a leasing and acquisition perspective we are looking at a capital raise towards the second half of 2024. With our focus on expanding our footprint, strategic asset management and financial discipline, we believe we are positioned well for continued success in the evolving flexible space landscape.

In conjunction with the internalisation of management we have a new Board of Directors as follows:

- **Joseph (Seph) Glew** (Chairman)
- **Jessie Glew** (CEO)
- **Paul Tresidder** (Non executive)
- **Richard Hill** (Non executive)



The Numbers

Performance

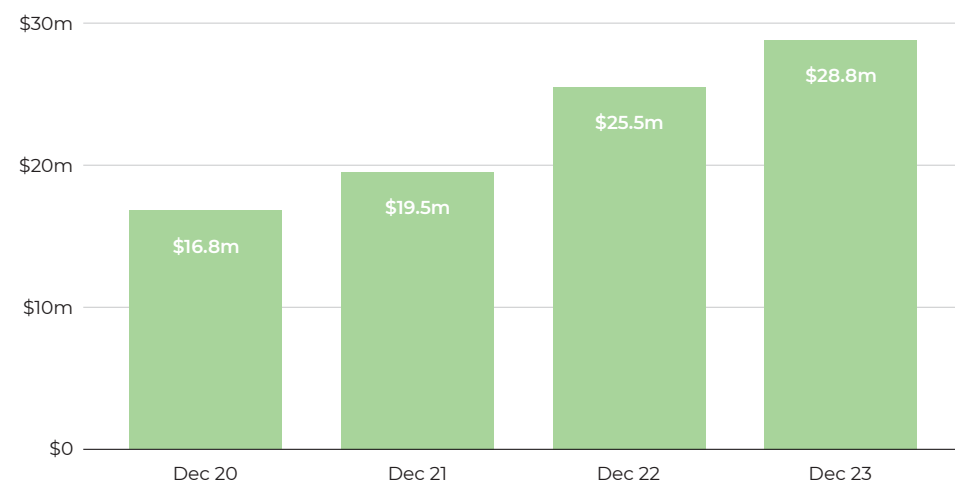
Headline total revenue which includes revenue from our flexspace and ordinary lease income streams has increased by 11% to \$26 million off the back of rising WOTSO flexspace occupancy levels, which now sit at 77%, and growth in available inventory with the addition of just under 800 available desks, as WOTSO sites continue to mature and we continue to refine our approach with new leased sites.

Despite inflationary pressures, Net Rental Income has increased by 6% to \$12.4 million as WOT's pricing structures and favourable leasing arrangements have spurred Total Revenue to outpace the increase in operating expenditure.

Funds From Operations (FFO) have increased by \$4.1 million after being bolstered by the WOTSO Neutral Bay lease variation fee. However, the impact of rising interest rates continues to put downward pressure on FFO, contributing to an increase in borrowing costs of \$1.3 million. Nevertheless as our growing revenue streams drive Net Rental Income growth to accelerate faster than the increase in borrowing costs, WOT remains in a good position to weather the higher interest rate environment and produce excess funds from operations.

After statutory adjustments of revaluation gains and losses, depreciation and the impact of AASB 16 headline statutory profit returned \$4.1 million for the period.

Annualised Flexspace Turnover



	Dec 2023 \$'000	Dec 2022 \$'000
Profit or Loss		
Property lease income	11,630	11,175
Flexspace income	14,534	12,489
Other income	52	-
Government assistance	-	6
Total Revenue	26,216	23,670
Property outgoings	(5,833)	(5,267)
External WOTSO rent expense	(3,525)	(3,305)
WOTSO site staff costs	(1,940)	(1,532)
WOTSO operating expenses	(2,553)	(1,910)
Total Operating Expenses	(13,851)	(12,014)
Net Rental Income	12,365	11,656
WOTSO Neutral Bay lease variation fee	4,900	-
Overhead and administration costs	(2,274)	(2,009)
Fund management fees	(1,940)	(2,153)
Borrowing costs	(4,457)	(3,125)
Loan portfolio income	167	273
Funds From Operations	8,761	4,642
Net (loss) / gain on assets	(747)	6,983
Depreciation and amortisation	(3,932)	(3,630)
Impact of AASB 16	(13)	(119)
One-time utility recharges	-	(617)
Statutory Profit Before Tax	4,069	7,259

Distribution

WOT's objective is to generate sustainable returns for securityholders while at the same time growing WOT's balance sheet. In considering distribution rates, the Group considers multiple factors including forecast earnings and expected capital outlays over the next several years. We are excited about the potential of our WOTSO Flexspace business and we want to take advantage of the opportunities that are being presented to us. However this will require capital and may impact our earnings in the short term. To assist in conserving funds we had reduced the distribution for the current half year to 1.0 cps.

Balance Sheet

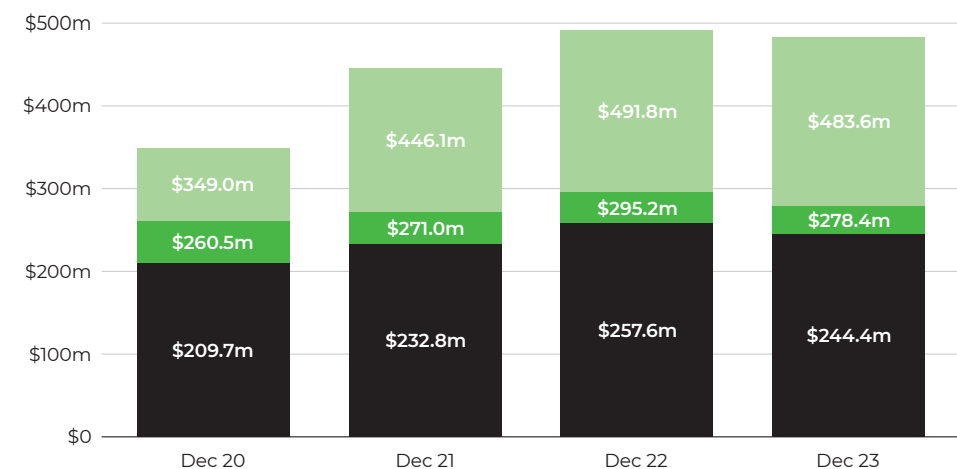
Our balance sheet on the right shows a picture where the Pymont assets and liabilities have been deconsolidated and only the fair value of our investments in Pymont are included. For ease of comparison we have presented the 30 June 2023 comparative figures in a similar fashion here to help present a more straight-forward view of WOT's balance sheet.

This balance sheet highlights a healthy position with low net gearing of 27% and a strong statutory NAV of \$1.50 per security. This position has remained steady over the past 6 months as the Group has focused on investing in future growth by continuing to develop the Cremorne and Takapuna properties as well as WOTSO fitouts at new sites in Botany, Toowoomba and Robina.

The sale of the Neutral Bay property and resulting fee paid to WOTSO to vary the WOTSO Neutral Bay lease has also injected a further \$4.9 million into the Group's balance sheet which will be received in March 2024 and will provide sufficient cash buffer to move quickly as opportunities arise.

Unfortunately, the value created through the growth of our WOTSO flexspace business model does not translate easily to our balance sheet nor tell the full story for the value of that portion of our business. With this in mind, we have recently embarked on a valuation of our flexspace business which has yielded an indicative value of \$80 million. Incorporating this valuation our assessment of adjusted NAV increases to \$1.84 per security.

Balance Sheet Growth



■ Statutory Net Assets Attributable to WOT Equity Holders ■ Statutory Net Assets ■ Statutory Gross Assets

Balance Sheet

	Dec 2023 \$'000	Jun 2023 \$'000
Cash and cash equivalents	2,717	7,359
Loan portfolio	1,550	1,621
Other current assets	5,780	1,360
Investment property portfolio	260,008	258,024
Investments in Pymont property & associated funds	41,871	45,175
Property, plant and equipment	14,453	13,929
Other non-current assets	2,380	2,001
Flexspace business valuation*	80,000	80,000
Total Assets	408,759	409,469
Other current liabilities	(5,326)	(4,585)
Borrowings	(93,193)	(93,151)
Other non-current liabilities	(457)	(612)
Net ROU Lease Liabilities	(5,965)	(5,869)
Deferred tax liability	(5,339)	(5,195)
Total Liabilities	(110,280)	(109,412)
Attributable to NCI	(208)	(221)
Adjusted NAV Attributable to WOT Owners	298,271	299,836
Statutory adjustments:		
Flexspace business valuation	(80,000)	(80,000)
Goodwill	26,150	26,150
Investments in Pymont property & associated funds	(41,871)	(45,175)
Pymont investment property	134,300	134,300
Pymont borrowings	(60,000)	(60,000)
Pymont other working capital	1,344	1,303
Pymont related NCI	(33,773)	(30,428)
Statutory NAV attributable to WOT owners	244,421	245,986

*Flexspace business valuation has been included in the June 2023 comparatives for comparison and consistency purposes.

\$1.50

Statutory NAV
per Security
(Jun - \$1.51)

\$1.84

Adjusted NAV
per Security
(Jun - \$1.84)

27%

Net Gearing**
(Excl. Pymont)
(Jun - 26%)

36%

Statutory
Net Gearing**
(Jun - 35%)

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

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

for the period ended 31 December 2023

	Note	Dec 2023 \$'000	Dec 2022 \$'000
Revenue	2	26,216	23,670
Direct costs	3	(13,293)	(12,197)
Net Rental Income		12,923	11,473
Administration expenses	4	(4,214)	(4,162)
Trading Profit		8,709	7,311
Net (loss) / gain on assets		(747)	6,983
Operating Profit		7,962	14,294
Depreciation and amortisation	5 & 11	(3,932)	(3,630)
Finance costs	6	(5,107)	(3,678)
Finance income		167	273
WOTSO Neutral Bay lease variation	2	4,900	-
Gain on lease modification		79	-
Profit Before Income Tax		4,069	7,259
Income tax expense		(144)	(396)
Total Profit		3,925	6,863
Foreign currency translation gains		72	267
Total Profit and Other Comprehensive Income		3,997	7,130
Total profit and other comprehensive income attributable to:			
Members of BlackWall Property Trust		(884)	8,089
Members of Ostow Limited		3,793	(2,112)
Members of Planloc Limited		804	925
Attributable to Members of Group		3,713	6,902
Non-controlling interest		284	228
Total Profit and Other Comprehensive Income		3,997	7,130
Earnings per Security			
Weighted average number of securities		162,686,557	163,339,901
Basic and diluted earnings per security	19	2.3 cents	4.2 cents

Revenue (from Note 2)

	Dec 2023 \$'000	Dec 2022 \$'000
Revenue from Contracts with Customers		
Flexspace income	14,534	12,489
Property income	11,630	11,175
Other income	52	-
Government stimulus	-	6
Total Revenue	26,216	23,670

Direct Costs (from Note 3)

	Dec 2023 \$'000	Dec 2022 \$'000
Property outgoings	(5,741)	(5,178)
Flexspace operating costs	(4,718)	(4,359)
Right of use lease asset depreciation	(2,742)	(2,571)
Bad debt expense	(92)	(89)
Total Direct Costs	(13,293)	(12,197)

Balance Sheet at 31 December 2023

	Note	Dec 2023 \$'000	Jun 2023 \$'000
Assets			
Current Assets			
Cash and cash equivalents		2,728	7,450
Trade and other receivables	7	5,554	801
Loan portfolio	8	196	196
Rental deposits	9	250	354
Total Current Assets		8,728	8,801
Non-Current Assets			
Investment property portfolio	10	394,308	392,324
Property, plant and equipment		14,453	13,929
Loan portfolio	8	1,326	1,425
WOTSO software development asset	11	904	896
Investment in associate	11	270	162
Right of use lease assets	12	34,249	34,615
Goodwill	13	26,150	26,150
Hedge asset	15	1,889	2,604
Rental deposits	9	1,059	749
Other receivables		313	207
Total Non-Current Assets		474,921	473,061
Total Assets		483,649	481,862
Liabilities			
Current Liabilities			
Trade and other payables	14	5,663	5,210
Employee provisions		392	377
Borrowings	15	69,000	126,000
Make good provisions		1,069	392
Lease liabilities	12	4,931	5,461
Total Current Liabilities		81,055	137,440
Non-Current Liabilities			
Trade and other payables	14	38	201
Tenant bond liabilities		409	567
Employee provisions		82	66
Make good provisions		1,052	1,436
Borrowings	15	84,193	27,151
Deferred tax liability	16	5,339	5,195
Lease liabilities	12	33,079	33,195
Total Non-Current Liabilities		124,192	67,811
Total Liabilities		205,247	205,251
Net Assets		278,402	276,611

	Dec 2023 \$'000	Jun 2023 \$'000
Equity		
Issued capital	256,987	257,499
Accumulated losses	(12,771)	(11,646)
Foreign currency translation reserve	205	133
Equity Holders of WOTSO Property	244,421	245,986
Non-Controlling Interests in WOTSO Property	33,981	30,625
Total Equity	278,402	276,611
Net assets attributable to equity holders of WOTSO Property	244,421	245,986
Securities on issue (number)	162,423,357	162,859,009
Net assets per security	\$1.50	\$1.51

Investment Property Portfolio	Valuation at 30 Jun 2023 \$'000	CAPEX Movement \$'000	Straight-Line Leasing & Depreciation Movements \$'000	Revaluation Movements \$'000	Valuation at 31 Dec 2023 \$'000
Pymont, NSW	● 134,300	131	(209)	78	134,300
Dickson, ACT	● 32,000	419	(270)	251	32,400
Sunshine Coast, QLD	● 31,500	30	(62)	32	31,500
Villawood, NSW	● 28,500	-	(3)	3	28,500
Gold Coast, QLD	● 26,800	56	(124)	68	26,800
Penrith, NSW	● 26,250	-	(44)	44	26,250
Yandina, QLD	● 23,000	-	119	31	23,150
Cremorne, NSW	● 17,100	1,242	(191)	(651)	17,500
Hobart, TAS	● 14,000	545	(80)	(465)	14,000
Adelaide, SA	● 13,600	56	(250)	194	13,600
Fortitude Valley, QLD	● 11,700	112	(173)	61	11,700
Takapuna, NZ	● 9,924	916	(6)	124	10,958
Symonston, ACT	● 8,300	61	(82)	21	8,300
Newcastle, NSW	● 7,050	37	(88)	51	7,050
Brookvale, NSW	● 4,900	-	(55)	55	4,900
Mandurah, WA	● 3,400	31	(102)	71	3,400
Total Investment Property Portfolio	392,324	3,636	(1,620)	(32)	394,308

● Properties with WOTSOs ● Properties without WOTSOs

Statement of Cash Flows

for the period ended 31 December 2023

	Dec 2023 \$'000	Dec 2022 \$'000
Cash Flows from Operating Activities		
Receipts from tenants / members	28,562	28,273
Payments to suppliers and employees	(16,608)	(17,823)
Payments of rental deposits	(340)	(134)
Other income	-	6
Net Cash Flows from Operating Activities	11,614	10,322
Cash Flows from Investing Activities		
Payments for capital improvements	(3,636)	(2,920)
Payments for property, plant and equipment	(2,420)	(993)
Payments for WOTSO software development asset	(135)	(135)
Payments for investment in associate	(108)	(54)
Payments for property purchases	-	(8,509)
Loans advanced	-	(132)
Loans repaid from borrower	99	2,439
Net Cash Flows used in Investing Activities	(6,200)	(10,304)
Cash Flows from Financing Activities		
Distributions paid	(5,189)	(5,168)
Interest paid	(4,264)	(3,678)
Rental payments	(3,721)	(1,803)
Buy-back of issued securities	(529)	(1)
Proceeds from borrowings	-	19,015
Purchase of NCI shares	-	(4,210)
Interest received	167	273
Proceeds from issue of units to NCI	3,400	596
Net Cash Flows used in Financing Activities	(10,136)	5,024
Net (Decrease) / Increase in Cash and Cash Equivalents	(4,722)	5,042
Cash and cash equivalents at the beginning of the period	7,450	2,514
Cash and Cash Equivalents at End of the Period	2,728	7,556

* All items inclusive of GST where applicable.

Reconciliation of Operating Cash Flows

	Dec 2023 \$'000	Dec 2022 \$'000
Profit for the Period	3,925	6,863
Non-Cash Flows in (Loss) / Profit:		
Depreciation and amortisation	6,674	6,201
Net interest paid	4,940	3,405
Loss / (gain) on hedge asset	715	(133)
Variable lease payments	228	338
Net loss / (gain) on assets	32	(6,850)
Issue of securities	17	-
Foreign currency translation loss	8	-
Deduct net lease waivers	-	(38)
Offset of North Strathfield bond	-	(1,076)
Gain on lease modification	(79)	-
Straight-line rental income	(183)	(431)
Operating Cash Flows Before Movement in Working Capital	16,277	8,279
Increase / (decrease) in trade and other payables	227	(2,583)
Increase in deferred tax liability	144	396
Increase in provisions	31	70
(Increase) / decrease in rental deposits	(206)	3,891
(Increase) / decrease in trade and other receivables	(4,859)	269
Net Cash Flows from Operating Activities	11,614	10,322

Statement of Changes in Equity

for the period ended 31 December 2023

	No. of Securities on Issue*	Attributable to Owners of BlackWall Property Trust			Attributable to Owners of Ostow Limited			Attributable to Owners of Planloc Limited			Non-Controlling Interests \$'000	Foreign Currency Translation Reserve \$'000	Total Equity \$'000
		Issued Capital \$'000	Retained Earnings / (Accumulated Losses) \$'000	Total Entity Equity \$'000	Issued Capital \$'000	Retained Earnings / (Accumulated Losses) \$'000	Total Entity Equity \$'000	Issued Capital \$'000	Retained Earnings / (Accumulated Losses) \$'000	Total Entity Equity \$'000			
Balance at 1 July 2023	162,859,009	245,884	(29,011)	216,873	11,615	12,201	23,816	-	5,164	5,164	30,625	133	276,611
Profit / (loss) for the period	-	-	(956)	(956)	-	3,793	3,793	-	804	804	284	-	3,925
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	72	72
Total Profit / (Loss) and Other Comprehensive Income / (Loss)	-	-	(956)	(956)	-	3,793	3,793	-	804	804	284	72	3,997
Transactions with Owners in Their Capacity as Owners:													
Buy-back of issued securities	(450,051)	(467)	-	(467)	(62)	-	(62)	-	-	-	-	-	(529)
Issue of securities	14,399	15	-	15	2	-	2	-	-	-	-	-	17
Issue of NCI units	-	-	114	114	-	-	-	-	-	-	3,286	-	3,400
Distributions paid	-	-	(4,880)	(4,880)	-	-	-	-	-	-	(214)	-	(5,094)
Total Transactions with Owners	(435,652)	(452)	(4,766)	(5,218)	(60)	-	(60)	-	-	-	3,072	-	(2,206)
Balance at 31 December 2023	162,423,357	245,432	(34,733)	210,699	11,555	15,994	27,549	-	5,968	5,968	33,981	205	278,402
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 shares	-	-	-	-	-	-	-	-	-	-	596	-	596
Purchase of NCI shares	-	-	-	-	-	-	-	-	-	-	(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

*Subsequent to 31 December 2023, 73,364 securities have been bought back by the Group.



Robina, QLD

Notes to the Financial Statements

1. Segment Reporting

Identification of Reportable Operating Segments

WOTSO Property (WOT or the Group) comprises three reportable operating segments based on different products and services provided, being:

- **Properties:** traditional commercial leases and flexspace in owned properties;
- **Third Party Leased WOTSO Sites:** traditional commercial leases and flexspace 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 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 are charged market interest at the discretion of the lender. All intersegment receivables, payables, leases and loans are eliminated on consolidation.

1. Segment Reporting (continued)

Operating Segment Information

Profit or Loss	Properties \$'000	Third Party Leased WOTSO Sites \$'000	Corporate and Overhead \$'000	Total Dec 2023 \$'000	Properties \$'000	Third Party Leased WOTSO Sites \$'000	Corporate and Overhead \$'000	Total Dec 2022 \$'000
Property lease income	11,630	-	-	11,630	11,228	-	-	11,228
COVID-19 rent waivers	-	-	-	-	(53)	-	-	(53)
Flexspace income	8,338	6,196	-	14,534	6,660	5,833	-	12,493
Flexspace COVID-19 waivers	-	-	-	-	(2)	(2)	-	(4)
Other income	52	-	-	52	-	-	-	-
Government assistance	-	-	-	-	6	-	-	6
Total Revenue	20,020	6,196	-	26,216	17,839	5,831	-	23,670
Property outgoings	(5,833)	-	-	(5,833)	(5,267)	-	-	(5,267)
Rent expense	-	(3,525)	-	(3,525)	-	(3,343)	-	(3,343)
COVID-19 rent waivers received	-	-	-	-	-	38	-	38
WOTSO staff costs	(1,073)	(867)	-	(1,940)	(795)	(737)	-	(1,532)
WOTSO operating expenses	(778)	(1,775)	-	(2,553)	(592)	(1,318)	-	(1,910)
Total Operating Expenses	(7,684)	(6,167)	-	(13,851)	(6,654)	(5,360)	-	(12,014)
Net Rental Income	12,336	29	-	12,365	11,185	471	-	11,656
WOTSO Neutral Bay lease variation	-	4,900	-	4,900	-	-	-	-
Overhead and administration costs	-	-	(2,274)	(2,274)	-	-	(2,009)	(2,009)
Fund management fees	-	-	(1,940)	(1,940)	-	-	(2,153)	(2,153)
Finance income	164	3	-	167	172	101	-	273
Finance costs	(4,457)	-	-	(4,457)	(3,125)	-	-	(3,125)
Funds From Operations	8,043	4,932	(4,214)	8,761	8,232	572	(4,162)	4,642
(Loss) / gain in asset value	(747)	-	-	(747)	6,983	-	-	6,983
Depreciation and amortisation	(2,203)	(1,602)	(127)	(3,932)	(1,981)	(1,551)	(98)	(3,630)
Impact of AASB 16	-	(13)	-	(13)	-	(119)	-	(119)
One-time utility recharges	-	-	-	-	-	(617)	-	(617)
Profit / (Loss) Before Tax	5,093	3,317	(4,341)	4,069	13,234	(1,715)	(4,260)	7,259

1. Segment Reporting (continued)

Balance Sheet	Properties \$'000	Third Party Leased WOTSO Sites \$'000	Corporate and Overhead \$'000	Total Dec 2023 \$'000	Properties \$'000	Third Party Leased WOTSO Sites \$'000	Corporate and Overhead \$'000	Total Jun 2023 \$'000
Assets								
Current Assets								
Cash and cash equivalents	2,676	52	-	2,728	7,357	93	-	7,450
Trade and other receivables	633	4,921	-	5,554	782	19	-	801
Loan portfolio	196	-	-	196	196	-	-	196
Other assets	250	-	-	250	354	-	-	354
Total Current Assets	3,755	4,973	-	8,728	8,689	112	-	8,801
Non-Current Assets								
Investment property portfolio	394,308	-	-	394,308	392,324	-	-	392,324
Property, plant and equipment	1,689	12,764	-	14,453	1,857	12,072	-	13,929
Loan portfolio	1,326	-	-	1,326	1,425	-	-	1,425
WOTSO software development asset	-	-	904	904	-	-	896	896
Investment in associate	-	-	270	270	-	-	162	162
Goodwill	-	-	26,150	26,150	-	-	26,150	26,150
Hedge asset	1,889	-	-	1,889	2,604	-	-	2,604
Rental deposits	-	1,059	-	1,059	-	749	-	749
Other receivables	313	-	-	313	207	-	-	207
Total Non-Current Assets	399,525	13,823	27,324	440,672	398,417	12,821	27,208	438,446
Total Assets	403,280	18,796	27,324	449,400	407,106	12,933	27,208	447,247
Liabilities								
Current Liabilities								
Trade and other payables	(3,573)	(2,090)	-	(5,663)	(4,165)	(1,045)	-	(5,210)
Employee provisions	(392)	-	-	(392)	(377)	-	-	(377)
Borrowings	(69,000)	-	-	(69,000)	(126,000)	-	-	(126,000)
Total Current Liabilities	(72,965)	(2,090)	-	(75,055)	(130,542)	(1,045)	-	(131,587)
Non-Current Liabilities								
Trade and other payables	-	(38)	-	(38)	-	(201)	-	(201)
Tenant bond liabilities	(409)	-	-	(409)	(567)	-	-	(567)
Employee provisions	(82)	-	-	(82)	(66)	-	-	(66)
Borrowings	(84,193)	-	-	(84,193)	(27,151)	-	-	(27,151)
Total Non-Current Liabilities	(84,684)	(38)	-	(84,722)	(27,784)	(201)	-	(27,985)
Total Liabilities	(157,649)	(2,128)	-	(159,777)	(158,326)	(1,246)	-	(159,572)
Net Assets Before Statutory Adjustments	245,631	16,668	27,324	289,623	248,780	11,687	27,208	287,675
Deferred tax liability	(5,339)	-	-	(5,339)	(5,195)	-	-	(5,195)
Net impact of AASB 16	-	(5,882)	-	(5,882)	-	(5,869)	-	(5,869)
Net Assets After Statutory Adjustments	240,292	10,786	27,324	278,402	243,585	5,818	27,208	276,611

2. Revenue

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

	Dec 2023 \$'000	Dec 2022 \$'000
Revenue from Contracts with Customers		
Flexspace income	14,534	12,489
Property income	11,630	11,175
Other income	52	-
Government stimulus	-	6
Total Revenue	26,216	23,670

The Group earned flexspace income of \$14.5 million for the period (Dec 2022 - \$12.5 million) as the flexspace business continued to grow with the addition of 3 new leased sites as well as the opening of WOTSO Takapuna in New Zealand leading to an increase of just under 800 available desks.

Similarly, property income increased to \$11.6 million (Dec 2022 - \$11.2 million).

The Group's option agreement with its Neutral Bay landlord was exercised in September 2023 resulting in the Group varying its existing lease at Neutral Bay. On exercise of the option the Group became entitled to a lease variation fee of \$4.9 million which is to be received in March 2024 following the settlement of the sale of the Neutral Bay building. The Group's purchase in Cremorne will provide a replacement home for the Neutral Bay WOTSO business.

3. Direct Costs

	Dec 2023 \$'000	Dec 2022 \$'000
Property outgoings	5,741	5,178
Flexspace operating costs	4,718	4,359
Right of use lease asset depreciation	2,742	2,571
Bad debt expense	92	89
Total Direct Costs	13,293	12,197

4. Administration Expenses

	Dec 2023 \$'000	Dec 2022 \$'000
Management fees	1,940	2,153
Compliance costs	355	488
WOTSO flexspace overheads	1,570	1,222
Other WOT overheads	349	299
Total Administration Expenses	4,214	4,162

Administration expenses comprise management fees payable to BlackWall Limited, compliance costs and group overheads. The Group pays a management 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.

WOTSO flexspace overheads comprise \$915,000 for head office staff and other overhead costs associated with running the WOTSO flexspace business, such as travel and marketing costs. Other WOT overheads comprise \$349,000 for head office staff running non-flexspace aspects of the Group's operations.

5. Building and Fixtures Depreciation

	Dec 2023 \$'000	Dec 2022 \$'000
WOTSO fitout depreciation	1,896	1,845
Property depreciation	1,909	1,687
Total Building and Fixtures Depreciation	3,805	3,532

Building and fixtures depreciation comprises depreciation of fitout and property improvements.

6. Finance Costs

	Dec 2023 \$'000	Dec 2022 \$'000
Interest on borrowings	4,457	3,125
Interest on lease liabilities	650	553
Total Finance Costs	5,107	3,678

Finance costs increased during the period following the rise in the official cash rate to 4.35% as at 31 December 2023 (Dec 2022 - 3.1%) combined with an increase in the overall borrowings of the Group to \$153 million as at 31 December 2023 (Dec 2022 - \$146 million). Further information on the borrowing costs and terms of borrowings are included in Note 15.

7. Trade and Other Receivables

	Dec 2023 \$'000	Jun 2023 \$'000
Trade receivables – Flexspace	96	127
Trade receivables – Property leases	325	383
Neutral Bay lease variation receivable	4,900	-
Related parties	362	320
Expected credit loss allowance	(129)	(29)
Total Trade and Other Receivables	5,554	801

8. Loan Portfolio

Name	Dec 2023 \$'000	Jun 2023 \$'000	Current Security \$'000	Interest Rate	Security/Details
Vendor finance*	196	196	3,500	4.0% fixed	Commercial property in Toowoomba that was sold in 2021
Total Current Loan Portfolio	196	196			
Vendor finance*	1,326	1,425	3,500	4.0% fixed	Commercial property in Toowoomba that was sold in 2021
Total Non-Current Loan Portfolio	1,326	1,425			

*Same asset as security.

9. Rental Deposits

	Dec 2023 \$'000	Jun 2023 \$'000
Other	250	354
Total Current Rental Deposits	250	354
Rental deposits	775	675
Term deposit for bank guarantee	284	74
Total Non-Current Rental Deposits	1,059	749
Total Rental Deposits	1,309	1,103

10. Investment Property Portfolio

		Independent Valuation Date	Independent Valuer Cap Rate	Dec 2023 \$'000	Jun 2023 \$'000
Start-Up Phase					
Cremorne, NSW	●●	PPC*	n/a	17,500	17,100
Mandurah, WA	●●	PPC*	n/a	3,400	3,400
Takapuna, NZ	●●	Dec-22	5.00%	10,958	9,924
Developing Phase					
Brookvale, NSW	●●	Jun-23	4.00%	4,900	4,900
Dickson, ACT	●●	Jun-22	6.50%	32,400	32,000
Fortitude Valley, QLD	●●	Jun-22	6.00%	11,700	11,700
Newcastle, NSW	●●	Dec-22	6.50%	7,050	7,050
Adelaide, SA	●●	Jun-23	6.50%	13,600	13,600
Mature Phase					
Symonston, ACT	●●	Jun-22	6.75%	8,300	8,300
Villawood, NSW	●	Jun-22	5.50%	28,500	28,500
Penrith, NSW	●	Jun-22	5.75%	26,250	26,250
Sunshine Coast, QLD	●●	Dec-22	5.97%	31,500	31,500
Yandina, QLD	●	Dec-23	8.25%	23,150	23,000
Gold Coast, QLD	●●	Jun-22	7.28%	26,800	26,800
Hobart, TAS	●●	Dec-22	6.25%	14,000	14,000
Pymont, NSW	●●	Jun-23	6.00%	134,300	134,300
Total Investment Property Portfolio				394,308	392,324

●● Properties with WOTSOs ● Properties without WOTSOs

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

The fair values of properties are determined based on the most recent independent valuation, with consideration for any capital expenditure since valuation. These adjustments don't assume any value margin but simply add the amount of capital spent.

The Group assesses the values of its assets regularly. Where we believe that values may have moved materially up or down from the amount being held, a new independent valuation is sought. For those properties that have not been independently revalued at 31 December 2023, the Group has assessed that there are no indicators of impairment with those properties and that the carrying amounts reflect fair value.

Independent valuations are completed by certified practising valuers. The fair value of each property is determined with consideration to the highest and best use of each property, which is the current use of each property.

Independent valuations are determined with reference to the direct comparison approach, market capitalisation method and the discounted cash flow method.

11. 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 business to 35% (Jun 2023 - 31%). As at 31 December 2023 the Group has contributed \$904,000 net of amortisation (Jun 2023 - \$896,000) to fund the development of the software and has increased its investment in associate to \$270,000 (Jun 2023 - \$162,000).

During the period \$127,000 of amortisation (Dec 2022 - \$98,000) was recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income.

12. 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 2023 \$'000	Jun 2023 \$'000
Opening balance	34,615	33,605
Additions	4,047	6,271
Depreciation	(2,742)	(5,261)
Disposals	(1,671)	-
Total Right of Use Lease Assets	34,249	34,615

	Dec 2023 \$'000	Jun 2023 \$'000
Right of use lease asset	52,391	53,266
Accumulated depreciation	(18,142)	(18,651)
Written Down Value of Right of Use Lease Assets	34,249	34,615

Lease Liabilities

	Dec 2023 \$'000	Jun 2023 \$'000
Opening balance	38,656	37,743
Additions	4,047	6,271
Interest charged	650	1,130
Repayments	(3,525)	(6,589)
Terminations	(1,724)	-
Modification	(94)	101
Total Lease Liabilities (Current and Non-current)	38,010	38,656

Neutral Bay Lease

During 2021 the Group entered into an option with the owners of the current WOTSO Neutral Bay site that, if exercised, would see the Group vary its leases at that site and receive an additional \$4.9 million from the owners (the Group received \$100,000 in October 2021). During the period the option was exercised triggering the variation of the lease for the Neutral Bay site. The variation fee is payable on the settlement of the sale of the property.

13. Goodwill

Goodwill of \$26.15 million was generated when Ostow Limited (formerly WOTSO Limited) was stapled to BlackWall Property Trust as part of the stapling transaction completed in February 2021. In accordance with Note 21 no events or changes in circumstances indicate any impairment of goodwill at 31 December 2023.

14. Trade and Other Payables

	Dec 2023 \$'000	Jun 2023 \$'000
Trade payables	4,389	3,373
Accrued expenses	396	582
Related parties	342	434
Unearned revenue	367	619
Tenant deposits	75	43
COVID deferred rent	94	159
Total Current Trade and Other Payables	5,663	5,210
COVID deferred rent	38	201
Total Non-Current Trade and Other Payables	38	201
Total Trade and Other Payables	5,701	5,411

15. Borrowings

All facilities are priced off the bank bill swap rate. 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.

\$69 million of the Group's borrowings have been classified as current as they are due in the next 12 months. Subsequent to 31 December 2023, the Group finalised renewals of the \$44 million borrowings secured against various properties and the \$12 million borrowings secured against the Villawood property. Both renewals were completed on similar terms. The Group expects to be able to renew the borrowings secured against the Penrith property on terms that are similar. The Group has \$39 million of unencumbered properties.

Security	LVR (Covenant)	Borrowings		Security Value \$'000	Expiry	Margin	Lender
		31 Dec 2023 \$'000	30 Jun 2023 \$'000				
Villawood	42% (65%)	12,000*	12,000*	28,500	01/24	2.13%	NAB
Various	44% (65%)	44,000*	44,000*	99,000	01/24	1.91%	NAB
Penrith	50% (55%)	13,000*	13,000	26,250	08/24	2.20%	CBA
Hobart & Newcastle	34% (45%)	7,200	7,200	21,050	02/26	2.00%	ANZ
Fortitude Valley	26% (N/A)	3,000	3,000	11,700	09/27	2.40%	BOQ
Takapuna	36% (N/A)	3,993	3,951	10,958	11/27	3.00%	BNZ
Yandina	43% (60%)	10,000	10,000*	23,150	02/28	2.01%	NAB
Pyrmont	45% (50%)	60,000	60,000*	134,300	01/26	1.88%	NAB
Unencumbered Properties		-	-	39,400			
Total		153,193	153,151				

*Current

16. Tax

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

Property Owning Entities

As at 30 June 2023 the property owning trusts estimate to have carried forward revenue tax losses of approximately \$29 million. These losses are available to offset future taxable income, however they are not recognised on the balance sheet.

Planloc Limited

Net deferred tax liabilities are recognised on the balance sheet of Planloc (Dec 2023 - \$5.3 million; Jun 2023 - \$5.2 million) in relation to unrealised gains on the assets of the company.

Ostow Limited

As at 30 June 2023 the Ostow Limited consolidated tax group have carried forward revenue tax losses of approximately \$16 million.

17. Distributions

A distribution of 1.0 cent per security has been declared to be paid on 3 April 2024.

Prior Distributions Paid	Payment Date	Amount Per Security	Distributions Paid \$'000
Final distribution	24 November 2023	3.0 cps	4,880
Total Dec 2023			4,880
Final distribution	6 September 2022	3.0 cps	4,901
Total Dec 2022			4,901

18. 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 of the investments.

The following table presents the Group's assets measured at fair value. Refer to Note 21 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 2023				
Investment property portfolio	-	-	394,308	394,308
Loan portfolio	-	-	1,522	1,522
Hedge asset	-	-	1,889	1,889
At 30 June 2023				
Investment property portfolio	-	-	392,324	392,324
Loan portfolio	-	-	1,621	1,621
Hedge asset	-	-	2,604	2,604

(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%	(15,000)	16,300
Net market rent	5%	25,000	(24,200)

Under the capitalisation approach, net market rent and adopted capitalisation rates are strongly interrelated as the fair values of investment properties are derived by capitalising the total net market rent. Increases in adopted capitalisation rates may offset the impact on fair value of an increase in net market rent. Similarly, a decrease in adopted capitalisation rates may also offset the impact on fair value of a decrease in net market rent. On the other hand, opposite direction changes in net market rent and adopted capitalisation rates may increase the impact to fair value.

(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 2023:

	\$'000
At 31 December 2023	
Balance at the beginning of the period	396,549
Net loss on assets	(32)
Capital improvements	3,636
Straight-line rental income	183
Foreign currency translation gain	106
Hedge asset	(715)
Depreciation	(1,909)
Loans repaid	(99)
Balance at 31 December 2023	397,719

\$'000

At 30 June 2023

Balance at the beginning of the year	402,755
Net loss on assets	(5,481)
Capital improvements	5,955
Straight-line rental income	700
Foreign currency translation gain	133
Hedge asset	71
Change in foreign currency translation on contract settlement payable for Takapuna	(18)
Depreciation	(3,665)
Loans repaid	(3,901)

Balance at 30 June 2023 **396,549**

19. Earnings per Security

	Dec 2023 \$'000	Dec 2022 \$'000
Profit after income tax	3,997	7,130
Non-controlling interest	(284)	(228)
Profit After Income Tax Attributable to Owners of WOT Securities	3,713	6,902
	Number	Number
Weighted average number of ordinary securities used in calculating basic and diluted earnings per security	162,686,557	163,359,901
	Cents	Cents
Basic and diluted earnings per security	2.3	4.2

20. Subsequent Events

Subsequent to 31 December 2023 the Group has undertaken various corporate restructures resulting ultimately in the internalisation of management into the Group and the termination of the management agreements the Group held with BlackWall Limited, with the exception of those management agreements relating to Pymont Bridge Property Pty Ltd and Pymont Bridge Road Mortgage Fund, which will continue to be managed externally by BlackWall Limited. Consequently, this restructuring has resulted in a number of changes to the Board of Directors of the Group and BlackWall Limited such that the Boards of Directors of the Group and BlackWall Limited are no longer common.

Additionally, the Group has continued to reduce its ownership in both Pymont Bridge Property Pty Ltd and Pymont Bridge Road Mortgage Fund to 49.6% and 43.4% respectively. With the reduction in the Group's ownership in both entities, together with the Group's internalisation of management (with the exception of Pymont Bridge Property Pty Ltd and Pymont Bridge Road Mortgage Fund) the Group's control over these entities and the related assets and liabilities has been reduced subsequent to 31 December 2023.

Finally, on 6 February 2024 the Group exchanged contracts on the acquisition of a property in Belmont, Auckland, New Zealand for \$2.6 million New Zealand Dollars. The purchase is expected to settle in March 2024.

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.

21. Critical Accounting Estimates and Judgements

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

Key Estimates – 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 18 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 22. 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.

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 leased premises, restore the premises in 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.

22. Statement of Material Accounting Policies

The financial statements cover the listed WOTSO Property Group, which comprises BlackWall Property Trust, Ostow 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 is 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 2023 have been prepared in accordance with 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 2023. The principal accounting policies adopted are consistent with those of the previous financial year ended 30 June 2023 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 liability position of \$72 million at 31 December 2023. This is largely driven by current borrowings of \$69 million, of which \$56 million have been renewed subsequent to period-end.

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 Makers (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 period. Several amendments apply for the first time in the current period. However, they do not impact the 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.



Takapuna, NZ

Directors' Report (continued)

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 and WOTSO CookSpace, 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 members, 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 its 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. We also continuously review our lending covenants and ensure there is sufficient headroom above these levels.
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 material wear and tear that could necessitate significant expense for the Group. Additionally we hold sufficient insurance coverage across our portfolio to absorb any material unplanned capital expenditure.

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.

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.

Rounding of Amounts

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

Officeholders of the Group

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

Jessica (Jessie) Glew **Joint Managing Director and COO**
(CEO and Executive Director effective 28 February 2024)

Timothy Brown **Joint Managing Director and CFO**

Richard Hill **Non-Executive Director**

Robin Tedder **Non-Executive Director**

Agata Ryan **Company Secretary**

The above named directors held office during and since the end of the half-year except for:

- **Robin Tedder** – resigned 28 February 2024
- **Timothy Brown** – resigned 28 February 2024
- **Paul Tresidder** – appointed as Non-Executive Director 28 February 2024

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



Seph Glew
Chairman
Sydney (29 February 2024)



Jessie Glew
Director
Sydney (29 February 2024)

Directors' Declaration

In the opinion of the Directors of Ostow 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 2023 and of its performance for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that each of Ostow Limited, Planloc Limited and BlackWall Property Trust will be able to pay their debts as and when they become due and payable.

Statement of Material 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 persons acting in the capacities of 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 Directors.



Seph Glew
Chairman
Sydney (29 February 2024)



Jessie Glew
Director
Sydney (29 February 2024)



Auditor's Independence Declaration and Report

Business advice
and accounting

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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 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of 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 28th of February 2024



ESV Business Advice and Accounting



Chris Kirkwood
Partner

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INDEPENDENT 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 2023, 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 2023, OSTOW Limited and its controlled entities as at half year ended 31 December 2023 and Planloc Limited. Units in BlackWall Property Trust and shares in OSTOW 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 2023 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 Review of the Half-Year Financial Report

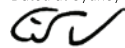
The Directors of responsible entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable 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 Responsibilities for the Half-year Review of the Financial Report

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 2023 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 29th of February 2024



ESV Business advice and accounting



Chris Kirkwood
Partner





WOTSO
PROPERTY

WOTSO Property (ASX:WOT)

A stapled security comprising:

- Ostow 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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