



WOTSO
PROPERTY

Property by name,
flexible by nature

INTERIM REPORT

HALF-YEAR ENDED
31 DECEMBER 2021



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Adelaide, SA

Directors' Report

WOTSO Property (WOT or the Group) will pay a distribution of 3.0 cents per security on 8 April 2022. In the last 6 months WOT has acquired a further 2 properties bringing total acquisitions to 5 properties in the last 12 months. WOT owns 15 properties encompassing just over 80,000 sqm of NLA and operates around 40,000 sqm of flexible space.

Key Numbers

\$1.50

Adjusted Net Asset
Value (NAV) per
Stapled Security

3.0 cents

Interim Distribution

5 new

properties purchased
since start of
pandemic

26%

Net Gearing

So what is WOTSO Property?



WOTSO



BLACKWALL
PROPERTY

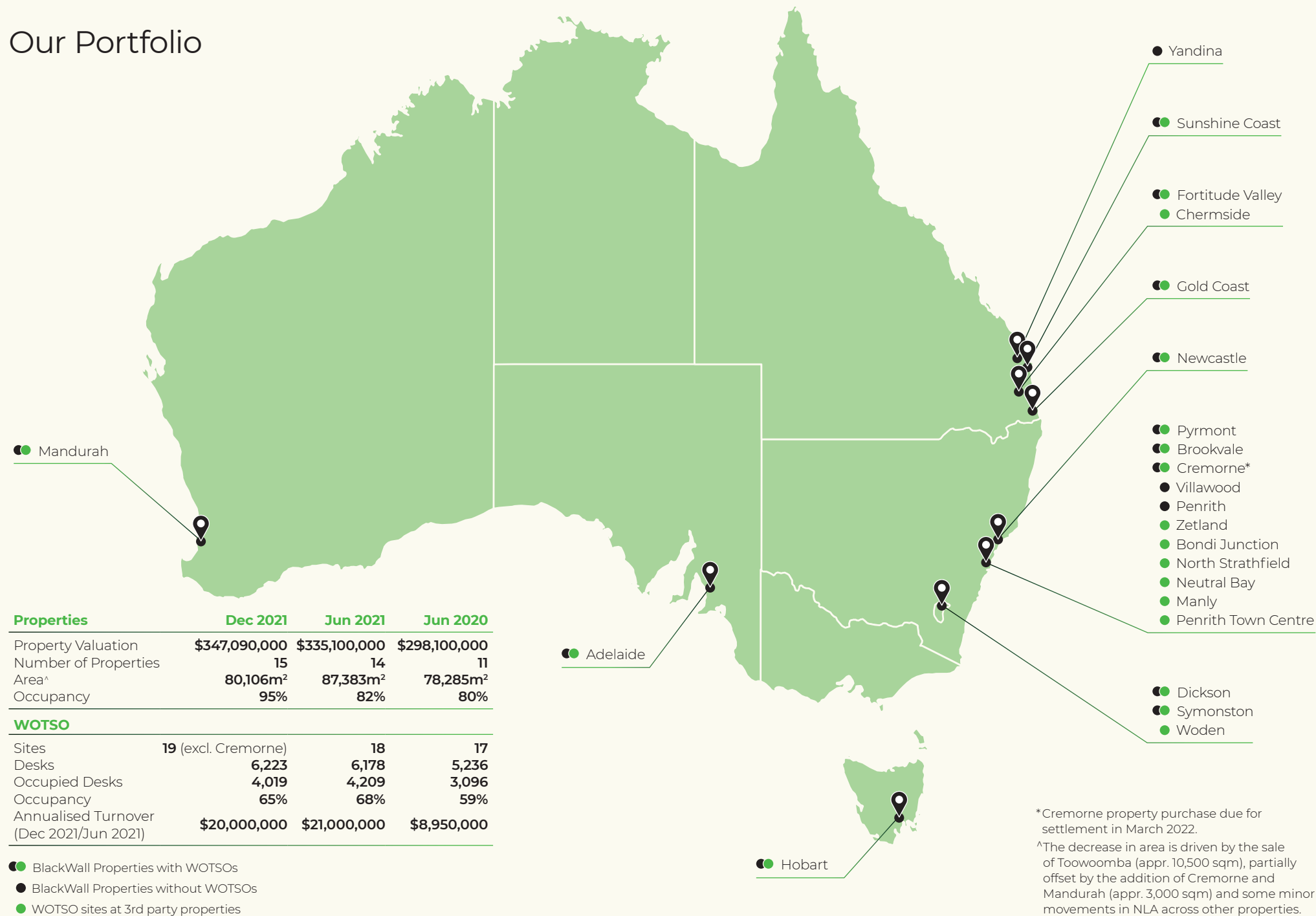
Operates flexible workspaces, largely targeted towards small to medium enterprises in city fringe, suburban and regional locations. It has grown to 20 locations across Australia with revenue largely derived from the use of private offices on monthly terms and memberships for the use of open-plan co-working spaces, events spaces and meeting rooms.

The property owning entities of the group that make up the segment we call "BlackWall Property". A portfolio of 15 commercial properties across 5 Australian states and the ACT with 12 including accommodation for WOTSO.



WOTSO
PROPERTY

Our Portfolio



*Cremorne property purchase due for settlement in March 2022.

^The decrease in area is driven by the sale of Toowoomba (appr. 10,500 sqm), partially offset by the addition of Cremorne and Mandurah (appr. 3,000 sqm) and some minor movements in NLA across other properties.

Property Investment Review

Our property portfolio continues to grow with a further two acquisitions committed in the first half of the year, bringing our total acquisitions to five over the last 12 months. Our five new properties have added over 6,000 sqm of Net Lettable Area (NLA) to our portfolio with the majority to be occupied by WOTSO's flexible space offering. We also sold our Toowoomba asset in September, it was a small legacy property that had few growth prospects.

All of the five acquisitions fit our strategy of growth in suburban and regional locations with a focus of WOTSO becoming a key tenant to drive enhanced returns to our investors. We detailed our Brookvale and Newcastle purchases in our 2021 Annual Report and both of these sites are now ready and housing WOTSO members. Newcastle officially opened in December and has around 50 members. Brookvale has only just opened its doors so we will hopefully see its growth over the next few months.

Our 2 new properties are:

22 Ormsby Terrace, Mandurah, WA

Mandurah is Western Australia's largest regional city and less than an hour from Perth. It is WOT's first asset in WA and will soon house WA's first WOTSO. The property was once home to the Australian Sailing Museum and represents over 1,500 sqm of NLA, which is currently vacant. The \$2 million purchase price we think represents good value in the current Australian market. Mandurah is home to an existing coworkspace that is run in partnership by local government and economic development groups. This space was looking for partners to help it continue its operations and WOTSO will allow this to occur through housing its existing tenants as the foundation members for WOTSO Mandurah. WOTSO will open in the final quarter of FY22 and upon maturity we expect it to yield above 20% on the \$2 million purchase price.

233-237 Military Rd, Cremorne, Sydney, NSW

In December WOT exchanged contracts on this property on Sydney's lower North Shore with settlement due in March 2022. It is 500 metres from our WOTSO Neutral Bay property that is currently subject to a lease and not owned by the Group. It is a high visibility site with approximately 1,400 sqm of NLA. You can expect some trademark WOTSO signage to front one of Sydney's busiest roads. The building previously housed a 2nds World retail outlet and offices for many years.



Mandurah



Cremorne

| Property Investment Portfolio | | Ownership | WOT Yield* | Independent Valuer Yield | Dec 2021 \$'000 | Jun 2021 \$'000 |
|---|----|-----------|------------|--------------------------|-----------------|-----------------|
| Dickson, ACT | ●● | 100% | 4.1% | 6.6% | 31,450 | 31,300 |
| Symonston, ACT | ●● | 100% | 5.9% | 7.3% | 8,600 | 8,400 |
| Pymont, NSW | ●● | 46% | 4.4% | 5.4% | 148,000 | 150,100 |
| Villawood, NSW | ● | 99% | 8.1% | 6.5% | 22,000 | 22,000 |
| Penrith, NSW | ● | 100% | 6.8% | 6.7% | 21,500 | 21,500 |
| Newcastle, NSW* | ●● | 100% | 1.3% | n/a | 7,000 | 6,000 |
| Brookvale, NSW* | ●● | 100% | n/a | n/a | 4,300 | 4,200 |
| Sunshine Coast, QLD | ●● | 100% | 7.6% | 7.4% | 24,200 | 24,200 |
| Yandina, QLD | ● | 100% | 13.1% | 8.6% | 23,000 | 20,200 |
| Gold Coast, QLD | ●● | 100% | 10.5% | 7.4% | 20,100 | 19,800 |
| Fortitude Valley, QLD | ●● | 100% | 2.8% | 6.7% | 9,500 | 8,600 |
| Adelaide, SA | ●● | 100% | 5.6% | 7.5% | 7,450 | 7,100 |
| Hobart, TAS | ●● | 100% | 9.6% | 7.7% | 8,200 | 8,200 |
| Mandurah, WA* | ●● | 100% | n/a | n/a | 2,100 | - |
| Toowoomba, QLD† | | - | n/a | - | - | 3,500 |
| Total Property Investment Portfolio (Owned) | | | | | 337,400 | 335,100 |
| Cremorne, NSW (to be settled in 2022)‡ | ●● | 100% | n/a | n/a | 9,690 | - |
| Total Property Investment Portfolio | | | | | 347,090 | 335,100 |

*WOT Yield is the current return of each property to WOT investors. It is comprised of the property's passing yield plus WOTSO EBITDA for that property (if applicable).

†Newcastle, Brookvale and Mandurah were purchased in the 2021 calendar year and have not been independently valued.

‡Toowoomba was sold for \$3.5 million during the period ended 31 Dec 2021.

‡Contracts have been exchanged on the purchase of Cremorne and settlement will occur in Mar 2022.

●● BlackWall Properties with WOTSOs

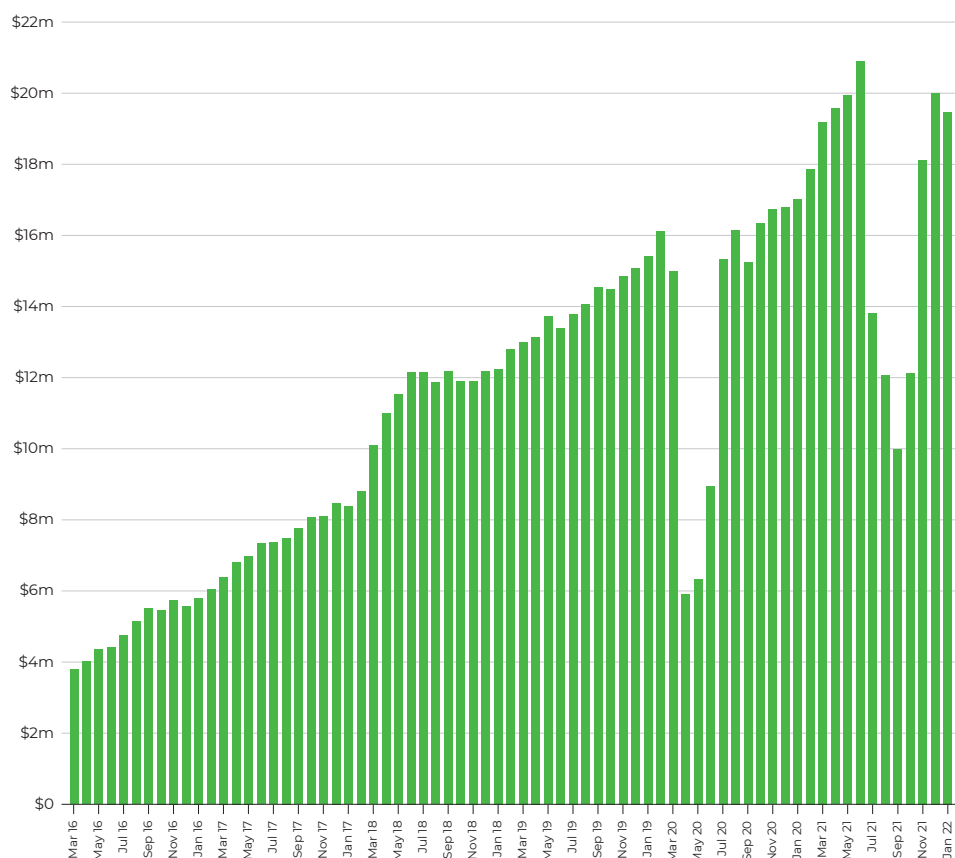
● BlackWall Properties without WOTSOs

The value of properties is based on the most recent independent valuation, adjusted to include any capital expenditure since valuation. These adjustments don't assume any value margin but simply add the amount of capital spent. All properties were independently valued in November 2020, except for recent acquisitions: Newcastle, Brookvale, Mandurah and Cremorne. Additionally, Pymont and Yandina were independently valued at 31 December 2021.

WOTSO Review

In June 2021 WOTSO reported its highest annualised revenue ever, growing \$5 million above its pre pandemic revenue of \$16 million, it showed resilience through the initial lockdowns and an even better recovery. Much like many Australian businesses FY22 did not start the way we hoped with further lockdowns impacting growth. WOTSO's revenue was again affected and it was not until late 2021 that we started to see recovery, ending the year at around \$20 million annualised revenue. We think, subject to further lockdowns, WOTSO is now in a good position to make a full recovery and we expect to see revenue continue to grow beyond the previous high of \$21 million.

WOTSO Annualised Turnover



WOTSO Neutral Bay Lease Update

Separately, the Group has entered into an option deed with the property owners at the current WOTSO Neutral Bay site and BlackWall head office (50 Yeo Street, Neutral Bay) that, if exercised, will see the Group give up the various leases it holds at that site and receive an additional \$4.9 million from the property owners.

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

Financial Review

| | Dec 2021 \$'000 | Dec 2020 (normalised)* \$'000 |
|---------------------------------------|--------------------|-------------------------------------|
| WOTSO Profit or Loss | | |
| Offices | 5,084 | 5,248 |
| Coworking | 1,080 | 1,132 |
| Other services | 972 | 977 |
| Operating Revenue | 7,136 | 7,357 |
| Other revenue | 100 | - |
| Government assistance | 267 | 621 |
| Total Revenue | 7,503 | 7,978 |
| Rent | (2,561) | (2,779) |
| Staff costs | (1,880) | (1,676) |
| Operating expenses | (2,504) | (2,397) |
| Total Direct Costs | (6,945) | (6,852) |
| Management Fees | (146) | - |
| EBITDA | 412 | 1,126 |
| Depreciation | (1,604) | (1,303) |
| Underlying Net Loss Before Tax | (1,192) | (177) |
| Impact of AASB 16 Leases | 122 | (1,829) |
| Statutory Loss | (1,070) | (2,006) |

*To assist with prior year comparisons, the above results show a "normalised" Dec20 result. This "normalised" representation shows the results as if the BWF franchise site had always been owned and operated by WOTSO.

Our View of the WOT Numbers

Below are the profit or loss and balance sheet the Directors use in their analysis of WOTSO Property. Results have been adjusted for the impact of right of use lease assets and liabilities, the deferred tax liability and the estimated fair value of the WOTSO business.

Profit or Loss

December 2021 results were significantly impacted by COVID lockdowns. BlackWall Property provided rent waivers and deferrals to its tenants and WOTSO implemented its suspension policy for 5 months of the reporting period. However, government assistance and rent waivers from 3rd party landlords reduced the impact to EBITDA.

| | BlackWall Property \$'000 | WOTSO \$'000 | Eliminations* \$'000 | Dec 2021^ \$'000 |
|------------------------------------|---------------------------------|-----------------|-------------------------|---------------------|
| Offices | - | 5,084 | - | 5,084 |
| Coworking | - | 1,080 | - | 1,080 |
| Other services | - | 972 | - | 972 |
| Government assistance | - | 267 | - | 267 |
| Other income | - | 100 | - | 100 |
| Property rental income | 11,585 | - | (905) | 10,680 |
| Total Revenue | 11,585 | 7,503 | (905) | 18,183 |
| Rent expense | - | (2,561) | 599 | (1,962) |
| Staff costs | - | (1,177) | - | (1,177) |
| Operating expenses | (3,137) | (2,224) | 306 | (5,055) |
| Total Operating Expenses | (3,137) | (5,962) | 905 | (8,194) |
| Net Rental Income | 8,448 | 1,541 | - | 9,989 |
| Overhead & administration costs | (929) | (983) | - | (1,912) |
| Management fees | (1,236) | (146) | - | (1,382) |
| EBITDA | 6,283 | 412 | - | 6,695 |
| Other statutory adjustments | (978) | (1,482) | (436) | (2,896) |
| Statutory Profit Before Tax | 5,305 | (1,070) | (436) | 3,799 |

*Rent eliminates on consolidation.

^The December 2021 and June 2021 results are comprised of the results of all three stapled entities.

Balance Sheet

WOTSO Property has maintained a strong balance sheet, with net gearing of 26% (June 2021: 25%). Adjusted NAV per security is \$1.50 (June 2021: \$1.49).

| | BlackWall Property \$'000 | WOTSO \$'000 | Eliminations \$'000 | Dec 2021 \$'000 | Jun 2021 \$'000 |
|--|---------------------------------|-----------------|------------------------|--------------------|--------------------|
| Cash & equivalents | 5,641 | 955 | - | 6,596 | 7,473 |
| Other current assets | 1,221 | 2,325 | (154) | 3,392 | 6,477 |
| Loan portfolio | 7,410 | - | - | 7,410 | 8,753 |
| Total Current Assets | 14,272 | 3,280 | (154) | 17,398 | 22,703 |
| Investment portfolio | 337,400 | - | - | 337,400 | 331,600 |
| Property, plant & equipment | 62 | 13,249 | (13,249) | 62 | 62 |
| Goodwill | - | 26,150 | (26,150) | - | - |
| WOTSO business | - | - | 43,500 | 43,500 | 42,000 |
| Other non-current assets | 22,023 | 3,400 | (9,580) | 15,843 | 5,575 |
| Total Non-Current Assets | 359,485 | 42,799 | (5,479) | 396,805 | 379,237 |
| Total Assets | 373,757 | 46,079 | (5,633) | 414,203 | 401,940 |
| Borrowings | (10,000) | - | - | (10,000) | - |
| Cremorne property settlement payable | (8,681) | - | - | (8,681) | - |
| Other current liabilities | (2,160) | (3,346) | 154 | (5,352) | (3,378) |
| Total Current Liabilities | (20,841) | (3,346) | 154 | (24,033) | (3,378) |
| Borrowings | (107,000) | - | - | (107,000) | (117,000) |
| Other non-current liabilities | - | (10,026) | 9,578 | (448) | (219) |
| Total Non-Current Liabilities | (107,000) | (10,026) | 9,578 | (107,448) | (117,219) |
| Total Liabilities | (127,841) | (13,372) | 9,732 | (131,481) | (120,597) |
| Net Assets | 245,916 | 32,707 | 4,099 | 282,722 | 281,343 |
| Attributable to NCI | | | | (38,161) | (38,364) |
| Net Assets Attributable to WOT Owners | | | | 244,561 | 242,979 |
| Statutory adjustments | | | | (11,753) | (8,813) |
| Statutory Net Assets (excluding NCI) | | | | 232,808 | 234,166 |
| NAV / Stapled Security | | | | \$1.50 | \$1.49 |
| Statutory NAV / Stapled Security | | | | \$1.43 | \$1.44 |

Financial Statements

Balance Sheet at 31 December 2021

| | Note | Dec 2021 \$'000 | Jun 2021 \$'000 |
|--|------|--------------------|--------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and equivalents | | 6,596 | 7,473 |
| Trade and other receivables | 6 | 1,273 | 899 |
| Loan portfolio | 7 | 7,410 | 8,753 |
| Other assets | 8 | 2,119 | 2,078 |
| Toowoomba property held for sale | 10 | - | 3,500 |
| Total Current Assets | | 17,398 | 22,703 |
| Non-Current Assets | | | |
| Property Investment portfolio | 11 | 337,400 | 331,600 |
| Property, plant and equipment | | 13,311 | 14,173 |
| Contract to purchase Cremorne property | 9 | 9,690 | - |
| Loan Portfolio | 7 | 1,719 | - |
| Software development | | 456 | 347 |
| Investment in associate | | 369 | 348 |
| Right of use lease assets | 12 | 35,997 | 20,068 |
| Goodwill | 14 | 26,150 | 26,150 |
| Hedge asset | 15 | 591 | - |
| Other receivables | | 443 | 305 |
| Other assets | 8 | 2,575 | 4,575 |
| Total Non-Current Assets | | 428,701 | 397,566 |
| Total Assets | | 446,099 | 420,269 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 13 | 5,060 | 3,152 |
| Property settlement payable for Cremorne | 9 | 8,681 | - |
| Borrowings | 15 | 10,000 | - |
| Employee provisions | | 292 | 226 |
| Lease liabilities | | 4,323 | 3,960 |
| Total Current Liabilities | | 28,356 | 7,338 |
| Non-Current Liabilities | | | |
| Trade and other payables | 13 | 436 | 214 |
| Employee provisions | | 12 | 5 |
| Make good provisions | | 1,388 | 1,353 |
| Borrowings | 15 | 107,000 | 117,000 |
| Deferred tax liability | | 2,369 | 2,104 |
| Lease liabilities | | 35,569 | 19,725 |
| Total Non-Current Liabilities | | 146,774 | 140,401 |
| Total Liabilities | | 175,130 | 147,739 |
| Net Assets | | 270,969 | 272,530 |



How to Read these Financial Statements

The 2022 Interim Report is comprised of the results of all three stapled entities throughout the entire period. However, the 2021 comparative profit or loss relates to BlackWall Property Trust only. As both Planloc and BlackWall Property Trust are property investment vehicles, the results of both entities have been combined to form the "Property" segment. The stand-alone interim financial statements for WOTSO and Planloc can be found in the annexures of this report.

| | Dec 2021 \$'000 | Jun 2021 \$'000 |
|---|--------------------|--------------------|
| Equity | | |
| Issued capital | 245,972 | 245,902 |
| Accumulated losses | (13,164) | (11,736) |
| Equity Holders of WOTSO Property | 232,808 | 234,166 |
| Non-Controlling Interests in BWR | 38,161 | 38,364 |
| Total Equity | 270,969 | 272,530 |
| Net assets attributable to equity holders of WOTSO Property | 232,808 | 234,166 |
| Stapled securities on issue (Number) | 162,971,362 | 162,921,662 |
| Net assets per stapled security (\$) | \$1.43 | \$1.44 |
| Adjusted Net assets per stapled security (\$)* | \$1.50 | \$1.49 |

*Adjusted net assets exclude deferred tax liabilities, the impact of right of use leases and includes a WOTSO business value of \$43.5 million.

Statements of Profit or Loss and Other Comprehensive Income

for the period ended 31 December 2021

| | Note | Dec 2021* \$'000 | Dec 2020† \$'000 |
|--|------|---------------------|---------------------|
| Revenue | | | |
| Revenue | 2 | 18,183 | 11,647 |
| Direct costs | 3 | (7,947) | (2,656) |
| Net Rental Income | | 10,236 | 8,991 |
| Administration expenses | 4 | (3,294) | (2,051) |
| Trading Profit | | 6,942 | 6,940 |
| Net gain on assets | ^ | 7,139 | 6,435 |
| Operating Profit | | 14,081 | 13,375 |
| Building and fixtures depreciation | 5 | (8,640) | (3,988) |
| Finance costs | | (1,917) | (1,012) |
| Finance income | | 251 | 303 |
| Gain on lease modification | | 24 | - |
| Profit Before Income Tax | | 3,799 | 8,678 |
| Income tax expense | | (265) | - |
| Profit for the Period | | 3,534 | 8,678 |
| Other comprehensive income | | - | - |
| Total Comprehensive Income | | 3,534 | 8,678 |
| Total comprehensive income / (loss) attributable to: | | | |
| Members of BlackWall Property Trust | | 4,349 | 5,602 |
| Members of WOTSO Limited | | (1,507) | - |
| Members of Planloc Limited | | 618 | - |
| Attributable to Members of Group | | 3,460 | 5,602 |
| Non-controlling interest | | 74 | 3,076 |
| Total Comprehensive Income | | 3,534 | 8,678 |
| Earnings per Stapled Security | | | |
| Weighted average number of stapled securities | | 162,929,266 | 142,150,000 |
| Basic and diluted earnings per stapled security | | 2.1 cents | 3.9 cents |

*The results for the period ending 31 December 2021 include the results of the consolidated WOTSO Property Group.

†The results for the period ending 31 December 2020 include the results of BlackWall Property Trust only as the stapling transaction did not occur until February 2021.

^The detailed breakdown of net gain on assets can be found in the table adjacent.

Net Gain / (Loss) on Assets

| | Dec 2021 \$'000 | Dec 2020 \$'000 |
|---|--------------------|--------------------|
| Dickson, ACT | 444 | 354 |
| Symonston, ACT | 332 | 132 |
| Pymont, NSW | (1,791) | 3,315 |
| Villawood, NSW | 103 | (194) |
| Penrith, NSW | 982 | - |
| Newcastle, NSW | 1,022 | - |
| Brookvale, NSW | 100 | - |
| Sunshine Coast, QLD | 255 | 1,476 |
| Yandina, QLD | 2,912 | (3) |
| Gold Coast, QLD | 611 | 591 |
| Fortitude Valley, QLD | 1,010 | 89 |
| Toowoomba, QLD | - | 122 |
| Adelaide, SA | 493 | 235 |
| Hobart, TAS | 85 | 318 |
| Mandurah, WA | (10) | - |
| Total Net Gain on Fair Value of Property | 6,548 | 6,435 |
| Net gain on interest rate swap | 591 | - |
| Total Net Gain on Fair Value of Assets | 7,139 | 6,435 |

Impact of COVID

Properties

Government-mandated rent relief was provided to tenants that met the qualifying criteria during the reporting period. The relief provided was partly by way of rent waiver with the remainder provided as a deferral of rent. During the period \$335,000 was provided as a rent waiver and \$134,000 was provided as a rent deferral to tenants external to the Group. Since the start of the pandemic, tenants external to the Group have had \$915,000 of rental payments waived and an additional \$635,000 have been deferred.

WOTSO

WOTSO reinstated its suspension policy during the reporting period, which was available to any members in locked-down areas and allowed them to suspend their membership without penalty. This resulted in average revenue decreases of approximately 65% across impacted sites. The policy ended in November 2021 and revenue has started to recover, with December revenue back to \$20 million (annualised), or 95% of its record high of \$21 million in June 2021. WOTSO received \$819,000 in rent relief from its 3rd party landlords and was eligible for JobSaver and other forms of Government Stimulus.

Statement of Cash Flows

for the period ended 31 December 2021

| | Dec 2021* \$'000 | Dec 2020† \$'000 |
|---|---------------------|---------------------|
| Cash Flows From Operating Activities | | |
| Receipts from tenants/members | 19,133 | 11,509 |
| Payments to suppliers and employees | (9,802) | (5,974) |
| Other income | 368 | - |
| Net Cash Flows From Operating Activities | 9,699 | 5,535 |
| Cash Flows From Investing Activities | | |
| Payments for capital improvements | (3,574) | (1,258) |
| Payments for property purchases | (3,117) | - |
| Payments for property, plant and equipment | (729) | - |
| Payments for software development | (143) | - |
| Proceeds on sale of property | 1,500 | - |
| Repayment of bond | 2,000 | - |
| Loans advanced | (876) | (12,388) |
| Loans repaid from borrower | 2,500 | 9,120 |
| Net Cash Flows (Used in) Investing Activities | (2,439) | (4,526) |
| Cash Flows From Financing Activities | | |
| Distributions paid | (5,165) | (5,412) |
| Rental payments | (1,876) | - |
| Interest paid | (1,330) | (1,012) |
| Interest received | 232 | 303 |
| Distribution income | 2 | 132 |
| Net Cash Flows (Used in) / From Financing Activities | (8,137) | (5,989) |
| Net Increase / (Decrease) in Cash Held | (877) | (4,980) |
| Cash and cash equivalents at the beginning of the period | 7,473 | 16,192 |
| Cash and Cash Equivalents at End of the Period | 6,596 | 11,212 |

*The results for the period ending 31 December 2021 include the results of the consolidated WOTSO Property Group.

†The results for the period ending 31 December 2020 include the results of BlackWall Property Trust only as the stapling transaction did not occur until February 2021.

Reconciliation of Operating Cash Flows

| | Dec 2021 \$'000 | Dec 2020 \$'000 |
|--|--------------------|--------------------|
| Profit for the Period | 3,534 | 8,678 |
| Non-Cash Flows in Profit: | | |
| Depreciation and amortisation | 11,071 | 3,988 |
| Net interest paid | 1,666 | 709 |
| Net gain on assets | (7,139) | (6,435) |
| Straight-line rental income | (605) | (645) |
| Gain on lease modification | (24) | - |
| Distribution income | (2) | 132 |
| Deduct net lease waivers | (717) | - |
| Changes to Operating Assets and Liabilities | | |
| Increase/(decrease) in deferred tax liability | 265 | - |
| Increase/(decrease) in provisions | 73 | - |
| (Increase) / decrease in trade and other receivables | (553) | (43) |
| Increase / (decrease) in trade and other payables | 2,130 | (585) |
| Net Cash Flows From Operating Activities | 9,699 | 5,535 |

Statement of Changes in Equity

for the period ended 31 December 2021

| | No. of Stapled Securities on Issue | Issued Capital \$'000 | Accumulated Losses \$'000 | Attributable to Owners of Parent \$'000 | Attributable to Owners of WOTSO \$'000 | Attributable to Owners of Planloc \$'000 | Non-Controlling Interests \$'000 | TOTAL EQUITY \$'000 |
|--|------------------------------------|-----------------------|---------------------------|---|--|--|----------------------------------|---------------------|
| Balance at 1 July 2021 | 162,921,662 | 245,902 | (38,746) | 207,156 | 28,920 | (1,910) | 38,364 | 272,530 |
| Profit for the period | - | - | 4,349 | 4,349 | (1,507) | 618 | 74 | 3,534 |
| Other comprehensive income | - | - | - | - | - | - | - | - |
| Total Comprehensive Income for the Period | - | - | 4,349 | 4,349 | (1,507) | 618 | 74 | 3,534 |
| Transactions with Owners in Their Capacity as Owners: | | | | | | | | |
| Issue of Employee Stapled Securities | 49,700 | 70 | - | 61 | 9 | - | - | 70 |
| Distributions paid | - | - | (4,888) | (4,888) | - | - | (277) | (5,165) |
| Total Transactions with Owners | 49,700 | 70 | (4,888) | (4,827) | 9 | - | (277) | (5,095) |
| Balance at 31 December 2021 | 162,971,362 | 245,972 | (39,285) | 206,678 | 27,422 | (1,292) | 38,161 | 270,969 |
| | | | | | | | | |
| Balance at 1 July 2020 | 142,150,000 | 246,576 | (37,521) | 209,055 | - | - | 48,166 | 257,221 |
| Profit for the period | - | - | 5,602 | 5,602 | - | - | 3,076 | 8,678 |
| Other comprehensive income | - | - | - | - | - | - | - | - |
| Total Comprehensive Income for the Period | - | - | 5,602 | 5,602 | - | - | 3,076 | 8,678 |
| Transactions with Owners in Their Capacity as Owners: | | | | | | | | |
| Distributions paid | - | - | (4,976) | (4,976) | - | - | (436) | (5,412) |
| Total Transactions with Owners | - | - | (4,976) | (4,976) | - | - | (436) | (5,412) |
| Balance at 31 December 2020 | 142,150,000 | 246,576 | (36,895) | 209,681 | - | - | 50,806 | 260,487 |

Notes to the Financial Statements

1. Segment Reporting

Identification of Reportable Operating Segments

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

- BlackWall Property: traditional commercial leases on owned properties;
- WOTSO: month-to-month flexible workspace business.

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

The Directors review EBITDA (earnings before interest, tax, depreciation and amortisation). 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. This largely relates to rent paid from WOTSO to properties owned by the Group.

Intersegment Receivables, Payables, Leases and Loans

All intersegment receivables, payables, leases and loans are eliminated on consolidation.

Operating Segment Information

| Profit or Loss | BlackWall Property \$'000 | WOTSO \$'000 | Eliminations \$'000 | Total Dec 2021 \$'000 | Total Dec 2020 \$'000 |
|--------------------------------------|---------------------------------|-----------------|------------------------|-----------------------------|-----------------------------|
| Offices | - | 5,084 | - | 5,084 | - |
| Coworking | - | 1,080 | - | 1,080 | - |
| Other services | - | 972 | - | 972 | - |
| Government assistance | - | 267 | - | 267 | - |
| Other income | - | 100 | - | 100 | - |
| Property rental income | 11,585 | - | (905) | 10,680 | 11,647 |
| Total Revenue | 11,585 | 7,503 | (905) | 18,183 | 11,647 |
| Rent expense | - | (2,561) | 599 | (1,962) | - |
| Site staff costs | - | (1,177) | - | (1,177) | - |
| Site operating expenses | (3,137) | (2,224) | 306 | (5,055) | (2,656) |
| Total Site Operating Expenses | (3,137) | (5,962) | 905 | (8,194) | (2,656) |
| Site EBITDA | 8,448 | 1,541 | - | 9,989 | 8,991 |
| Overhead & administration costs | (929) | (983) | - | (1,912) | (902) |
| Management Fees | (1,236) | (146) | - | (1,382) | (1,149) |
| EBITDA | 6,283 | 412 | - | 6,695 | 6,940 |
| Gain in asset value | 7,139 | - | - | 7,139 | 6,435 |
| Depreciation | (7,036) | (1,604) | - | (8,640) | (3,988) |
| Net finance costs | (1,081) | - | - | (1,081) | (709) |
| Impact of AASB 16 | - | 122 | (436) | (314) | - |
| Statutory Profit Before Tax | 5,305 | (1,070) | (436) | 3,799 | 8,678 |

1. Segment Reporting (continued)

| Balance Sheet | BlackWall Property \$'000 | WOTSO \$'000 | Eliminations \$'000 | Total Dec 2021 \$'000 | BlackWall Property \$'000 | WOTSO \$'000 | Eliminations \$'000 | Total Jun 2021 \$'000 |
|---|---------------------------------|-----------------|------------------------|--------------------------|---------------------------------|-----------------|------------------------|--------------------------|
| Cash & equivalents | 5,641 | 955 | - | 6,596 | 7,032 | 441 | - | 7,473 |
| Accounts receivable | 1,102 | 325 | (154) | 1,273 | 709 | 215 | (25) | 899 |
| Loan portfolio | 7,410 | - | - | 7,410 | 8,753 | - | - | 8,753 |
| Toowoomba property held for sale | - | - | - | - | 3,500 | - | - | 3,500 |
| Other current assets | 119 | 2,000 | - | 2,119 | 78 | 2,000 | - | 2,078 |
| Total Current Assets | 14,272 | 3,280 | (154) | 17,398 | 20,072 | 2,656 | (25) | 22,703 |
| Property investment portfolio | 337,400 | - | - | 337,400 | 331,600 | - | - | 331,600 |
| Property, plant & equipment | 62 | 13,249 | - | 13,311 | 62 | 14,111 | - | 14,173 |
| Contract to purchase Cremorne Property | 9,690 | - | - | 9,690 | - | - | - | - |
| Loan Portfolio | 11,299 | - | (9,580) | 1,719 | 12,177 | - | (12,177) | - |
| Software development | - | 456 | - | 456 | - | 347 | - | 347 |
| Investment in operating platform business | - | 369 | - | 369 | - | 348 | - | 348 |
| Goodwill | - | - | 26,150 | 26,150 | - | - | 26,150 | 26,150 |
| Financial assets at fair value through profit or loss | 591 | - | - | 591 | - | - | - | - |
| Other non-current assets | 443 | 2,575 | - | 3,018 | 305 | 4,575 | - | 4,880 |
| Total Non-Current Assets | 359,485 | 16,649 | 16,570 | 392,704 | 344,144 | 19,381 | 13,973 | 377,498 |
| Total Assets | 373,757 | 19,929 | 16,416 | 410,102 | 364,216 | 22,037 | 13,948 | 400,201 |
| Trade and other payables | (2,160) | (3,054) | 154 | (5,060) | (1,502) | (1,675) | 25 | (3,152) |
| Cremorne property settlement payable | (8,681) | - | - | (8,681) | - | - | - | - |
| Employee provisions | - | (292) | - | (292) | - | (226) | - | (226) |
| Borrowings | (10,000) | - | - | (10,000) | - | - | - | - |
| Total Current Liabilities | (20,841) | (3,346) | 154 | (24,033) | (1,502) | (1,901) | 25 | (3,378) |
| Trade and other payables | - | (436) | - | (436) | - | (214) | - | (214) |
| Employee provisions | - | (12) | - | (12) | - | (5) | - | (5) |
| Intercompany loans | - | (9,578) | 9,578 | - | - | (12,177) | 12,177 | - |
| Borrowings | (107,000) | - | - | (107,000) | (117,000) | - | - | (117,000) |
| Total Non-Current Liabilities | (107,000) | (10,026) | 9,578 | (107,448) | (117,000) | (12,396) | 12,177 | (117,219) |
| Total Liabilities | (127,841) | (13,372) | 9,732 | (131,481) | (118,502) | (14,297) | 12,202 | (120,597) |
| Deferred tax liability | (2,369) | - | - | (2,369) | (2,104) | - | - | (2,104) |
| Net impact of AASB16 | - | (6,601) | 1,318 | (5,283) | - | (6,722) | 1,752 | (4,970) |
| Net Assets | 243,547 | (44) | 27,466 | 270,969 | 243,610 | 1,018 | 27,902 | 272,530 |

2. Revenue

Revenue is earned through property rental, under traditional lease arrangements or month-to-month under the WOTSO brand. WOTSO pays rent to other entities within the Group, which is eliminated on consolidation.

| | Dec 2021 \$'000 | Dec 2020 \$'000 |
|--|--------------------|--------------------|
| Revenue from Contracts with Customers | | |
| WOTSO sales | 7,136 | - |
| Other Revenue | | |
| Property income | 10,680 | 11,647 |
| Government stimulus* | 267 | - |
| Other income^ | 100 | - |
| Total Other Revenue | 11,047 | 11,647 |
| Total Revenue | 18,183 | 11,647 |

*Government Stimulus is comprised of income received from JobSaver (\$202,000), NSW Small Business Hardship Grants (\$25,000) and ACT Business Support Grants (\$40,000). These were received due to WOTSO turnover being significantly impacted during the lockdown periods in NSW and ACT.

^WOTSO has entered into an option agreement with its Neutral Bay landlord that is expected to see its lease terminated. An option fee of \$100,000 has been received and a further \$4.9 million is receivable if the option is exercised. WOT's new purchase in Cremorne will provide a replacement for the Neutral Bay business, see Note 9 for details.

3. Direct Costs

| | Dec 2021 \$'000 | Dec 2020 \$'000 |
|---------------------------------------|--------------------|--------------------|
| Property outgoings | 3,233 | 2,567 |
| WOTSO operating costs | 2,379 | - |
| Right of use lease asset depreciation | 2,431 | - |
| Loss/(Gain) on sale of assets | 69 | - |
| Bad debt (reversal)/expense | (165) | 89 |
| Total Direct Costs | 7,947 | 2,656 |

4. Administration Expenses

Administration expenses are comprised of management fees payable to BlackWall Limited and WOTSO Overheads. The BlackWall Property Segment pays a responsible entity fee calculated as 0.75% of Gross Assets p.a. WOTSO pays a fee calculated as 2% of Gross Revenue on all sales up to \$20 million p.a. and 5% on sales above \$20 million p.a.

WOTSO Overheads are comprised of head office and other overhead costs associated with the running of the WOTSO business.

| | Dec 2021 \$'000 | Dec 2020 \$'000 |
|--------------------------------------|--------------------|--------------------|
| BlackWall Property Trust | 1,138 | 1,149 |
| WOTSO Limited | 146 | - |
| Planloc Limited | 98 | - |
| Total Responsible Entity Fees | 1,382 | 1,149 |
| Compliance fees | 929 | 598 |
| WOTSO overheads | 983 | - |
| Other administration expenses | - | 304 |
| Total Administration Expenses | 3,294 | 2,051 |

5. Building and Fixtures Depreciation

Other depreciation is comprised of depreciation of fit-out and property improvements.

| | Dec 2021 \$'000 | Dec 2020 \$'000 |
|---|--------------------|--------------------|
| WOTSO fit-out depreciation | 1,604 | - |
| Property depreciation | 7,036 | 3,988 |
| Total Building and Fixtures Depreciation | 8,640 | 3,988 |

6. Trade and Other Receivables

| | Dec 2021 \$'000 | Jun 2021 \$'000 |
|--|--------------------|--------------------|
| Trade receivables | 1,283 | 1,264 |
| Related parties | 110 | 4 |
| Expected credit loss allowance | (120) | (369) |
| Total Current Trade and Other Receivables | 1,273 | 899 |

7. Loan Portfolio

| Name | Dec 2021 \$'000 | Jun 2021 \$'000 | Current Security \$'000 | Margin Above RBA Cash Rate (basis points) | Security/Details |
|---|--------------------|--------------------|----------------------------|--|--------------------------------|
| Mosman | 5,350 | 6,250 | 12,750 | 200 | Commercial property in Mosman |
| SAO | 1,130 | 170 | 13,952 | 300 | Investments in WOT and Pyrmont |
| Gymea* | 700 | 2,250 | 1,875 | 200 | One residential townhouse |
| Toowoomba^ | 197 | - | 3,500 | n/a | See Note 10 |
| Flipout | 33 | 83 | 250 | n/a | Fit-out |
| Total Current Loan Portfolio | 7,410 | 8,753 | 32,327 | | |
| Toowoomba^ | 1,719 | - | 3,500 | n/a | See Note 10 |
| Total Non-Current Loan Portfolio | 1,719 | - | 3,500 | | |

*Both townhouses have been sold with the remaining funds to be repaid following final settlement in January 2022.

^Total loan of \$1,916,000 between current and non-current.

8. Other Assets

| | Dec 2021 \$'000 | Jun 2021 \$'000 |
|---------------------------------------|--------------------|--------------------|
| WOTSO North Strathfield bond† | 2,000 | 2,000 |
| Other | 119 | 78 |
| Total Current Other Assets | 2,119 | 2,078 |
| WOTSO North Strathfield bond† | 2,000 | 4,000 |
| Rental deposits | 575 | 575 |
| Total Non-Current Other Assets | 2,575 | 4,575 |
| Total Other Assets | 4,694 | 6,653 |

†The WOTSO North Strathfield bond is held to secure WOTSO's lease at its North Strathfield site. This is to be released in instalments provided WOTSO is meeting its lease obligations. The next instalment is due July 2022 with the final repayment of \$2 million to be released July 2023.

9. Cremorne Property Purchase

In December 2021 contracts were exchanged to purchase the vacant property at 233-237 Military Rd, Cremorne on Sydney's lower North Shore for \$9.2 million (excluding stamp duty). The asset will act as a replacement for WOTSO Neutral Bay should the option over the Neutral Bay site be exercised (see Note 2 – Revenue for further details) or add additional capacity should it not. The purchase is due to settle in March 2022 and will be funded out of cashflow and some additional debt across other unencumbered assets. The initial deposit of \$1.0 million has been paid and an additional \$8.7 million will be paid at settlement including stamp duty.

10. Toowoomba Property Sale

WOT's Toowoomba property was sold for its carrying value of \$3.5 million in September 2021. The sale was executed through a vendor finance agreement for \$2.0 million with \$1.5 million paid upfront. The loan is being repaid over a 10-year period at a 4% p.a. fixed interest rate.

11. Property Investment Portfolio

| | | Ownership | WOT Yield* | Independent Valuer Yield | Dec 2021 \$'000 | Jun 2021 \$'000 |
|--|----|-----------|------------|--------------------------|-----------------|-----------------|
| Dickson, ACT | ●● | 100% | 4.1% | 6.6% | 31,450 | 31,300 |
| Symonston, ACT | ●● | 100% | 5.9% | 7.3% | 8,600 | 8,400 |
| Pyrmont, NSW | ●● | 46% | 4.4% | 5.4% | 148,000 | 150,100 |
| Villawood, NSW | ● | 99% | 8.1% | 6.5% | 22,000 | 22,000 |
| Penrith, NSW | ● | 100% | 6.8% | 6.7% | 21,500 | 21,500 |
| Newcastle, NSW [^] | ●● | 100% | 1.3% | n/a | 7,000 | 6,000 |
| Brookvale, NSW [^] | ●● | 100% | n/a | n/a | 4,300 | 4,200 |
| Sunshine Coast, QLD | ●● | 100% | 7.6% | 7.4% | 24,200 | 24,200 |
| Yandina, QLD | ● | 100% | 13.1% | 8.6% | 23,000 | 20,200 |
| Gold Coast, QLD | ●● | 100% | 10.5% | 7.4% | 20,100 | 19,800 |
| Fortitude Valley, QLD | ●● | 100% | 2.8% | 6.7% | 9,500 | 8,600 |
| Adelaide, SA | ●● | 100% | 5.6% | 7.5% | 7,450 | 7,100 |
| Hobart, TAS | ●● | 100% | 9.6% | 7.7% | 8,200 | 8,200 |
| Mandurah, WA [^] | ●● | 100% | n/a | n/a | 2,100 | - |
| Toowoomba, QLD [†] | | - | n/a | - | - | 3,500 |
| Total Property Investment Portfolio (Owned) | | | | | 337,400 | 335,100 |
| Cremorne, NSW (to be settled in 2022) [‡] | ●● | 100% | n/a | n/a | 9,690 | - |
| Total Property Investment Portfolio | | | | | 347,090 | 335,100 |

*WOT Yield is the current return of each property to WOT investors. It is comprised of the property's passing yield plus WOTSO EBITDA for that property (if applicable).

[^]Newcastle, Brookvale and Mandurah were purchased in the 2021 calendar year and have not been independently valued.

[†]Toowoomba was sold for \$3.5 million during the period ended 31 Dec 2021.

[‡]Contracts have been exchanged on the purchase of Cremorne and settlement will occur in Mar 2022.

●● BlackWall Properties with WOTSOs

● BlackWall Properties without WOTSOs

The value of properties is based on the most recent independent valuation, adjusted to include any capital expenditure since valuation. These adjustments don't assume any value margin but simply add the amount of capital spent. All properties were independently valued in November 2020, except for recent acquisitions: Newcastle, Brookvale, Mandurah and Cremorne. Additionally, Pyrmont and Yandina were independently valued at 31 December 2021.

12. Right of Use Lease Assets

Additions and modifications largely relate to an amended lease agreement for WOTSO's North Strathfield site. The lease has been amended to expand its area by approximately 1,500 sqm and extend its expiry date by 4 years to July 2033. This follows lengthy negotiations with WOTSO North Strathfield's landlord and secures WOTSO's future at its largest site with its desired area and current rent deal.

| | Dec 2021 \$'000 | Jun 2021 \$'000 |
|--|-----------------|-----------------|
| Opening balance at start of period | 20,068 | - |
| Additions | 7,614 | 41,759 |
| Depreciation | (2,431) | (1,709) |
| Modifications/Disposals | 10,746 | (19,982) |
| Total Right of Use Lease Assets | 35,997 | 20,068 |

13. Trade and Other Payables

| | Dec 2021 \$'000 | Jun 2021 \$'000 |
|---|-----------------|-----------------|
| Trade payables | 3,491 | 1,781 |
| Related parties | 83 | 195 |
| Tenant incentives | - | 19 |
| Deferred revenue | 598 | 318 |
| Tenant deposits | 718 | 758 |
| COVID deferred rent | 170 | 81 |
| Total Current Trade and Other Payables | 5,060 | 3,152 |
| COVID deferred rent | 436 | 214 |
| Total Non-Current Trade and Other Payables | 436 | 214 |
| Total Trade and Other Payables | 5,496 | 3,366 |

14. Goodwill

Goodwill was generated when WOTSO Limited was stapled to BlackWall Property Trust as part of the stapling transaction completed in February 2021.

15. Borrowings

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

| Security | LVR (Covenant) | Borrowings \$'000 | Hedged Amount \$'000 | Security Value* \$'000 | Expiry | Margin | Lender |
|----------------------------|-------------------|----------------------|----------------------------|------------------------------|--------|--------|--------|
| Various | 53% (65%) | 40,000 | - | 75,900 | 01/24 | 1.90% | NAB |
| Villawood | 32% (65%) | 7,000 | - | 22,000 | 01/24 | 2.00% | NAB |
| Pymont | 41% (50%) | 60,000 | 30,000 | 148,000 | 01/24 | 1.90% | NAB |
| Penrith (Current)^ | 47% (55%) | 10,000 | - | 21,500 | 12/22 | 1.90% | CBA |
| Unencumbered assets | | - | - | 152,549 | | | n/a |
| Total December 2021 | 28% | 117,000 | 30,000 | 419,949 | | | |

| Security | LVR (Covenant) | Borrowings \$'000 | Hedged Amount \$'000 | Security Value* \$'000 | Expiry | Margin | Lender |
|------------------------|-------------------|----------------------|----------------------------|------------------------------|--------|--------|--------|
| Various | 33% (65%) | 40,000 | - | 76,100 | 01/24 | 1.90% | NAB |
| Villawood | 32% (65%) | 7,000 | - | 22,000 | 01/24 | 2.00% | NAB |
| Pymont | 40% (50%) | 60,000 | - | 150,100 | 01/24 | 1.90% | NAB |
| Penrith | 47% (55%) | 10,000 | - | 21,500 | 12/22 | 1.90% | CBA |
| Unencumbered assets | | - | - | 124,419 | | | n/a |
| Total June 2021 | 30% | 117,000 | - | 394,119 | | | |

*Security values exclude any goodwill.

^The Penrith borrowings will be renegotiated later in the year, prior to its expiry in December 2022. The LVR for this property and the Group have sufficient headroom with respect to any facility covenants. As such, the Group is confident the loan will be renewed on similar terms.

Hedging

On 16 August 2021, Pymont entered into an interest rate swap agreement with NAB on \$30 million of its \$60 million loan. It commences in July 2024 for 4 years from that date with a fixed base rate of 1.67%. NAB's mark to market valuation of the swap at 31 December 2021 was \$591,000. At 31 January 2022, this valuation had increased to \$755,000. No other hedges are currently in place.

16. Distributions

A distribution of 3.0 cents per security has been declared to be paid on 8 April 2022. Distributions paid before the balance date are listed below:

| | 2021 | Dec 2021 \$'000 | 2020 | Dec 2020 \$'000 |
|-------------------------------|---------|--------------------|---------|--------------------|
| Prior year final distribution | 3.0 cpu | 4,888 | 3.5 cpu | 4,976 |
| Total | | 4,888 | | 4,976 |

17. 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, 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 is determined using valuation techniques. For investments in related party unlisted stapled security trusts, fair values are determined by reference to published stapled security prices of these investments which are based on the NTA (net tangible assets) of the investments.

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

| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|-------------------------------|-------------------|-------------------|-------------------|-----------------|
| At 31 December 2021 | | | | |
| Property investment portfolio | - | - | 337,400 | 337,400 |
| Loan portfolio | - | - | 9,129 | 9,129 |
| Hedge asset | - | - | 591 | 591 |
| Investment in associate | - | - | 369 | 369 |
| At 30 June 2021 | | | | |
| Property investment portfolio | - | - | 335,100 | 335,100 |
| Loan portfolio | - | - | 8,753 | 8,753 |
| Investment in associate | - | - | 348 | 348 |

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

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

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

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

| Significant Unobservable Inputs Used to Measure Fair Value | Change to Inputs | Impact of Increase in Input on Fair Value \$'000 | Impact of Decrease in Input on Fair Value \$'000 |
|---|---------------------|---|---|
| Capitalisation rate | 0.25% | (11,802) | 12,787 |
| Net market rent | 5% | 15,840 | (15,840) |

(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:

| | \$'000 |
|--|---------------|
| At 31 December 2021 | |
| Balance at the beginning of the period | 9,101 |
| Loans advanced | 2,876 |
| Loans repaid | (2,500) |
| Investment in associate | 21 |
| Interest rate hedge revaluation | 591 |
| Balance at 31 December 2021 | 10,089 |
| At 30 June 2021 | |
| Balance at the beginning of the year | 22,383 |
| Investment in associate | 348 |
| Loans advanced | 15,393 |
| Loans eliminated on stapling | (18,693) |
| Loans repaid | (10,330) |
| Balance at 30 June 2021 | 9,101 |

18. Earnings per Security

| | Dec 2021 \$'000 | Dec 2020 \$'000 |
|--|--------------------|--------------------|
| Profit after income tax | 3,534 | 8,678 |
| Non-controlling interest | (74) | (3,076) |
| Profit After Income Tax Attributable to Owners of WOT Securities | 3,460 | 5,602 |
| | Number | Number |
| Weighted average number of ordinary securities used in calculating basic and diluted earnings per security | 162,929,266 | 142,150,000 |
| | Cents | Cents |
| Basic and diluted earnings per security | 2.1 | 3.9 |

19. Subsequent Events

WOTSO Property was impacted by the COVID-19 pandemic during the reporting period. Lockdowns in NSW and ACT led to an average decrease in turnover of 65% at the affected sites. However, December 2021 saw a significant portion of members return, with turnover recovering to 95% of June 2021's record high. It is expected that turnover will continue to improve over the remainder of the financial year, however the impact of the COVID-19 pandemic is ongoing and it is not practicable to estimate and quantify the potential impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

20. Critical Accounting Estimates and Judgments

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

Key Estimates – Fair Values of Investment Properties

The Group carries its investment properties at fair value with changes in the fair values recognised in profit or loss. At the end of each reporting period, the Directors of the Responsible Entity 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 Property Investment Portfolio table. Independent Valuer Yield represents the market rent divided by the property value and the market yield the independent valuer has applied to arrive to the valuation. If there are any material changes in the key assumptions due to changes in economic conditions, the fair value of the investment properties may differ and may need to be re-estimated. For this report all properties are held at independent valuations carried out in the last 12 months, except for recent acquisitions.

Goodwill and Other Indefinite Life Intangible Assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 21. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

COVID-19 Pandemic

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

Lease Term

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

21. Statement of Significant Accounting Policies

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

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

The financial statements for the Group were authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on the date they were issued.

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021. The principal accounting policies adopted are consistent with those of the previous financial year ended 30 June 2021 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 \$11.0 million at 31 December 2021. This is largely driven by current borrowings that are expected to be renewed prior to their expiration in December 2022 and a property settlement due in March 2022 for which additional borrowings are currently being negotiated.

Comparative Figures

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

Segment Reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

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

New Accounting Standards and Interpretations

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

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

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

Directors' Report

(Continued from Page 7)

Officeholders of the Responsible Entity

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

Timothy Brown **Joint Managing Director and CFO**

Jessica Glew **Joint Managing Director and COO**

Richard Hill **Non-Executive Director**

Robin Tedder **Non-Executive Director**

Alexander Whitelum **Company Secretary**

Auditor

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

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



Tim Brown

Director

Sydney, 8 February 2022



Jessie Glew

Director

Sydney, 8 February 2022

Directors' Declaration

In the opinion of the Directors of BlackWall Fund Services Limited, the Responsible Entity of BlackWall Property Trust:

- (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 2021 and of its performance for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that each of WOTSO Limited, Planloc Limited and BlackWall Property Trust will be able to pay their debts as and when they become due and payable.

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

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

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



Tim Brown

Director

Sydney, 8 February 2022



Jessie Glew

Director

Sydney, 8 February 2022

Auditor's Independence Declaration and Report

Business advice
and accounting

ESV

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

As auditor for the review of Blackwall Property Trust, the deemed parent for stapled security WOTSO Property, for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

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

Dated at Sydney the 8th of February 2022



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 2021, 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 20, and the directors' declaration.

WOTSO Property consists of BlackWall Property Trust and its controlled entities as at half year ended 31 December 2021, WOTSO Limited and its controlled entities as at half year ended 31 December 2021 and Planloc Limited. Units in BlackWall Property Trust and shares in WOTSO Limited and Planloc Limited are jointly traded as a Stapled Security on the Australian Securities Exchange under the name of WOTSO Property.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 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.

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INDEPENDENT REVIEW REPORT TO THE UNITHOLDERS OF BLACKWALL PROPERTY TRUST

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Dated at Sydney on the 8th of February 2022



ESV Business Advice and Accounting



Chris Kirkwood
Partner



Pymont, NSW

ANNEXURES

WOTSO Limited

INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2021

WOTSO Limited – Interim Report – 31 December 2021

Director's report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'the Group') consisting of WOTSO Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Information on Officeholders

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

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

Registered office

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

Principal place of business

Level 1 50 Yeo Street, Neutral Bay, Sydney, NSW

Auditor

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

Principal activities

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

Environmental Regulation

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

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

Subsequent Events and Significant Changes in Affairs

To the best of the Directors' knowledge, since the end of the reporting period, there have been no other matters or circumstances, except for those disclosed in Note 11 – Subsequent events, that have materially affected the Group's operations or may materially affect its operations, state of affairs or the results of operations in the current or future financial years.

COVID and its impact

WOTSO was significantly impacted by COVID lockdowns in several states, and reinstated its suspension policy during the reporting period, allowing members in the locked-down areas to suspend their membership without penalties. As a result, the average revenue decreased by approximately 70% across impacted sites, in the period from July to October 2021. After the culmination of the suspension policy in November 2021, WOTSO has seen a recovery bringing its annualised revenue back to \$20 million in December, which represents 95% of its record high of \$21 million in June 2021.

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



Tim Brown
 Director
 Sydney, 8 February 2022



Jessie Glew
 Director
 Sydney, 8 February 2022

WOTSO Limited – Interim Report – 31 December 2021

Statement of Profit or Loss and other Comprehensive Income for the half-year ended 31 December 2021

| | Note | Dec 2021 \$'000 | Dec 2020 \$'000 |
|--|------|--------------------|--------------------|
| Revenue | | | |
| Revenue from WOTSO members | 3 | 7,136 | 6,925 |
| Government assistance | 3 | 267 | 621 |
| Other revenue | 3 | 100 | 34 |
| Total Revenue | | 7,503 | 7,580 |
| Expenses | | | |
| COVID rent waivers received from landlords | 4 | 2,993 | 394 |
| Staff costs | | (1,880) | (1,659) |
| Other operating expenses | | (2,630) | (2,316) |
| Variable lease payments | | (103) | - |
| Bad and doubtful debts expenses | | (19) | - |
| Interest expenses | | - | (24) |
| Total Expenses | | (1,639) | (3,605) |
| Operating Profit | | 5,864 | 3,975 |
| Depreciation – fit-out | 7 | (1,604) | (1,264) |
| Depreciation – right of use lease asset | 7 | (4,830) | (4,173) |
| Interest – right of use lease liability | | (830) | (878) |
| Gain on lease modifications | 5 | 330 | 340 |
| Impairment of goodwill | | - | (36) |
| Loss before income tax | | (1,070) | (2,036) |
| Income tax expense | | - | - |
| Loss for the period | | (1,070) | (2,036) |
| Other comprehensive income | | - | - |
| Total Comprehensive Loss | | (1,070) | (2,036) |

Balance Sheet as at 31 December 2021

| | Note | Dec 2021 \$'000 | Jun 2021 \$'000 |
|--------------------------------------|------|--------------------|--------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 955 | 441 |
| Trade and other receivables | 6 | 325 | 215 |
| WOTSO North Strathfield bond | 8 | 2,000 | 2,000 |
| Total current assets | | 3,280 | 2,656 |
| Non-current assets | | | |
| WOTSO North Strathfield bond | 8 | 2,000 | 4,000 |
| Lease rental deposits | 8 | 575 | 575 |
| Investment in Hamlet | | 369 | 347 |
| Internal software development | | 456 | 348 |
| Property, plant and equipment | 7 | 13,248 | 14,111 |
| Right of use lease asset | 7 | 47,845 | 34,080 |
| Total non-current assets | | 64,493 | 53,461 |
| Total Assets | | 67,773 | 56,117 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 9 | 2,556 | 1,251 |
| Deferred revenue | | 235 | 210 |
| Deferred lease payments – COVID | 4 | 170 | 81 |
| Employee provisions | | 292 | 226 |
| Tenant deposits | | 91 | 133 |
| Right of use lease liabilities | | 9,223 | 8,994 |
| Total current liabilities | | 12,567 | 10,895 |
| Non-current liabilities | | | |
| Loans payable – related party | | 9,579 | 12,177 |
| Deferred lease payments – COVID | 4 | 436 | 214 |
| Make good provisions | | 1,470 | 1,447 |
| Employee provisions | | 12 | 5 |
| Right of use lease liabilities | | 43,753 | 30,361 |
| Total non-current liabilities | | 55,250 | 44,204 |
| Total Liabilities | | 67,817 | 55,099 |
| Net (Deficiency) Assets | | (44) | 1,018 |
| Share capital | 10 | 11,625 | 11,617 |
| Accumulated losses | | (11,669) | (10,599) |
| Total Equity | | (44) | 1,018 |

WOTSO Limited – Interim Report – 31 December 2021

Statement of Cash Flows for the Half-Year ended 31 December 2021

| | Note | Dec 2021 \$'000 | Dec 2020 \$'000 |
|---|------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Members receipts | | 7,513 | 7,852 |
| Franchise fees | | - | 38 |
| Government assistance - COVID | 3 | 267 | 674 |
| Landlord compensation – Neutral Bay | 3 | 110 | - |
| Operating expenditure | | (1,756) | (2,940) |
| Employee payments | | (1,911) | (1,629) |
| Lease rental deposits refunded (paid) | | - | (28) |
| Net cash inflow from operating activities | | 4,223 | 3,967 |
| Cash flows from investing activities | | | |
| Security bond repaid | 8 | 2,000 | - |
| Payments for property, plant and equipment | | (718) | (2,591) |
| Payments for software development - Hamlet | | (119) | (143) |
| Payment for investment in Hamlet | | (24) | - |
| Advance to - UEM Joint Venture | | - | (1) |
| Purchase of subsidiary – WOTSO Neutral Bay Pty Ltd | | - | (500) |
| Cash entering group on acquisition of subsidiaries | | - | 72 |
| Net cash inflow (outflow) from investing activities | | 1,139 | (3,163) |
| Cash flows from financing activities | | | |
| Increase in borrowings | | - | 900 |
| Repayment of borrowings | | (2,598) | - |
| Lease payments | | (2,250) | (2,228) |
| Net cash outflow from financing activities | | (4,848) | (1,328) |
| Net increase/(decrease) in cash and cash equivalents | | 514 | (524) |
| Cash and cash equivalents at the beginning of the period | | 441 | 695 |
| Cash and cash equivalents at end of the period | | 955 | 171 |

All items inclusive of GST where applicable.

Reconciliation of Operating Cash Flows

| | Note | Dec 2021 \$'000 (1,070) | Dec 2020 \$'000 (2,036) |
|---|------|-------------------------------|-------------------------------|
| Loss for the period | | | |
| Noncash Flows in Profit: | | | |
| Depreciation | 7 | 6,434 | 5,437 |
| Interest | | 830 | 878 |
| Right of use lease modifications and terminations | 7 | (330) | (340) |
| Goodwill impairment | | - | 36 |
| Deduct net lease waivers and variable lease payments (included in financing cash flows) | | (2,890) | (332) |
| Changes in Operating Assets and Liabilities: | | | |
| Decrease / (increase) in trade and other receivables | | (110) | 83 |
| Increase / (decrease) in trade and other payables | | 1,263 | 107 |
| Increase / (decrease) in provisions | | 71 | 32 |
| Increase / (decrease) in deferred revenue | | 25 | 130 |
| Decrease / (increase) in rental deposits | | - | (28) |
| Net Cash Inflow from Operating Activities | | 4,223 | 3,967 |

WOTSO Limited – Interim Report – 31 December 2021

Statement of Changes in Equity for the Half-Year ended 31 December 2021

| | No. of Shares On issue | Issued Capital \$'000 | Accumulated Losses \$'000 | Total Equity \$'000 |
|---|---------------------------|--------------------------|---------------------------------|------------------------|
| Balance at 1 July 2021 | 162,921,662 | 11,617 | (10,599) | 1,018 |
| Loss for the period | - | - | (1,070) | (1,070) |
| Other comprehensive income | - | - | - | - |
| Total Comprehensive Income for the Period | - | - | (1,070) | (1,070) |
| Transactions with Owners in Their Capacity as Owners | | | | |
| Issue of units – Employee stapled securities | 49,700 | 8 | - | 8 |
| Total Transactions with Owners in Their Capacity as Owners | 49,700 | 8 | - | 8 |
| Balance at 31 December 2021 | 162,971,362 | 11,625 | (11,669) | (44) |
| Balance at 1 July 2020 | 81,068,581 | 11,602 | (6,593) | 5,009 |
| Loss for the period | - | - | (2,036) | (2,036) |
| Other comprehensive income | - | - | - | - |
| Total Comprehensive Income for the Period | - | - | (2,036) | (2,036) |
| Transactions with Owners in Their Capacity as Owners | | | | |
| Issue of units | - | - | - | - |
| Total Transactions with Owners in Their Capacity as Owners | - | - | - | - |
| Balance at 31 December 2020 | 81,068,581 | 11,602 | (8,629) | 2,973 |

Notes to the Financial Statements

1. Cash Flow Management

As at 31 December 2021, the Consolidated Balance Sheet showed current liabilities exceeded current assets by \$9.3m. This is mainly driven by lease payments due over the next 12 months totalling \$9.2m.

The group closely monitors liquidity, and its current position is expected to improve during the second half of FY2022. WOTSO also has an available line of credit in the form of its loan agreement with BlackWall Property Trust. WOTSO may also cease capex spending to manage cash flows if required.

WOTSO was significantly impacted by COVID lockdowns in several states, and reinstated its suspension policy during the reporting period, allowing members in the locked-down areas to suspend their membership without penalties. As a result, the average revenue decreased by approximately 70% across impacted sites, in the period from July to October 2021. After the culmination of the suspension policy in November 2021, WOTSO has seen a recovery bringing its annualised revenue back to \$20 million in December, which represents 95% of its record high of \$21 million in June 2021.

2. Segment Reporting

Identification of reportable operating segments

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

3. Revenue

| <i>Disaggregation of Revenue from Contracts with Customers</i> | Dec 2021 | Dec 2020 |
|--|-----------------|-----------------|
| | \$'000 | \$'000 |
| Offices | 5,084 | 4,942 |
| Coworking | 1,080 | 1,164 |
| Other Services* | 972 | 819 |
| Total Revenue from WOTSO Members | 7,136 | 6,925 |

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

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

| <i>Government Assistance:</i> | Dec 2021 | Dec 2020 |
|-------------------------------|-----------------|-----------------|
| | \$'000 | \$'000 |
| Jobsaver | 203 | - |
| Business grants – NSW and ACT | 61 | - |
| National disability services | 3 | - |
| JobKeeper wage subsidy | - | 684 |
| Cash flow boost | - | (63) |
| Total | 267 | 621 |

| <i>Other Revenue:</i> | Dec 2021 | Dec 2020 |
|------------------------|-----------------|-----------------|
| | \$'000 | \$'000 |
| Landlord compensation* | 100 | - |
| Franchise fees – BWF | - | 34 |
| Total | 100 | 34 |

* WOTSO has entered into an option agreement with its Neutral Bay landlord that is expected to see its lease terminated. An option fee of \$100,000 has been received and a further \$4.9 million is receivable if the option is exercised.

4. Rent Waivers and Deferrals

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

The rent waivers received by WOTSO from its landlords in the reporting period have been treated as variable lease payments per AASB 16 and as such they have been recognised within the operating profit of the Group. From the start of the COVID pandemic in March 2020, a total of \$4,160,000 was waived.

In contrast, the rent deferrals received by WOTSO in the reporting period were also treated as a variable lease payment per AASB 16, but the difference has been recognised as a deferred rent liability. As at 31 December 2021, WOTSO had rent deferral liabilities totalling \$606,000, for which deferred repayments will continue over the term of the leases.

Notes to the Financial Statements

5. Gain on Lease Terminations

| | Dec 2021 \$'000 | Dec 2020 \$'000 |
|--|--------------------|--------------------|
| Gain on lease terminations and modifications | 330 | 340 |
| Total | 330 | 340 |

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

6. Trade and Other Receivables

| | Dec 2021 \$'000 | Jun 2021 \$'000 |
|--------------------------------|--------------------|--------------------|
| Trade receivables | 73 | 210 |
| Related party | 265 | 16 |
| Expected credit loss allowance | (13) | (11) |
| Total | 325 | 215 |

7. Property, Plant and Equipment

| | Dec 2021 \$'000 | Jun 2021 \$'000 |
|--------------------------------|--------------------|--------------------|
| Fit-out | 20,397 | 19,656 |
| Less: accumulated depreciation | (7,149) | (5,545) |
| | 13,248 | 14,111 |
| Right of use assets | 69,799 | 48,719 |
| Less: accumulated depreciation | (21,954) | (14,639) |
| | 47,845 | 34,080 |
| Total | 61,093 | 48,191 |

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

| As at 31 December 2021 | Fit-Out \$'000 | Leases \$'000 | Total \$'000 |
|--|-------------------|------------------|-----------------|
| Carrying amount at the beginning of the period | 14,111 | 34,080 | 48,191 |
| Right of use assets – modifications * | - | 10,819 | 10,819 |
| Remeasurement of right of use assets ** | - | 561 | 561 |
| Additions *** | 741 | 8,158 | 8,899 |
| Depreciation expense | (1,604) | (4,830) | (6,434) |
| Disposals | - | (943) | (943) |
| Carrying amount at 31 December 2021 | 13,248 | 47,845 | 61,093 |

*Modifications mostly relate to an extension in the lease term of the agreement for WOTSO's North Strathfield site, by four years to July 2033. This also includes an expansion of nearly 500sqm in the Dickson site in Canberra.

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

*** Additions largely relate to an amended lease agreement for WOTSO's North Strathfield site, resulting in an expansion of its area by approximately 1,524sqm.

8. Other Assets

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

* The WOTSO North Strathfield bond is held to secure WOTSO's lease at its North Strathfield site. This is to be released in instalments, provided WOTSO is meeting its lease obligations. The next instalment is expected in July 2022 and the final repayment of \$2 million will be repaid in July 2023.

Notes to the Financial Statements

9. Trade and Other Payables

| | Dec 2021 \$'000 | Jun 2021 \$'000 |
|---------------------------------------|--------------------|--------------------|
| Trade and other payables | 2,545 | 1,211 |
| Related party | 11 | 40 |
| Total Trade and Other Payables | 2,556 | 1,251 |

10. Equity – Issued Capital

| | Dec 2021 Shares | Jun 2021 Shares | Dec 2021 \$'000 | Jun 2021 \$'000 |
|--|--------------------|--------------------|--------------------|--------------------|
| At the beginning of the period | 162,921,662 | 81,068,581 | 11,617 | 11,617 |
| Issue of new units – stapled transaction | - | 81,772,831 | - | - |
| Issue of new units – post-stapling transaction | - | 80,250 | - | - |
| Employee stapled securities | 49,700 | - | 8 | - |
| At the end of the period | 162,971,362 | 162,921,662 | 11,625 | 11,617 |

11. Subsequent Events

The impact of the Coronavirus (COVID) pandemic is ongoing, and it is not practicable to estimate and quantify the potential impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by Federal and State Governments to slow the spread of the virus, such as maintaining social distancing requirements, quarantine, travel restrictions, vaccinations and any economic stimulus that may be provided. WOTSO has seen a reduction in its revenue, as a result of lockdowns and travel restrictions in some states in Australia, with significant effect in NSW and ACT.

Apart from the above matter 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.

12. Critical Accounting Estimates and Judgments

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

13. Basis of preparation and accounting policies

WOTSO Limited is part of the listed WOT stapled group, incorporated and domiciled in Australia. The financial statements for the Group were authorised for issue in accordance with a resolution of the Directors on the date they were issued.

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021. The principal accounting policies adopted are consistent with those of the previous financial year ended 30 June 2021 and corresponding interim report period, unless otherwise stated.

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

The financial statements are presented in Australian dollars.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

WOTSO made a loss in the period and is in a net liability position, as described in Note 1- Cash Flow Management. However, many of the WOTSO sites are in the build-up phase and profitability is expected to improve. The business projects it will have sufficient cash balances to pay debts as they fall due and forecasts for the next 12 months display enough liquidity for it to be appropriate for WOTSO to continue as a going concern.

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

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

Rounding

WOTSO is a group of the 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.

Notes to the Financial Statements

Comparative figures

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

New Accounting Standards and Interpretations

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

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

Director's Declaration

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

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

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



Tim Brown
Director
Sydney, 8 February 2022



Jessie Glew
Director
Sydney, 8 February 2022

Auditor's Independence Declaration and Report

Business advice
and accounting

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF WOTSO LIMITED

In accordance with the requirements of section 307C of the Corporations Act, as auditor for the review of WOTSO Limited and its Controlled Entities for the half year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Dated at Sydney the 8th of February 2022



ESV Business Advice and Accounting



Chris Kirkwood
Partner

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF WOTSO LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of WOTSO Limited and Controlled Entities ("the Group"), which comprises the balance sheet as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matters that makes us believe that the accompanying half-year financial report of the 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 2021 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.

Directors' Responsibility for the Half-Year Financial Report

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

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF WOTSO LIMITED

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Dated at Sydney on the 8th of February 2022



ESV Business Advice and Accounting



Chris Kirkwood
Partner

Planloc Limited

INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2021

Directors' Report

The directors present their report, together with the financial statements of Planloc Limited (referred to hereafter as the 'company') for the half-year ended 31 December 2021.

Information on Officeholders

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

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

Registered Office

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

Principal Place of Business

Level 1 50 Yeo Street Neutral Bay, Sydney, NSW

Auditor

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

Principal Activities

Planloc Limited is a listed property investment company. The company was stapled to two other entities (BlackWall Property Trust and WOTSO Limited) to form the listed WOTSO Property (ASX: WOT) on 8 February 2021. Prior to this, Planloc was part of the Pelorus Private Equity (PPE) group. Planloc has an investment in a retail mixed use property located in Penrith, NSW and an entertainment precinct in Villawood, NSW.

Penrith's tenants include Barbeques Galore, Boating Camping Fishing, Rashay's Restaurant, Tru Ninja, Factory Plus and a Bliss Early Learning Centre. There is a small 230sqm vacancy. It was last independently valued in November 2020 at \$21.5 million.

Planloc owns approximately 49.9% of the WRV Unit Trust, which owns The Woods. The property is an entertainment precinct in Sydney's west, approximately 28 kilometres from Sydney CBD. The property has great exposure to Woodville Road and is home to 8 different tenants including Zone Bowling, Chipmunks Playland, Sydney Indoor Climbing Gym, Jump Swim School, Flip Out and Cross Fit Bawn. It was last independently valued in November 2020 at \$22.0 million.

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

Subsequent Events and Significant Changes in Affairs

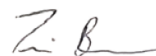
To the best knowledge of the Directors, there have been no other matters or circumstances, except for those disclosed in Note 11 – Subsequent events, that have arisen since the end of the period that have materially affected or may materially affect the Company's operations in future financial years, the results of those operations or the Company's state of affairs in future financial years.

COVID and its Impact

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

Planloc rental receipts for the reporting period were impacted by rent waivers provided to property tenants, totalling \$88,000. This was largely due to the mandatory code issued by the federal government that regulated the conduct between commercial landlords and their tenants. However, we are expected to recover this in the form of a land tax refund. Fortunately, the relief provided has prevented any tenant vacancies despite many having been significantly impacted by the COVID pandemic.

Signed in accordance with a resolution of the Board of Directors



Tim Brown

Director

Sydney, 8 February 2022



Jessie Glew

Director

Sydney, 8 February 2022

Planloc Financial Statements

Statement of Financial Position at 31 December 2021

| | Note | Dec 2021 \$'000 | Jun 2021 \$'000 |
|----------------------------------|------|--------------------|--------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 147 | 51 |
| Trade and other receivables | | 11 | 25 |
| Financial assets | 3 | 197 | - |
| Total current assets | | 355 | 76 |
| Non-current assets | | | |
| Deferred rent receivable | | 105 | 83 |
| Financial assets | 3 | 6,495 | 4,329 |
| Investment properties | 4 | 21,500 | 21,500 |
| Total non-current assets | | 28,100 | 25,912 |
| TOTAL ASSETS | | 28,455 | 25,988 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 5 | 149 | 262 |
| Borrowings | 6 | 10,000 | - |
| Total current liabilities | | 10,149 | 262 |
| Non-current liabilities | | | |
| Borrowings | 6 | 17,365 | 25,668 |
| Deferred tax liabilities | | 2,369 | 2,104 |
| Total non-current liabilities | | 19,734 | 27,772 |
| TOTAL LIABILITIES | | 29,883 | 28,034 |
| NET DEFICIENCY | | (1,428) | (2,046) |
| EQUITY | | | |
| Share capital | 7 | - | - |
| Accumulated losses | | (1,428) | (2,046) |
| TOTAL EQUITY | | (1,428) | (2,046) |

Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2021

| | Note | Dec 2021 \$'000 | Dec 2020 \$'000 |
|--|------|--------------------|--------------------|
| REVENUE | | | |
| Property rental income | | 694 | 863 |
| Interest income | | 19 | - |
| Unrealised gains | 8 | 1,429 | 416 |
| Total Revenue | | 2,142 | 1,279 |
| EXPENSES | | | |
| Property outgoings | | (185) | (185) |
| Business operating expenses | 9 | (98) | (70) |
| Depreciation expense | | (1,012) | (146) |
| BWR loan interest adjustment | | 137 | - |
| Performance fees | | - | (1,318) |
| Intercompany charges | | - | (100) |
| Other finance costs | | (101) | (428) |
| Total Expenses | | (1,259) | (2,247) |
| Profit / (Loss) Before Tax | | 883 | (968) |
| Income tax expense | | (265) | - |
| Profit / (loss) After Tax | | 618 | (968) |
| Other comprehensive income | | - | - |
| Total Comprehensive Income / (Loss) | | 618 | (968) |

Planloc Financial Statements

Statement of Cash Flows for the period ended 31 December 2021

| | Note | Dec 2021 \$'000 | Dec 2020 \$'000 |
|--|------|--------------------|--------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from property tenants | | 757 | 963 |
| Payments to suppliers | | (479) | (624) |
| Performance fees paid | | - | (1,318) |
| Interest received/(paid) | | 36 | (428) |
| Net Cash Flows Provided by (Used in) Operating Activities | | 314 | (1,407) |
| Cash Flows from Investing Activities | | | |
| Payments of capital expenditure | | - | (7) |
| Loans advanced | | (1,965) | - |
| Repayment of loans | | 49 | - |
| Net Cash Flows (Used in) Investing Activities | | (1,916) | (7) |
| Cash Flows from Financing Activities | | | |
| Proceeds from borrowings | | 1,698 | 3,337 |
| Dividends paid | | - | (1,984) |
| Net Cash Flows Provided by Financing Activities | | 1,698 | 1,353 |
| Net Increase / (Decrease) in Cash Held | | 96 | (61) |
| Cash and cash equivalents at the beginning of the year | | 51 | 134 |
| Cash and Cash Equivalents at End of the Period | | 147 | 73 |

Statement of Changes in Equity for the period ended 31 December 2021

| | No. of Shares On issue | Ordinary Shares \$'000 | Accumulated Losses \$'000 | Total \$'000 |
|---|------------------------------|------------------------------|---------------------------------|-----------------|
| Balance at 1 July 2021 | 162,921,662 | - | (2,046) | (2,046) |
| Profit for the period | - | - | 618 | 618 |
| Other comprehensive income | - | - | - | - |
| Total Comprehensive Income for the Period | - | - | 618 | 618 |
| Transactions with Owners in Their Capacity as Owners | | | | |
| Issue of units – Employee stapled securities | 49,700 | - | - | - |
| Total Transactions with Owners in Their Capacity as Owners | 49,700 | - | - | - |
| Balance at 31 December 2021 | 162,971,362 | - | (1,428) | (1,428) |
| Balance at 1 July 2020 | 4 | - | 126 | 126 |
| Loss for the period | - | - | (968) | (968) |
| Other comprehensive income | - | - | - | - |
| Total Comprehensive Loss for the Period | - | - | (968) | (968) |
| Transactions with Owners in Their Capacity as Owners | | | | |
| Issue of units | - | - | - | - |
| Dividend paid | - | - | (1,984) | (1,984) |
| Total Transactions with Owners in Their Capacity as Owners | - | - | (1,984) | (1,984) |
| Balance at 31 December 2020 | 4 | - | (2,826) | (2,826) |

Notes to the Financial Statements

1. Segment Reporting

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

2. COVID Impact

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

Planloc rental receipts for the reporting period were impacted by rent waivers provided to property tenants. This was largely due to the mandatory code issued by the federal government that regulated the conduct between commercial landlords and their tenants. However, we are expected to recover this in the form of a land tax refund. Fortunately, the relief provided has prevented any tenant vacancies despite many having been significantly impacted by the COVID pandemic.

3. Financial Assets

The Company's financial assets comprise of Investment in WRV & Loan to Industrial Ave. The investment reflects a 49% holding of WRV Unit Trust, which owns The Woods. The property is an entertainment precinct in Sydney's west, approximately 28 kilometres from Sydney CBD. The property has great exposure to Woodville Road and is home to 8 different tenants including Zone Bowling, Chipmunks Playland, Sydney Indoor Climbing Gym, Jump Swim School, Flip Out and Cross Fit Bawn.

On the 8th of September 2021, BlackWall Property Trust sold its Toowoomba property. The sale was executed through a vendor finance agreement with Planloc over a 10 year period and it is being repaid at a 4% fixed interest rate.

| Financial Assets | Dec 2021 \$'000 | Jun 2021 \$'000 |
|----------------------------------|--------------------|--------------------|
| Current | | |
| Loan to Industrial Ave | 197 | - |
| Total Current | 197 | - |
| Non-current | | |
| Loan to Industrial Ave | 1,719 | - |
| Unlisted WRV: | | |
| Balance at the beginning of year | 4,329 | 3,989 |
| Purchase | - | 44 |
| Revaluations | 447 | 296 |
| Total Non-current | 6,495 | 4,329 |

4. Investment Properties

The company has a property investment located in Penrith, Sydney. The Penrith property is a big box retail complex located at 120 Mulgoa Road, Penrith. The property was independently valued at \$21.5 million in November 2020 reflecting market yield of 6.75% with annual gross income of around \$1.4 million. There have been no significant changes to the property and as such the valuation has been held at this valuation. Tenants include Boating Camping Fishing, Barbeques Galore, Little Learning Child Care, Tru Ninja, and Rashay's Pizza Pasta Grill. There is minimal vacant space.

A reconciliation of the property values are as follows:

| | Penrith \$'000 |
|-------------------------------------|-------------------|
| Balance 1 July 2021 | 21,500 |
| Capital improvements | - |
| Depreciation | (1,012) |
| Revaluations | 982 |
| Movement in straightline receivable | 30 |
| Balance 31 December 2021 | 21,500 |
| Balance 1 July 2020 | 21,500 |
| Capital improvements | 85 |
| Depreciation | (365) |
| Revaluations | 280 |
| Balance 30 June 2021 | 21,500 |

5. Trade and Other Payables

| | Dec 2021 \$'000 | Jun 2021 \$'000 |
|--------------------------|--------------------|--------------------|
| Trade payables: | | |
| - Related parties | 3 | 141 |
| - Other parties | 44 | 37 |
| | 47 | 178 |
| Tenant deposits | 31 | 31 |
| Rental income in advance | 71 | 53 |
| Total | 149 | 262 |

Notes to the Financial Statements

6. Borrowings

| | Dec 2021 \$'000 | Jun 2021 \$'000 |
|---------------|----------------------|----------------------|
| Current – CBA | 10,000 | - |
| | <u>10,000</u> | <u>-</u> |
| Non-current | | |
| CBA | - | 10,000 |
| BWR | 17,366 | 15,668 |
| | <u>17,366</u> | <u>25,668</u> |
| Total | <u>27,366</u> | <u>25,668</u> |

The loan from CBA was taken out in January 2020 for a loan term of 3 years and is secured against the Company's Penrith property. The loan is due to expire in December 2022. As the LVR for this property has sufficient headroom with respect to facility covenants, the Group is confident the loan will be renewed on similar terms.

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

7. Share Capital

| | Dec 2021 Shares | Jun 2021 Shares | Dec 2021 \$000 | Jun 2021 \$000 |
|--------------------------------|---------------------------|---------------------------|-------------------|-------------------|
| At the beginning of the period | 162,921,662 | 4 | - | - |
| Issue new shares at stapling | - | 162,921,658 | - | - |
| Employee stapled securities | 49,700 | - | - | - |
| At the end of the year | <u>162,971,362</u> | <u>162,921,662</u> | <u>-</u> | <u>-</u> |

8. Unrealised Gains

| | Dec 2021 \$'000 | Dec 2020 \$'000 |
|--------------------------------|---------------------|--------------------|
| Investment in Penrith property | 982 | 140 |
| Investment in WRV | 447 | 276 |
| | <u>1,429</u> | <u>416</u> |

9. Business Operating Expenses

| | Dec 2021 \$'000 | Dec 2020 \$'000 |
|-------------------------|--------------------|--------------------|
| Consultant fees | 2 | 8 |
| Administration expenses | 96 | 62 |
| Total | <u>98</u> | <u>70</u> |

10. Commitments and Contingencies

There were no operating leases, capital commitments or contingencies as at 31 December 2021 (30 June 2021: Nil).

11. Subsequent Events

The impact of the COVID pandemic is ongoing and it is not practicable to estimate and quantify the potential impact after the reporting date. The situation continues to develop and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, vaccinations, travel restrictions and any economic stimulus that may be provided.

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

12. Financial Instruments

(i) Fair Value Hierarchy

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

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

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

The following table presents the Company's financial assets (excluding loan receivables) measured at fair value as at 31 December. Refer to the Critical Accounting Estimates and Judgments note for further details of assumptions used and how fair values are measured.

Notes to the Financial Statements

| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|----------------------------|-------------------|-------------------|-------------------|-----------------|
| At 31 December 2021 | | | | |
| Property investment | - | - | 21,500 | 21,500 |
| Financial assets | - | - | 6,692 | 6,692 |
| At 30 June 2021 | | | | |
| Property investment | - | - | 21,500 | 21,500 |
| Financial assets | - | - | 4,329 | 4,329 |

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

The fair value of the unlisted securities is determined by reference to the net assets of the underlying entities. The investment in WRV is revalued annually and is based on current prices in active market for similar properties of the same location and condition. There were no transfers between levels during the financial half-year.

(iii) Reconciliation of movements (Level 3)

The following table is a reconciliation of the movements in financial assets classified as Level 3 for the period ended 31 December 2021:

| | \$'000 |
|--|--------------|
| At 31 December 2021 | |
| Balance at the beginning of year | 4,329 |
| Fair value movement | 447 |
| Loan to Industrial Ave | 1,965 |
| Loan repayments | (49) |
| Balance at the end of the period | 6,692 |
| At 30 June 2021 | |
| Balance at the beginning of year | 3,989 |
| Purchase of WRV Units | 44 |
| Fair value movement | 296 |
| Balance at the end of year – Investment in WRV | 4,329 |

13. Critical Accounting Estimates and Judgments

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

Key estimates – impairment

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

Key estimates – financial assets

Investments in listed and unlisted securities have been classified as financial assets and movements in fair value is recognised directly in the reserves. The fair value of the unlisted securities is determined by reference to the net assets of the underlying entities. The fair value of the listed securities is based on the closing price from the ASX as at the reporting date.

Key estimates – fair values of investment properties

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

14. Basis of preparation accounting policies

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

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standards AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards 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 2021. The principal accounting policies adopted are consistent with those of the previous financial year ended 30 June 2021 and corresponding interim report period, unless otherwise stated.

The statutory financial information for the Company has been presented for the half-year ended 31 December 2021 and for the comparative half-year ended 31 December 2020.

The financial statements are presented in Australian Dollars.

Going Concern

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Planloc Limited has a net current liability of \$9.8 million and is in deficit position of \$1.4 million but made a profit of 0.6 million for the half year ended 31 December 2021. In addition to this, Planloc Limited has a history of profitability, and it is expected to return to profitability in future years. It has sufficient cash inflows from its property investments to pay debts as and when they fall due. It also has a positive operating cashflow. As such, management has assessed that Planloc Limited continues to be a going concern.

Notes to the Financial Statements

The loan from CBA of \$10 million is due to expire in December 2022. As the LVR for this property has sufficient headroom with respect to facility covenants, the Group is confident the loan will be renewed in similar terms.

Rounding

Planloc Limited is a group of the 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.

Comparative Figures

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

New Accounting Standards and Interpretations

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

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

Directors' Declaration


In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting 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 Company's financial position as at 31 December 2021 and of its performance for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

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



Tim Brown
Director
Sydney, 8 February 2022



Jessie Glew
Director
Sydney, 8 February 2022

Auditor's Independence Declaration and Report

Business advice
and accounting

ESV

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF PLANLOC LIMITED

In accordance with the requirements of section 307C of the Corporations Act, as auditor for the review of Planloc Limited for the half year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Dated at Sydney the 8th of February 2022



ESV Business Advice and Accounting



Chris Kirkwood
Partner

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF PLANLOC LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Planloc Limited ("the Company"), which comprises the balance sheet as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibility for the Half-Year Financial Report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Dated at Sydney on the 8th of February 2022



ESV Business Advice and Accounting



Chris Kirkwood
Partner



Newcastle, NSW



WOTSO
PROPERTY

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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