



ANNUAL REPORT 2022

Manager of Australia's First Listed Flexible Property Security

Who We Are

BlackWall is a fund manager with capabilities across investment, asset, development and property management. This integrated offering means we see opportunities where others don't.

We put our money where our mouth is, and hold strategic positions in the funds that we manage – the largest being Australia's first listed flexible property security, WOTSO Property (ASX:WOT). We have a close-knit and diverse team of individuals who take an entrepreneurial approach to growing the BlackWall business and brand.

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Directors' Report

BlackWall Limited (BlackWall, BWF or the Group) has seen revenue growth of 11% in FY 22 and will pay a final dividend of 2.4 cps to bring the full year dividend to 5.0 cps fully franked. This represents a current grossed up dividend yield of 9.5%.*

BlackWall Limited generates annuity income from the real estate investment structures it manages, the largest being WOTSO Property (ASX:WOT). Over the past year our assets under management have grown by 12% to \$500 million. We drive management fees off these assets which is then passed onto shareholders. We have maintained our dividend for the full year of 5.0 cps (2021: 5.0 cps).

Review of Financial Performance

	2022 \$'000	2021 \$'000
Management fee income	5,739	5,396
Transaction income	616	325
Total Revenue	6,355	5,721
Total operating expenses	(4,435)	(3,838)
Operating Profit	1,920	1,883
Government COVID assistance	223	504
Investment distributions received	986	804
Funds From Activities	3,129	3,191
Other statutory adjustments (incl. revaluations)	(1,273)	708
Profit Before Tax	1,856	3,899

- 1 Management fee income increased by 6% to \$5.7 million.**
This increase is driven predominately by WOT with valuation uplift of some of its properties and an increase in its WOTSO flexspace turnover.
- 2 Operating profit increased to \$1.9 million.**
Despite operating profit being up, the statutory net profit before tax has decreased to \$1.8 million. This was largely driven by our investment in WOT with movement in its ASX share price to \$1.39 from \$1.47 in 2021. This created a revaluation loss in FY 22. WOT's market price is not something we can control and we are long term holders of this investment so these movements (up or down) are not a focus for us.
- 3 Maintained Funds From Activities (FFA).**
Despite the headwinds of COVID our FFA has been maintained at \$3.1 million and we expect this to grow as our assets and revenue under management grow. It is important to note that unlike many other REITs we do not solely require assets to grow in value to get material uplifts in FFA, we have the additional fees charged on the WOTSO revenue which has the capacity to grow.

BlackWall issued 4.3 million new shares in FY 22 under its employee option scheme, and a significant portion of the funds raised were used to re-invest in WOTSO Property. WHY? We believe that the pricing conditions for WOT presented a compelling and attractive purchase point with the share price trading well below Net Asset Value (NAV).

* On a share price of \$0.70.

Key Numbers



\$500 million
of assets under management



7 properties acquired
by WOT in last two years



5.0 cps
fully franked full year dividend



\$6.4 million
total revenue

Up
11%

Fund Highlights



WOTSO Property

Following on from the three properties acquired in the 2021 financial year, a further four properties were purchased this year. Two adjoining properties were purchased in Cremorne NSW, WOT expanded into Western Australia with a property in Mandurah, and finally WOT secured a property in Auckland, New Zealand. Each property is earmarked to have a WOTSO and other service based uses. The third party leased sites that WOTSO operates are also slated to increase with negotiations finalised for two new sites in Sydney's West. WOT has seen a number of strong revaluations throughout the property portfolio which translate to increased management fees.

WOTSO's annualised revenue now sits at \$23.7 million meaning the second tranche of BWF's management fee is activated (5% per annum of all revenue above \$20 million per annum). WOTSO has a clear strategy to offer businesses a home close to where their people live and this has translated into strong demand for WOTSO's flexspace offering. The revenue growth trajectory is significant for both WOTSO itself, but also BWF as the manager.



Wind up of Woods PIPES

The seven year term of the Woods PIPES Fund expired at the end of the 2022 financial year. We are pleased to achieve a 45 cents per share PIPES bonus for the fund's investors, which was on top of the regular 8% per annum distributions, equating to a total internal rate of return (IRR) of 13% per annum.



New Fund Launched

Pymont Bridge Road Mortgage Fund

We were excited to bring our first unlisted retail and wholesale fund offering since the launch of the Woods PIPES Fund. The new Pymont Bridge Road Mortgage Fund was born out of the restructure of the debt over the Pymont property and offers investors consistently strong distributions of 6% per annum, combined with \$68 million of capital buffer. The fund is open for new investment now and will be offered on an ongoing basis meaning we can welcome new investors and introduce them to the Group over the 5 year term of the fund.

Net
Asset Value
↑8%

IRR
13% p.a.
over 7 years

Fund size
\$20 million

BlackWall as a Corporate Citizen

We have continued our longstanding relationship with The Kid's Cancer Project (TKCP) and this year our team was excited to have raised over \$60,000 and ranked first on the leader board for TKCP Better Challenge where participants aim to run, walk or roll 90km over the month of September. Additionally, our very own Jess Glew was appointed as a director of TKCP.

Our Vaccine for Caffeine program was a success as various parts of the country emerged from COVID lockdowns late in 2021. The program encouraged WOTSO members to get on board with the national vaccine rollout for a chance to win a share of \$27,000 to be spent at local businesses. It was our way of supporting the vaccine rollout and helping local businesses doing it tough.

We also formally launched our employee development program, the BlackWOT Academy. The team enjoyed the first iteration of the program, which culminated in the three day BlackWOT personal development conference held in Noosa, QLD.

The Year Ahead

As we gaze into our crystal ball for next year and beyond, we are conscious of the various economic factors at play, such as rising inflation, the threat of a global downturn and the ongoing influence of COVID. However, we believe, that with a clear and strategic outlook there will be a number of opportunities that we can embrace as a Group. We can offer our existing and new investors even more choice via our listed and unlisted structures as we continue to expand our reach as a proven and trusted manager.

Tim Brown and Jessie Glew

Joint Managing Directors



162 Macquarie St, Hobart TAS

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Management fees	3	5,739	5,396
Transaction income	3	616	325
Total Revenue		6,355	5,721
Operating expenses	5	(4,435)	(3,838)
Operating Profit		1,920	1,883
Government COVID stimulus	2	223	504
Depreciation - property, plant and equipment	11	(44)	(51)
Finance costs - interest expense		(6)	(4)
Revaluation (loss) / gain	4	(237)	1,567
Profit Before Income Tax From Continuing Operations		1,856	3,899
Income tax expense	6	(210)	(845)
Profit After Tax From Continuing Operations		1,646	3,054
Discontinued operation - WOTSO Franchise		-	(25)
Profit for the Year		1,646	3,029
Other comprehensive income		-	-
Total Comprehensive Income		1,646	3,029
Earnings Per Share			
Profit Attributable to the Ordinary Equity Holders:			
Basic earnings per share	19	2.5 cents	4.8 cents
Diluted earnings per share	19	2.5 cents	4.8 cents

Balance Sheet at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Assets			
Current Assets			
Cash and cash equivalents		1,166	3,133
Trade and other receivables	7	1,293	332
Total Current Assets		2,459	3,465
Non-current Assets			
Investments	8	23,412	22,602
Employee loans	10	1,056	-
Investment using equity method	9	40	58
Right of use lease asset	12	444	579
Property, plant and equipment	11	122	141
Total Non-current Assets		25,074	23,380
Total Assets		27,533	26,845
Liabilities			
Current Liabilities			
Trade and other payables	13	916	482
Right of use lease liability	16	137	132
Provision for employee benefits	14	701	493
Provision for tax payable	17	273	396
Total Current Liabilities		2,027	1,503
Non-current Liabilities			
Deferred tax liabilities	15	2,592	2,870
Right of use lease liability	16	329	464
Provision for employee benefits	14	25	11
Total Non-current Liabilities		2,946	3,345
Total Liabilities		4,973	4,848
Net Assets		22,560	21,997
Equity			
Share capital		16,447	14,080
Reserves		73	73
Retained earnings		6,040	7,844
Total Equity		22,560	21,997
Statutory net assets per share		\$0.33	\$0.35

Statement of Cash Flows for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Cash Flows From Operating Activities			
Management fee receipts and recoveries		5,690	7,045
Government COVID stimulus	2	223	504
Payments to suppliers and employees		(4,172)	(4,133)
Income tax (paid) / refund		(611)	370
Net interest paid		(4)	-
Net Cash Flows From Operating Activities		1,126	3,786
Cash Flows From Investing Activities			
Returns of capital from WOT / BWR investment	8	968	804
Proceeds on disposal of Gynea Bay investment	9	181	-
Dividend received from IndigoBlack investment	9	90	-
Investment in WOT		(2,015)	(1,633)
Payment for property, plant and equipment	11	(25)	(28)
Proceeds on disposal of WOTSO Franchise (net of cash disposed)		-	428
Net Cash Flows Used In Investing Activities		(801)	(429)
Cash Flows Used In Financing Activities			
Proceeds from issue of shares		1,311	-
Dividends paid to shareholders	18	(3,450)	(2,841)
Rental payments		(153)	(129)
Net Cash Flows Used In Financing Activities		(2,292)	(2,970)
Net (Decrease) / Increase in Cash Held		(1,967)	387
Reconciliation of Cash Balances:			
Cash and cash equivalents at the beginning of the year		3,133	2,724
Net (decrease) / increase in cash held - continuing		(1,967)	387
Net increase in cash held - WOTSO Franchise		-	22
Cash and Cash Equivalents at End of the Year		1,166	3,133

All items inclusive of GST where applicable.

Reconciliation of Operating Cash Flows

	2022 \$'000	2021 \$'000
Profit for the Year from Continuing Operations	1,646	3,054
Non-Cash Flows in Profit:		
Unrealised loss / (gain)	237	(1,567)
Depreciation on right of use lease asset	138	118
Depreciation on property, plant and equipment	44	51
Interest expense on lease liability	20	21
Equity accounted (profit) / loss	(253)	14
Changes in Operating Assets and Liabilities:		
(Increase) / decrease in trade and other receivables	(961)	807
(Decrease) / increase in deferred tax liabilities	(278)	465
Increase in trade and other payables	434	-
(Decrease) / increase in income taxes payable	(123)	750
Increase in provisions	222	73
Net Cash Flows from Operating Activities	1,126	3,786

Statement of Changes in Equity for the year ended 30 June 2022

	No. of Shares on Issue	Issued Capital \$'000	Retained Earnings \$'000	Reserves \$'000	Total \$'000
Balance at 1 July 2021	63,141,445	14,080	7,844	73	21,997
Profit for the year	-	-	1,646	-	1,646
Other comprehensive income	-	-	-	-	-
Total Comprehensive Income for the Year	-	-	1,646	-	1,646
Transactions with Owners in Their Capacity as Owners:					
Dividend paid	-	-	(3,450)	-	(3,450)
Issue of shares	4,325,000	2,367	-	-	2,367
Total Transactions with Owners	4,325,000	2,367	(3,450)	-	(1,083)
Balance at 30 June 2022	67,466,445	16,447	6,040	73	22,560
Balance at 1 July 2020	63,141,445	14,080	7,656	73	21,809
Profit for the year	-	-	3,029	-	3,029
Other comprehensive income	-	-	-	-	-
Total Comprehensive Income for the Year	-	-	3,029	-	3,029
Transactions with Owners in Their Capacity as Owners:					
Dividend paid	-	-	(2,841)	-	(2,841)
Total Transactions with Owners	-	-	(2,841)	-	(2,841)
Balance at 30 June 2021	63,141,445	14,080	7,844	73	21,997

Share Capital and Reserves

(a) Summary Table

	2022 \$'000	2021 \$'000
67,466,445 ordinary shares (June 2021: 63,141,445)	16,447	14,080
Total	16,447	14,080

(b) Movement in Shares on Issue

Number of Shares	2022 No.	2021 No.
At the beginning of reporting period	63,141,445	63,141,445
Issue of shares under options scheme	4,325,000	-
At Reporting Date	67,466,445	63,141,445

No further shares have been issued since 30 June 2022. No amounts are unpaid on any of the shares. Ordinary shares participate in dividends. All ordinary shares carry one vote per share without restriction. All shares are fully paid.

(c) Reserves

	2022 \$'000	2021 \$'000
Share options reserve	73	73
Total	73	73

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

Options	Expiry Date	Exercise Price	Number
Employee and Directors options	05 October 2023	\$0.55	475,000

Notes to the Financial Statements

1. Segment Information

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

	Revenue \$'000	Operating Expense \$'000	Operating Profit \$'000	COVID Stimulus \$'000	Interest and Depn \$'000	Revaluation (Loss) / Gain \$'000	Pre-tax Profit \$'000
Profit or Loss 2022							
BlackWall	6,099	(3,071)	3,028	223	(44)	-	3,207
Investments	256	(607)	(351)	-	(6)	(237)	(594)
Corporate	-	(757)	(757)	-	-	-	(757)
Total Operations 2022	6,355	(4,435)	1,920	223	(50)	(237)	1,856

Profit or Loss 2021							
BlackWall	5,730	(2,749)	2,981	504	(51)	-	3,434
Investments	(9)	(578)	(587)	-	(4)	1,567	976
Corporate	-	(511)	(511)	-	-	-	(511)
Continuing Operations	5,721	(3,838)	1,883	504	(55)	1,567	3,899
WOTSO Franchise	432	(122)	310	-	(312)	-	(2)
Total Operations 2021	6,153	(3,960)	2,193	504	(367)	1,567	3,897

	Assets \$'000	Liabilities \$'000	Net Assets \$'000
Balance Sheet 2022			
BlackWall	4,013	(2,103)	1,910
Investments	23,520	(2,597)	20,923
Corporate	-	(273)	(273)
Consolidated	27,533	(4,973)	22,560

	Assets \$'000	Liabilities \$'000	Net Assets \$'000
Balance Sheet 2021			
BlackWall	4,181	(1,473)	2,708
Investments	22,664	(2,979)	19,685
Corporate	-	(396)	(396)
Consolidated	26,845	(4,848)	21,997

2. COVID Impact

In the current year, WOTSO Property (WOT), an investee of the Group, continued to provide rent relief to tenants in the form of rent waivers and deferrals, as required by the mandatory code of conduct between landlords and tenants. WOTSO Limited, a stapled group member of WOT, also reinstated its suspension policy during the year, which was available to any members located in COVID affected lockdown areas, and allowed these members to suspend their membership without penalty. This resulted in average revenue decreases of approximately 65% across impacted sites during the lockdowns for WOTSO Limited. The policy ended in November 2021 and WOTSO Limited's revenue has since recovered with June annualised revenue reaching just shy of \$24 million, close to 50% higher than pre-COVID levels.

This decrease in WOT's revenue, as a result of the COVID related rent relief and membership suspension policy meant a reduction in BlackWall's management fees that could have been charged.

BWF qualified for the government's JobSaver program and other related stimulus measures since the start of the pandemic in March 2020. The government stimulus revenue received for the current financial year was \$223,000 (2021: \$504,000).

3. Revenue

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

	2022 \$'000	2021 \$'000
Fund management fees	3,161	3,176
Property management fees	693	633
Project management fees	762	287
Leasing fees	214	505
Expense recovery and other fees	909	795
Management Fees Total	5,739	5,396
Transaction fee - Asset acquisitions	328	189
Transaction fee - Asset disposal	35	-
Transaction fee - Capital raising	-	150
	363	339
Transaction income - IndigoBlack	72	(14)
Transaction income - Gynea Bay	181	-
Transaction Income Total	616	325
Total Revenue	6,355	5,721
Timing of revenue recognition:		
- Management fees incurred over time	5,739	5,396
- Transaction income at a point in time	616	325
	6,355	5,721

During 2022 the group disposed of its investment in Gynea Bay Unit Trust (GBUT). GBUT redeveloped 2 residential properties in the south of Sydney. The income of \$181,000 reflects BWF's 25% share of the profit on sale of the properties.

The IndigoBlack income is the share of profit from BWF's investment in this construction business. BWF also received a cash dividend from the entity of \$90,000.

See Note 9 for further information.

4. Net Unrealised (Loss) / Gain on Investments

	2022 \$'000	2021 \$'000
Unrealised (loss) / gain - WOT	(237)	1,567
Total	(237)	1,567

The unrealised (loss) / gain is driven by the ASX price of WOT securities at 30 June. For additional information refer to Note 8 - Investments.

5. Operating Expenses

	2022 \$'000	2021 \$'000
Employee and consultant expenses	3,330	2,806
Other operating expenses	947	893
Depreciation – right of use assets	138	118
Lease interest costs	20	21
Total	4,435	3,838

6. Income Tax Expense

	2022 \$'000	2021 \$'000
Current tax	488	348
Deferred tax	(278)	497
Total	210	845
Prima facie tax payable on profit from ordinary activities before income tax at 25.0% (2021: 26.0%)	464	1,014
Add / (less) tax effect of:		
Non-deductible items	(226)	5
Deductible items	-	(10)
Change in tax rate - restatement of deferred tax balances	-	(115)
Over provision in prior years	(28)	(49)
Total	210	845

7. Trade and Other Receivables

	2022 \$'000	2021 \$'000
Trade receivables:		
Related parties	1,289	237
Other parties	-	82
Total Trade Receivables	1,289	319
Other receivables	4	13
Total	1,293	332

Further information relating to trade and other receivables to related parties is set out in Note 24 - Related Party Transactions. None of the receivables were impaired as at 30 June 2022 (2021: \$nil).

8. Investments

WOTSO Property is listed on the ASX under the code "WOT". At 30 June 2022, WOT was quoted at \$1.39 per security on the ASX (2021: \$1.47 per security), and the net asset value was \$1.56 per security (2021: \$1.44 per security).

A reconciliation of investments is set out below:

June 2022	WOT \$'000	Total \$'000
Balance at the beginning of the year	22,602	22,602
Return of capital	(968)	(968)
Purchases	2,015	2,015
Mark to market valuation	(237)	(237)
Balance at the End of the Year	23,412	23,412

June 2021	WOT \$'000	BWR \$'000	WOTSO Limited \$'000	Total \$'000
Balance at the beginning of the year	-	16,313	3,893	20,206
Return of capital	-	(804)	-	(804)
Conversion to stapled securities	19,402	(15,509)	(3,893)	-
Purchases	1,633	-	-	1,633
Mark to market valuation	1,567	-	-	1,567
Balance at the End of the Year	22,602	-	-	22,602

During the 2021 year, BlackWall's investments in BWR and WOTSO Limited were replaced by a single holding in the stapled entity, WOT.

9. Equity Accounted Investments

Investee	2022 Ownership %	2021 Ownership %	2022 \$'000	2021 \$'000
IndigoBlack Construction	25	25	40	58
GyMEA Bay Unit Trust	-	25	-	-
			40	58

	IndigoBlack Construction \$'000	GyMEA Bay Unit Trust \$'000	Total 2022 \$'000	Total 2021 \$'000
Carrying amount at beginning of year	58	-	58	72
Share of comprehensive income / (loss)	72	181	253	(14)
Dividend received	(90)	-	(90)	-
Disposal of investments	-	(181)	(181)	-
Carrying Amount at End of Year	40	-	40	58

10. Employee Loans

Loans have been made to Directors and employees in order for them to acquire shares under the employee share scheme. The loans attract interest at a rate equivalent to the deemed ATO loan interest rate and are secured against the shares. At 30 June 2022, \$1.1 million in loans have been issued to employees of the Group (2021: \$nil).

11. Property, Plant and Equipment

	2022 \$'000	2021 \$'000
At cost	924	899
Less accumulated depreciation	(802)	(758)
Total Written Down Value	122	141

	2022 \$'000	2021 \$'000
Carrying amount at the beginning of year	141	164
Additions	25	28
Depreciation expense	(44)	(51)
Carrying Amount at the End of Year	122	141

12. Right of Use Lease Asset

	2022 \$'000	2021 \$'000
Right of use lease asset	773	770
Less: Accumulated depreciation	(329)	(191)
Written Down Value of Right of Use Lease Assets	444	579

BWF leases its head office located in Neutral Bay NSW. BWF has entered into an option agreement with its Neutral Bay landlord that is expected to see its lease terminated as part of a sale of the asset. An option fee of \$10,000 has been received and \$490,000 is receivable if the option is exercised. The option expires in September and can be extended for another year.

13. Trade and Other Payables

	2022 \$'000	2021 \$'000
Trade payables:		
Other parties	680	403
Related parties	102	-
Total Trade Payables	782	403
Sundry payables and accrued expenses	134	79
Total	916	482

Further information relating to trade payables from related parties is set out in Note 24 - Related Party Transactions.

14. Provisions

	2022 \$'000	2021 \$'000
Current – employee benefits	701	493
Non-current – employee benefits	25	11
Total Provisions	726	504
Balance at the beginning of year	504	431
Net additional provision increase	222	73
Balance at the End of Year	726	504

The number of BWF employees as at 30 June 2022 was 21 (2021: 20).

15. Deferred Tax Liabilities

	2022 \$'000	2021 \$'000
Deferred Tax Liabilities / (Assets) Balance Comprises:		
Financial assets	2,801	3,007
Provision for employee benefits	(182)	(126)
Accrued expenses	(21)	(7)
Lease assets	(6)	(4)
Total	2,592	2,870
Movements:		
Balance at the beginning of year	2,870	2,373
Charged to the profit and loss	(278)	497
Balance at the End of Year	2,592	2,870

16. Lease Liabilities

	2022 \$'000	2021 \$'000
Opening balance	596	2,323
Interest charged	20	45
Repayments	(153)	(393)
Additions	-	301
Disposals	-	(1,808)
Modifications	3	128
Total Lease Liabilities	466	596
Current	137	132
Non-current	329	464
Total	466	596

The disposal in 2021 was due to the WOTSO Franchise subsidiary leaving the group.

17. Provision for Tax Payable

	2022 \$'000	2021 \$'000
Payable / (Refund) at the beginning of year	396	(354)
Current year tax liability	516	396
(Payments made) / Refunds received	(611)	347
(Over) / under provision in prior years	(28)	7
Payable at the End of Year	273	396

18. Dividends

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

	2022 \$'000	2021 \$'000
2021 final dividend of 2.6 cents paid on 15 September 2021 (2020 final: 2.1 cents)	1,696	1,325
2022 interim dividend of 2.6 cents paid on 7 April 2022 (2021 interim: 2.4 cents)	1,754	1,516
Total	3,450	2,841

In addition, the Board has declared a final fully franked dividend of 2.4 cents per share to be paid on 8 September 2022.

	2022 \$'000	2021 \$'000
Franking credits available for the subsequent periods based on a tax rate of 25.0% (2021: 25.0%)	1,437	2,026

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

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

19. Earnings Per Share

	2022	2021
Basic earnings per share	2.5 cents	4.8 cents
Diluted earnings per share	2.5 cents	4.8 cents
Calculated as follows:		
Profit attributable to the owners of the Group	\$1,646,000	\$3,029,000
Profit attributable to the owners of the Group (continuing)	\$1,646,000	\$3,054,000
Weighted average number of shares for basic EPS	65,629,785	63,141,445
Weighted average number of shares for diluted EPS	65,704,671	63,141,445

20. Auditor's Remuneration

	2022 \$	2021 \$
Remuneration of ESV for:		
Audit and assurance services	43,000	51,000
Taxation services	11,050	11,000
Other services	24,200	23,000
Total	78,250	85,000

21. Contingencies

The Group had no contingent assets or liabilities at 30 June 2022 (2021: \$nil).

22. Subsequent Events

The Board has declared a final fully franked dividend of 2.4 cents per share to be paid on 8 September 2022.

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

23. Controlled Entities

	Country of Incorporation	Percentage Owned	
		2022 (%)	2021 (%)
Parent Entity:			
BlackWall Limited	Australia	n/a	n/a
Subsidiaries of Parent Entity:			
BlackWall Management Services Pty Ltd	Australia	100	100
BlackWall Fund Services Limited	Australia	100	100
BlackWall Management (NZ) Ltd	New Zealand	100	100
Bakehouse Management Pty Ltd	Australia	100	99.99
Bakehouse Quarter Trust	Australia	100	-
APG Asset Management Pty Ltd	Australia	-	100

24. Related Party Transactions

(a) Related Parties, Associates, Managed Funds

In these financial statements, related parties are parties as defined by AASB 124 Related Party Disclosures rather than the definition of related parties under the Corporations Act 2001 and ASX Listing Rules.

Associates

Interests held in associates by the Group are set out in Note 9 - Equity Accounted Investments.

Managed Funds

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

Fees and Transactions

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

These services principally relate to:

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

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

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

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

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

	2022 \$	2021 \$
Revenue:		
Management fees	4,999,788	4,404,085
Transaction and performance fees	387,650	990,488
Distribution / returns of capital from funds	968,307	804,149
Expenses:		
Rent and outgoings paid	180,744	397,392
Outstanding Balances:		
Trade and other receivables – current	1,288,708	236,981
Employee loans	1,055,530	-
Trade and other payables - current	101,751	-

(b) Interests in Related Parties

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

Entity	Holdings		Distribution/Returns of Capital/Interest	
	2022 No.	2021 No.	2022 \$	2021 \$
WOT	16,843,284	15,375,201	968,307	-
BWR	-	-	-	804,149
			968,307	804,149

(c) Key Management Personnel Compensation

	2022 \$	2021 \$
Total remuneration paid	970,000	820,000

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

25. Parent Entity Information

	2022 \$'000	2021 \$'000
Results:		
Profit / (loss) after tax	368	(2,217)
Total Comprehensive Income / (Loss) After Tax	368	(2,217)
Financial Position:		
Current assets	298	3
Non-current assets	1,096	714
Total Assets	1,394	717
Current liabilities	(873)	(495)
Non-current liabilities	(3,179)	(2,165)
Total Liabilities	(4,052)	(2,660)
Net Assets	(2,658)	(1,943)
Share capital	16,447	14,080
Accumulated losses	(19,164)	(16,082)
Reserves	59	59
Total Equity	(2,658)	(1,943)

The parent entity had no contingencies or capital commitments at 30 June 2022 (2021: \$nil). The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 28.

26. Financial Risk Management

(a) Financial Risk Management

The main risks the Group is exposed to through its financial instruments are market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's principal financial instruments are cash, financial assets and borrowings. Additionally, the Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. The Board has overall responsibility for the establishment and overseeing of the risk management framework. It monitors the Group's risk exposure by regularly reviewing finance and property markets.

The Group holds the following major financial instruments:

	2022 \$'000	2021 \$'000
Financial Assets		
Cash and cash equivalents	1,166	3,133
Investment in WOT	23,412	22,602
Employee loans	1,056	-
Financial Liabilities		
Trade and other payables	916	482
Lease liabilities	466	596

(b) Sensitivity Analysis

The Group is not exposed to any material credit, foreign exchange, interest or liquidity risks.

The investment in WOT securities are subject to price risk, a 10% decrease in the ASX trading price (from the price at 30 June 2022, i.e. \$1.39 per security) would result in an unrealised loss after tax of \$1.8 million.

(c) Capital Management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, buy-back shares, purchase or sell assets.

(d) Liquidity Risk

	Maturing Within 1 Year \$'000	Maturing 2-5 Years \$'000	Maturing over 5 Years \$'000	Total \$'000
At 30 June 2022				
Financial Liabilities				
Trade and other payables	916	-	-	916
Lease liabilities	137	329	-	466
	1,053	329	-	1,382
At 30 June 2021				
Financial Liabilities				
Trade and other payables	482	-	-	482
Lease liabilities	132	464	-	596
	614	464	-	1,078

(e) Fair Value Measurements

(i) Fair Value Hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making measurements. The fair value hierarchy has the following levels:

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

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

The following table presents the Group's financial assets measured at fair value as at 30 June. Refer to 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 30 June 2022				
Investment in WOT	23,412	-	-	23,412
At 30 June 2021				
Investment in WOT	22,602	-	-	22,602

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

There are no financial assets classified as level 3 of the fair value hierarchy at 30 June 2022 (2021: \$nil).

(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 year ended 30 June:

	\$'000
At 30 June 2022	
Balance at the beginning of the year	-
Movement	-
Balance at the End of the Year	-
At 30 June 2021	
Balance at the beginning of the year	3,893
Reduction due to WOTSO Limited forming part of the WOT stapled security	(3,893)
Balance at the End of the Year	-

There were no transfers between Level 1, 2 and 3 financial instruments during the period.

27. Critical Accounting Estimates and Judgments

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

Key Estimates - COVID

The impact of the COVID pandemic is ongoing. It is not practical to estimate the potential impact, positive or negative, on the various revenue streams and the performance of the Group. The situation is dependent on measures imposed by the federal and state governments, and other countries, such as maintaining social distancing requirements, quarantine, vaccinations, travel restrictions and any economic stimulus that may be provided.

Key Estimates - Impairment

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

Key Estimates - Financial Assets

All financial assets at Fair Value Through the Profit or Loss (FVTPL) have been classified as financial assets, with gains and losses recognised as profit or loss.

The fair value of the listed securities is based on the closing price from the Australian Securities Exchange as at the reporting date.

The fair value of financial instruments not traded in an active market is determined using valuation techniques including a discounted cash flow model. The main inputs used include:

- discount rates for financial assets and financial liabilities are determined using a capital asset pricing model to calculate a rate that reflects the risk specific to the asset;
- revenue growth rates for locations currently below capacity is based on growth rates achieved in the past or at similar locations where there is no past evidence;
- sales prices for products are related to the product being offered and are adapted for each location with consideration given to economic factors prevailing at the location and competitor prices; and
- current economic environment operates within a range similar to the past. The impact of COVID or similar economic event is not possible to quantify reliably.

28. Statement of Significant Accounting Policies

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

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements of the Group also comply with IFRS as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

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

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Going Concern

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

Segment Reporting

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group management

and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets

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

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

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

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

Presentation of Financial Statements

Both the functional and presentation currency of BWF and its Australian subsidiaries is Australian dollars. Various functional currencies including New Zealand Dollar results are translated to presentation currency.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of BWF and its subsidiaries. A list of controlled entities is contained in Note 23 - Controlled Entities. All controlled entities have a June financial year end and use consistent accounting policies. Investments in subsidiaries held by the Group are accounted for at cost, less any impairment charges (refer to Note 25 - Parent Entity Information).

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany Balances

All intercompany balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Associates

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

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

Non-Controlling Interests

Non-controlling interests (not held by the Group) are allocated their share of net profit and comprehensive income after tax in the statement of profit or loss and other comprehensive income and are presented within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The estimated useful lives used for each class of depreciable assets are:

Furniture, fixtures and fittings	over 2 to 10 years
Office equipment	over 4 to 10 years

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

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

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired.

If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, either the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, or the income of the asset is capitalised at its relevant capitalisation rate.

An impairment loss is recognised if the carrying value of an asset exceeds its recoverable amount. Impairment losses are expensed to the profit and loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

Financial Instruments

Non-derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Recognition

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flow from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial Assets

All financial assets at FVTPL have been classified as financial assets, with gains and losses recognised in profit or loss. The Group classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value and those to be measured at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

(i) Equity Investments

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss.

(ii) Loans and Receivables

Loans and receivables including loans to related parties are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Fair Value

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance date. For investments in related party unlisted unit trusts, fair values are determined by reference to published unit prices of these investments which are based on the net tangible assets of each of the investments.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. A financial instrument is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

An impairment loss in respect of a financial instrument measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial instruments are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses are recognised in the profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial instruments measured at amortised cost, the reversal is recognised in profit and loss.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an investee. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control over those policies.

Under the equity method of accounting, investments in the associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for credit loss impairment is made when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor and default payments are considered objective evidence of impairment. Bad debts are written off when identified as uncollectable.

Trade and Other Payables

Liabilities for trade creditors are carried at cost which is the fair value of the consideration to be paid in the future for goods or services received, whether or not billed to the Group at balance date. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee Benefits

Other Long Term Employee Benefits

The Group's net obligation in respect of long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. These employee benefits have not been discounted to the present value of the estimated future cash outflows to be made for those benefits.

Short Term Benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs.

Revenue

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

Investment Income

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

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

All revenue is stated net of the amount of GST.

Leases

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

Income Tax

Current Income Tax Expense

The charge for current income tax expense is based on the profit year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Accounting for Deferred Tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred Tax Calculation

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred Income Tax Assets

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Benefit Brought to Account

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax Consolidation

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

In addition to its own current and deferred tax amounts, BWF also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group in conjunction with any tax funding arrangement amounts.

The Group recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

GST

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

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

EPS

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

Comparative Figures

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

New Accounting Standards and Interpretations

BWF has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year. Several amendments apply for the first time in the current year. However, they do not impact the annual consolidated financial statements of the Group. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Based on our preliminary assessment, we do not expect them to have a material impact on the Group.

Directors' Report

Continued

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The shareholder information set out below was current as at 1 August 2022.

1. Shareholders

The Group's top 20 largest shareholdings were:

Investor	Shares No.	Shares %
1 Seno Management Pty Ltd	6,215,000	9.21
2 Vintage Capital Pty Limited	5,734,678	8.50
3 Lymkeesh Pty Ltd	4,304,742	6.38
4 Frogstorm Pty Ltd <Rockahula>	3,400,000	5.04
5 National Nominees Limited	3,173,152	4.70
6 Sandhurst Trustees Ltd	2,762,000	4.09
7 Glenahilty Pty Ltd	2,724,515	4.04
8 Koonta Pty Ltd	2,550,985	3.78
9 Sao Investments Pty Ltd	2,225,000	3.30
10 Kiut Investments Pty Ltd	1,976,175	2.93
11 Frolic Events Pty Ltd <Brown-Brown Family>	1,960,000	2.91
12 Bin24 Business Advisors Pty Limited	1,950,000	2.89
13 Maloo Investments Pty Ltd	1,464,370	2.17
14 Pinnatus Pty Ltd	1,178,434	1.75
15 Mr Richard Hill & Mrs Evelyn Hill	1,151,295	1.71
16 Frolic Events Pty Ltd <The Revelry Superfund>	1,000,000	1.48
17 Oyama Pty Limited	1,000,000	1.48
18 Mr Archibald Geoffrey Loudon	986,973	1.46
19 Tampopo Pty Ltd	777,983	1.15
20 Frogstorm Pty Ltd <Bossanova Superfund>	708,338	1.05

2. Distribution of Shareholders

The distribution of shareholders by size of holding was:

Category	No. of Shareholders
1 – 1,000	293
1,001 – 5,000	483
5,001 – 10,000	225
10,001 – 100,000	295
100,001 and over	60
Total Number of Shareholders	1,356

BWF has 67,466,445 ordinary shares on issue. All shares carry one vote per share without restrictions. All shares are quoted on the Australian Securities Exchange (ASX:BWF).

3. Substantial Shareholders

BWF's substantial shareholders are set out below:

Investor	Shares No.	Shares %
Seph Glew	10,582,667	15.69
Paul Tresidder	8,728,258	12.94
Robin Tedder	8,495,017	12.59
Archibald Geoffrey Loudon	4,810,959	7.13
Stuart Brown	4,114,038	6.10

4. Directors' and KMPs' Relevant Interests

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

Investor	5 August 2021	Net Change	1 August 2022
Timothy Brown (Joint MD and CFO)	1,460,000	1,500,000	2,960,000
Jessica Glew (Joint MD and COO)	550,178	1,500,000	2,050,178
Seph Glew (Non-Executive Chairman)	9,962,770	619,897	10,582,667
Richard Hill (Non-Executive Director)	1,969,278	-	1,969,278
Robin Tedder (Non-Executive Director)	8,195,017	300,000	8,495,017
Total	22,137,243	3,919,897	26,057,140

Information on Officeholders

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

Joseph (Seph) Glew

Non-Executive Director and Chairman

Seph has worked in the commercial property industry in New Zealand, the USA and Australia and has driven large scale property development and financial structuring for real estate for over 40 years. In addition, since the early 1990s Seph has run many “turn-around” processes in relation to distressed properties and property structures for both private and institutional property owners.

While working for the Housing Corporation of New Zealand and then AMP, Seph qualified as a registered valuer and holds a Bachelor of Commerce. In the 1980s he served as an Executive Director with New Zealand based property group Chase Corporation and as a Non-Executive Director with a number of other listed companies in New Zealand and Australia.

Timothy Brown

Joint Managing Director and CFO

Tim is Joint Managing Director and Chief Financial Officer for the BlackWall Group and its funds. Tim joined the Group in 2008 as Financial Controller and became Chief Financial Officer in 2009. He took on the Managing Director role along with Jessie in late 2019. He has a Bachelor of Commerce from the University of New South Wales and is a member of the Institute of Chartered Accountants of Australia and New Zealand. With over 20 years’ experience in the financial services and property industries, he started his career with Deloitte and joined Lend Lease Corporation in 2002. Tim is also on the board of Eastern Suburbs Cricket Club and Coogee Boy’s Preparatory School.

Jessica Glew

Joint Managing Director and COO

Jessie is Joint Managing Director and Chief Operating Officer (COO) for the BlackWall group and its funds. Jessie has been with BlackWall since early 2011. She was made COO in early 2018 and took on the Managing Director role along with Tim in late 2019. Jessie has a Bachelor of International Communication from Macquarie University and finalising a Bachelor of Property Economics at the University of Technology Sydney. In addition Jessica is a Board Member of The Kids’ Cancer Project.

Richard Hill

Non-Executive Director

Richard Hill has extensive investment banking experience and was the founding partner of the corporate advisory firm Hill Young & Associates. Richard has invested in the Group’s projects since the early 1990s. Prior to forming Hill Young, Richard held a number of Senior Executive positions in Hong Kong and New York with HSBC. He was admitted as an attorney in New York State and was registered by the US Securities & Exchange Commission and the Ontario Securities Commission. Richard has served as a director (Chairman) of the Westmead Institute for Medical Research and director (Chairman) of Sirtex Medical Limited (Sirtex), formerly listed on ASX.

Robin Tedder

Non-Executive Director

Robin began his career on the dealing desk of a merchant bank in 1976. In 1981 he founded Hatmax Capital Markets which grew rapidly through organic development and merger with Australian Gilt Securities in 1988, such that by the time he departed after 14 years as CEO in 1995, over 80 people were employed across debt capital markets, both the Sydney Futures Exchange and ASX, in asset management and corporate finance. In 1995 Robin established Vintage Capital which became an active investor in funds management, commercial property, retailing, healthcare and logistics. He has been an investor in the Group’s projects since 1997, is a former member of ASX, and has served on various boards of both listed and private companies since 1984. He is the Chairman of the Group’s Board Audit Committee.

Alexander Whitelum

Company Secretary

Alex joined the BlackWall Group in 2020 and executes all aspects of the Group’s corporate and fund transactions, is responsible for corporate governance functions and oversees investor relations. Previously, Alex was a lawyer at Clayton Utz in their Corporate, M&A and Capital Markets team. Alex holds a Bachelor of Laws (Hons) and a Bachelor of Commerce (Economics) from Macquarie University. He is admitted as a solicitor to the Supreme Court of New South Wales and the High Court of Australia.

Meeting Attendances

Director	No. of Board Meetings Held	Board Meeting Attendance
Seph Glew	7	7
Timothy Brown	7	7
Jessie Glew	7	7
Richard Hill	7	7
Robin Tedder	7	7

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

Environmental Regulation

The Group’s operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or a Territory other than those that pertain to the ownership and development of real estate. However, the Group believes that it has adequate systems in place for the management of its environmental requirements and is not aware of any instances of non-compliance of those environmental requirements as they apply to the Group.

Indemnities of Officers

During the financial year the Group has paid premiums to insure each of the Directors named in this report along with Officers of the Group against all liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or Officer of the Group, other than conduct involving a wilful breach of duty.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor to the Group.

Corporate Governance Statement

A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be accessed at blackwall.com.au.

Auditor and Non-audit Services

An amount of \$78,250 was paid to the auditor for non-audit services during the year (2021: \$85,000) as detailed in Note 20 - Auditor's Remuneration. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

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

ESV continues in office in accordance with section 327 of the Corporations Act 2001.

Rounding of Amounts

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

Remuneration Report (Audited)

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

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

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

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

	Short Term				Post-employment		Total	
	Directors' Fees		Salary and Other		Superannuation			
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Timothy Brown	-	-	322,500	251,142	27,500	23,858	350,000	275,000
Jessie Glew	-	-	322,500	251,142	27,500	23,858	350,000	275,000
Seph Glew	100,000	100,000	-	-	-	-	100,000	100,000
Richard Hill	85,000	85,000	-	-	-	-	85,000	85,000
Robin Tedder	85,000	85,000	-	-	-	-	85,000	85,000
Total	270,000	270,000	645,000	502,284	55,000	47,716	970,000	820,000

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

	2022	2021
	\$	\$
Timothy Brown	524,000	-
Jessie Glew	505,330	-
Total	1,029,330	-

Share Options

(a) Unissued Options

The following options are currently on issue.

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

(b) Shares Issued on the Exercise of Options

The following ordinary shares were issued during the year in the exercise of options. No shares have been issued since 30 June 2022. No amounts are unpaid on any of the shares on issue.

	Exercise Date	Issue Price of Shares	Number of Shares Issued
Seph Glew	23 August 2021	55 cents	500,000
Jessica Glew	23 August 2021	55 cents	535,630
Timothy Brown	23 August 2021	55 cents	500,000
Employees	23 August 2021	55 cents	250,000
Robin Tedder	24 August 2021	55 cents	300,000
Jessica Glew	8 March 2022	55 cents	964,370
Timothy Brown	8 March 2022	55 cents	1,000,000
Seph Glew	8 March 2022	55 cents	100,000
Employees	8 March 2022	55 cents	175,000

Subsequent Events and Significant Changes in Affairs

The Board has declared a final fully franked dividend of 2.4 cents per share to be paid on 8 September 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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



Tim Brown

Director

Sydney, 17 August 2022



Jessie Glew

Director

Sydney, 17 August 2022

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

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

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



Tim Brown

Director

Sydney, 17 August 2022



Jessie Glew

Director

Sydney, 17 August 2022

Auditor's Independence Declaration and Audit Report



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

As auditor for the audit of BlackWall Limited and its Controlled Entities for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Dated at Sydney on the 17th of August 2022

ESV Business advice and accounting

Chris Kirkwood
Partner

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Blackwall Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statements of cash flows for the year then ended on pages 6 to 8, notes comprising a summary of significant accounting policies on pages 9 to 20, and the directors' declaration of the Group.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition	
Key Audit Matter	How the scope of our audit responded to the key audit matter
Revenue Recognition Revenue for the Group consists primarily of: - Asset Management Fees - Property Management Fees - Transaction Fees - Investment Income Revenue from Asset Management Fees and Transaction Fees are primarily received from Property Funds that, Blackwall Fund Services Limited, a subsidiary of the Group acts as a responsible entity for. These fees are based on a fixed amount or a percentage of the total assets under management or total rental income. Property Management Fees are received by BlackWall Management Services Pty Ltd, a subsidiary of the Group that manages the properties owned by related entities. The Group also earns revenue in the form of distributions and interest income. Given the number of different revenue streams that the Group has, there is a risk that revenue is incorrectly recorded.	Our procedures included but were not limited to: For Asset Management Fees and Property Management Fees, we have performed substantive analytical procedures by creating an expectation and comparing with the actual fees recorded and investigating material variances. For Transaction Fees, we have verified the underlying calculation for the fees to be charged and if revenue recognition criteria have been met. For Investment Income, we verified the revenue with supporting dividend / distribution statements. We also considered whether the revenue recognition policies adopted and followed by the Group as disclosed in Note 3 & 28 of the consolidated financial report are consistent with the accounting standards. Based on our procedures, we can conclude that the revenue for the Group is not materially misstated.

Financial Assets – Investment in WOTSO Property	
Key Audit Matter	How the scope of our audit responded to the key audit matter
Financial Assets – Investment in WOTSO Property As at yearend the Group has a total investment of \$23,412,165 in ASX listed stapled security – WOTSO Property (WOT). The investments are recorded at fair value which is calculated based on the closing market value of the listed security on 30 June 2022.	Our procedures included, but were not limited to: Verifying the investments are held in the name of the Group by obtaining the chess issuer statement and the units register of the stapled security. Verifying the investments are not held as collateral or pledged as security and the Group has unrestricted rights to the investment. Verifying the investments are recorded at fair value at yearend by independently obtaining the closing market value of the security and reperforming the investment valuation. Verifying the disclosures in relation to financial assets as disclosed in Note 8 & 26 of the consolidated financial report are consistent with the accounting standards. Based on our procedures, we can conclude that investment in WOTSO Property is held at fair value and free from material misstatement.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 23 and 24 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Blackwall Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Dated at Sydney on the 17th of August 2022.



ESV Business advice and accounting



Chris Kirkwood
Partner

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