



ANNUAL REPORT

2024

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Directors' Report

For the year to 30 June 2024 Blackwall Limited (BWF or the Group) is reporting an after-tax statutory profit of \$4.7 million.

The directors have declared a fully franked final dividend of 2.5cps with 0.5cps to be paid in cash and the balance to be paid by means of a 2.0cps in-specie distribution of our WOTSO Property (ASX: WOT) securities. This brings the full year dividend to 5.0cps.

Principal Activities

The principal activities of the Group are direct and indirect investment in commercial property and the management of commercial property and related investment structures.

Overview and Strategy

The Group has been transformed over the course of the year with the scrip acquisition of Pelorus Private Equity Limited resulting in a fourfold increase in tangible assets. This was followed by the sale of the management contract over WOT and the acquisition of further property interests.

With the transfer of the group's management rights WOT became a self-managing structure with a greater capacity to grow its WOTSO Flexible Workspace business. WOT is growing its WOTSO Flexible Workspace business in third party properties and acquiring real estate where the WOTSO business can occupy and add value. As a stand-alone business WOT is better able to manage the dynamics of a growing operating business and capital requirements for an expanding real estate portfolio. Over time this is expected to grow revenue and enterprise value which will benefit BWF.

Following the Pelorus acquisition, BWF dominated the WOT share register. The directors decided that it was in the best interest of both BWF and WOT to reduce this dominance by progressively transferring WOT securities to direct ownership by BWF shareholders. The half year dividend contained 2cps in specie dividend of WOT securities, reducing BWF's holding from just under 30% to 28%.

In addition to the Group's WOT holding, BWF has just under \$30M invested in three other commercial properties, and has a further \$10M invested in a mix of start-up ventures, liquid securities and cash.

BWF now has low operating costs, zero debt and growing cash returns from its investment portfolio. This creates the potential for the group to grow its investment portfolio and take on further property and funds management mandates where opportunity presents.

Dividends

BWF will pay a fully franked dividend of 2.5cps on 11 October 2024. As with the interim dividend paid in April 2024, 0.5cps will be paid in cash and 2.0cps will be paid in equivalent WOT securities. The in-specie dividend of WOT securities is expected to reduce BWF's holding to 25%.

BWF has substantial carry forward franking credits and it is the current intention of directors to include WOT dividends in-specie until such time as the franking credits are exhausted. This strategy gives BWF shareholders direct access to WOT growth in value and distributions, with the ancillary benefit of preserving cash in BWF for future investment.

Share Buy-Back

The share buy-back scheme has been extended until October 2024. The Group has acquired nil shares under the buy-back scheme since 30 June 2024 and will contemplate the opportunity to buy-back its own shares where the ASX share price presents a discount to the intrinsic value of the business.

Review of Operations for the Current Year

The financial results for the period contain several significant items of a “one-off” nature. The revenue and associated costs related to the WOT management rights earned by the Group are recorded in the discontinued operations line item.

The gain on acquisition of assets resulting from the takeover of Pelorus is a further unique event, representing the difference between the value of the assets acquired when compared to the ASX price of the total number of BWF shares issued to Pelorus shareholders.

Finally the unrealised loss of over \$10M is largely driven by the revaluation of the WOT investment to the ASX market price at 30 June 2024 of \$0.86 per security (down from \$1.14 a year ago). The directors are not troubled by this price fall as we believe the underlying business is in good health with substantial growth potential.

Matters Subsequent to the End of the Financial Year

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 2024 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.

The Directors’ Report continues on page 31.

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2024

		2024	Restated*
	Note	\$'000	2023 \$'000
Management fees	4	1,198	1,578
Transaction and other income	4	521	18
Investment income	4	247	-
Total Revenue		1,966	1,596
Operating expenses	6	(1,445)	(1,726)
Operating Profit / (Loss)		521	(130)
Gain on bargain purchase of Pelorus	2	6,645	-
Loss on revaluation of investments	5	(10,044)	(3,209)
Expenses related to Pelorus acquisition		(431)	-
Finance costs – interest expense		(136)	(55)
Depreciation - property, plant and equipment	12	(11)	(177)
Loss Before Income Tax from Continuing Operations		(3,456)	(3,571)
Income tax benefit	7	2,746	899
Loss After Tax from Continuing Operations		(710)	(2,672)
Profit after tax from discontinued operations	3	5,372	1,666
Profit / (Loss) For the Year		4,662	(1,006)
Other comprehensive income		-	-
Total Comprehensive Income / (Loss)		4,662	(1,006)
Earnings Per Share			
Profit / (Loss) Attributable to the Ordinary Equity Holders:			
Basic and diluted earnings / (loss) per share	19	3.7 cents	(1.5) cents
Basic and diluted loss per share – continuing operations	19	(0.6) cents	(4.0) cents

* For further details regarding the restatement refer to Note 3.

The accompanying notes form part of these consolidated financial statements.

Financial Statements

Balance Sheet at 30 June 2024

	Note	2024 \$'000	2023 \$'000
Assets			
Current Assets			
Cash and cash equivalents		1,406	5,788
Trade and other receivables	8	556	539
Total Current Assets		1,962	6,327
Non-Current Assets			
Investments	9	69,868	19,266
Loans	11	1,101	1,027
Investment using equity method	10	-	21
Property, plant and equipment	12	10	15
Right of use lease asset	13	-	308
Total Non-Current Assets		70,979	20,637
Total Assets		72,941	26,964
Liabilities			
Current Liabilities			
Trade and other payables	14	933	697
Provision for employee benefits	15	95	806
Provision for tax payable	17	493	60
Right of use lease liability	13	-	140
Borrowings		-	5,000
Total Current Liabilities		1,521	6,703
Non-Current Liabilities			
Deferred tax liabilities	16	1,331	1,710
Provision for employee benefits	15	20	106
Right of use lease liability	13	-	189
Total Non-Current Liabilities		1,351	2,005
Total Liabilities		2,872	8,708
Net Assets		70,069	18,256
Equity			
Share capital		69,488	16,455
Reserves		73	73
Retained earnings		508	1,728
Total Equity		70,069	18,256
Statutory net assets per share		\$0.42	\$0.27

The accompanying notes form part of these consolidated financial statements.

Financial Statements

Statement of Cash Flows for the year ended 30 June 2024

	Note	2024 \$'000	Restated* 2023 \$'000
Cash Flows from Operating Activities - continuing			
Management fee receipts and recoveries		1,935	2,443
Interest received		206	27
Payments to suppliers and employees		(2,585)	(1,754)
Income tax paid		(425)	(196)
Interest paid		(136)	(55)
Net Cash Flows (Used in) / From Operating Activities		(1,005)	465
Cash Flows from Investing Activities - continuing			
Proceeds of loans		8,930	6,741
Proceeds from sale of investments		5,536	-
Returns of capital from investments		1,168	1,012
Cash acquired on Pelorus takeover		122	-
Payment for purchase of investments		(11,495)	(75)
Repayment of borrowings		(5,000)	-
Payment for property, plant and equipment		(6)	(70)
Net Cash Flows (Used in) / From Investing Activities		(745)	7,608
Cash Flows Used in Financing Activities - continuing			
Proceeds from issue of shares		-	8
Dividends paid to shareholders		(2,592)	(3,306)
Rental payments		(40)	(153)
Net Cash Flows (Used in) Financing Activities		(2,632)	(3,451)
Net (Decrease) / Increase in Cash Held - continuing operations		(4,382)	4,622
Cash Flow Information - Discontinued Operations			
Net Cash Flows from Operating Activities	3	2,748	1,666
Net Cash Flows (used in) Investing Activities	3	(2,748)	(1,666)
Net Cash Flows from Financing Activities		-	-
Net Increase / (Decrease) in Cash Held - Discontinued		-	-
Reconciliation of Cash Balances:			
Cash and cash equivalents at the beginning of the year		5,788	1,166
Net (Decrease) / Increase in Cash Held		(4,382)	4,622
Cash at End of the Year		1,406	5,788

All items inclusive of GST where applicable

* For further details regarding the restatement refer to Note 3.

The accompanying notes form part of these consolidated financial statements.

Reconciliation of Operating Cash Flows

	2024	Restated
	\$'000	2023
	\$'000	\$'000
Loss for the Year – continuing	(710)	(2,672)
Non-Cash Flows in Profit / (Loss):		
Unrealised loss on investments	10,044	3,209
Depreciation on right of use lease asset	37	136
Equity accounted loss	27	39
Depreciation on property, plant and equipment	11	177
Interest expense on lease liability	3	16
Gain on takeover of Pelorus	(6,645)	-
Gain on sale of investments	(37)	-
Gain on termination of lease liability	(21)	-
Operating Cash Flows Before Movement in Working Capital	2,709	905
Decrease in trade and other receivables	46	754
Decrease in deferred tax liabilities	(1,817)	(882)
Increase / (decrease) in trade and other payables	208	(285)
Decrease in income taxes payable	(1,354)	(213)
(Decrease) / increase in provisions	(797)	186
Net Cash Flows from Operating Activities – continuing	(1,005)	465

Financial Statements

Statement of Changes in Equity for the year ended 30 June 2024

	No. of Shares On issue	Issued Capital \$'000	Retained Earnings \$'000	Treasury Shares Reserve \$'000	Reserves \$'000	Total \$'000
Balance at 1 July 2023	67,480,237	16,455	1,728	-	73	18,256
Profit for the year	-	-	4,662	-	-	4,662
Other comprehensive income	-	-	-	-	-	-
Total Comprehensive Income for the Year	-	-	4,662	-	-	4,662
Transactions with Owners in Their Capacity as Owners:						
Issue of new shares – Pelorus takeover	103,886,049	55,059	-	(2,296)	-	52,763
Issue of new shares - other	611,280	270	-	-	-	270
Cancellation of shares	(4,175,000)	(2,296)	-	2,296	-	-
Dividend paid	-	-	(5,882)	-	-	(5,882)
Total Transactions with Owners	100,322,329	53,033	(5,882)	-	-	47,151
Balance at 30 June 2024	167,802,566	69,488	508	-	73	70,069
Balance at 1 July 2022	67,466,445	16,447	6,040	-	73	22,560
(Loss) for the year	-	-	(1,006)	-	-	(1,006)
Other comprehensive income	-	-	-	-	-	-
Total Comprehensive (Loss) for the Year	-	-	(1,006)	-	-	(1,006)
Transactions with Owners in Their Capacity as Owners:						
Issue of shares	13,792	8	-	-	-	8
Dividend paid	-	-	(3,306)	-	-	(3,306)
Total Transactions with Owners	13,792	8	(3,306)	-	-	(3,298)
Balance at 30 June 2023	67,480,237	16,455	1,728	-	73	18,256

Share Capital and Reserves

(a) Summary Table

	2024 \$'000	2023 \$'000
167,802,566 ordinary shares (June 2023: 67,480,237)	69,488	16,455
Total	69,488	16,455

(b) Movement in Shares on Issue

	2024	2023
Number of Shares	No.	No.
At the beginning of the year	67,480,237	67,466,445
Issue of new shares for Pelorus takeover	103,886,049	-
Issue of new shares to acquire investments	600,000	-
Issue of shares under employee share scheme	11,280	13,792
Cancellation of shares	<u>(4,175,000)</u>	<u>-</u>
At Reporting Date	167,802,566	67,480,237

No further shares have been issued since 30 June 2024. 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) Treasury Shares Reserve

As part of the takeover of Pelorus 4.175 million shares in BlackWall were acquired that Pelorus owned. These shares were cancelled on 29 May 2024 as a company is not permitted to own shares in itself.

(d) Reserves

	2024	2023
	\$'000	\$'000
Share options reserve	<u>73</u>	<u>73</u>
Total	73	73

The options reported in the prior year financial statements expired on 5 October 2023. No new options have been granted to date of this report.

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.

Profit or Loss 2024	Income \$'000	Gains / (Losses) \$'000	Total Revenue \$'000	Operating Expense \$'000	Takeover Costs \$'000	EBITDA \$'000	Interest and Depn \$'000	Pre-tax Profit \$'000
BlackWall	1,710	6,645	8,355	(1,074)	(431)	6,850	(11)	6,839
Investments	256	(10,044)	(9,788)	(193)	-	(9,981)	(136)	(10,117)
Corporate	-	-	-	(178)	-	(178)	-	(178)
Continuing operations	1,966	(3,399)	(1,433)	(1,445)	(431)	(3,309)	(147)	(3,456)
Discontinued operations	5,515	3,500	9,015	(1,851)	-	7,164	-	7,164
Total Operations	7,481	101	7,582	(3,296)	(431)	3,855	(147)	3,708

Profit or Loss 2023 - Restated

BlackWall	1,635	-	1,635	(1,200)	-	435	(177)	258
Investments	(39)	(3,209)	(3,248)	(213)	-	(3,461)	(55)	(3,516)
Corporate	-	-	-	(313)	-	(313)	-	(313)
Continuing operations	1,596	(3,209)	(1,613)	(1,726)		(3,339)	(232)	(3,571)
Discontinued operations	5,352	-	5,352	(3,130)	-	2,222	-	2,222
Total Operations	6,948	(3,209)	3,739	(4,856)	-	(1,117)	(232)	(1,349)

Balance Sheet 2024	Assets \$'000	Liabilities \$'000	Net Assets \$'000
BlackWall	1,221	(495)	726
Investments	71,720	(1,884)	69,836
Corporate	-	(493)	(493)
Consolidated	72,941	(2,872)	70,069

Balance Sheet 2023	Assets \$'000	Liabilities \$'000	Net Assets \$'000
BlackWall	2,976	(1,955)	1,021
Investments	23,988	(6,711)	17,277
Corporate	-	(42)	(42)
Consolidated	26,964	(8,708)	18,256

Notes to the Financial Statements

2. Acquisition of Subsidiaries

On 7 December 2023, the Group acquired all of the issued capital of Pelorus Private Equity Limited and subsidiaries (Acquired Group) thereby obtaining control of the Pelorus Group. The Acquired Group has investment interests in commercial properties, a significant holding in WOTSO Property Limited (ASX:WOT), as well as investments in several unlisted start-up entities. The acquisition of these assets does not constitute a business and have been consolidated as per AASB 10.

The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

As consideration for the acquisition of the Acquired Group, BWF issued 103,886,049 shares in the Group to previous shareholders of Pelorus Private Equity Limited. This consideration was detailed in the offer documents and equated to a value of \$0.60 per share. Under accounting standards the fair value of the shares issued as the consideration paid is determined by reference to the BWF ASX price. This was \$0.53 per share on 17 November 2023 which is the date the takeover closed. This difference in price is recognised in the consolidated profit or loss as a gain on bargain purchase of Pelorus of \$6.6 million. It equates to the excess of net assets acquired over consideration issued. It is not a cash or taxable gain and is simply the result of the trading price of BWF shares.

	Acquisition \$'000
Cash and cash equivalents	122
Financial assets	61,909
Loans receivable	1,883
Accounts payable	(22)
Other liabilities	(750)
Deferred tax liability	(1,438)
Total Identifiable Assets Acquired and Liabilities Assumed	61,704
Excess of net assets acquired being the gain on bargain purchase of Pelorus	(6,645)
Total Consideration	55,059
Satisfied by:	
Issue of 103,886,049 new shares at ASX price of \$0.53 per share	55,059
Total Consideration Issued	55,059
Net Cash Flow Arising on Acquisition	
Cash acquired on acquisition	122
	122

Controlled Entities

The table below sets out the entities over which BWF has gained control as a result of the Pelorus takeover:

Name of Entity	Country of Incorporation	Percentage Owned
Pelorus Private Equity Limited	Australia	100%
The Trustee for Pelorus PIPES Trust No 5	Australia	100%
RASP Investments Pty Ltd	Australia	100%
Bin24 Business Advisors Pty Ltd	Australia	100%
WOTSO S.E.A Pty Ltd	Australia	100%
Narraweena Pty Ltd	Australia	100%
WOTSO North Strathfield Pty Ltd	Australia	100%
SAO Investments Pty Ltd	Australia	100%
Harold Investors Pty Ltd	Australia	100%
Tidy Harold Pty Ltd	Australia	100%
BlackWall R&D Pty Ltd	Australia	100%
BQF Pty Ltd	Australia	100%
Pelorus Private Equity (NZ) Limited	New Zealand	100%
Trentham City Investments Limited	New Zealand	100%

Notes to the Financial Statements

3. Discontinued Operation

(a) Description

On 29 February 2024 the group announced that it has transferred the management rights over WOTSO Property (ASX: WOT) effectively making WOTSO Property a self-managed entity. The management rights were sold for \$3.5 million with proceeds received in cash. BlackWall will continue to manage the Pyrmont and North Strathfield funds and property businesses and still holds an Australian Financial Services Licence (AFSL). The operations in relation to the management of WOT have been classified as discontinued in this report and comparative profit or loss amounts have been restated.

(b) Profit or Loss Information

	2024 \$'000	2023 \$'000
Management fees	3,061	5,019
Transaction income	2,454	333
Total Revenue	5,515	5,352
Operating expenses	(1,851)	(3,130)
Profit Before Income Tax	3,664	2,222
Income tax expense	(917)	(556)
Profit after tax from discontinued operation	2,747	1,666
Gain on sale of subsidiary after income tax (see (e) below)	2,625	-
Profit from discontinued operation	5,372	1,666

(c) Cash Flow Information

	2024 \$'000	2023 \$'000
Cash Flows from Operating Activities		
Management fee receipts and recoveries	6,067	5,887
Payments to suppliers and employees	(2,402)	(3,665)
Income tax paid	(917)	(556)
Net Cash Flows from Operating Activities	2,748	1,666
Cash Flows used in Investing Activities		
Proceeds on sale of subsidiary	3,500	-
Loans repaid	(6,248)	(1,666)
Net Cash Flows used in Investing Activities	(2,748)	(1,666)
Cash Flows used in Financing Activities		
Net Cash Flows used in Financing Activities	-	-
Net cash inflow of discontinued operation	-	-

(d) Assets and Liabilities

	29 Feb 2024 \$'000
Assets	
Cash and cash equivalents	75
Total Assets	75
Liabilities	
Trade and other payables	(75)
Total Liabilities	(75)
Net assets at date of sale	-

Notes to the Financial Statements

(e) Details of Sale

	29 Feb 2024
	\$'000
Proceeds received	3,500
Less: carrying amount of net assets disposed	-
Gain on sale before income tax	3,500
Income tax expense	(875)
Gain on sale after income tax	2,625

4. Revenue

Revenue is earned through management, performance and transaction fees from real estate investment structures as well as investment dividends and distributions. WOT cash distributions are being received as returns of capital and are recognised in unrealised gains on investments.

	2024 \$'000	2023 \$'000
Fund management fees	765	869
Property management fees	323	331
Project management fees	61	108
Expense recovery and other fees	49	240
Leasing fees	-	30
Management Fees Total	1,198	1,578
Lease variation fee*	490	-
Gain on sale of investments	37	-
Gain on termination of lease liability	21	-
Equity accounted – share of comprehensive loss	(27)	(39)
Restructure fee	-	20
Government COVID stimulus	-	37
Transaction and Other Income Total	521	18
Investment income – dividends and distributions	247	-
Total Revenue	1,966	1,596
Timing of revenue recognition:		
- Management fees incurred over time	1,198	1,578
- Transaction income at a point in time	768	18
	1,966	1,596

* Further details on the lease variation fee can be found in Note 13.

5. Unrealised Gain / (Loss) on Investments

	2024 \$'000	2023 \$'000
Distribution received as return of capital – WOT investment	993	1,012
Distributions received as returns of capital – WRV and Mosman investments	175	-
Mark to market revaluation loss – WOT investment	(12,403)	(4,221)
Mark to market revaluation gain - all other investments	1,191	-
Total	(10,044)	(3,209)

During FY 2024 the Group received \$1.0 million in WOT distributions as returns of capital, which have been applied as a reduction to the cost of the investment. The unrealised loss of \$12.403 million re-values the Group's investment based on the Australian Securities (ASX) price of WOT securities at 30 June of \$0.86 per security and therefore includes \$1.0 million received in cash. For additional information refer to Note 9.

Notes to the Financial Statements

6. Operating Expenses

	2024 \$'000	2023 \$'000
Employee and consultant expenses	719	736
Operating expenses	686	839
Depreciation - right of use assets	37	136
Lease interest costs	3	15
Total	1,445	1,726

7. Income Tax Expense

	2024 \$'000	2023 \$'000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss from continuing operations before income tax expense	(3,456)	(3,571)
Profit from discontinued operation before income tax expense	7,164	2,222
Profit / (Loss) before tax	3,708	(1,349)
Tax on above at the statutory tax rate of 25% (2023: 25%)	(927)	337
Add / (less) tax effect of:		
Gain on bargain purchase of Pelorus	1,661	-
Disposal of subsidiary	216	-
Losses transferred in on acquisition of Pelorus	107	-
Adjustment recognised for prior periods	5	-
Takeover expenses	(108)	-
Sundry other	-	6
Income tax benefit	954	343

Income tax benefit is attributable to:

Loss from continuing operations	2,746	899
Profit from discontinued operation	(1,792)	(556)
Income tax benefit	954	343

Income tax benefit analysed between:

Current tax	(863)	(539)
Movement in deferred tax liabilities	1,817	882
Income tax benefit	954	343

8. Trade and Other Receivables

	2024 \$'000	2023 \$'000
Trade receivables:		
Related parties	556	534
Total Trade Receivables	556	534
Other receivables	-	5
Total	556	539

Further information relating to trade receivables to related parties is set out in Note 24. None of the receivables were impaired as at 30 June 2024 (2023: \$nil).

Notes to the Financial Statements

9. Investments

The Group has investments in various listed and unlisted investments with the largest being an approximate 28% holding in WOTSO Property which is listed on the ASX under the code 'WOT'. At 30 June 2024 WOT was quoted at \$0.86 per security on the ASX (June 2023: \$1.14 per security).

Details of all significant investments are listed as follows:

		2024 \$'000	2023 \$'000
Listed – WOTSO Property (ASX: WOT) *	(i)	39,392	19,266
Unlisted – Pymont Bridge Property Pty Ltd *	(ii)	17,835	-
Unlisted – Alerik Unit Trust *	(iii)	6,148	-
Unlisted – WRV Unit Trust *	(iv)	3,760	-
Listed and Unlisted - Start-ups and investments with small balances	(v)	2,733	-
Total		69,868	19,266

* This entity is not equity accounted despite owning at least 20 percent of the entity as the BWF group does not exercise significant influence over the entity.

A reconciliation of the WOT investment is set out below:

	WOT \$'000
June 2024	
Balance at the beginning of the year	19,266
Return of capital	(993)
Increase due to takeover of Pelorus Group	36,807
Decrease due to in-specie dividend distribution	(3,285)
Mark to market valuation	(12,403)
Balance at the End of the Year	39,392

- (i) WOTSO Property (ASX:WOT) is a listed stapled security that owns and leases over 90,000 sqm of property and flexspace. They are held at the closing ASX price of \$0.86 per security which is a discount to June 2024 NAV. With the acquisition of the Pelorus Group, BWF now holds approximately 28% of WOTSO Property. During the year the Group received distributions from WOT of \$993,000 (2023: \$1,012,000). These distributions are treated as returns of capital due to the tax position of WOT and are not included in investment income.
- (ii) This investment is in a property located at 55 Pymont Bridge Road, Pymont, NSW. BlackWall manages the asset and the mortgage fund that is associated with it and holds an equity investment in the asset. The property is a 15,000 sqm building that was independently valued at \$134.3 million in June 2023. BlackWall holds around 27% of the equity.
- (iii) Alerik Unit Trust is an investment property owning vehicle which owns the property located at 11-13 George Street North Strathfield, NSW. This property was independently valued in June 2023 at \$46.5 million. The asset is managed by BlackWall. BlackWall holds 20% of the Trust.
- (iv) The Group holds 25% of the WRV Unit Trust, which owns The Woods property. The property is an entertainment precinct in Sydney's west, approximately 28 kilometres from Sydney CBD. The property has great exposure to Woodville Road and is home to 8 different tenants including Zone Bowling, Kids Mania, Elevate Climbing Gym, Jump Swim School, Flip Out and Today Fitness. It was independently valued in June 2022 at \$28.5 million.
- (v) These are investments in either entities that we consider to be in start-up phase or entities in which we have only made a small investment. One of these investments is in a company that is preparing for a liquidity event and is held at its US tax valuation which equates to \$1.5 million for BlackWall's investment.

Notes to the Financial Statements

10. Equity Accounted Investments

Investee	2024 Ownership %	2023 Ownership %	2024 \$'000	2023 \$'000
IndigoBlack Constructions	25	25	-	21
			-	21
	IndigoBlack Constructions		Total 2024	Total 2023
	\$'000		\$'000	\$'000
Carrying amount at beginning of year	21		21	40
Share of comprehensive loss	(27)		(27)	(39)
Dividend repaid	-		-	20
Additional investment due to Pelorus takeover	500		500	-
Decrease in investment as a result of selling holding	(494)		(494)	-
Carrying Amount at End of Year	-		-	21

11. Loans

The current loan balance represents a loan made to a former Director for the purpose of holding BWF shares and WOT securities which were acquired under an employee share scheme. The loan does not attract interest and is secured against the shares and securities. All other previous employee loans have been sold to WOTSO Property for cash. All dividends and distributions received in relation to the secured shares and securities are used to repay the loan. At 30 June 2024 the outstanding loan balance is \$1.1 million (June 2023: \$1.0 million).

12. Property, Plant and Equipment

	2024 \$'000	2023 \$'000
At cost	1,000	994
Less accumulated depreciation	(990)	(979)
Total Written Down Value	10	15

	2024 \$'000	2023 \$'000
Carrying amount at the beginning of year	15	122
Additions due to purchase of property, plant and equipment	6	70
Depreciation expense	(11)	(177)
Carrying Amount at the End of Year	10	15

13. Right of Use Lease Asset and Lease Liabilities

	2024 \$'000	2023 \$'000
Right of use lease asset	-	773
Less: Accumulated depreciation	-	(465)
Written Down Value of Right of Use Lease Assets	-	308

BWF leased its head office located in Neutral Bay, Sydney. The Neutral Bay landlord entered into a contract to sell the property in September 2023 which had been subject to an option agreement previously. The exercise of the option in September 2023 triggered the termination of the lease and a lease variation fee of \$490,000 was received by BWF in March 2024 when the property sale transaction settled. This amount is taken up as income – see Note 4. BWF now occupies the property under a monthly agreement and no longer recognises a lease asset or liability.

Notes to the Financial Statements

Lease Liabilities

	2024 \$'000	2023 \$'000
Opening balance	329	466
Interest charged	3	16
Repayments	(40)	(153)
Modifications	12	-
Disposal	(304)	-
Total Lease Liabilities	-	329

Disclosed as Follows:

Current	-	140
Non-current	-	189
Total	-	329

14. Trade and Other Payables

	2024 \$'000	2023 \$'000
Trade payables:		
Related parties	532	29
Other parties	400	530
Total Trade Payables	932	559
Sundry payables and accrued expenses	1	138
Total	933	697

Further information relating to trade payables to related parties is set out in Note 24.

15. Provisions

	2024 \$'000	2023 \$'000
Current – employee benefits	95	806
Non-current – employee benefits	20	106
Total Provisions	115	912
Balance at the beginning of year	912	726
Net change in provision during year	(797)	186
Balance at the End of Year	115	912

The number of BWF employees as at 30 June 2024 was 3 (2023: 21). Effective from April 2024 WOTSO Property has employed the majority of staff that were previously employed by BWF.

16. Deferred Tax Liabilities

	2024 \$'000	2023 \$'000
Deferred Tax Liabilities / (Assets) Balance Comprises:		
Financial assets	1,363	1,970
Provision for employee benefits	(29)	(228)
Accrued expenses	(3)	(27)
Lease assets	-	(5)
Total	1,331	1,710

Movements:

Balance at the beginning of year	1,710	2,592
Charged to the profit or loss	(1,817)	(882)
Addition through acquisition of subsidiary	1,438	-
Balance at the End of Year	1,331	1,710

Notes to the Financial Statements

17. Provision for Tax Payable

	2024 \$'000	2023 \$'000
Payable at the beginning of year	60	273
Current year tax	863	539
Payments made	(425)	(752)
Over provision in prior years	(5)	-
Payable at the End of Year	493	60

18. Dividends

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

	2024 \$'000	2023 \$'000
2023 final dividend of 2.5 cents paid on 30 November 2023 (2022 final: 2.4 cents)	1,687	1,619
2024 interim dividend of 2.5 cents paid on 5 April 2024 (2023 interim: 2.5 cents)	4,195	1,687
Total	5,882	3,306

In addition, the Board has declared a final fully franked dividend of 2.5 cents per share to be paid on 11 October 2024. 0.5 cps to be paid in cash and 2.0 cps in equivalent value of WOTSO Property (ASX: WOT) securities.

	2024 \$'000	2023 \$'000
Franking credits available for subsequent periods based on a tax rate of 25.0% (2023: 25%)	2,430	1,170

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

	2024	2023
Basic and diluted earnings / (loss) per share	3.7 cents	(1.5) cents
Basic and diluted loss per share – continuing operations	(0.6) cents	(4.0) cents
Calculated as Follows:		
Profit / (loss) attributable to the owners of the Group	\$4,662,000	(\$1,006,000)
Loss attributable to the owners of the Group – continuing operations	(\$710,000)	(\$2,672,000)
Weighted average number of shares for basic EPS	126,130,725	67,469,770
Weighted average number of shares for diluted EPS	126,130,725	67,523,399

20. Auditor's Remuneration

	2024 \$	2023 \$
Remuneration of ESV for:		
Audit and assurance services	50,000	42,950
Taxation services	9,750	9,150
Other audit of AFSL and compliance plans	35,000	24,270
Total	94,750	76,370

21. Contingencies

During the fiscal year 2022, Pelorus entered into arrangements with various other investors for one of its unlisted investments under a put and call agreement. It grants the investors the option to acquire up to \$750,000 of the investment from Pelorus at cost. The option agreements expire on 1 August 2025. The collateral provided offsets the options granted resulting in an effective net arrangement of nil. The Group had no contingent assets or liabilities at 30 June 2023.

Notes to the Financial Statements

22. Subsequent Events

The Board has declared a final fully franked dividend of 2.5 cents per share to be paid on 11 October 2024. 0.5 cps to be paid in cash and 2.0 cps in equivalent value of WOTSO Property (ASX: WOT) securities.

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

Name	Country of incorporation	Percentage Owned	
		2024 (%)	2023 (%)
Parent Entity:			
BlackWall Limited	Australia	n/a	n/a
Subsidiaries of Parent Entity:			
BlackWall Management Services Pty Ltd	Australia	100	100
BlackWall Property Consultants Pty Ltd	Australia	100	100
Bakehouse Quarter Trust	Australia	100	100
Pelorus Private Equity Limited	Australia	100	-
The Trustee for Pelorus PIPES Trust No 5	Australia	100	-
RASP Investments Pty Ltd	Australia	100	-
Bin24 Business Advisors Pty Ltd	Australia	100	-
WOTSO S.E.A Pty Ltd	Australia	100	-
Narraweena Pty Ltd	Australia	100	-
WOTSO North Strathfield Pty Ltd	Australia	100	-
SAO Investments Pty Ltd	Australia	100	-
Harold Investors Pty Ltd	Australia	100	-
Tidy Harold Pty Ltd	Australia	100	-
BlackWall R&D Pty Ltd	Australia	100	-
BQF Pty Ltd	Australia	100	-
Pelorus Private Equity (NZ) Limited	New Zealand	100	-
Trentham City Investments Limited	New Zealand	100	-
BlackWall Fund Services Limited	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 10.

Managed Funds

The Group holds investments in a number of property funds for which it acts as the manager.

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

Notes to the Financial Statements

- 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, 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.

	2024 \$	2023 \$
Revenue:		
Management fees	6,403,772	5,909,612
Transaction and performance fees	35,000	340,057
Distribution and returns of capital received from funds	1,168,300	992,299
Expenses:		
Rent and outgoings paid	177,282	192,952
Outstanding Balances:		
Trade and other receivables	555,957	533,745
Loans	1,100,834	1,026,643
Trade and other payables	532,140	28,887
Loan payable	-	5,000,000

(b) Interests in Related Parties

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

Entity	Holdings		Distribution / Returns of Capital	
	2024 No.	2023 No.	2024 \$	2023 \$
WOT	45,805,162	16,900,000	993,300	1,012,000
Mosman	-	-	125,000	-
WRV	1,000,000	-	50,000	-
Pymont Bridge Property	30,750,000	-	-	-
Alerik	763,691	-	-	-
			<u>1,168,300</u>	<u>1,012,000</u>

(c) Key Management Personnel Compensation

	2024 \$	2023 \$
Total remuneration paid	1,247,100	1,020,000

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

Notes to the Financial Statements

25. Parent Entity Information

	2024 \$'000	2023 \$'000
Results:		
Profit after tax	50,934	831
Total Comprehensive Income After Tax	50,934	831
Financial Position:		
Current assets	34,968	22
Non-current assets	58,679	1,316
Total Assets	93,647	1,338
Current liabilities	(1,222)	(391)
Non-current liabilities	(122)	(6,073)
Total Liabilities	(1,344)	(6,464)
Net Assets	92,303	(5,126)
Share capital	69,488	16,455
Accumulated profits / (losses)	22,756	(21,640)
Reserves	59	59
Total Equity	92,303	(5,126)

The parent entity had no contingencies or capital commitments at 30 June 2024 (2023: \$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 risks (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, its 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:

	2024 \$'000	2023 \$'000
Financial Assets		
Cash and cash equivalents	1,406	5,788
Investments	69,868	19,266
Loans	1,101	1,027
Financial Liabilities		
Trade and other payables	933	697
Lease liabilities	-	329
Borrowings	-	5,000

(b) Sensitivity Analysis

The Group is exposed to interest rate risk. In relation to interest rate risk, if interest rates on borrowings were to increase or decrease by 1%, profit after tax would increase or decrease by nil.

The investment in WOT securities are subject to price risk. A 10% decrease in the ASX trading price (from the price at 30 June 2024, being \$0.86 per security) would result in an unrealised loss after tax of \$2,954,433.

(c) Capital Management

The group's objectives when managing capital are to:

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

Notes to the Financial Statements

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 within 2-5 Years \$'000	Maturing in 5 or more Years \$'000	Total \$'000
At 30 June 2024				
Financial Liabilities				
Trade and other payables	933	-	-	933
Total	933	-	-	933
At 30 June 2023				
Financial Liabilities				
Trade and other payables	697	-	-	697
Lease liabilities	140	189	-	329
Borrowings	5,000	-	-	5,000
Total	5,837	189	-	6,026

(a) 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 2024				
Investments	40,347	-	29,521	69,868
At 30 June 2023				
Investments	19,266	-	-	19,266

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

The fair value of the unlisted securities is determined by reference to the net tangible assets unit prices of each of the entities. The start-up investments are held at cost unless there is evidence of impairment or external valuations are issued by the entity that is invested in.

(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:

	\$'000
June 2024	
Balance at the beginning of the year	-
Increase due to takeover of Pelorus Group	22,793
Purchase of investments	14,480
Sale of investments	(8,758)
Returns of capital	(175)
Mark to market valuation	1,181
Balance at the End of the Year	29,521

Notes to the Financial Statements

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 and economic data, obtained both externally and within the group.

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

Investments in listed securities have been classified as financial assets and movements in fair value are recognised through the profit or loss statement. The fair value of the listed securities is based on the closing price from the ASX as at the reporting date.

28. Statement of Significant Accounting Policies

BlackWall Limited 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 Company 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.

Notes to the Financial Statements

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. All controlled entities have a June financial year end and use consistent accounting policies. Investments in subsidiaries held by the Group are accounted for at cost, less any impairment charges.

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

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.

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	2 to 10 years
Office Equipment	4 to 10 years

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 de-recognition 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.

Notes to the Financial Statements

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.

Notes to the Financial Statements

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 fees. They are recognised when it becomes legally due and payable to the group.

Notes to the Financial Statements

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.

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.

Notes to the Financial Statements

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.

Financial Statements

Consolidated Entity Disclosure Statement As at 30 June 2024

Entity Name	Entity Type	Country of incorporation	Ownership interest (%)	Tax residency
BlackWall Limited	Body corporate	Australia	Parent Entity	Australia*
BlackWall Management Services Pty Ltd	Body corporate	Australia	100	Australia *
BlackWall Property Consultants Pty Ltd	Body corporate	Australia	100	Australia *
Bakehouse Quarter Trust	Trust	Australia	N/A	Australia *
Pelorus Private Equity Limited	Body corporate	Australia	100	Australia *
The Trustee for Pelorus PIPES Trust No 5	Trust	Australia	N/A	Australia *
RASP Investments Pty Ltd	Body corporate	Australia	100	Australia *
Bin24 Business Advisors Pty Ltd	Body corporate	Australia	100	Australia *
WOTSO S.E.A Pty Ltd	Body corporate	Australia	100	Australia *
Narraweena Pty Ltd	Body corporate	Australia	100	Australia *
WOTSO North Strathfield Pty Ltd	Body corporate	Australia	100	Australia *
SAO Investments Pty Ltd	Body corporate	Australia	100	Australia *
Harold Investors Pty Ltd	Body corporate	Australia	100	Australia *
Tidy Harold Pty Ltd	Body corporate	Australia	100	Australia *
BlackWall R&D Pty Ltd	Body corporate	Australia	100	Australia *
BQF Pty Ltd	Body corporate	Australia	100	Australia *
Pelorus Private Equity (NZ) Limited	Body corporate	New Zealand	100	New Zealand
Trentham City Investments Limited	Body corporate	New Zealand	100	New Zealand

* BlackWall Limited (the “head entity”) and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Directors' Report - Continued

ASX Additional Information

Additional information required by the ASX and not shown elsewhere in this report is as follows. The shareholder information set out below was current as at 31 July 2024.

1. Shareholders

The group's top 20 largest shareholdings were:

	Investor	Shares No.	Shares %
1	Seno Management Pty Ltd	43,848,735	26.13
2	Lymkeesh Pty Ltd	36,699,414	21.87
3	Mr Richard Hill + Mrs Evelyn Hill	10,727,775	6.39
4	Vintage Capital Pty Limited	5,759,943	3.43
5	Jagar Holdings Pty Ltd	4,178,176	2.49
6	Pinnatus Pty Ltd	3,868,987	2.31
7	Hollia Pty Ltd	3,638,208	2.17
8	Frogstorm Pty Ltd <Rockahula A/C>	3,400,000	2.03
9	Tampopo Pty Ltd	3,291,589	1.96
10	National Nominees Limited	3,000,000	1.79
11	Sandhurst Trustees Ltd	2,762,000	1.65
12	Glenahilty Pty Ltd	2,724,515	1.62
13	Koonta Pty Ltd	2,550,985	1.52
14	Oyama Pty Limited	2,200,000	1.31
15	Lollywatch Pty Ltd	2,164,744	1.29
16	Kiut Investments Pty Ltd	1,976,175	1.18
17	Frolic Events Pty Ltd <Brown-Brown Family A/C>	1,960,000	1.17
18	Frolic Events Pty Ltd <The Revelry Superfund A/C>	1,253,298	0.75
19	Mr Stewart Young	1,246,883	0.74
20	Mr Archibald Geoffrey Loudon	986,973	0.59

2. Distribution of Shareholders

The distribution of shareholders by size of holding was:

Category	No. of Shareholders
1 – 1,000	243
1,001 – 5,000	466
5,001 – 10,000	231
10,001 – 100,000	389
100,001 and over	76
Total Number of Shareholders	1,405

BWF has 167,802,566 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	48,042,911	28.63
Paul Tresidder	40,346,173	24.04
Richard Hill	14,059,364	8.38
Robin Tedder	8,558,282	5.10

4. Directors' and KMPs' Relevant Interests

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

Investor	27 July 2023	Net Change	31 July 2024
Seph Glew (Non-Executive Chairman)	10,613,667	37,429,244	48,042,911
Richard Hill (Non-Executive Director)	1,969,278	12,090,086	14,059,364
Robin Tedder (Executive Director)	8,518,282	40,000	8,558,282
Timothy Brown (Joint MD and CFO)*	2,960,000	(2,960,000)	-
Jessie Glew (Joint MD and COO)*	2,059,636	(2,059,636)	-
Total	26,120,863	44,539,694	70,660,557

* Resigned as directors during the year.

Business Risks

You should be aware that an investment in BWF carries material risks and that several factors may affect future value and any dividends, many of which are beyond the control of the Group. Many of these risks are inherited from the underlying assets and the performance of the funds that BWF manages. Acquiring and holding shares in the Group therefore involves risks and, while not exhaustive, some of these risks are set out in this section.

Material Business Risk	Potential Impact	Management Plan
Inflation	The majority of the property we manage and are invested in is contracted on a gross lease basis. This exposes BWF to the risk that property outgoings (for example, energy, financing, services and labour) may increase faster than income and therefore impact our fee revenue and investment returns.	This is a risk we have accepted as mismatches in income and expenses are a normal property risk and are expected to balance out over time. Lease ratchets, along with CPI adjustment clauses, alleviate a large portion of the risk.
Changes in the Commercial Property Market	As BWF is invested in the commercial property market and derives income from management and transaction fees that are linked to the commercial property market, changes in that market may impact cashflow.	BWF has little control over changes in the commercial property market but monitors movements in the market and consider the funds they manage and are invested in in light of these movements.
Legislative and Regulatory Changes	Increased costs and compliance risk associated with adhering to regulatory requirements.	BWF monitors changes to legislation and regulatory requirements and adjusts its operations accordingly.
Climate Change and Climate Related Events	Climate change related weather events could cause substantial damage to the assets BWF manages and are invested in.	BWF ultimately has no control over this risk but continues to operate to drive sustainability initiatives in the assets it manages. It also ensures that properties that it is invested in has appropriate levels of insurance.
Technology Changes and Innovation	Rapid advancements in technology may cause BWF to be less competitive in the market.	Management continually monitors industry trends to remain at the forefront of new technologies and innovation, while investing in relevant technology as necessary.

Discontinuation of Financial Support for Businesses	Insolvencies from tenants may cause a significant negative impact on the assets BWF is invested in and the fee revenue it derives.	BWF takes appropriate measures to manage its revenue streams and cash reserves. Additionally, BWF continually monitors the financial health of tenants and parties to mitigate the risk of potential insolvencies.
Cyber Risk	As with most businesses we do have cyber risks that we cannot eliminate entirely but our risks are relatively small and we perform regular system reviews to ensure sensitive information is properly stored or destroyed.	We hold specific cyber insurance policies that provide cover in the event of a cyber-attack.
Macroeconomic Factors	Threat of domestic and global recession and investor sentiment are some of the primary macroeconomic considerations that may impact our business.	As a management team we continually monitor these factors however, ultimately, they are often beyond our control.

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 (to 28 February 2024)

Joint Managing Director and CFO

Tim was 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. Tim resigned as a director of the Group effective 28 February 2024.

Jessie Glew (to 28 February 2024)

Joint Managing Director and COO

Jessie was Joint Managing Director and Chief Operating Officer (COO) for the BlackWall Group and its funds. Jessie has been with BlackWall since early 2011 and has a strong background in and passion for the property industry. For the past 14 years, Jessie has specialised in working with distressed properties and spaces, and the operations of the WOTSO business. Jessie holds a Bachelor’s degree in International Communication from Macquarie University and NSW Real Estate License.

Jessie joined the Board of The Kids Cancer Project in 2021 and over the last 2 years has provided insights and operational knowledge to help support The Kids Cancer Project. Jessie resigned as a director of the Group effective 28 February 2024 and has moved into the position of Chief Executive Officer (CEO) of the listed WOTSO Property Group.

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 to 28 February 2024 and Executive Director from 28 February 2024

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.

Agata Ryan (to 28 February 2024)

Company Secretary

Agata joined BlackWall in February 2023 and was responsible for all aspects of BlackWall's corporate and fund transactions, the corporate governance and regulatory functions and investor relations. Before joining BlackWall, Agata worked as a lawyer at a boutique property law firm and prior to that was legal counsel in the commercial property legal team at Stockland. Agata holds a Bachelor of Arts, Master of Commerce and Juris Doctor degree from UNSW. She is admitted as a solicitor of the Supreme Court of New South Wales and the High Court of Australia. Agata has resigned as Company Secretary effective 28 February 2024.

David Vlotman (from 28 February 2024)

Company Secretary

David joined the BlackWall Group in May 2017 as Financial Controller. He holds a Bachelor of Commerce and a Bachelor of Accounting degree and has been a member of the Institute of Chartered Accountants of Australia and New Zealand for over 20 years. David commenced his career at Deloitte and has worked as a financial controller for over 30 years for several listed and unlisted entities. He was appointed as the Blackwall Group Company Secretary in February 2024.

Meeting Attendances

Director	No. of Board Meetings Held	Board Meeting Attendance
Seph Glew	5	5
Richard Hill	5	4
Robin Tedder	5	5
Timothy Brown - resigned as a director on 28 February 2024	4	4
Jessie Glew - resigned as a director on 28 February 2024	4	4

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 \$35,000 was paid to the auditor for non-audit services during the year (2023: \$24,270) as detailed in Note 20. 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 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.

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 Directors (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			
	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Timothy Brown *	-	-	675,228	347,500	20,625	27,500	695,853	375,000
Jessie Glew *	-	-	260,622	347,500	20,625	27,500	281,247	375,000
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	935,850	695,000	41,250	55,000	1,247,100	1,020,000

* Timothy Brown resigned as an employee on 8 May 2024 and Jessie Glew resigned as an employee on 31 March 2024.

There are no KMP loans at 30 June 2024 (30 June 2023: \$1,001,159). KMP loans in existence at the end of last year have either been repaid or transferred to external loans during the year.

Share Options

(a) Unissued Options

There are no options on issue at 30 June 2024 (30 June 2023: 475,000 options). Options in existence at the end of last year lapsed on their expiry date without being exercised.

(b) Shares Issued on the Exercise of Options

No ordinary shares were issued during the year in the exercise of options. No shares have been issued since 30 June 2024. No amounts are unpaid on any of the shares on issue.

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

A handwritten signature in black ink, appearing to read 'Seph Glew', with a long, sweeping horizontal stroke at the end.

Seph Glew
Chairman
Sydney, 15 August 2024

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 2024 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; and
- (c) the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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.



Seph Glew

Chairman

Sydney, 15 August 2024

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 2024, 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 15th of August 2024.



ESV Business advice and accounting



Chris Kirkwood
Partner



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 2024, 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 5 to 9, notes comprising material accounting policy information on pages 11 to 29, the consolidated entity disclosure statement 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 2024 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 (including Independence Standards)* (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.

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 - Performance and 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 up to February 2024. These fees are based on a fixed amount or a percentage of the total assets under management or total rental income. Blackwall Funds Services Limited was disposed of to WOTSO Property in February 2024, resulting in all management rights transferring over to WOTSO. As a result, any management fees relating to WOTSO Property are no longer recognised in BlackWall Limited. 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, which have increased in the period following the acquisition of Pelorus Private Equity Limited and its investments held in December 2023. 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 Performance and 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 4 & 28 of the consolidated financial report are consistent with the Australian 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 \$39,392,439 in ASX listed stapled security – WOTSO Property (WOT). The investments are recorded at fair value through profit or loss which is calculated based on the closing market value of the listed security on 30 June 2024.	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 time of acquisition and year end 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 9 & 28 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.
Financial Assets – Investments in unlisted entities As at year end the Group has total investments in unlisted entities of \$31,525,232. The investments are recorded at fair value through profit or loss which is calculated on the market value of the investments on 30 June 2024.	Our procedures included, but were not limited to: Confirming the securities held by the Group as at 30 June 2024. Verifying the market price, if possible, or perform other procedures to consider impairment of investments and recalculating the value of total investments held. Verifying the accounting and disclosures in relation to financial assets as disclosed in Note 9 & 28 of the consolidated financial report are consistent with the accounting standards. Based on our procedures, nothing has come to our attention that makes us believe that the valuation of investments is materially

	misstated as at 30 June 2024.
Acquisition of Pelorus Private Equity Limited During the period, the Group acquired Pelorus Private Equity Limited and its controlled entities under AASB 10 – Consolidated Financial Statements. Shareholder approval received was over 90% so the compulsory acquisition provisions allowed for the acquisition of 100%. When the acquisition was completed 3 months later the share price of the acquirer had fallen. The share price fell from the initial bidder's statement date of 18 September 2023 of \$0.60 at the offer date to \$0.53 at the date in which control passed, 17 November 2023. As a result, the acquisition resulted in a bargain purchase gain through the profit and loss of \$6.6m.	Our procedures included, but were not limited to: Assessed the treatment of the acquisitions as required in AASB 10. Fair value of the acquired businesses was determined and compared to the fair value of consideration provided to the sellers. We assessed the consideration share price and date of to ensure in line with AASB 10 requirements. We assessed the treatment of transaction costs to ensure expensed through the profit and loss as in line with AASB 10. Based on work performed we are satisfied that the acquisition of assets has been recorded correctly per accounting standards.

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 2024 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 a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and b) and the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*. and for such internal control as the directors determine is necessary to enable the preparation of i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and ii) the consolidated entity disclosure statement that is true and correct and is free of 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 audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on page 35 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Blackwall Limited, for the year ended 30 June 2024, 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 15th of August 2024.



ESV Business advice and accounting



Chris Kirkwood
Partner

BlackWall Limited

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