



# BLACKWALL

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**INTERIM FINANCIAL REPORT**  
HALF-YEAR ENDED DECEMBER 2022

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Manager of Australia's First Listed  
Flexible Property Security

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22 Ormsby Tce, Mandurah WA

 **BLACKWALL**

### Who We Are

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

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

# Directors' Report

BlackWall Limited's (BlackWall, BWF or the Group) **statutory profit after tax has increased by 48%** for the half year and will pay an interim dividend of 2.5 cents per share.

BWF's largest managed fund, WOTSO Property (ASX:WOT) has continued to grow in the first half of FY23 and has driven a 30% increase in management fee income to \$3.2 million for BlackWall. WOT's flexspace business WOTSO saw a 24% growth in revenue as occupancy continued to increase in its near to home flexible office locations. Assets under management are at \$510 million.

## Review of Financial Performance

	Dec 2022 \$'000	Dec 2021 \$'000
Management fee income	3,197	2,465
Transaction income	293	375
Other income	23	139
<b>Revenue</b>	<b>3,513</b>	<b>2,979</b>
Total operating expenses	(2,383)	(2,173)
<b>Operating Profit</b>	<b>1,130</b>	<b>806</b>
Government COVID assistance	37	223
Investment distributions received	505	469
<b>Funds From Activities</b>	<b>1,672</b>	<b>1,498</b>
WOT – unrealised gains	1,354	566
WOT – return of capital	(505)	(469)
Depreciation	(26)	(21)
Finance costs	(2)	(2)
<b>Profit Before Tax</b>	<b>2,493</b>	<b>1,572</b>
Income tax expense	(626)	(310)
<b>Profit After Tax</b>	<b>1,867</b>	<b>1,262</b>
Earnings per share	2.8 cents	2.0 cents

◆ **Total revenue increased by 18%** with a notable increase due to WOTSO annualised turnover of \$25.5 million contributing a 5% management fee on all revenue in excess of \$20 million.

◆ **Funds From Activities increased by 12%** despite the removal of COVID stimulus. WOT distributions received as returns of capital due to tax losses contained in WOT are up 8%.

◆ **Statutory profit after tax increased by 48%** with operating expenses increasing at slower rates than revenue.

◆ **Earnings per share (EPS) has risen** to 2.8cps from 2.0cps last year with a fully franked interim dividend of 2.5cps declared.

## Key Numbers



**2.5 cps**

Fully franked interim dividend



**\$510 million**

Assets under management



**\$3.2 million**

Management fee income

**up 30%**



**\$1.7 million**

Funds from activities

**up 12%**



## Fund Updates

### WOTSO Property

- **New Zealand acquisition** – WOT settled on its first property on the north shore of Auckland in Takapuna with WOTSO set to open by the end of the financial year.
- **Growth in metrics** – annualised WOT turnover increased to \$47.2 million from \$44.3 million and property valuations also increased by 2% to over \$400 million.
- **2 new leased sites secured** – WOTSO opened a new space in Lendlease's Macarthur Square shopping centre in Sydney's south west. It has also secured a space at North Head to replace the Manly site which is being redeveloped.
- **New flexspace concepts launching** – whilst flex office space will continue to be mainstay of WOTSO Property, WOTSO is launching flexspace in new areas of property:

**HealthSpace** – in partnership with existing health space provider 'Wellshare' a number of WOTSO sites will provide space for health professionals on flexible terms.

**CookSpace** – commercial kitchens are being launched at WOTSO's North Strathfield location in Sydney to cater to the hospitality industry for various uses on flexible terms.

**Express** – a smaller format workspace in retail environments.

- **Flexspace operating platform** – our internally built management software, Hamlet, commenced commercialisation during 2022 and aims to accelerate growth in the marketplace over the next 12 months. To facilitate this growth, WOT increased its ownership in the software to 27% during the period.
- **Occupancy** – owned property occupancy sits at 96% with WOTSO flexspace occupancy rising to 79%.

### Pymont Bridge Road Mortgage Fund

The renewal of our managed investment scheme secured against WOT's largest asset in Pymont, Sydney successfully settled. It will remain open to new investors offering a secure 6% p.a. distribution in an uncertain interest rate environment.

### Full Year View

We start the second half of the year with further interest rate rises and an uncertain economic environment. However the Group is well positioned to capitalise on opportunities that may come from this uncertainty. There are a number of WOTSO deals in the pipeline and we are on the lookout for distressed acquisitions that may present themselves. In the interim we continue to drive occupancy levels in our existing portfolio and look forward to launching our new flexspace initiatives.

**Tim Brown and Jessie Glew**

Joint Managing Directors



55 Pymont Bridge Rd, Pymont NSW

# Financial Statements

Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2022

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Management fees	2	3,197	2,465
Transaction income	2	293	375
Other income	2	23	139
<b>Total Revenue</b>		<b>3,513</b>	<b>2,979</b>
Operating expenses	4	(2,383)	(2,173)
<b>Operating Profit</b>		<b>1,130</b>	<b>806</b>
Revaluation gain	3	1,354	566
Government COVID stimulus		37	223
Depreciation – property, plant and equipment		(26)	(21)
Finance costs – interest expense		(2)	(2)
<b>Profit Before Income Tax</b>		<b>2,493</b>	<b>1,572</b>
Income tax expense		(626)	(310)
<b>Profit for the Period</b>		<b>1,867</b>	<b>1,262</b>
Other comprehensive income		-	-
<b>Total Comprehensive Income</b>		<b>1,867</b>	<b>1,262</b>
<b>Earnings Per Share</b>			
<b>Profit Attributable to the Ordinary Equity Holders:</b>			
Basic earnings per share	12	2.8 cents	2.0 cents
Diluted earnings per share	12	2.8 cents	1.9 cents

Balance Sheet at 31 December 2022

	Note	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,134	1,166
Trade and other receivables		445	1,293
<b>Total Current Assets</b>		<b>1,579</b>	<b>2,459</b>
<b>Non-current Assets</b>			
Investments	5	24,336	23,412
Employee loans	7	1,046	1,056
Investment using equity method	6	83	40
Right of use lease asset	9	376	444
Property, plant and equipment	8	159	122
<b>Total Non-current Assets</b>		<b>26,000</b>	<b>25,074</b>
<b>Total Assets</b>		<b>27,579</b>	<b>27,533</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		568	916
Right of use lease liability	10	140	137
Provision for employee benefits		756	701
Provision for tax payable		49	273
<b>Total Current Liabilities</b>		<b>1,513</b>	<b>2,027</b>
<b>Non-current Liabilities</b>			
Deferred tax liabilities		2,900	2,592
Right of use lease liability	10	258	329
Provision for employee benefits		100	25
<b>Total Non-current Liabilities</b>		<b>3,258</b>	<b>2,946</b>
<b>Total Liabilities</b>		<b>4,771</b>	<b>4,973</b>
<b>Net Assets</b>		<b>22,808</b>	<b>22,560</b>
<b>Equity</b>			
Share capital		16,447	16,447
Reserves		73	73
Retained earnings		6,288	6,040
<b>Total Equity</b>		<b>22,808</b>	<b>22,560</b>
Statutory net assets per share		\$0.34	\$0.33

## Statement of Cash Flows for the half-year ended 31 December 2022

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<b>Cash Flows from Operating Activities</b>		
Management fee receipts and recoveries	4,635	3,007
Government COVID stimulus	37	223
Bank interest received	48	1
Payments to suppliers and employees	(2,871)	(2,118)
Income tax paid	(541)	(396)
Interest paid	(2)	(2)
<b>Net Cash Flows from Operating Activities</b>	<b>1,306</b>	<b>715</b>
<b>Cash Flows used in Investing Activities</b>		
Returns of capital from WOT investment	505	469
Employee loans	10	-
Proceeds from disposal of investments	-	56
Indigoblack payment	(20)	-
Investment in WOT	(75)	(1,644)
Payment for property, plant and equipment	(63)	(10)
<b>Net Cash Flows from / (used in) Investing Activities</b>	<b>357</b>	<b>(1,129)</b>
<b>Cash Flows used in Financing Activities</b>		
Proceeds from issue of shares	-	1,141
Dividends paid to shareholders	(1,619)	(1,696)
Rental payments	(76)	(77)
<b>Net Cash Flows used in Financing Activities</b>	<b>(1,695)</b>	<b>(632)</b>
<b>Net Decrease in Cash Held</b>	<b>(32)</b>	<b>(1,046)</b>
<b>Reconciliation of Cash Balances:</b>		
Cash and cash equivalents at the beginning of the period	1,166	3,133
Net decrease in cash held	(32)	(1,046)
<b>Cash at End of the Period</b>	<b>1,134</b>	<b>2,087</b>

All items inclusive of GST where applicable.

## Reconciliation of Operating Cash Flows

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<b>Profit for the Period</b>	<b>1,867</b>	<b>1,262</b>
<b>Non-Cash Flows in Profit:</b>		
Unrealised gains	(1,354)	(566)
Depreciation on right of use lease asset	68	69
Depreciation on property, plant and equipment	26	21
Equity accounted profit – IndigoBlack	(23)	(255)
Interest expense on lease liability	8	10
<b>Changes in Operating Assets and Liabilities:</b>		
Decrease in trade and other receivables	848	49
Increase in deferred tax liabilities	308	158
(Decrease) / increase in trade and other payables	(348)	38
Decrease in income taxes payable	(224)	(244)
Increase in provisions	130	173
<b>Net Cash Flows from Operating Activities</b>	<b>1,306</b>	<b>715</b>

# Statement of Changes in Equity for the half-year ended 31 December 2022

	No. of Shares on Issue	Issued Capital \$'000	Retained Earnings \$'000	Reserves \$'000	Total \$'000
<b>Balance at 1 July 2022</b>	<b>67,466,445</b>	<b>16,447</b>	<b>6,040</b>	<b>73</b>	<b>22,560</b>
Profit for the period	-	-	1,867	-	1,867
Other comprehensive income	-	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	<b>-</b>	<b>-</b>	<b>1,867</b>	<b>-</b>	<b>1,867</b>
<b>Transactions with Owners in Their Capacity as Owners:</b>					
Dividend paid	-	-	(1,619)	-	(1,619)
<b>Total Transactions with Owners</b>	<b>-</b>	<b>-</b>	<b>(1,619)</b>	<b>-</b>	<b>(1,619)</b>
<b>Balance at 31 December 2022</b>	<b>67,466,445</b>	<b>16,447</b>	<b>6,288</b>	<b>73</b>	<b>22,808</b>
<b>Balance at 1 July 2021</b>	<b>63,141,445</b>	<b>14,080</b>	<b>7,844</b>	<b>73</b>	<b>21,997</b>
Profit for the period	-	-	1,262	-	1,262
Other comprehensive income	-	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	<b>-</b>	<b>-</b>	<b>1,262</b>	<b>-</b>	<b>1,262</b>
<b>Transactions with Owners in Their Capacity as Owners:</b>					
Dividend paid	-	-	(1,696)	-	(1,696)
Issue of shares	2,085,630	1,141	-	-	1,141
<b>Total Transactions with Owners</b>	<b>2,085,630</b>	<b>1,141</b>	<b>(1,696)</b>	<b>-</b>	<b>(555)</b>
<b>Balance at 31 December 2021</b>	<b>65,227,075</b>	<b>15,221</b>	<b>7,410</b>	<b>73</b>	<b>22,704</b>

# Notes to the Financial Statements

## 1. Segment Information

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

	Revenue \$'000	Distribution Received* \$'000	COVID Stimulus \$'000	Operating Expense \$'000	Funds From Activities \$'000	Revaluation Gain* \$'000	Interest and Depn \$'000	Pre-tax Profit \$'000
<b>Profit or Loss December 2022</b>								
BlackWall	3,490	-	37	(1,655)	1,872	-	(26)	1,846
Investments	23	505	-	(371)	157	849	(2)	1,004
Corporate	-	-	-	(357)	(357)	-	-	(357)
<b>Total Operations</b>	<b>3,513</b>	<b>505</b>	<b>37</b>	<b>(2,383)</b>	<b>1,672</b>	<b>849</b>	<b>(28)</b>	<b>2,493</b>
<b>Profit or Loss December 2021</b>								
BlackWall	2,724	-	223	(1,500)	1,447	-	(21)	1,426
Investments	255	469	-	(349)	375	97	(2)	470
Corporate	-	-	-	(324)	(324)	-	-	(324)
<b>Total Operations</b>	<b>2,979</b>	<b>469</b>	<b>223</b>	<b>(2,173)</b>	<b>1,498</b>	<b>97</b>	<b>(23)</b>	<b>1,572</b>

	Assets \$'000	Liabilities \$'000	Net Assets \$'000
<b>Balance Sheet December 2022</b>			
BlackWall	3,160	(1,822)	1,338
Investments	24,419	(2,900)	21,519
Corporate	-	(49)	(49)
<b>Consolidated</b>	<b>27,579</b>	<b>(4,771)</b>	<b>22,808</b>

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

\* Refer to Note 3 for further information on the revaluation gain and distributions received as returns of capital during the period.



## 2. Revenue

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

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Fund management fees	1,881	1,520
Property management fees	357	323
Project management fees	229	223
Leasing fees	345	42
Expense recovery and other fees	385	357
<b>Management Fees Total</b>	<b>3,197</b>	<b>2,465</b>
Transaction fees	211	259
Gynea Bay – share of transaction income	-	116
Debt raising fees	82	-
<b>Transaction Income Total</b>	<b>293</b>	<b>375</b>
IndigoBlack & OCD – share of comprehensive income	23	139
<b>Total Revenue</b>	<b>3,513</b>	<b>2,979</b>
Timing of revenue recognition:		
- Management fees incurred over time	3,197	2,465
- Transaction income at a point in time	316	514
	<b>3,513</b>	<b>2,979</b>

## 3. Unrealised Gain on Investments

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
WOT distribution received as return of capital	505	469
WOT mark to market gain from share price	849	97
<b>Total</b>	<b>1,354</b>	<b>566</b>

During the period the Group received \$0.5 million in WOT distributions as returns of capital, which have been applied as a reduction to the cost of the investment. The unrealised gain of \$1.4 million re-values the Group's investment based on the ASX price of WOT securities at 31 December and therefore includes \$0.5 million received in cash. For additional information refer to Note 5 - Investments.

## 4. Operating Expenses

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Employee and consultant expenses	1,808	1,737
Other operating expenses	499	357
Depreciation – right of use assets	68	69
Lease interest costs	8	10
<b>Total</b>	<b>2,383</b>	<b>2,173</b>

## 5. Investments

WOTSO Property is listed on the ASX under the code 'WOT'. At 31 December 2022 WOT was quoted at \$1.44 per security on the ASX (June 2022: \$1.39 per security) and the net asset value was \$1.58 per security (June 2022: \$1.56 per security).

A reconciliation of investments is set out below:

	WOT \$'000
<b>December 2022</b>	
Balance at the beginning of the period	23,412
Return of capital	(505)
Purchase of additional units	75
Mark to market valuation	1,354
<b>Balance at the End of the Period</b>	<b>24,336</b>
<b>June 2022</b>	
Balance at the beginning of the year	22,602
Return of capital	(968)
Purchase of additional units	2,015
Mark to market valuation	(237)
<b>Balance at the End of the Year</b>	<b>23,412</b>

## 6. Equity Accounted Investments

Investee	Dec 2022 Ownership %	Jun 2022 Ownership %	Dec 2022 \$'000	Jun 2022 \$'000
IndigoBlack Construction & OCD	25	25	83	40
			<b>83</b>	<b>40</b>

	IndigoBlack Construction \$'000	Dec 2022 \$'000	Jun 2022 \$'000
Carrying amount at beginning of period	40	40	58
Share of comprehensive income	23	23	253
Dividend refunded / (received)	20	20	(90)
Disposal of investments	-	-	(181)
<b>Carrying Amount at End of the Period</b>	<b>83</b>	<b>83</b>	<b>40</b>

## 7. Employee Loans

Loans have been made to Directors and employees for them to acquire shares under the employee share scheme. The loans attract interest at a rate equivalent to the deemed ATO loan interest rate and are secured against the shares. At 31 December 2022, the outstanding loan balance is \$1.0 million (June 2022: \$1.1 million).

## 8. Property, Plant and Equipment

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
At cost	987	924
Less accumulated depreciation	(828)	(802)
<b>Total Written Down Value</b>	<b>159</b>	<b>122</b>

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Carrying amount at the beginning of the period	122	141
Additions	63	25
Depreciation expense	(26)	(44)
<b>Carrying Amount at the End of the Period</b>	<b>159</b>	<b>122</b>

## 9. Right of Use Lease Asset

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Right of use lease asset	773	773
Less: Accumulated depreciation	(397)	(329)
<b>Written Down Value of Right of Use Lease Assets</b>	<b>376</b>	<b>444</b>

BWF leases its head office located in Neutral Bay, Sydney. BWF has entered into an option agreement with its Neutral Bay landlord that is expected to see its lease terminated as part of a sale of the asset. An option fee of \$10,000 has been received and \$490,000 is receivable if the option is exercised. In September 2022 the option was extended for another 12 months to September 2023.

## 10. Lease Liabilities

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Opening balance	466	596
Interest charged	8	20
Repayments	(76)	(153)
Modifications	-	3
<b>Total Lease Liabilities</b>	<b>398</b>	<b>466</b>
Current	140	137
Non-current	258	329
<b>Total</b>	<b>398</b>	<b>466</b>

## 11. Dividends

Fully franked dividends paid to shareholders during the period ended 31 December were as follows:

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
2022 final dividend of 2.4 cents paid on 08 September 2022 (2021 final: 2.6 cents)	1,619	1,696
<b>Total</b>	<b>1,619</b>	<b>1,696</b>

In addition, the Board has declared an interim fully franked dividend of 2.5 cents per share to be paid on 21 March 2023.

## 12. Earnings Per Share

	31 Dec 2022	31 Dec 2021
Basic earnings per share	2.8 cents	2.0 cents
Diluted earnings per share	2.8 cents	1.9 cents
<b>Calculated as follows:</b>		
Profit attributable to the owners of the Group	\$1,867,000	\$1,262,000
Weighted average number of shares for basic EPS	67,466,445	64,623,040
Weighted average number of shares for diluted EPS	67,539,522	64,742,707

## 13. Contingencies

The Group had no contingent assets or liabilities at 31 December 2022 (December 2021: \$nil).

## 14. Subsequent Events

The Board has declared an interim fully franked dividend of 2.5 cents per share to be paid on 21 March 2023.

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

WOT has declared an interim distribution of 3.0 cents per security. \$507,000 is due to be received by BWF on 14 March 2023.

## 15. Financial Risk Management

### 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 the reporting date. 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
<b>At 31 December 2022</b>				
Investment in WOT	24,336	-	-	24,336
<b>At 30 June 2022</b>				
Investment in WOT	23,412	-	-	23,412

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

There are currently no Level 3 financial assets. The fair value of the financial assets are usually determined by reference to the net assets of the underlying entities.

#### (iii) Fair Value Measurements Using Significant Observable Inputs (Level 3)

There were no balances classified as Level 3 financial assets during the current period. There were no transfers between Level 1, 2 and 3 during the current period.

## 16. 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 - Covid-19

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

### Key Estimates - Impairment

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

### Key Estimates - Financial Assets

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

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

## 17. 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.

### Statement of Compliance

These financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting.

The financial statements do not include notes of the type normally included in annual financial statements. It is recommended that the financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2022 and any public announcements made by the Group during the half-year in accordance with the continuous disclosure obligations of the ASX listing rules.

### Basis of Preparation

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.

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

The accounting policies adopted are consistent with those of the previous financial year ended 30 June 2022.

The financial statements are presented in Australian dollars.

## Rounding of Amounts

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

## 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 overheads.

## 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.





# Directors' Report

Continued

## 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.

<b>Material Business Risk</b>	<b>Inflation</b>
<b>Potential Impact</b>	The majority of the property we manage 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.
<b>Management Plan</b>	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.
<b>Material Business Risk</b>	<b>Changes in Customer Preferences</b>
<b>Potential Impact</b>	As BWF derives income from management and transaction fees, changing consumer preferences may impact cashflow.
<b>Management Plan</b>	BWF has minimal control over changing customer preferences however, the Group will continue to monitor market sentiment and provide alternative options where possible.
<b>Material Business Risk</b>	<b>Legislative and Regulatory Changes</b>
<b>Potential Impact</b>	Increased costs and compliance risk associated with adhering to regulatory requirements.
<b>Management Plan</b>	BWF will monitor changes to legislation and regulatory requirements and adjust its operations accordingly.
<b>Material Business Risk</b>	<b>Climate Change and Climate Related Events</b>
<b>Potential Impact</b>	Climate change related weather events could cause substantial damage to the assets BWF manages. In this scenario BWF's ability to charge fees during this time may be hampered.
<b>Management Plan</b>	BWF ultimately has no control over this risk but continues to operate to drive sustainability initiatives in the assets it manages.

<b>Material Business Risk</b>	<b>Technology Changes and Innovation</b>
<b>Potential Impact</b>	Rapid advancements in technology may cause BWF to be less competitive in the market.
<b>Management Plan</b>	Management continually monitors industry trends to remain at the forefront of new technologies and innovation, while investing in relevant technology as necessary.
<b>Material Business Risk</b>	<b>Discontinuation of Financial Support for Businesses</b>
<b>Potential Impact</b>	Insolvencies from tenants may cause a significant negative impact on BWF's fee revenue and financial position.
<b>Management Plan</b>	BWF will take appropriate measures to manage its revenue streams and cash reserves. Additionally, BWF will continually monitor the financial health of tenants and parties to mitigate the risk of potential insolvencies.
<b>Material Business Risk</b>	<b>Employee Recruitment and Retention</b>
<b>Potential Impact</b>	The tightening labour market and upward pressure on wages impacts the day-to-day operation of our business.
<b>Management Plan</b>	We continually review our remuneration and, rewards and training programs with the aim of being a competitive and attractive employer.
<b>Material Business Risk</b>	<b>Cyber Risk</b>
<b>Potential Impact</b>	As with most businesses we do have cyber risks that we cannot eliminate entirely but our risks are relatively small and we perform regular systems reviews to ensure sensitive information is properly stored or destroyed.
<b>Management Plan</b>	We hold specific cyber insurance policies that provide cover in the event of a cyber-attack/breach.
<b>Material Business Risk</b>	<b>Macroeconomic Factors</b>
<b>Potential Impact</b>	Threat of domestic and global recession, ongoing impacts of COVID and investor sentiment are some of the primary macroeconomic considerations that may impact our business.
<b>Management Plan</b>	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 period are set out below.

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

**Timothy Brown** (Joint Managing Director and CFO)

**Jessie Glew** (Joint Managing Director and COO)

**Richard Hill** (Non-Executive Director)

**Robin Tedder** (Non-Executive Director)

**Alexander Whitelum** (Company Secretary)

## Auditor

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

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

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



**Tim Brown**

Director

Sydney, 21 February 2023



**Jessie Glew**

Director

Sydney, 21 February 2023

# 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 AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

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

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



**Tim Brown**

Director

Sydney, 21 February 2023



**Jessie Glew**

Director

Sydney, 21 February 2023

# Auditor's Independence Declaration and Report

Business advice  
and accounting

ESV

## AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF BLACKWALL LIMITED

In accordance with the requirements of section 307C of the Corporations Act, as auditor for the review of BlackWall Limited and its Controlled Entities as at 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Dated at Sydney the 17<sup>th</sup> of February 2023



ESV Business Advice and Accounting



Chris Kirkwood  
Partner

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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BLACKWALL LIMITED

Report on the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of BlackWall Limited and its Controlled Entities ('the Group'), which comprises the consolidated balance sheet as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### Basis for Conclusion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors at the time of this auditor's report.

### Directors' Responsibility for the Half-Year Financial Report

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

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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BLACKWALL LIMITED

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Dated at Sydney the 21<sup>st</sup> of February 2023



ESV Business Advice and Accounting



Chris Kirkwood  
Partner

14 Wornald St, Symonston ACT





# Notes

## Notes





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