



WOTSO
PROPERTY

ASX:WOT



BLACKWALL

ASX:BWF

Coffee Microcaps

1 September 2022

The WOTSO Property story

- Australia's first listed flexible property security (listed Feb 2021)
- Property owning REIT
- WOTSO Flexspace op business (est 2014)
- 15 properties and 20 WOTSOs
- An enhanced return property investment



Structure



Management Agreement

BlackWall appointed as investment manager for the stapled group

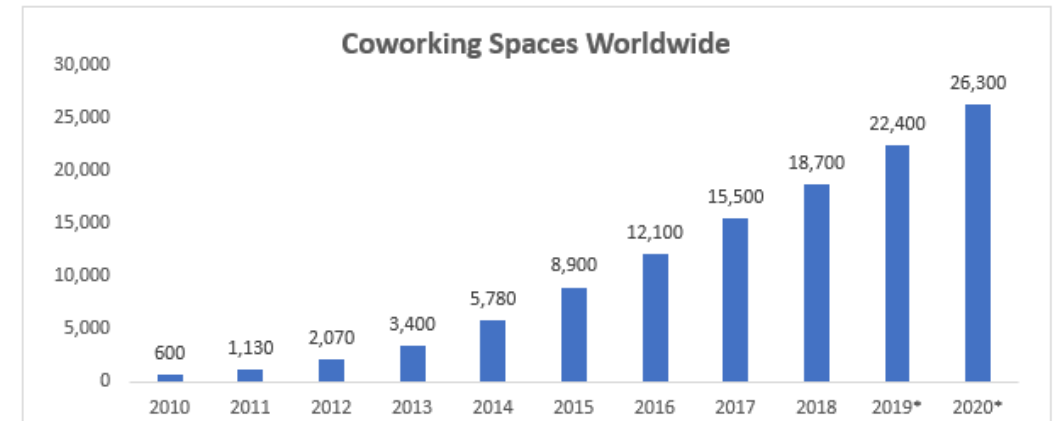
Property trust management fee of 0.75% p.a. of GAV

WOTSO Workspace management fee of:

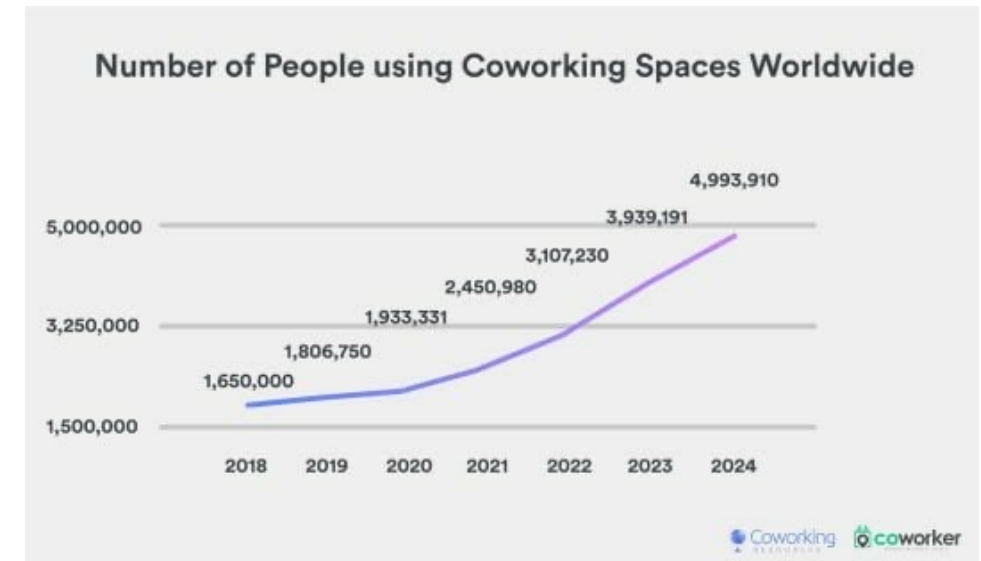
- 2% of gross revenue up to \$20m p.a.
- 5% of gross revenue above \$20m p.a.

The rise of flexible working

- 'Coworking' burst onto the scene approx. 15 years ago and targeted at young start ups and entrepreneurs but it is more than that.
- CBRE released a report finding flex space in the US in **2020 was 1.8%** of the office market and predicted it to grow to **13% by 2030**
- The COVID-19 effect:
 - Forced businesses to work remotely
 - Employees saw the positives of remote work and then realised the negatives as time passed
 - WFH or is it WNH?
 - The working week has changed - 63% of employees prefer a hybrid model vs working exclusively at home (JLL, 2021)
- JLL's Global Flex Space Report reveals that **41% of tenants** expect to **increase their use of flex space** as part of post pandemic work strategy.



Source: Statista (*- forecasted figures)



The WOT strategy

- Own a portfolio of suburban and regional assets in ANZ with a focus (but not solely) on providing space for small to medium enterprises on flexible terms near to home
- Source vacant properties for purchase with our flexspace business (WOTSO) as a ready made tenant
- Operate the WOTSO business adding the returns of it to the standard REIT returns of the property trust to create an enhanced return property investment.



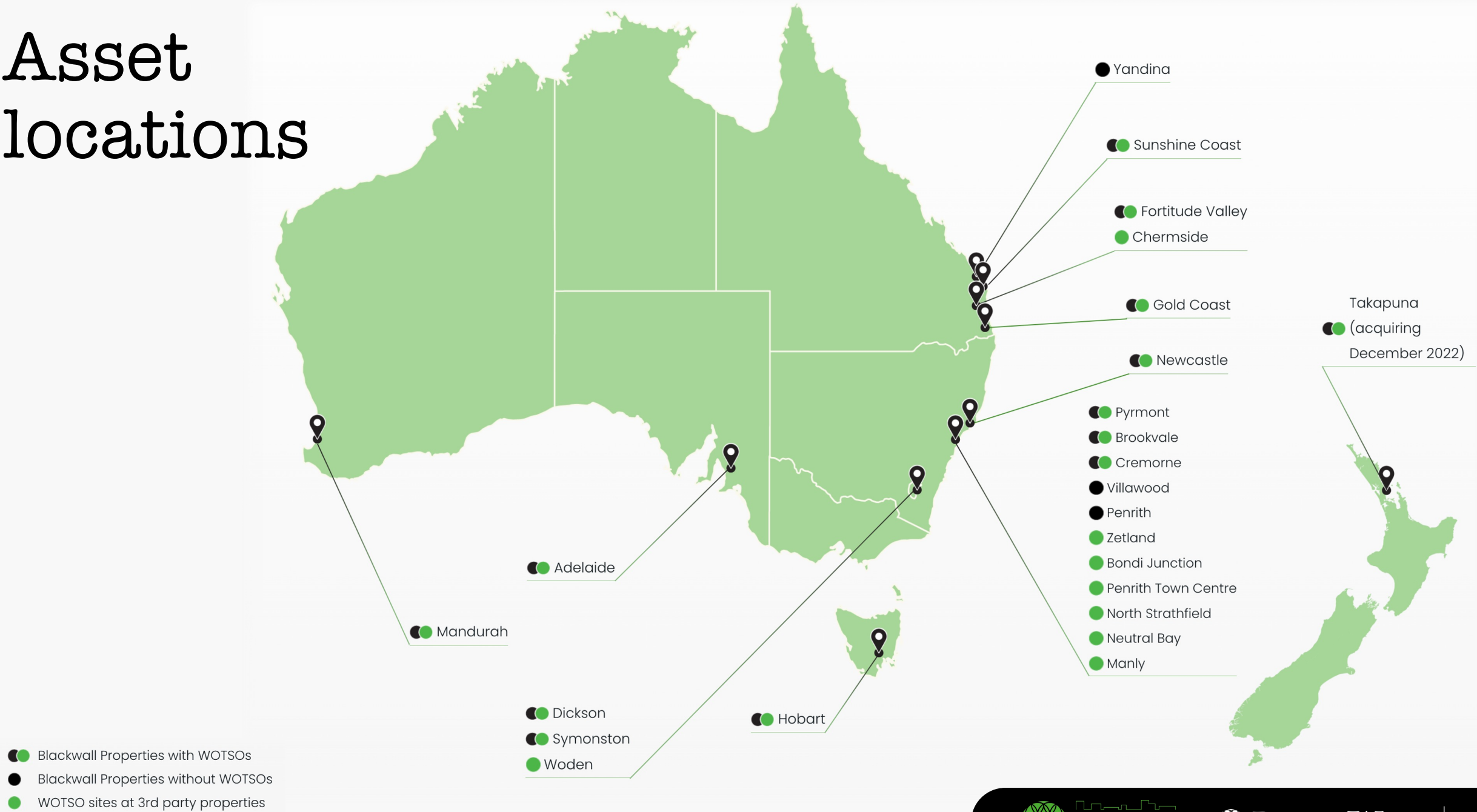
The WOT point of difference

What does flexible property mean to us?

- Active and dynamic management of property
- Providing easy and all inclusive space solutions for customers
- Focus on a large number of smaller tenants vs a reliance on long lease expiry (WALE)
- Leads to higher returns for investors with the introduction of an operating business to provide the service (WOTSO)
- Not just an office space flex solution – HealthSpace & CookSpace



Asset locations



WOT 2022 Results - Highlights



\$457m

Gross assets



\$23.7m

Annualised WOTSO Revenue
(50% higher than pre-pandemic levels)



6cps

Full FY22 distribution



7

Properties Acquired (past 2 years)

\$1.66

Adjusted NAV per security

\$1.56

Statutory NAV per security



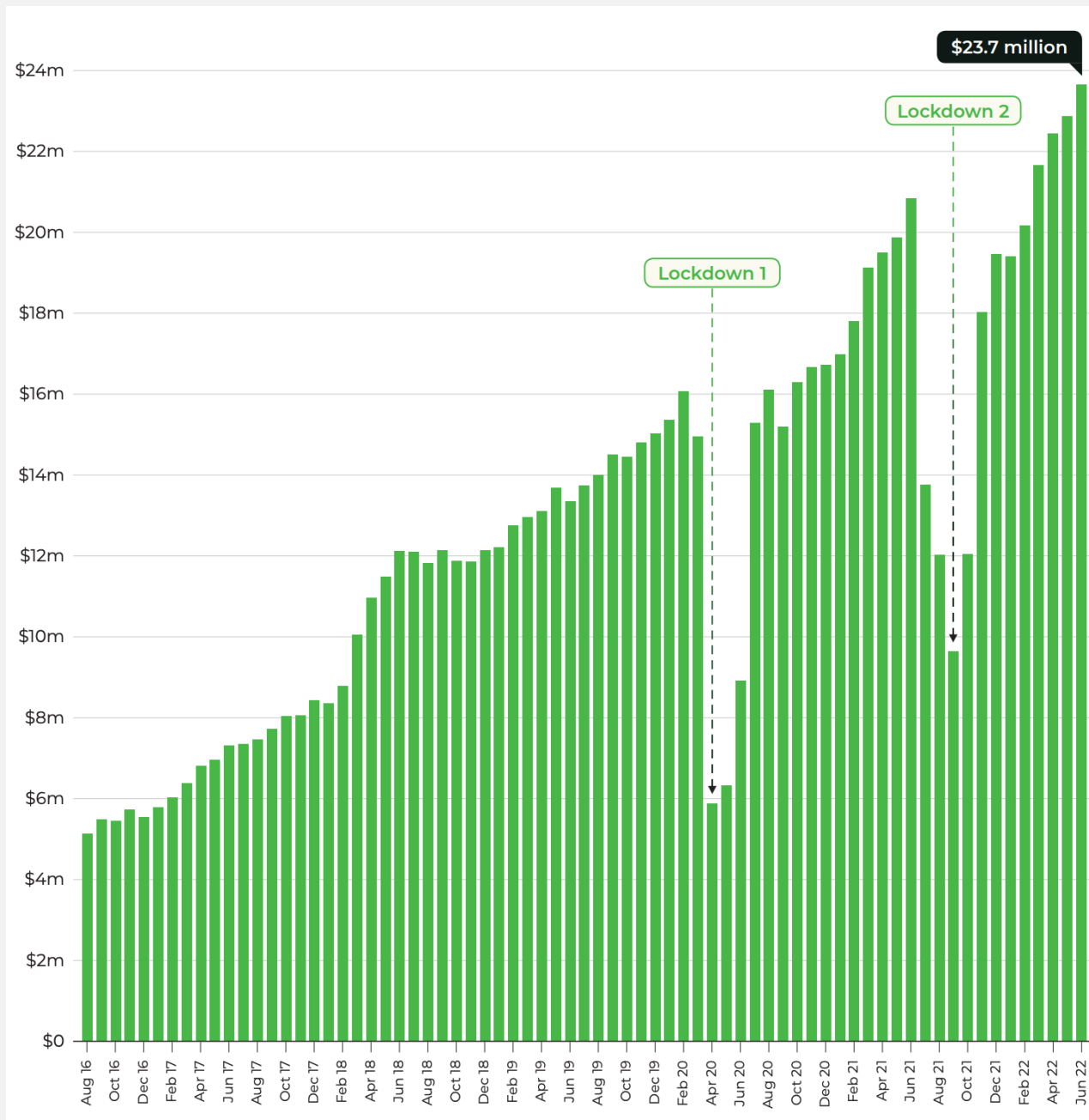
H: \$1.44

L: \$1.20

Share price range
(Jul – Aug 2022)

All figures at 30 June 2022 unless stated otherwise

WOTSO flexspace annualised turnover



WOT enhanced return

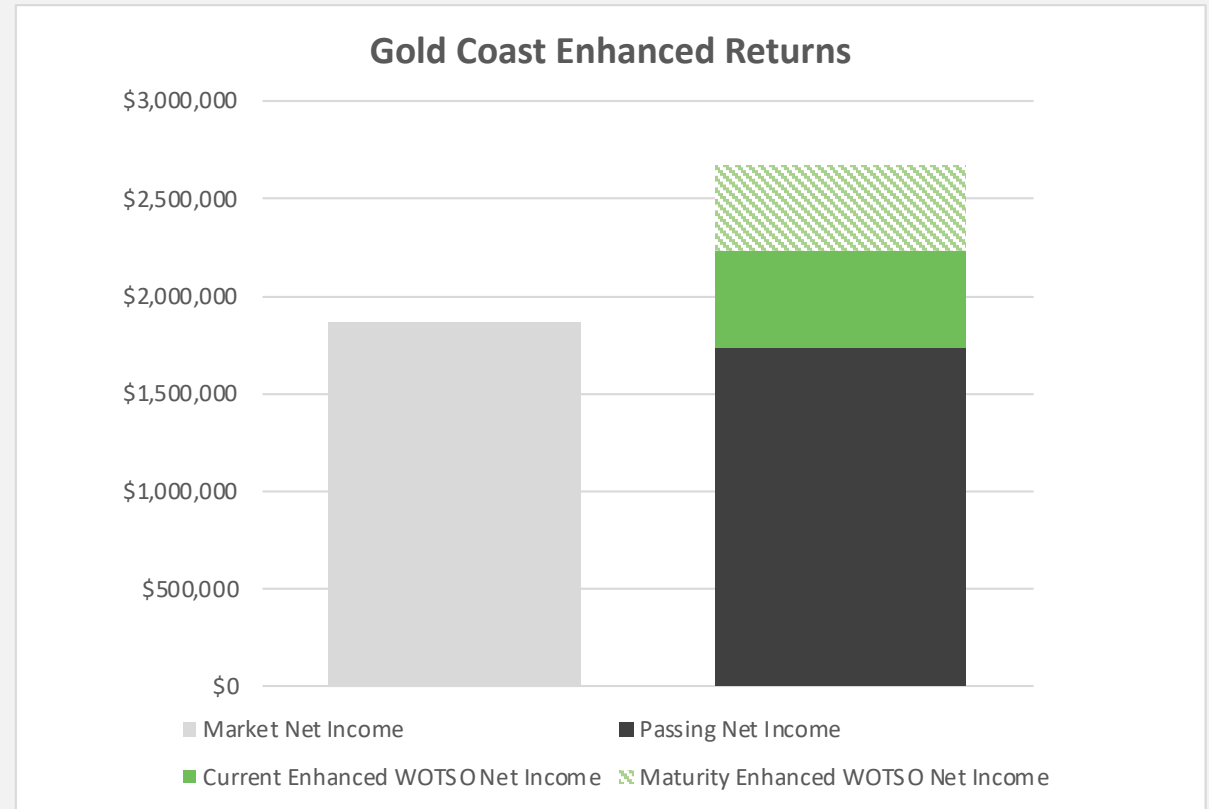
Property Income

+

WOTSO Profit

=

Enhanced Return



Case study – Gold Coast

Traditional REIT Structure	
Market Rent	\$ 2,376,000
OPEX	\$ (512,000)
Traditional Net Income	\$ 1,864,000
Independent Valuation	\$ 22,000,000
Indep. Valuation Yield	8.5%

WOT Enhanced Structure	
Passing Rent	\$ 2,303,000
WOTSO Current Net Income	\$ 672,000
OPEX	\$ (512,000)
Current WOT Net Income	\$ 2,463,000
Independent Valuation	\$ 22,000,000
Current Passing Yield	11.2%
WOTSO Maturity Net Income	\$ 930,000
Maturity Net Income	\$ 2,721,000
Projected Maturity Yield	12.4%

Property Details: 194 Varsity Parade, Varsity Lakes				
WOTSO Lease:	2,279 sqms	43%	Current WOTSO Occupancy	85%
Other Tenants:	3,021 sqms	57%	Current Desk Rate	\$427 /Desk/Mnth
Site Total:	5,300 sqms		Maturity Desk Rate	\$600 /Desk/Mnth

PORTFOLIO SUMMARY

OWNED

Investment Property Portfolio	Current Leased Net Income \$'000	Current Additional WOTSO Profit \$'000	Current Total Net Income \$'000	Net Lettable Area m ²
Start-Up				
Brookvale, NSW	302	(115)	187	1,362
Mandurah, WA	310	(325)	(15)	1,510
Cremorne, NSW (opening 2023)	-	-	-	1,731
Developing				
Dickson, ACT	1,583	50	1,633	7,380
Fortitude Valley, QLD	230	134	364	2,066
Newcastle, NSW	250	204	454	2,612
Adelaide, SA	434	253	687	3,060
Mature				
Symonston, ACT	390	289	679	2,580
Pymont, NSW	7,081	128	7,209	15,036
Sunshine Coast, QLD	2,020	158	2,178	9,483
Gold Coast, QLD	1,791	672	2,463	5,300
Hobart, TAS	657	188	845	3,685
Villawood, NSW	1,825	n/a	1,825	9,715
Penrith, NSW	1,280	n/a	1,280	6,486
Yandina, QLD	2,700	n/a	2,700	9,100
Total Investment Property Portfolio Owned	20,853	1,636	22,489	81,106
Takapuna, NZ (settlement Dec 2022)	-	-	-	1,400
Total Investment Property Portfolio	20,853	1,636	22,489	82,506

LEASED

WOTSO Third Party Lease Portfolio	Current WOTSO Profit \$'000	Net Lettable Area m ²
Start-Up		
Macarthur Square, NSW (opening Sep 2022)	-	296
Developing		
Woden, ACT	(38)	1,213
Bondi Junction, NSW	187	753
Penrith, NSW	120	484
North Strathfield, NSW	(394)	6,230
Mature		
Manly, NSW	401	2,061
Neutral Bay, NSW	201	1,648
Zetland, NSW	763	2,608
Chermside, QLD	309	1,365
Total WOTSO Third Party Lease Portfolio	1,549	16,658



WOT's not to like?

- Security of a REIT with upside of op co valuation
- Moderately valued portfolio trading at discount to NTA
- Early adopter of a new property sector
- Filling of vacancies = valuation and distribution uplift
- Education of valuers / market = valuation uplift
- WOTSO maturity = valuation and distribution uplift

BlackWall Limited (BWF) – What we do

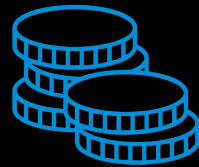
- Listed property and fund manager
- Manager of WOTSO Property and four other property syndicates and registered schemes
- Experts in turnaround of distressed properties and portfolios:
 - Reed Property Trust, now WOTSO Property
 - 55 Pyrmont Bridge Road, Pyrmont NSW
 - Revitalisation and sale of Bakehouse Quarter – 15% IRR over 20 years
- Founder of WOTSO flexspace business
- Co-investor in the funds we manage, most significant being 10% owner of WOT
- New fund launched – Pyrmont Bridge Road Mortgage Fund

BWF 2022 Results - Highlights



\$500m

Assets under management



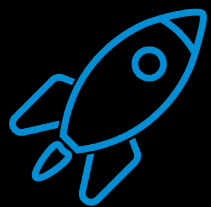
\$6.4m

Total revenue



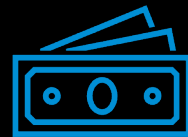
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Fully franked full year dividend



\$20m

New fund launched



\$5.7m

Management fee income



9.5%

Grossed up dividend yield
(on a share price of \$0.70)

All figures at 30 June 2022

Disclaimer

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Q&A



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