ASX ANNOUNCEMENT

HALF-YEAR FINANCIAL RESULTS

26 February 2021

ASX CODE: MPX

DIRECTORS

Mr Nicholas Zborowski
Executive Director

Mr Anthony Ho
Non-Executive Director

Mr Jack Spencer-Cotton
Non-Executive Director

CAPITAL STRUCTURE

Ordinary Shares: 116.2M
Options: 5.5M

COMPANY ENQUIRIES

Nicholas Zborowski
Executive Director

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Mustera Property Group Ltd (ASX: **MPX**) (**Mustera** or **Company**) is pleased to present its Interim Financial Report for the six months ended 31 December 2020, together with the ASX Appendix 4D – Half-Year Report, in accordance with ASX Listing Rule 4.2A.3.

This information is to be read in conjunction with the Company's annual financial report for the year ended 30 June 2020.

AUTHORISED BY

THE BOARD OF DIRECTORS

Appendix 4D
Half Year Report to the Australian Securities Exchange
Mustera Property Group Ltd and Controlled Entities – ABN 13 142 375 522
Period ending 31 December 2020

The following information is provided to the ASX under listing rule 4.2A.3

1. Details of the reporting period and the previous corresponding period.

Reporting Period	**6 Months ending 31 December 2020**
Previous Corresponding Reporting Period	**6 Months ending 31 December 2019**

2. Results for announcement to the market

2.1 The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities.

$ Revenue from Ordinary Activities - current period	**$'000**	**1,627**
$ Revenue from Ordinary Activities - previous period	**$'000**	**1,444**
$ change in Revenue from Ordinary Activities	**$'000**	**183**
% change from previous corresponding reporting period	**% UP**	**13%**

2.2 The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.

$ Profit (loss) from ordinary activities after tax - current period	**$'000**	**(943)**
$ Profit (loss) from ordinary activities after tax - previous period	**$'000**	**(645)**
$ change in profit (loss) from ordinary activities after tax	**$'000**	**(298)**
% change from previous corresponding reporting period	**% UP**	**46%**

2.3 The amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members.

$ Net profit (loss) attributable to members - current period	**$'000**	**(943)**
$ Net profit (loss) attributable to members - previous period	**$'000**	**(645)**
$ change in net profit (loss) attributable to members	**$'000**	**(298)**
% change from previous corresponding reporting period	**% UP**	**46%**

2.4 The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.

It is not proposed to pay a dividend.

2.5 The record date for determining entitlements to the dividends (if any).

Not applicable

2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.

Please refer to the Interim Financial Report lodged with this Appendix 4D.

3. Net tangible assets per security with the comparative figure for the previous corresponding period.

Net tangible assets per security	**Cents**	**12.4**
Previous corresponding period	**Cents**	**11.8**

4. Details of entities over which control has been gained or lost during the period, including the following.

4.1 Name of the entity.

Not applicable

4.2 The date of the gain or loss of control.

Not applicable

4.3 Where material to an understanding of the report - the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.

Not applicable

5. Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividend or distribution.

Not applicable

6. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.

Not applicable

7. Details of associates and joint venture entities including the following.

None

7.1 Name of the associate or joint venture entity.

Not applicable

7.2 Details of the reporting entity's percentage holding in each of these entities.

Not applicable

7.3 Where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.

Not applicable

8 For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Financial Reporting Standards).

Not applicable

9. For all entities, if the accounts contain an independent audit report or review that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph.

The accounts are subject to an emphasis of matter paragraph relating to the Group's ability to continue as a going concern.

Mustera Property Group Ltd

ABN 13 142 375 522

Interim Financial Report

31 December 2020

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DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Mustera Property Group Ltd (**Mustera** or **Company**) and its subsidiaries (**Group** or **Consolidated Entity**) for the half-year ended 31 December 2020 and the Auditor's Review Report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the interim period and until the date of this report are noted below.

Mr Nicholas Zborowski
Executive Director

Mr Anthony Ho
Non-Executive Director

Mr Jack Spencer-Cotton
Non-Executive Director

Mr Benjamin Young
Non-Executive Director *(resigned 13 July 2020)*

REVIEW OF OPERATIONS

The Group recorded an after-tax loss for the half-year of $985,467 (2019: $660,542). Revenue of $1.63m was recorded during the half-year received from rental income and the sale of inventory. Development planning and approval for the Company's property portfolio continued during the period.

Further details of the Group's operating activities during the period are outlined below.

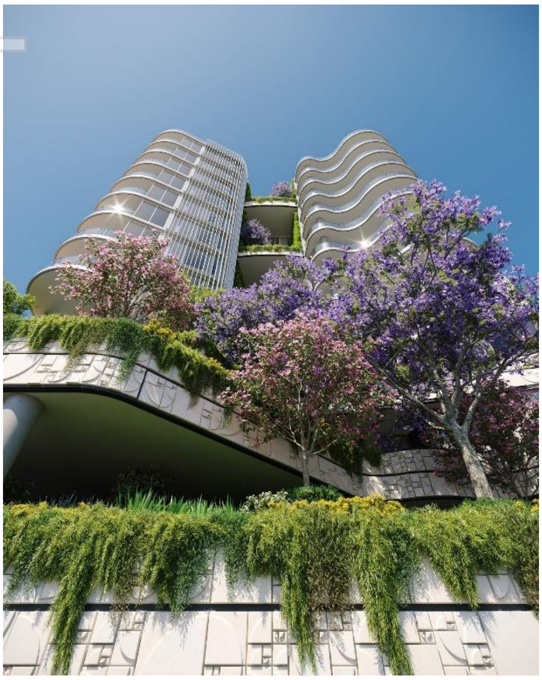
COMPLETED PROJECTS

Victoria Quarter, Lot 803 Foundry Road, Midland WA – Revenue of $0.3m was recorded from the sale of 1 apartment during the period. Four units remain for sale.

CURRENT PROJECTS

10 – 14 Forbes Road and 40 A, B, C Kishorn Road, Applecross WA - The property is located 8 km from Perth's Central Business District (**CBD**) in Applecross, one of Perth's most affluent suburbs.

After receiving a development approval in April 2020, the Group progressed with the design development to enable the Group to commence with its marketing campaign.



Marketing collateral was developed during the period in preparation for the sales campaign and a display suite was constructed to showcase the project.

The display suite was open by appointment from November 2020 and subsequent to 31 December 2020 was opened to the public.

The Group currently has 29 of the 57 apartments under contract.

75 Haig Park Circle, East Perth WA - The property comprises a 2,233m^2 site and is situated near the corner of Plain Street and Royal Street, 1.5 km from the Perth CBD. Improvements include an open air at-grade car park with fifty car bays. The property is currently leased for public parking.

The City of Perth previously adopted design guidelines to introduce development standards for the property. The scheme amendment was referred to the Western Australian Planning Commission in January 2019 and gazetted during the period in September 2020.

The Group is working through the due diligence and feasibility studies with the intent to commence with design works and planning approvals in 2021.

Consistent with the Group's strategy, rental income is being generated from the leased property whilst development planning and approvals are being undertaken.

15 McCabe Street, North Fremantle WA – The property, with direct ocean and river views, comprises office improvements of approximately 2,250m^2 over two levels, on a 2,398m^2 site.

The Group has continued to progress with the preliminary design and planning for the development in anticipation of applying for planning approval in 2021.

Consistent with the Group's strategy, rental income is being generated from the leased property whilst development planning is being undertaken.

82 Belmont Avenue, Rivervale WA – The property comprises office and warehouse improvements of approximately 2,309m^2 on a 4,031m^2 site, located at the intersection of Belmont Avenue and Campbell Street, Rivervale.

The Group continued with the design and feasibility studies of various development options for the property.

Consistent with the Group's strategy, rental income is being generated from the leased property whilst development planning is being undertaken.

Grace Quarter, Lot 801 Helena Street, Midland WA – The site is located on the corner of Helena Street and Yelverton Drive and forms a part of the Midland Railway Workshops precinct.

Due diligence is ongoing for this project including the consideration of reinstating the previously approved residential scheme or an alternative use permissible under the planning framework.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 12 October 2020, the Company issued 16,601,106 shares at $0.25 per share to the participants in the Company's rights issue raising $4.15m, before costs. Total shares on issue as at 31 December 2020 were 116,226,221 (June 2020: 99,616,115).

The Group acquired a further 5% interest from a minority shareholder in Applecross Land Holdings Pty Ltd for $425,000. As at 31 December 2020 Mustera owns 95% of that entity.

The Company acquired and sold units in the Mustera Property Fund (**Fund**). As at 31 December 2020, the Company held 38.75% of the units in the Fund.

Following receipt of shareholder approval at the annual general meeting held on 30 November 2020, the Company issued a total of 2,000,000 performance rights to Directors on 10 December 2020.

EVENTS SUBSEQUENT TO REPORTING DATE

On 11 February 2021 the Group refinanced its Shoalwater loan facility. This facility is interest only and expires 15 February 2024. The Group is currently in the process of refinancing current loans of $5,451,500.

The Group sold units in the Fund in January and February 2021 with proceeds of $500,000 realised from the sales.

Other than what has been disclosed in the accounts, no matters or events have arisen since 31 December 2020 which have significantly affected, or may significantly affect, the operations of the Group, the results of the operations, or the state of affairs of the Group in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 22 and forms part of the Directors' Report.

This Report is made in accordance with a resolution of the Directors:

Nicholas Zborowski
Executive Director

Dated at Perth this 26th day of February 2021.

MUSTERA PROPERTY GROUP LTD

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2020

		Half-year	
	Note	31 December 2020 $	31 December 2019 $
Revenue	6	1,626,083	1,364,785
Cost of sales	8	(297,355)	-
Gross Profit		1,328,728	1,364,785
Property expenses and outgoings		(673,484)	(791,758)
Property development costs		(464,248)	(54,910)
Employee benefits expenses		(193,799)	(177,023)
Administration and overhead costs		(380,800)	(317,279)
Amortisation and depreciation		(34,425)	(1,188)
Other Income and Expenses		(1,746,756)	(1,342,158)
Finance income		485	78,921
Finance costs		(289,351)	(504,429)
Less loss/(profit) attributable to property fund unitholders		(248,531)	(257,661)
Net Finance Costs		(537,397)	(683,169)
Loss before income tax		(955,425)	(660,542)
Income tax expense		(30,042)	-
Total comprehensive loss for the period		**(985,467)**	**(660,542)**
Total comprehensive loss for the period is attributable to:			
Ordinary equity holders of the parent		(943,384)	(645,178)
Non-controlling interest		(42,083)	(15,364)
		(985,467)	**(660,542)**
Loss per share (cents)			
Loss per share for the period (cents)		(0.92)	(0.66)
Diluted earnings per share for the period (cents)		N/A*	N/A*

*Diluted loss per share is not shown as all potential ordinary shares on issue would decrease the loss per share and are thus not considered dilutive.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

MUSTERA PROPERTY GROUP LTD

Consolidated Statement of Financial Position

as at 31 December 2020

	Note	31 December 2020 $	30 June 2020 $
CURRENT ASSETS			
Cash and cash equivalents		232,641	281,321
Trade and other receivables		276,581	211,264
Inventories	8	1,189,419	1,486,774
Other current assets		125,517	15,197
Total Current Assets		1,824,158	1,994,556
NON-CURRENT ASSETS			
Trade and other receivables		2,500	2,500
Inventories	8	24,715,691	24,133,525
Investment property	9	17,359,827	17,359,827
Property, plant & equipment		193,517	19,343
Right of use asset		34,474	-
Deferred tax assets		158,320	188,362
Total Non-Current Assets		42,464,329	41,703,557
TOTAL ASSETS		44,288,487	43,698,113
CURRENT LIABILITIES			
Trade and other payables		1,532,996	952,573
Income tax payable		82,468	108,471
Employee benefits		17,066	17,066
Lease liability		19,405	-
Borrowings	10	18,184,546	15,358,183
Net assets attributable to Fund unitholders	12	4,140,637	7,017,669
Total Current Liabilities		23,977,118	23,453,962
NON-CURRENT LIABILITIES			
Other payables		2,500	2,500
Lease liability		15,266	-
Borrowings	10	5,831,000	8,531,000
Total non-Current Liabilities		5,848,766	8,533,500
TOTAL LIABILITIES		29,825,884	31,987,462
NET ASSETS		**14,462,603**	**11,710,651**
EQUITY			
Contributed equity	11	16,131,071	11,980,795
Other reserves		122,637	308,019
Accumulated losses		(2,004,451)	(1,061,067)
Non-controlling interest		213,346	482,904
TOTAL EQUITY		**14,462,603**	**11,710,651**

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

MUSTERA PROPERTY GROUP LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2020

	Attributable to owners of Mustera Property Group Limited					
	Contributed Equity $	**Other Reserves $**	**Accumulated losses $**	**Total $**	**Non-controlling interests $**	**Total Equity $**
Balance at 1 July 2020	11,980,795	308,019	(1,061,067)	11,227,747	482,904	11,710,651
Loss for the half-year	-	-	(943,384)	(943,384)	(42,083)	(985,467)
Total comprehensive loss for the half-year	-	-	(943,384)	(943,384)	(42,083)	(985,467)
Transactions with equity holders in their capacity as equity holders:						
Shares issued, net of costs	4,150,276	-	-	4,150,276	-	4,150,276
Rights issue	-	12,143	-	12,143	-	12,143
Transactions with non controlling interests	-	(197,525)	-	(197,525)	(227,475)	(425,000)
Balance at 31 December 2020	**16,131,071**	**122,637**	**(2,004,451)**	**14,249,257**	**213,346**	**14,462,603**
Balance at 1 July 2019	11,980,795	308,019	(20,960)	12,267,854	508,732	12,776,586
Loss for the half-year	-	-	(645,178)	(645,178)	(15,364)	(660,542)
Total comprehensive loss for the half-year	-	-	(645,178)	(645,178)	(15,364)	(660,542)
Transactions with equity holders in their capacity as equity holders:						
Shares issued	-	-	-	-	-	-
Balance at 31 December 2019	**11,980,795**	**308,019**	**(666,138)**	**11,662,676**	**493,368**	**12,116,044**

The Consolidated Statement of Changes in Equity is to be read in conjunction with accompanying notes.

Consolidated Statement of Cash Flows

for the half-year ended 31 December 2020

	Note	Half-year 2020 $	2019 $
Cash flows from operating activities			
Receipts in the course of operations		1,666,005	1,479,657
Receipts from repayment of vendor finance loan		-	639,200
Payments in the course of operations		(1,320,152)	(1,341,166)
Payments for property held for development		(582,166)	(116,793)
Interest received		149	78,921
Finance costs paid		(154,615)	(520,981)
Income tax paid		(26,003)	(254,755)
Net cash outflow from operating activities		(416,782)	(35,917)
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(204,929)	(1,355)
Payments for purchase of units in theFund	12	(2,900,000)	-
Proceeds from sale of units in the Fund	12	50,000	-
Payments for transactions with non controlling interests		(425,000)	-
Net cash outflow from investing activities		(3,479,929)	(1,355)
Cash flows from financing activities			
Proceeds from borrowings		5,458,805	2,700,000
Repayment of borrowings		(5,465,488)	(2,978,331)
Distributions paid to unitholders of the Fund		(275,563)	(380,968)
Cash allocated to term deposits		(15,000)	-
Payment of lease liabilities		(5,000)	-
Proceeds from share issue	11	4,150,277	-
Net cash inflow/(outflow from financing activities		3,848,031	(659,299)
Net decrease in cash and cash equivalents		(48,680)	(696,571)
Cash and cash equivalents at the beginning of the half-year		281,321	943,589
Cash and cash equivalents at the end of the half-year		**232,641**	**247,018**

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

1. BASIS OF PREPARATION OF INTERIM FINANCIAL REPORT

Mustera Property Group Ltd (**Mustera** or **Company**) is a public company limited by shares incorporated in Australia whose shares are quoted on the Australian Securities Exchange.

These consolidated financial statements comprise the Company and its subsidiaries (collectively the "**Group**" and individually "**Group companies**"). They were authorised for issue by the Board of Directors on 26 February 2021.

This interim financial report for the half-year period ended 31 December 2020 has been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the financial period ended 30 June 2020 and considered together with any public announcements made by Mustera during the half-year ended 31 December 2020 in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact of the new or amended standards became applicable for the current reporting period. The Group did not have to make retrospective adjustments as a result of adopting these standards.

Going concern

For the half-year ended 31 December 2020 the Group recorded a loss of $985,467 and had net cash outflows from operating activities of $416,782. The Group had cash and cash equivalent of $232,641 and net working capital deficiency of $22,152,960 as at 31 December 2020. The working capital deficiency includes a liability of $4,140,637 relating to net assets attributable to unitholders of the Mustera Property Fund (**Fund**), and is restricted to the assets of that entity, and current borrowings of $18,184,546.

The ability of the Group to continue as a going concern is dependent on a number of factors including:

a) securing additional funding for future development works to continue to fund its operational and marketing activities;
b) successfully renewing its banking facilities which are due for repayment within the next 12 months; and
c) successful development and/or sale of its inventory assets.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The Directors believe there are sufficient funds to meet the Group's working capital requirements as at the date of this report.

Subsequent to period end, the Group sold units held in the Fund, with proceeds of $500,000 realised from the sale in addition to renewing its facility for the $9,900,000 loan for a further 3 year term. The Group is currently in the process of refinancing current loans of $5,451,500 and the directors expects this to occur in due course and are confident of the Group's ability to secure appropriate finance against the properties' assets. Notwithstanding the Group's confidence to refinance its current debt facilities and progress successfully to develop its property portfolio, there exists a material uncertainty on such plans which may cast significant doubt about the Group's ability to continue as a going concern.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- the Group continues to generate rental income from several of its properties;
- the quality of the Group's diverse development portfolio is such that it will attract appropriate equity and debt financing for its successful development;
- the Group is able to divest its property inventory as and when required to augment its working capital;
- the Group is able to divest its units held in the Fund for liquidity; and
- the Group anticipates being able to refinance existing loan facilities, as and when the loan facilities mature and secure funding for future development opportunities.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

2. CRITICAL ACCOUNTING ESTIMATES

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2020. Critical accounting judgements, estimates and assumptions adopted by management are discussed below.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

a. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
b. Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
c. Level 3: Unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. The fair value of assets and liabilities classified as Level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Impairment of non-current assets

The consolidated entity assesses impairment of non-current assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. None of the consolidated entity's non-current assets indicated any impairment trigger during the year.

Classification of properties

The Group makes judgements in respect of the classification of properties as investment property or inventory depending on the Group's intended use of the property. Properties held either to earn income or for capital appreciation or both are classified as investment property. Properties held with the intention of redevelopment and sales of developed products are classified as inventory. The accounting treatments of investment property and inventory are different. Subsequent re-classification of properties may affect the carrying value of a property. There was no re-classification of properties during the reporting period.

Valuation of investment properties held at fair value

The Group makes judgements in respect of the fair value of investment properties. The fair value of these properties are reviewed regularly by management with reference to external independent property valuations and market conditions existing at reporting date, using generally accepted market practices. The assumptions underlying estimated fair values are those relating to the receipt of contractual rents, expected future market rentals, maintenance requirements, capitalisation rates and discount rates that reflect current market conditions and current or recent property investment prices. If there is any material change in these assumptions or regional, national or international economic conditions, the fair value of investment properties may differ and may need to be re-estimated.

Inventories

The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell which approximates fair value less costs to sell. The key assumptions require the use of management judgement and are reviewed annually. The key assumptions are the variables affecting the estimated costs to develop and sell and the expected selling price, including but not limited to the fluctuations in the property market. Any reassessment of cost to develop and sell or selling price in a particular year will affect the cost of goods sold when the properties are sold.

Control of subsidiaries and other entities

The Group has amended the trust deed during the period to provide clarity on the clauses which result in Mustera Property Group Limited controlling the Mustera Property Fund and therefore consolidating this entity into the group. These amendments have removed a number of provisions relating to unit holder rights and the criteria for controlling the types of relevant activities to be undertaken by the trust. While these amendments would result in the deconsolidation of the Fund from the accounts, as the Group hold 38.75% of the units in the Fund as at 31 December 2020, the Directors have determined that the Group still has the ability to control the Fund and has continued to include it in the consolidated accounts.

2. CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

Performance rights and share based payment expense

The fair value of performance rights is estimated by taking the market price of the Company's shares on the grant date and amortised over the vesting period. The performance rights are assumed to be vested as the conditions are assumed to be met, and only forfeited when conditions have failed to be met.

3. CHANGES IN ACCOUNTING STANDARDS

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2020, except for the adoption of new and revised standards effective as of 1 July 2020. The adoption of the following new and revised standards and interpretations has not resulted in a significant or material change to the Group's accounting policies. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the financial year ended 30 June 2020.

5. DIVIDENDS

Dividend Reinvestment Plan ("DRP")

The Company's DRP is currently active and available to all eligible shareholders. The Directors have not recommended, declared or paid dividends during the period.

6. REVENUE	**31 Dec 2020 $**	**31 Dec 2019 $**
Disaggregation of revenue		
The disaggregation of revenue from customers is as follows:		
Revenue from customers		
Rental income and recovery of outgoings	1,236,241	1,364,785
Other income	57,439	-
Sale of property	332,403	-
	1,626,083	1,364,785
Other revenue		
Interest income	485	78,921
	1,626,568	**1,443,706**

7. SEGMENT INFORMATION

Identification of reportable operating segments

The consolidated entity has identified two reportable segments, being property investment and property development. The identification of reportable segments is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

Segment information

	Property Investment $	Property Development $	Other[1] $	Group $
Half-year ended 31 December 2020				
Segment revenue and other income	782,883	786,246	57,439	1,626,568
Segment result	296,770	(990,518)	(249,636)	(943,384)
As at 31 December 2020				
Segment assets	17,359,827	24,726,188	2,202,472	44,288,487
Segment liabilities	14,040,637	14,256,255	1,528,992	29,825,884
Half-year ended 31 December 2019				
Segment revenue and other income	828,074	615,632	-	1,443,706
Segment result	299,944	(648,847)	(311,639)	(660,542)
As at 30 June 2020				
Segment assets	17,359,827	24,158,916	2,179,370	43,698,113
Segment liabilities	16,917,669	14,139,890	931,903	31,987,462

1. *This column includes head office and group services which are not allocated to any reportable segment.*

8. INVENTORIES

	31 Dec 2020 $	30 Jun 2020 $
Current		
Land and property held for development and resale (at cost)	1,189,419	1,486,774
Non-current		
Land and property held for development and resale (at cost)	24,715,691	24,133,525
Total	**25,905,110**	**25,620,299**

	2020 $	2019 $
Movement in inventories for the half-year		
Balance at 1 July	25,620,299	25,314,497
Additions at cost	-	-
Capitalised development costs	582,166	116,793
Sale of inventory	(297,355)	-
Write down of inventory to net realisable value	-	-
Balance at 31 December	25,905,110	25,431,290

9. INVESTMENT PROPERTY

	31 Dec 2020 $	30 Jun 2020 $
Investment property at fair value	**17,359,827**	**17,359,827**

(a) Movement in investment property

	31 Dec 2020 $	30 Jun 2020 $
Balance at 1 July	17,359,827	17,359,827
Acquisitions	-	-
Balance at 31 December	**17,359,827**	**17,359,827**

(i) Amounts recognised in profit and loss for investment properties

	2020 $	2019 $
Rental income	782,877	827,959
Direct operating expenses from property that generated rental income	383,242	397,991

(ii) Investment property, principally land and buildings, is held for long-term rental yields and are not occupied by the entity. They are carried at fair value. Changes in fair value are presented in the profit or loss as part of other income. Refer to Note 19 for details of Fair Value.

(iii) *Assets pledged as security*

Some of the Group's Borrowings (refer Note 14) are secured by registered mortgage over properties classified as investment property plus fixed and floating charges over all the assets and undertakings held by the Group.

10. BORROWINGS

	31 Dec 2020 $	30 Jun 2020 $
Current		
Loans from financial & non-financial institutions (refer Note (a))	18,051,500	15,358,183
Insurance Premium Funding	133,046	-
	18,184,546	**15,358,183**
Non-current		
Loans (refer Note (a))	**5,831,000**	**8,531,000**

(a) Loans

Facility	Secured	Maturity Date	Facility limit 31 Dec 2020 $	Utilised 31 Dec 2020 $	Facility limit 30 Jun 2020 $	Utilised 30 Jun 2020 $
Current						
McCabe St Facility	Yes	December 2021	2,700,000	2,700,000	-	-
Belmont Facility[1]	Yes	February 2021	1,527,500	1,527,500	1,527,500	1,527,500
Forbes Facility[1]	Yes	February 2021	2,640,000	2,640,000	2,640,000	2,645,522
Sterlink Facility[1]	Yes	February 2021	800,000	800,000	800,000	800,000
Helena St Facility[1]	Yes	February 2021	484,000	484,000	484,000	485,161
Shoalwater Facility[2]	Yes	February 2021	9,900,000	9,900,000	9,900,000	9,900,000
				18,051,500		
Non-current						
McCabe St Facility	Yes	December 2021	-	-	2,700,000	2,700,000
Haig Park Cir Facility	Yes	January 2022	2,585,000	2,331,000	2,585,000	2,331,000
Anrinza private loan[3]	No	May 2022	3,500,000	3,500,000	3,500,000	3,500,000
				5,831,000		

10. BORROWINGS (CONTINUED)

1) These facilities expire in February 2021. The Group is in the process of refinancing the facilities. The Group does not anticipate any issues with securing extensions to the loans.
2) Subsequent to period end, the Group refinanced this facility with an expiry of 15 February 2024. The facility is secured by first registered mortgages over the investment property (Shoalwater Shopping Centre) held by the Fund and first ranking charge over all assets and undertakings of the Fund .
3) This facility is provided by a major shareholder of the Group and is unsecured and interest free.

(b) Fair Value

The fair values of the Group's borrowings are not materially different to their carrying amounts since the interest rates attributable to those borrowings are close to current market rates.

11. EQUITY – ISSUED CAPITAL	31 Dec 2020 $	30 Jun 2020 $
116,226,221 (30 June 2020: 99,625,115) fully paid ordinary shares	**16,131,071**	**11,980,795**

(a) Ordinary shares

The following movements in ordinary share capital occurred during the half-year:

	2020 Number	2019 Number	2020 $	2019 $
Balance at beginning of the half-year	99,625,115	99,625,115	11,980,795	11,980,795
Rights issue	16,601,106	-	4,150,276	-
Balance at the end of the half-year	116,226,221	99,625,115	16,131,071	11,980,795

12. NET ASSETS ATTIBUTABLE TO FUND UNITHOLDERS

	31 Dec 2020 $	30 Jun 2020 $
Opening balance	7,017,669	7,301,128
Net (Acquisition)/disposal of units in the Fund by Mustera Property Group [1]	(2,850,000)	(250,000)
Distributions paid and payable to non-controlling interest	(281,530)	(661,593)
Profit/(loss) for the period attributable to non-controlling interest	254,498	628,134
	4,140,637	**7,017,669**

Mustera acquired 2,900,000 units and disposed of 50,000 units in the Fund during the period. As at 31 December 2020 Mustera held 38.75% of the units outstanding in the Fund.

13. COMMITMENTS AND CONTINGENCIES

The changes to the commitments and contingencies disclosed in the most recent annual report are specified below. Other than the changes mentioned below, all other commitments and contingencies remain consistent with those disclosed in the 2020 annual report.

Contingencies

The consolidated entity does not have any contingent liabilities at balance and reporting dates.

14. RELATED PARTY TRANSACTIONS

The following transactions occurred with related parties during the reporting period:

Director	Entity	Transaction	Transaction value for the half-year ended 31 Dec 2020 $	31 Dec 2019 $	Balance outstanding as at 31 Dec 2020 $	30 Jun 2020 $
Anthony Ho	Anthony Ho & Associates	Secretarial Services	-	18,000	-	-
Benjamin Young	Townshend Capital Pty Ltd	Corporate Advisory Fees	8,944	39,643	N/A	36,958
		Rental Income	-	(46,262)	N/A	(25,294)
	Spectra (WA) Pty Ltd	Rental Guarantee	-	72,729	N/A	-
		Property Management	-	4,281	N/A	-
		Rental Income	-	(21,959)	N/A	(16,396)
		Vendor Finance loan provided/ (repaid by Spectra)	-	(639,200)	N/A	-
		Vendor Finance Interest received	-	(77,976)	N/A	-
	Kingsfield Pty Ltd	Rental Guarantee	-	11,385	N/A	-
		Working Capital Loan	-	72,435	N/A	-

a. The above transactions were made on normal commercial terms and conditions and at market rates.
b. Share-based payments consisting of performance rights were issued to Directors. Refer to Note 15.
c. Mustera acquired 2,900,000 units and disposed of 50,000 units in the Fund during the period, holding 3,100,000 units as at 31 December 2020. Refer to Note 12.

15. SHARE BASED PAYMENTS

At the annual general meeting held on 30 November 2020, shareholders approved the grant of 2,000,000 performance rights to the Directors.

Holder	Class	Number	Grant Date	Probability	Expiry Date of milestone achievement	Fair value per right	Total Fair Value
Nicholas Zborowski	A	500,000	10/12/2020	100%	10/12/2023	$0.30	$150,000
	B	500,000	10/12/2020	100%	10/12/2023	$0.30	$150,000
Jack Spencer-Cotton	A	250,000	10/12/2020	100%	10/12/2023	$0.30	$75,000
	B	250,000	10/12/2020	100%	10/12/2023	$0.30	$75,000
Anthony Ho	A	250,000	10/12/2020	100%	10/12/2023	$0.30	$75,000
	B	250,000	10/12/2020	100%	10/12/2023	$0.30	$75,000

The performance rights were valued at 30 cents a share being the share price on grant date 10 December 2020. Vesting occurs at the end of the performance period dated 10 December 2023, if the following performance conditions are met:

A) Upon announcement by the Company on the ASX market announcements platform that it has achieved committed pre-sales equal to or greater than 50% of the 57 residential apartments at Forbes Residences;

B) Upon announcement by the Company on the ASX market announcements platform that it has entered into a Construction Contract for the development of Forbes Residences.

A share-based payment expense of $12,143 was recognised in the Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2020.

16. FAIR VALUE MEASUREMENT

The following table details the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Fair value hierarchy

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

As at balance date the consolidated entity had the following assets or liabilities measured or disclosed at fair value:

31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Investment property	-	-	17,359,827	17,359,827
Total assets	-	-	17,359,827	17,359,827

30 June 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Investment property	-	-	17,359,827	17,359,827
Total assets	-	-	17,359,827	17,359,827

Valuation techniques for fair value measurements categorised within level 3

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation techniques	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Capitalisation of net income: the valuation method considers the present value of expected future rental income to be generated from the property, taking into account the market rental income, leasing downtimes and leasing incentive such as rent free periods. The expected future rental income is divided by a capitalisation rate. Among other factors, the capitalisation rate considers the nature, location and tenancy profile of the property.	• Market fully leased net rental income per annum after vacancy allowance $1.20m (June: $1.39m) • Capitalisation rate 7.00% (June: 6.75%) • Leasing vacancy 5.00% (June: 5.00%) • Weighted lease duration by income: 6.48 years (June: 7.24 years)	The estimated fair value would increase (decrease) if: • Expected market rental income were higher (lower); • Capitalisation rate were lower (higher); or • Leasing downtime were shorter (longer).

The fair values adopted for investment properties have been supported by independent external valuations are considered to reflect market conditions at balance date.

17. EVENTS SUBSEQUENT TO REPORTING DATE

On 11 February 2021 the Group refinanced its Shoalwater loan facility. This facility is interest only and expires 15 February 2024. The Group is currently in the process of refinancing current loans of $5,451,500.

The Group sold units in the Fund in January and February 2021 with proceeds of $500,000 realised from the sales.

Other than what has been disclosed in the accounts, no matters or events have arisen since 31 December 2020 which have significantly affected, or may significantly affect, the operations of the Group, the results of the operations, or the state of affairs of the Group in future financial periods.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 7 to 18 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 31 December 2020 and of its performance for the 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.

Signed in accordance with a resolution of the Directors.

Nicholas Zborowski
Executive Director

Perth, Western Australia
26 February 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mustera Property Group Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Mustera Property Group Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of 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 matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 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 2020 and its financial 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.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 26 February 2021

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF MUSTERA PROPERTY GROUP LTD

As lead auditor for the review of Mustera Property Group Ltd for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mustera Property Group Ltd and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 26 February 2021