



MUSTERA PROPERTY GROUP LTD
ABN 13 142 375 522

INTERIM FINANCIAL REPORT
31 December 2022

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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 2022 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

REVIEW OF OPERATIONS

During the reporting period the Group continued with its core business of development and funds management focusing on progressing its existing development portfolio whilst generating sound holding income from its portfolio. Revenue of \$1.15m was recorded to 31 December 2022 (received from rental income). No new projects reached completion during the period.

During the period, the Company progressed with its flagship project, Forbes Residences in Applecross. Construction progressed with the structure being complete to level 8 at 31 December 2022 and services trades commencing on the lower levels. The structure is due to be completed Q1 2023. The Company continued to market the project for sale during the period and at 31 December 2022 the Company had \$55.9m in apartment sales under contract. Further details of the Forbes Residence project are set out below.

The Company also lodged a development application on its McCabe Street, North Fremantle project during the period with the City of Fremantle which comprises 42 apartments over 7 levels.

The Group recorded an after-tax loss for the half-year of \$2,118,863 (2021: loss of \$1,234,858).

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

PROJECT UNDER CONSTRUCTION

10 Forbes Road, Applecross WA – The development comprises 57 apartments, food and beverage and commercial office space over 13 floors.

During the period the Company progressed with the construction of the project. The structure including concrete slabs and precast panels reached level 8 at 31 December 2022. Services trades including electrical, mechanical and hydraulic services continued throughout the basement and lower levels of the project.



The project structure is due to be completed in Q1 2023 with practical completion forecast for late 2023.

DIRECTORS' REPORT

The Company has continued to successfully sell the apartments off the plan during construction. At 31 December 2022 the project had achieved 43 apartment sales reflecting a gross sales value of \$55.9m. 14 apartments remain for sale at 31 December 2022.

The Company is also considering its sale and leasing campaign options for the commercial office and food and beverage on the lower levels of the project.

FUTURE PROJECTS

15 McCabe Street, North Fremantle WA – The property, with direct ocean and river views, currently comprises office improvements of approximately 2,000m² over two levels, on a 2,398m² site.

During the period the Company progressed with the schematic design and preparation of a development application for the project. The design comprises 42 apartments over 7 levels. The development application was lodged in November 2022 with the City of Fremantle. The development application will be determined by the Joint Development Assessment Panel in Q1 2023.

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

75 Haig Park Circle, East Perth WA - The property comprises a 2,233m² site and is situated near the corner of Plain and Royal Street, 1.5 km from the Perth Central Business District. Improvements include an open air at-grade car park with fifty car bays. The property is currently leased for long stay public parking.

The Group has continued to study development options for the property which is strategically located close to the world-class Optus Stadium sporting and entertainment precinct.

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

Grace Quarter, Lot 801 Helena Street, Midland WA – The 2,390m² site is located on the corner of Helena Street and Yelverton Drive and forms a part of the Midland Railway Workshops precinct.

The Group has been assessing the market conditions in anticipation of reinstating the expired development approval. In addition, the Company is also looking at alternative development options for the site.

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Following receipt of shareholder approval at the annual general meeting held on 25 November 2022, the Company issued a total of 4,400,000 performance rights to the Directors. In addition, 2,000,000 performance rights were granted to other parties.

EVENTS SUBSEQUENT TO REPORTING DATE

On 16 February 2023, the Group received approval for a 12 month extension (to 28 February 2024) for its McCabe Street, Haig Park Circle and Helena Street facilities.

The Group sold units in the Fund in February 2023 with proceeds of \$50,000 realised from the sales.

Other than what has been disclosed in the accounts, no matters or events have arisen since 31 December 2022 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 20 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 28th day of February 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the half-year ended 31 December 2022

	Note	Half-year	
		31 December 2022 \$	31 December 2021 \$
Revenue	6	1,148,562	2,555,415
Cost of sales	8	-	(1,189,419)
Gross Profit		<u>1,148,562</u>	<u>1,365,996</u>
Property expenses and outgoings		(739,599)	(959,210)
Property development costs		(636,736)	(517,973)
Employee benefits expenses		(380,734)	(183,708)
Administration and overhead costs		(228,973)	(272,569)
Amortisation and depreciation		(18,471)	(49,956)
Other Income and Expenses		<u>(2,004,513)</u>	<u>(1,983,416)</u>
Finance income		26,950	124
Finance costs		(1,278,296)	(190,592)
Less profit attributable to property fund unitholders	13	(11,566)	(429,970)
Net Finance Costs		<u>(1,262,912)</u>	<u>(620,438)</u>
Loss before income tax		(2,118,863)	(1,234,858)
Income tax expense		-	-
Total comprehensive loss for the period		<u>(2,118,863)</u>	<u>(1,234,858)</u>
Total comprehensive loss for the period is attributable to:			
Ordinary equity holders of the parent		(2,118,863)	(1,232,289)
Non-controlling interest		-	(2,569)
		<u>(2,118,863)</u>	<u>(1,234,858)</u>
Loss per share (cents)			
Loss per share for the period (cents)		(1.47)	(0.87)
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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

	Note	31 December 2022 \$	30 June 2022 \$
CURRENT ASSETS			
Cash and cash equivalents		283,825	894,673
Trade and other receivables	7	857,471	352,895
Inventories	8	31,451,161	-
Other current assets		124,158	31,201
Total Current Assets		32,716,615	1,278,769
NON-CURRENT ASSETS			
Trade and other receivables	7	700,000	1,102,500
Inventories	8	12,035,749	33,723,656
Investment property	9	17,570,675	17,484,631
Financial assets		300,000	-
Property, plant & equipment		34,202	47,748
Right of use asset		-	4,925
Total Non-Current Assets		30,640,626	52,363,460
TOTAL ASSETS		63,357,241	53,642,229
CURRENT LIABILITIES			
Trade and other payables		940,434	715,865
Employee benefits		5,724	8,161
Lease liability		-	5,125
Borrowings	10	28,815,433	5,515,000
Net assets attributable to Fund unitholders	13	4,402,513	4,150,911
Total Current Liabilities		34,164,104	10,395,062
NON-CURRENT LIABILITIES			
Other payables		-	2,500
Employee benefits		26,682	25,069
Borrowings	10	13,400,000	25,522,426
Total Non-Current Liabilities		13,426,682	25,549,995
TOTAL LIABILITIES		47,590,786	35,945,057
NET ASSETS		15,766,455	17,697,172
EQUITY			
Contributed equity	11	22,965,710	22,965,710
Other reserves	12	859,334	671,188
Accumulated losses		(8,058,589)	(5,939,726)
TOTAL EQUITY		15,766,455	17,697,172

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half-year ended 31 December 2022

	Attributable to owners of Mustera Property Group Limited					
	Contributed Equity \$	Other Reserves \$	Accumulated losses \$	Total \$	Non- controlling interests \$	Total Equity \$
Balance at 1 July 2022	22,965,710	671,188	(5,939,726)	17,697,172	-	17,697,172
Loss for the half-year	-	-	(2,118,863)	(2,118,863)	-	(2,118,863)
Total comprehensive loss for the half-year	-	-	(2,118,863)	(2,118,863)	-	(2,118,863)
Transactions with equity holders in their capacity as equity holders:						
Recognition of share based payments	-	188,146	-	188,146	-	188,146
Balance at 31 December 2022	22,965,710	859,334	(8,058,589)	15,766,455	-	15,766,455
Balance at 1 July 2021	16,131,071	687,494	(3,475,753)	13,342,812	179,454	13,522,266
Loss for the half-year	-	-	(1,232,289)	(1,232,289)	(2,569)	(1,234,858)
Total comprehensive loss for the half-year	-	-	(1,232,289)	(1,232,289)	(2,569)	(1,234,858)
Transactions with equity holders in their capacity as equity holders:						
Shares issued, net of costs	6,834,639	-	-	6,834,639	-	6,834,639
Transactions with non controlling interests	-	(16,306)	(231,809)	(248,115)	(176,885)	(425,000)
Balance at 31 December 2021	22,965,710	671,188	(4,939,851)	18,697,047	-	18,697,047

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 2022

	Note	Half-year	
		2022 \$	2021 \$
Cash flows from operating activities			
Receipts in the course of operations		1,115,656	2,643,158
Payments in the course of operations		(1,778,578)	(2,841,642)
Payments for property held for development		(9,717,714)	(4,193,303)
Interest received		13,475	4,265
Finance costs paid		(1,236,137)	(143,680)
Income tax paid		-	(4,006)
Net cash outflow from operating activities		(11,603,298)	(4,535,208)
Cash flows from investing activities			
Vendor finance provided		-	(1,100,000)
Proceeds from repayment of vendor finance loan		25,000	-
Payments for leasehold improvements		(86,044)	-
Payments for investment in unit trusts		(300,000)	-
Payments for purchase of units in the Fund	13	-	(2,000,000)
Proceeds from sale of units in the Fund	13	435,000	350,000
Payments for transactions with non-controlling interests		-	(425,000)
Net cash inflow/(outflow) from investing activities		73,956	(3,175,000)
Cash flows from financing activities			
Proceeds from issue of shares	11	-	7,002,228
Payment of share issue costs		-	(167,589)
Proceeds from borrowings		13,404,608	5,144,350
Payment of transaction costs related to borrowings		-	(1,096,137)
Repayment of borrowings		(2,331,000)	(2,640,000)
Distributions paid to unitholders of the Fund		(159,964)	(164,068)
Cash allocated from term deposits		10,000	-
Payment of lease liabilities		(5,150)	(10,150)
Net cash inflow from financing activities		10,918,494	8,068,634
Net (decrease)/increase in cash and cash equivalents		(610,848)	358,426
Cash and cash equivalents at the beginning of the half-year		894,673	421,449
Cash and cash equivalents at the end of the half-year		283,825	779,875

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2022

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 (ASX).

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 28 February 2023.

This interim financial report for the half-year period ended 31 December 2022 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 2022 and considered together with any public announcements made by Mustera during the half-year ended 31 December 2022 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 2022, the Group recorded a loss of \$2,118,863 and had net cash outflows from operating activities of \$11,603,298. It also recorded for that period proceeds from borrowings of \$13,404,608. The Group had cash and cash equivalents of \$283,825 and net working capital deficiency of \$1,647,489 as at 31 December 2022. The working capital deficiency includes current borrowings of \$28,815,433 and a liability of \$4,402,513 relating to net assets attributable to unitholders of the Mustera Property Fund (**Fund**), which is restricted to the assets of that entity.

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

- securing additional funding for future development works and to continue to fund its operational activities
- successfully renewing its banking facilities which are due for repayment within the next 12 months
- generating sufficient proceeds from the sale of apartments in the timeframe required to settle the Forbes Facility.

These conditions indicate a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Directors believe there are sufficient funds to meet the Group’s working capital requirements as at the date of this report.

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 anticipates being able to refinance existing loan facilities as and when the loan facilities mature and secure funding for future development opportunities. Subsequent to period end, the Group was successful in refinancing existing loan facilities of \$9,015,000, as disclosed in note 10 of the financial report;
- the Group is able to divest its units held in the Fund for liquidity;
- 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; and
- the Group expects to settle the Forbes Facility (refer note 10) through the proceeds generated from the sale of apartments following the successful development and completion of its flagship project, Forbes Residences in Applecross. The Company continues to market the project for sale and at 31 December 2022 the Company had \$55.9m in apartment sales under contract.

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 differs from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded assets or liabilities that may be necessary if the Group is unable to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2022

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 2022.

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 2022, except for the adoption of new and revised standards effective as of 1 July 2022. 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 2022.

5. DIVIDENDS

Dividend Reinvestment Plan ("DRP")

The Company's DRP is currently active and available to all eligible shareholders. No dividends have been declared nor paid during the period.

	31 Dec 2022	31 Dec 2021
	\$	\$
6. REVENUE		
Disaggregation of revenue		
The disaggregation of revenue from customers is as follows:		
Revenue from customers		
Rental income and recovery of outgoings	1,148,562	1,167,186
Sale of property	-	1,388,229
	1,148,562	2,555,415
Other revenue		
Interest income	26,950	124
	1,175,512	2,555,539

	31 Dec 2022	30 Jun 2022
	\$	\$
7. TRADE & OTHER RECEIVABLES		
Current		
Trade debtors	134,105	121,410
Sundry debtors	131,740	120,518
Term deposits	-	-
Net GST receivable	214,446	98,787
Security deposits	2,180	12,180
Vendor finance loan (a)	375,000	-
	857,471	352,895
Non-current		
Security deposit	-	2,500
Vendor finance loan (a)	700,000	1,100,000
	700,000	1,102,500

- (a) A vendor finance loan was entered between Sterlink Development Pty Ltd and Spectra (WA) Pty Ltd during the prior half year ended 31 December 2021. A loan of \$1,100,000 was provided to Spectra (WA) Pty Ltd for the acquisition of the Victoria Quarter apartments. The duration of the loan is over a period of 6 years with the loan expected to be fully repaid by 15 December 2027. The applicable interest rate for the loan is 4.9% per annum. The loan is secured by second registered mortgage over the apartments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2022

	31 Dec 2022 \$	30 Jun 2022 \$
8. INVENTORIES		
<i>Current</i>		
Land and property held for development and resale (at cost)	31,451,161	-
<i>Non-current</i>		
Land and property held for development and resale (at cost)	12,035,749	33,723,656
Total	43,486,910	33,723,656
	2022	2021
	\$	\$
Movement in inventories for the half-year		
Balance at 1 July	33,723,656	23,442,907
Capitalised development costs	9,763,254	4,152,317
Capitalised borrowing costs	-	40,986
Sale of inventory	-	(1,189,419)
Write down of inventory to net realisable value	-	-
Balance at 31 December	43,486,910	26,446,791
	31 Dec 2022	30 Jun 2022
	\$	\$
9. INVESTMENT PROPERTY		
Investment property at fair value	17,570,675	17,484,631
	2022	2021
	\$	\$
(a) Movement in investment property		
Balance at 1 July	17,484,631	17,425,091
Additions	86,044	59,540
Balance at 31 December	17,570,675	17,484,631
	2022	2021
	\$	\$
(i) Amounts recognised in profit and loss for investment properties		
Rental income	81,233	791,436
Direct operating expenses from property that generated rental income	475,775	405,102
(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.		
(iii) <i>Assets pledged as security</i>		
Some of the Group's borrowings (refer Note 10) 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.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2022

10. BORROWINGS	31 Dec 2022 \$	30 Jun 2022 \$
Current		
Loans from financial & non-financial institutions (refer Note (a))	28,711,035	5,515,000
Insurance Premium Funding	104,399	-
	28,815,434	5,515,000
Non-current		
Loans from financial & non-financial institutions (refer Note (a))	13,400,000	26,618,563
	13,400,000	26,618,563

(a) Loans

Facility	Secured	Maturity Date	Facility limit 31 Dec 2022 \$	Utilised 31 Dec 2022 \$	Facility limit 30 Jun 2022 \$	Utilised 30 Jun 2022 \$
Current						
McCabe St Facility ¹	Yes	February 2023	2,700,000	2,700,000	2,700,000	2,700,000
Haig Park Cir Facility ²	Yes	February 2023	2,331,000	2,331,000	2,331,000	2,331,000
Forbes Facility ⁶	Yes	October 2023	51,300,000	23,196,035	-	-
Helena St Facility ⁴	Yes	February 2023	484,000	484,000	484,000	484,000
			56,815,000	28,711,035	5,515,000	5,515,000
Non-current						
Forbes Facility ⁶	Yes	October 2023	-	-	51,300,000	13,218,563
Anrinza private loan ³	No	May 2024	3,500,000	3,500,000	3,500,000	3,500,000
Shoalwater Facility ⁵	Yes	February 2024	9,900,000	9,900,000	9,900,000	9,900,000
			13,400,000	13,400,000	64,700,000	26,618,563

- 1) This facility is secured by first registered mortgage over the McCabe St property held by the Company's 100% owned subsidiary, Riversea Property Holdings Pty Ltd (**Riversea**), and first ranking charge over all present and after acquired property of Riversea. Interest is payable quarterly in arrears at variable rates based on a fixed commitment fee plus a variable yield.
- 2) This facility is secured by first registered mortgages over the East Perth property held by the Company's 100% owned subsidiary, Claisebrook Holdings Pty Ltd (**Claisebrook**), and first ranking charge over all present and after acquired property of Claisebrook. Interest is payable monthly in arrears at variable rates based on a fixed commitment fee plus a variable yield.
- 3) This facility is provided by a major shareholder of the Group and is unsecured and interest free.
- 4) This facility is secured by first registered mortgages over the Helena St Midland property held by the Company's 100% owned subsidiary, Grace Property Holdings Pty Ltd (**Grace**), and first ranking charge over all present and after acquired property of Grace. Mustera has also provided unlimited guarantee for this facility. Interest is payable monthly in arrears at variable rates based on a fixed commitment fee plus a variable yield.
- 5) This facility has a term of 3 years and expires in February 2024. The facility is secured by first registered mortgages over the investment property (Shoalwater Shopping Centre) held by Mustera Property Fund (**Fund**) and first ranking charge over all assets and undertakings of the Fund. Interest is payable quarterly in arrears at variable rates based on a fixed commitment fee plus a variable yield.
- 6) This facility expires in October 2023. The facility is secured by first registered mortgages over the project. The facility has an interest rate of 4.90% per annum and line fee of 1.90% per annum.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2022

	31 Dec 2022	30 Jun 2022
	\$	\$
11. EQUITY – ISSUED CAPITAL		
144,235,132 (30 June 2022: 144,235,132) fully paid ordinary shares	22,965,710	22,965,710

Ordinary shares

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

	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	Number	Number	\$	\$
Balance at beginning of the half-year	144,235,132	116,226,221	22,965,710	16,131,071
Rights issue	-	28,008,911	-	7,002,228
Share issue costs	-	-	-	(167,589)
Balance at the end of the half-year net of costs	<u>144,235,132</u>	<u>144,235,132</u>	<u>22,965,710</u>	<u>22,965,710</u>

	31 Dec 2022	30 Jun 2022
	\$	\$
12. OTHER RESERVES		
Options Reserve	94,188	94,188
Performance Rights	765,146	577,000
	<u>859,334</u>	<u>671,188</u>

Performance rights

	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	Number	Number	\$	\$
Balance at beginning of the half-year	2,000,000	2,000,000	577,000	577,000
Issue of performance rights	6,400,000	-	188,146	-
Balance at the end of the half-year	<u>8,400,000</u>	<u>2,000,000</u>	<u>765,146</u>	<u>577,000</u>

At the annual general meeting held on 25 November 2022, shareholders approved the grant of 4,400,000 performance rights to the Directors. In addition, 2,000,000 performance rights were granted to other parties.

Holder	Class	Number	Grant Date	Probability	Expiry Date of milestone achievement	Fair value per right	Total Fair Value
Nicholas Zborowski	C	1,000,000	28/11/2022	100%	28/11/2025	\$0.275	\$275,000
	D	1,000,000	28/11/2022	100%	28/11/2025	\$0.275	\$275,000
Jack Spencer-Cotton	C	600,000	28/11/2022	100%	28/11/2025	\$0.275	\$165,000
	D	600,000	28/11/2022	100%	28/11/2025	\$0.275	\$165,000
Anthony Ho	C	600,000	28/11/2022	100%	28/11/2025	\$0.275	\$165,000
	D	600,000	28/11/2022	100%	28/11/2025	\$0.275	\$165,000
Others	C	1,000,000	28/11/2022	100%	28/11/2025	\$0.275	\$275,000
	D	1,000,000	28/11/2022	100%	28/11/2025	\$0.275	\$275,000

The performance rights were valued at 27.5 cents a share being the share price on grant date 25 November 2022. Vesting occurs at the end of the performance period dated 28/11/2025, if the following performance conditions are met:

Class C) Upon the announcement by the Company to the ASX market announcements platform of the approval of its development application for its property situated in 15 McCabe Street, North Fremantle WA 6159 by the City of Fremantle or alternate statutory authority by 30 November 2023;

Class D) Upon the announcement by the Company to the ASX market announcements platform of the achievement of the practical completion of the Company's Forbes Residences project by 29 February 2024.

A share-based payment expense of \$59,200 was recognised in the Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2022

The following changes to the options on issue and the attributed value during the periods

	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	Number	Number	\$	\$
Balance at beginning of the half-year	16,504,449	5,500,000	94,188	94,188
Free attaching options issued (20 Jul 2021)	-	11,004,449	-	-
Options expired (30 Sep 2021)	-	(3,000,000)	-	-
Free attaching options issued (13 Oct 2021)	-	3,000,000	-	-
Balance at the end of the half-year	<u>16,504,449</u>	<u>16,504,449</u>	<u>94,188</u>	<u>94,188</u>

13. NET ASSETS ATTRIBUTABLE TO FUND UNITHOLDERS

	31 Dec 2022	30 Jun 2022
	\$	\$
Opening balance	4,150,911	5,441,692
Net (Acquisition)/disposal of units in the Fund by Mustera Property Group ¹	400,000	(1,650,000)
Distributions paid and payable to non-controlling interest	(159,964)	(318,539)
Profit/(loss) for the period attributable to non-controlling interest	49,631	378,595
(Gain)/loss for the period attributable acquisition/disposal of units in the fund	(38,065)	299,163
	<u>4,402,513</u>	<u>4,150,911</u>

Mustera disposed of 400,000 units in the Fund during the period. As at 31 December 2022, Mustera held 39.37% of the units outstanding in the Fund.

14. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies remain consistent with those disclosed in the 2022 annual report.

Contingencies

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

15. RELATED PARTY TRANSACTIONS

Mustera disposed of 400,000 units in the Fund during the period, holding 3,150,000 units as at 31 December 2022. Refer to Note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2022

16. 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	Other¹	Group
	\$	\$	\$	\$
<i>Half-year ended 31 December 2022</i>				
Segment revenue and other income	813,233	362,279	-	1,175,512
Segment result	124,278	(1,813,189)	(429,952)	<u>(2,118,863)</u>
<i>As at 31 December 2022</i>				
Segment assets	17,359,827	44,947,154	1,050,260	<u>63,357,241</u>
Segment liabilities	14,302,513	6,973,582	26,314,691	<u>47,590,786</u>
 <i>Half-year ended 31 December 2021</i>				
Segment revenue and other income	791,437	1,764,102	-	2,555,539
Segment result	277,606	(1,254,247)	(255,648)	<u>(1,232,289)</u>
<i>As at 30 June 2022</i>				
Segment assets	17,359,827	34,910,011	1,372,391	<u>53,642,229</u>
Segment liabilities	14,050,911	9,055,332	12,838,814	<u>35,945,057</u>

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

17. EVENTS SUBSEQUENT TO REPORTING DATE

On 16 February 2023, the Group received approval for a 12 month extension (to 28 February 2024) for its McCabe Street, Haig Park Circle and Helena Street facilities.

The Group sold units in the Fund in February 2023 with proceeds of \$50,000 realised from the sales.

Other than what has been disclosed in the accounts, no matters or events have arisen since 31 December 2022 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 6 to 16 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 2022 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
28 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mustera Property Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Mustera Property Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, 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 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 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 2022 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 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 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.

BDO Audit (WA) Pty Ltd



Phillip Murdoch

Director

Perth

28 February 2023

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 2022, 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

28 February 2023