ASX Announcement

26 February 2016

ASX CODE: MPX

DIRECTORS

Mr Nicholas Zborowski
Executive Director

Mr Anthony Ho
Non-Executive Director

Mr Benjamin Young
Non-Executive Director

Mr Jack Spencer-Cotton
Non-Executive Director

MANAGEMENT

Mr Kim Hogg
Company Secretary

Mr Chee Onn Kon
Property Development Manager

CAPITAL STRUCTURE

Ordinary Shares: 90.2M
Options: 11.0M

ABN 13 142 375 522

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HALF-YEAR FINANCIAL RESULTS

In accordance with Listing Rule 4.2A.3, the Interim Financial Report for the six months ended 31 December 2015 and ASX Appendix 4D – Half Year Report of **Mustera Property Group Limited (ASX: MPX)** follow this announcement. This information is to be read in conjunction with the annual report for the year ended 30 June 2015.

Nicholas Zborowski
Executive Director

Company Enquiries:

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Appendix 4D
Half Year Report to the Australian Securities Exchange
Mustera Property Group Limited and Controlled Entities – ABN 13 142 375 522
Period ending 31 December 2015

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 2015**
Previous Corresponding Reporting Period	**6 Months ending 31 December 2014**

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**	**753**
$ Revenue from Ordinary Activities - previous period	**$'000**	**556**
$ change in Revenue from Ordinary Activities	**$'000**	**197**
% change from previous corresponding reporting period	**% UP**	**35.3%**

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**	**(83)**
$ Profit (loss) from ordinary activities after tax - previous period	**$'000**	**(344)**
$ change in profit (loss) from ordinary activities after tax	**$'000**	**261**
% change from previous corresponding reporting period	**%**	**75.7%**

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**	**(83)**
$ Net profit (loss) attributable to members - previous period	**$'000**	**(344)**
$ change in net profit (loss) attributable to members	**$'000**	**261**
% change from previous corresponding reporting period	**%**	**75.7%**

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**	**11.8**
Previous corresponding period	**Cents**	**10.5**

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

4.1 Name of the entity.

None

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 not subject to any modified opinion, emphasis of matter or other matter paragraph

MUSTERA
PROPERTY GROUP LTD

ABN 13 142 375 522

INTERIM FINANCIAL REPORT

31 December 2015

CONTENTS

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Mustera Property Group Ltd (the **Company** or **Mustera**) and its subsidiaries (the **Group** or **Consolidated Entity**) for the half-year ended 31 December 2015 and the Auditor's Review Report thereon.

DIRECTORS

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, B.Com

Mr Anthony Ho
Non-Executive Director, B.Com

Mr Benjamin Young
Non-Executive Director, B.Bus

Mr Jack Spencer-Cotton
Non-Executive Director

REVIEW OF OPERATIONS

The Group made a net loss of $83,480 after income tax for the half year (half-year 2014: net loss of $343,810). The result included costs associated with refinancing the existing Belmont and Smithfield loan facilities. In addition, advertising and marketing costs associated with the Victoria Quarter development (Lot 803 Foundry Road, Midland) have been incurred, whereas revenue from that project will not be recognised until the apartment sales reach settlement, expected to be in late 2016. Going forward, the Company's revenues from its investment properties will continue. The Company revenues from the sale of development properties will be recorded as projects are completed and sales finalised.

Other significant events for the Group for the half year include the successful raising in September 2015 of $1,000,000 through the issue of 5,000,000 fully paid ordinary shares to fund the development of Lot 803 Foundry Road, Midland and to supplement the Company's working capital.

New Acquisitions

Lot 801 Helena Street, Midland WA – The Group acquired its second Midland development site, Lot 801 Helena Street Midland on 3 July 2015. The Site is located on the corner of Helena Street and Yelverton Drive in Midland and forms part of the Metropolitan Redevelopment Authorities "Railway Square" precinct.

The Group is currently working towards the submission of a development application in March 2016.

15 McCabe Street, North Fremantle WA – The Group entered into an unconditional contract to acquire 15 McCabe Street, in North Fremantle on 24 December 2015. The property is situated in a prestigious residential area with extensive frontage to McCabe Street and panoramic river and ocean views.

The property is due to settle in June 2016.

Under Construction

Victoria Quarter – Lot 803 Foundry Road, Midland WA - On 9 July 2015 the Group appointed JAXON Pty Ltd as the building contractor for its major residential and commercial development, Victoria Quarter, including 70 apartments and five ground floor commercial/retail units.

Construction continues to progress well with completion expected in the fourth quarter of 2016. To date 46 apartment sales have been achieved in the 70-unit development plus 100% of the five commercial/retail units.

Investment Property

239-251 Woodpark Road, Smithfield NSW – During the reporting period, management committed to actively market for sale the Smithfield property. A three week marketing campaign seeking expressions of interest commenced in February 2016. The Company continues to benefit from the income generated from the leased property.

Investment / Development Property

75 Haig Park Circle, East Perth WA - The Company continues to benefit from the income generated from the leased property. The property is currently 100% leased. Due diligence and feasibility studies are ongoing to assess redevelopment options for the property.

82 Belmont Avenue, Rivervale WA - The Company continues to benefit from the income generated from the leased property. The property is currently 100% leased. Due diligence and feasibility studies are ongoing to assess redevelopment options for the property.

SUBSEQUENT EVENTS

Other than as set out in Note 13, there has not arisen in the interval between the end of the half-year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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 19 and forms part of the Directors' Report.

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

Nicholas Zborowski
Director
Dated at Perth this 26th day of February 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2015

	Half-year 2015 $	Half-year 2014 $
Revenue and other income		
Rental income and recoverable outgoings	750,651	548,634
Interest	2,109	7,719
Total revenue and other income	752,760	556,353
Expenses		
Property expenses and outgoings	(214,018)	(160,287)
Marketing costs	(25,724)	(76,436)
Finance costs	(224,178)	(174,901)
Employee benefits expenses	(192,363)	(157,893)
Administration and overhead costs	(191,209)	(328,182)
Amortisation and depreciation	(1,595)	(2,464)
Total expenses	(849,087)	(900,163)
Profit/(loss) before income tax	(96,327)	(343,810)
Income tax benefit	12,847	-
Net profit/(loss) for the period	**(83,480)**	**(343,810)**
Other comprehensive income		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income/(loss) for the period, net of tax	-	-
Total comprehensive income/(loss) for the period attributable to the ordinary equity holders of the Company	**(83,480)**	**(343,810)**
Basic earnings/(loss) per share (cents)	**(0.09)**	**(0.47)**
Diluted earnings/(loss) per share (cents)	(0.09)	(0.47)

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 2015

	Note	31 December 2015 $	30 June 2015 $
CURRENT ASSETS			
Cash and cash equivalents		416,479	871,375
Trade and other receivables	5	242,592	-
Inventories	6	6,895,252	-
Other current assets		45,963	102,280
Total Current Assets		7,600,286	973,655
NON-CURRENT ASSETS			
Trade and other receivables	5	-	23,389
Inventories	6	9,009,978	9,999,447
Investment properties		7,250,000	7,250,000
Property, plant & equipment		11,069	12,664
Total Non-Current Assets		16,271,047	17,285,500
TOTAL ASSETS		23,871,333	18,259,155
CURRENT LIABILITIES			
Trade and other payables	7	1,321,003	139,773
Income tax payable		43,716	15,860
Employee benefits		24,357	8,649
Borrowings	8	80,000	80,000
Total Current Liabilities		1,469,076	244,282
NON-CURRENT LIABILITIES			
Other payables	7	40,600	14,033
Deferred tax liabilities		155,821	196,524
Borrowings	8	11,590,000	8,105,000
Total non-Current Liabilities		11,786,421	8,315,557
TOTAL LIABILITIES		13,255,497	8,559,839
NET ASSETS		**10,615,836**	**9,699,316**
EQUITY			
Contributed equity	9	10,351,073	9,351,073
Other reserves		29,228	29,228
Retained earnings		235,535	319,015
TOTAL EQUITY		**10,615,836**	**9,699,316**

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 2015

	Contributed Equity $	Other Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2015	9,351,073	29,228	319,015	9,699,316
Loss for the half-year	-	-	(83,480)	(83,480)
Total comprehensive loss for the half-year	-	-	(83,480)	(83,480)
Transactions with equity holders in their capacity as equity holders:				
Issue of ordinary shares, net of transaction costs	1,000,000	-	-	1,000,000
Balance at 31 December 2015	**10,351,073**	**29,228**	**235,535**	**10,615,836**
Balance at 1 July 2014	5,333,485	29,228	(84,376)	5,278,337
Profit for the half-year	-	-	(343,810)	(343,810)
Total comprehensive income for the half-year	-	-	(343,810)	(343,810)
Transactions with equity holders in their capacity as equity holders:				
Issue of ordinary shares, net of transaction costs	4,018,897	-	-	4,018,897
Balance at 31 December 2014	**9,352,382**	**29,228**	**(428,186)**	**8,953,424**

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 2015

	Note	Half-year 2015 $	2014 $
Cash flows from operating activities			
Receipts in the course of operations		616,274	396,774
Payments in the course of operations		(5,305,057)	(1,125,851)
Interest received		2,109	7,719
Finance costs paid		(224,178)	(174,901)
Income tax paid		(29,044)	-
Net cash outflow from operating activities		(4,939,896)	(896,259)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(5,441)
Net cash outflow from investing activities		-	(5,441)
Cash flows from financing activities			
Proceeds from the issue of share capital	9	1,000,000	3,847,833
Share issue costs		-	(131,232)
Proceeds from borrowings		9,310,000	-
Repayment of borrowings		(5,825,000)	(34,914)
Net cash inflow from financing activities		4,485,000	3,681,687
Net increase/(decrease) in cash and cash equivalents		(454,896)	2,779,987
Cash and cash equivalents at the beginning of the half-year		871,375	100,999
Cash and cash equivalents at the end of the half-year		**416,479**	**2,880,986**

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 **Parent Entity**) is a public company limited by shares incorporated in Australia whose shares are traded 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 2016.

The annual financial report of the Group as at and for the financial period ended 30 June 2015 is available upon request from the Company's registered office or may be viewed on the Company's website, www.mustera.com.au.

This interim financial report for the half-year reporting period ended 31 December 2015 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 2015 and considered together with any public announcements made by Mustera during the half-year ended 31 December 2015 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. However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2016 annual report as a consequence of these amendments.

2. CRITICAL ACCOUNTING ESTIMATES

The preparation of the interim financial report requires management to make judgments, 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 judgments 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 2015. 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: 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; and 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-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible 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.

2. CRITICAL ACCOUNTING ESTIMATES (continued)

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 intension 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.

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

Note 6 sets out the category of value of inventory carried. 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. They key assumptions are the variables affecting the estimated costs to develop and sell and the expected selling price. Any reassessment of cost to develop and sell or selling price in a particular year will affect the cost of goods sold.

3. 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 period ended 30 June 2015.

4. 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 ('CODM')) in assessing performance and in determining the allocation of resources.

Segment information

	Property Investment $	**Property Development $**	**Other* $**	**Group $**
Half-year ended 31 December 2015				
Segment revenue and other income	343,442	407,209	2,109	752,760
Segment result	41,111	(77,259)	(47,332)	(83,480)
As at 31 December 2015				
Segment assets	7,301,363	16,071,897	498,074	23,871,333
Segment liabilities	(4,398,855)	(8,605,668)	(250,974)	(13,255,497)

4. SEGMENT INFORMATION (continued)

	Property Investment $	Property Development $	Other* $	Group $
Half-year ended 31 December 2014				
Segment revenue and other income	387,114	161,520	7,719	556,353
Segment result	32,424	(200,565)	(175,669)	(343,810)
As at 30 June 2015				
Segment assets	7,250,000	10,161,004	848,151	18,259,155
Segment liabilities	4,031,524	4,393,891	134,424	8,559,839

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

5. TRADE AND OTHER RECEIVABLES

	31 Dec 2015 $	30 Jun 15 $
Current		
Trade debtors	169,139	-
Security deposit – office lease	23,389	-
Deposit for properties under evaluation	50,000	-
Sundry debtors	64	-
	242,592	-
Non-current		
Security deposit – office lease	-	23,389

Trade and other receivables are reviewed for impairment on regular basis. Loss recognised by the consolidated entity in respect of impairment of receivables for the period ended 31 December 2015 was nil (2014: nil).

6. INVENTORIES

	31 Dec 2015 $	30 Jun 15 $
Current		
Land and property held for development and resale (at cost)	6,895,252	-
Non-current		
Land and property held for development and resale (at cost)	9,009,978	9,999,447
Total	**15,905,230**	**9,999,447**

	2015	2014
Movement in inventories for the half-year		
Balance at 1 July	9,999,447	4,996,518
Additions at cost	1,569,008	487,212
Capitalised development costs	4,336,775	-
Balance at 31 December	15,905,230	5,483,730

	31 Dec 2015 $	30 Jun 15 $
7. TRADE AND OTHER PAYABLES		
Current		
Trade creditors and accruals	1,321,003	139,773
	1,321,003	**139,773**
Non-current		
Tenant security deposits	-	14,033
Interest payable	40,600	-
	40,600	**14,033**

8. LOANS & BORROWINGS

	31 Dec 2015 $	30 Jun 15 $
Current		
Loan from financial institutions - secured	80,000	80,000
	80,000	80,000
Non-current		
Loans – financial institutions - secured	11,590,000	8,105,000

Loans from financial institutions

Facility	Secured	Maturity Date	Facility limit Dec 2015 $	Utilised Dec 2015 $	Facility limit June 2015 $	Utilised June 2015 $
Belmont Facility[1]	Yes	August 2016	-	-	1,950,000	1,950,000
Smithfield Facility[1]	Yes	July 2018	-	-	3,835,000	3,835,000
Haig Park Cir Facility[2]	Yes	April 2018	2,360,000	2,360,000	2,400,000	2,400,000
New Belmont Facility[3]	Yes	June 2020	2,100,000	2,100,000	2,100,000	-
New Smithfield Facility[3]	Yes	June 2019	4,340,000	4,340,000	4,340,000	-
Helena St Facility[4]	Yes	June 2018	670,000	670,000	670,000	-
Sterlink Facility[5]	Yes	May 2017	3,000,000	2,200,000	-	-
				11,670,000		8,185,000

1) These facilities were replaced during the half-year.
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. Principal repayment of $20,000 is required on quarterly basis until the maturity date.
3) Both facilities are secured by first registered mortgages over the Belmont property, Smithfield property and Helena St Midland property held by the Group and a first ranking charge over all present and acquired property of the Company. Interest is payable monthly in arrears at variable rates based on a fixed commitment fee plus a variable yield.
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 is secured by a specific security deed over Mustera's shares in its 100% owned subsidiary, Sterlink Development Pty Ltd (**Sterlink**). Interest is calculated on the daily loan balance at a fixed rate and is payable on the earlier of full repayment of the loan and the maturity date of the facility.

9. EQUITY – ISSUED CAPITAL

	31 Dec 2015 $	30 Jun 2015 $
90,166,942 fully paid ordinary shares	**10,351,073**	**9,351,073**

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

	2015 Number	2014 Number	2015 $	2014 $
Balance at beginning of the half-year	85,166,942	61,666,665	9,351,073	5,333,485
Share placement at $0.20 each on 15 September 2015	5,000,000	-	1,000,000	-
Share placement at $0.15 each on 24 July 2014	-	4,733,332	-	710,000
Share placement at $0.15 each on 22 August 2014	-	5,311,111	-	796,667
Share placement at $0.20 each on 21 November 2014	-	13,455,834	-	2,691,167
Share issue costs	-	-	-	(178,937)
Balance at end of the half-year	90,166,942	85,166,942	10,351,073	9,352,382

10. 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 2015 annual report.

The consolidated entity entered into a building contract with Jaxon Pty Ltd for the construction of its Midland development project. Commitments in relation to capital expenditure contracted for at reporting date but not recognised as a liability are payable as follows:

	31 Dec 2015 $	30 Jun 2015 $
Within one year	14,253,441	-
	14,253,441	**-**

The consolidated entity has also entered into an agreement to purchase a property located in North Fremantle, WA for the consideration of $5,400,000. Settlement is scheduled on 24 June 2016.

Contingencies

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

11. RELATED PARTY TRANSACTIONS

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

	Transactions value for the half-year ended 31 Dec 2015 $	Balance outstanding as at 31 Dec 2015 $
Payment for secretarial services from Anthony Ho & Associates (director-related entity of Anthony Ho)	18,000	3,000

Unless otherwise stated, all transactions were made on normal commercial terms and conditions and at market rates.

12. FAIR VALUE MEASUREMENT

Fair value hierarchy

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:

- 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.

31 December 2015	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Investment property	-	-	7,250,000	7,250,000
Total assets	-	-	7,250,000	7,250,000

30 June 2015	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Investment property	-	-	7,250,000	7,250,000
Total assets	-	-	7,250,000	7,250,000

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 (Dec 2015 & Jun 2015: $575,600) • Capitalisation rate (Dec 2015 & Jun 2015: 8%) • Leasing downtime (Dec 2015 & Jun 2015: 6 months after the end of each lease) • Leasing incentives (Dec 2015 & Jun 2015: 7 months on new leases)	The estimated fair value would increase (decrease) if: • Expected market rental income were higher (lower); • Capitalisation rate were lower (higher); • Leasing downtime were shorter (longer); or • Leasing incentives were shorter (longer).

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

Estimates of fair value take into account factors and market conditions evident at balance date. Uncertainty and changes in global market conditions in the future may impact fair values in the future.

There were no movements between different fair value measurement levels during the half-year (2014: nil).

13. EVENTS SUBSEQUENT TO REPORTING DATE

On 12 January 2016, the Company's 100% owned subsidiary, Sterlink Development Pty Ltd (**Sterlink**) executed a facility offer with St George Bank of a construction loan for the amount of $15.85 million (**St George Sterlink Facility**) inclusive of a $200,000 commercial overdraft facility (**St George Commercial Overdraft**) to fund the construction of Lot 803 Foundry Road, Midland.

On 18 January 2016, the Company made a final drawdown of $800,000 on its Sterlink Facility to fund the construction of Lot 803 Foundry Road, Midland.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 5 to 15 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 2015 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 2016

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mustera Property Group Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mustera Property Group Ltd, which comprises the consolidated statement of financial position as at 31 December 2015, 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, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 consolidated entity's financial position as at 31 December 2015 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*. As the auditor of Mustera Property Group Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Mustera Property Group Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mustera Property Group Ltd is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

BDO Audit (WA) Pty Ltd

BDO

Glyn O'Brien

Glyn O'Brien

Director

Perth, 26 February 2016

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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN 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 2015, 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.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 26 February 2016