

## ASX MARKET ANNOUNCEMENT

20 February 2018

### FINBAR FIRST HALF RESULTS

- H1 FY18 operating profit of \$1.6m
- \$482k net loss following commercial property impairments on CBD office asset
- Results second half weighted due to anticipated completion of Aire and Aurelia
- Full year results expected to substantially exceed FY17 net profit
- Fully franked interim dividend of \$0.03 per share

**Perth, 20 February 2018:** Western Australia's leading apartment development company Finbar Group Limited (ASX: FRI) (**Finbar** or **the Company**) has today announced an operating profit of \$1.6 million and a net loss after tax of \$482,475 for the first half of the 2018 financial year (**H1 FY18**).

The first half net loss can be attributed to the Company having no scheduled project completions in the first half and a further non-cash impairment of the Fairlanes commercial office building in East Perth due to continuing weakness in the CBD office leasing market.

Finbar forecasts that the FY18 results will be second half weighted with the anticipated completion of both the Aire and Aurelia joint venture projects which are expected to occur in April and May respectively. With a combined projected end sales value of \$250 million, these projects will underpin what is anticipated to be substantially improved full-year results over the previous financial year.

Finbar has completed H1 FY18 with a cash position of \$34 million and continues to benefit from strong cash flows generated from the sale of debt-free completed stock. The company currently has \$79 million in completed stock for sale (\$42.1 million attributable to Finbar after joint venture interests) and has sold down on average \$8.4 million per month in H1 FY18. This has funded the commencement of both the Vue Tower and Reva developments, which have a combined end sales value of \$196 million and completion scheduled for FY19.

Finbar has sold \$118.1 million in property in H1 FY18, which is a 127% increase in sales achieved in the previous corresponding period. Overall sales activity has seen an upward trend in H1 with each month showing the highest sales results in corresponding periods since 2015.

Commenting on the half-year results today, Finbar Managing Director, Darren Pateman, said, "The imminent completion of two large-scale mixed use developments is expected to have a positive material impact on our second half results, leading to a significant improvement to our annual result from the previous financial year."

"Current sales activity in the form of general enquiry, sales office visitation rates, and most importantly, sales contracts, demonstrate that momentum continues to build following the soft 2016 and 2017 market conditions. Particularly encouraging is the interest and sales activity witnessed with our recently launched projects, Palmyra Apartment Estate and Sabina Applecross."

"As we are now seeing reduced stock and supply in some product types in certain segments of the market for both complete and off-the-plan stock we have been able to adjust our pricing strategies to leverage the change in market sentiment. This is the first time we've been able to do this since 2015."

"This change is very heartening for our team who have been very focused on ensuring the business has remained protected from the dampened WA economic conditions, whilst ensuring our substantial \$2 billion property pipeline is positioned to immediately benefit from the upward shift in sentiment and sales."

As a signal of the Company's confidence in achieving improved full-year net profit results, the Board of Directors has resolved to pay a fully franked interim dividend of 3.0 cents per share.

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Finbar Group Limited, its controlled entities and its jointly controlled entities, is a property development company whose core business lies in the development of medium to high density residential apartments and commercial property within the Perth Metropolitan Area and the Pilbara within the State of Western Australia.