

ASX MARKET & MEDIA ANNOUNCEMENT

22 August 2018

FINBAR REPORTS \$13.8 MILLION AFTER TAX PROFIT IN FY18

Key Points:

- **Operating profit of \$15.3 million**
- **After tax net profit of \$13.8 million**
- **\$1.78 billion project pipeline with \$574 million in approved projects**
- **22 years of consecutive profit**

Perth, 22 August 2018: Finbar Group Limited (ASX: FRI) (Finbar or the Company) has delivered a profit after tax of \$13.76 million for the full year ended 30 June 2018 after releasing its audited results today. This result represents a 170% increase in profits over the previous financial year and the company's 22nd consecutive year of profit.

The biggest contributor to Finbar's earnings in FY2018 were profits from completion and settlements in the Aire and Aurelia projects, both of which reached practical completion in April 2018. Settlements for 168 lots in Aire and 90 lots in Aurelia occurred during the reporting period. These earnings were supported by the sale and settlement of additional apartments at Concerto, Linq, Motive, and Unison, which were all completed stock held for sale at 30 June 2017.

Finbar completed FY2018 with a strong cash position of \$57.75 million which was supported by a \$35.35 capital raising and share placement plan in April 2018 undertaken to provide funds for the early commencement of construction in the Sabina and Palmyra Apartments East.

The year also saw the repayment of \$149.5 million in debt with the repayment of \$143.5 million of project facilities for completed projects plus an additional \$6 million in facility reductions on both Pelago and Fairlanes investment properties.

As a result Finbar is in the enviable position of being debt free on all completed stock that has a current estimated sales value of \$130.4 million and is being sold down at a six-month average of \$7.35 million per month. \$67.5 million is directly attributable to Finbar for

reinvestment into the continued development of its \$1.78 billion pipeline.

The financial year saw a further \$2 million after tax impairment in the value of the Fairlanes Office building investment asset (recognised in the first half accounts), however no further impairments of the Pelago Karratha residential investment apartments were experienced this financial year as the Karratha economy, primarily supported by resource sector activity, is showing positive signs of renewed investment and improvement.

FY2018 saw the commencement of construction on the company's wholly owned Reva project (in September 2017) along with construction commencements of Palmyra Apartments in May 2018 and Sabina in June 2018 in accordance with the commitments made during the April 2018 capital raising. These commencements join the Vue Tower project which is also under construction. Together this brings the total apartments currently under construction to 608 lots with an end sales value of approximately \$369.4m.

The Company and its primary building contractor are currently targeting the completion of Reva, Palmyra Apartments East, and Vue Tower in the 2019 financial year and the Board is cautiously optimistic in bringing the revenue from the settlement of sold lots in these three projects into the FY2019 second half results.

In commenting on the results, Finbar Managing Director Darren Pateman said, "We are very pleased to report an improved set of results as the Company sees clear signs of positive movement following what has been the most challenging market environment since our formation. Renewed activity in the property market, together with our cash and cashflow from debt free stock, gives us the confidence and ability to grow the number of lots under construction which in turn will flow through to profits over the next 18 months."

"While the market recovery is slow, it is measurable, and Finbar is in a prime position to benefit from its continued improvement with a \$1.78 billion pipeline of secured apartment projects, \$574 million of which have development approval and can be progressively released into the marketplace," Mr Pateman added.

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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.