

6 July 2022

ASX Market and Media Announcement

Record sales & development works progress to fuel growth

Highlights

- Finbar anticipates reporting a net profit of \$11.0 million for the 12 months to 30 June 2022, representing a 15% increase over the previous financial year.
- Finbar will pay a second half dividend of \$0.02 per share, fully franked. Combined with the interim dividend of \$0.02 per share the full year dividend is \$0.04 per share.
- Finbar records the strongest sales period since FY15 with 443 lots sold to the value of \$293.7 million.
- AT238 to be the next project completion with revenue expected in the second half of FY23.
- \$657 million in project value expected in FY24 on completion of Civic Heart, Aurora, and The Point all anticipated in that financial year.

Perth, 6 July 2022: Western Australia's leading apartment development company, Finbar Group Limited (ASX: FRI), is pleased to confirm it expects to report a net profit after tax of approximately \$11.0 million for the financial year ended 30 June 2022, an increase of approximately 15% on the previous financial year.

The improved profit was predominantly built upon the completion and settlement of 89 sold lots to the value of \$41.5 million at the company's wholly owned Dianella project which occurred in the first half of the financial year along with the sell down of all remaining residential lots across all other completed projects.

An increase in valuation in the company's Karratha project on the back of a 6% increase in rental revenue has also provided a \$5.1 million uplift in value for the benefit of the results (after provision for taxation).

Pelago Apartments in Karratha remains an attractive wholly owned asset for Finbar where it is seeing continual increases in rental rates and strong occupancy in a city aligned closely to resource sector activity with no new apartment supply and no near-term entrants to the market.

CAPITAL MANAGEMENT

The company ended the financial year with \$32.9 million in cash. Coupled with the cash commitments from joint venture partners for joint venture projects, the company is adequately capitalised to fulfill all working capital commitments and contingency provisions for all projects currently under construction.

SALES UPDATE

FY22 has ended as a very strong sales year for the company with a total of 443 sales to the value of \$293.7 million recorded during the financial year, the strongest sales year since FY15 which has resulted in a 103% increase in the pre-sale book to \$361 million.

Of the 443 sales contracts secured, 117 lots to the value of \$65.7 million relate to the sale of completed stock, and 327 sales to the value of \$227.8 million relate to off-the-plan sales for projects both under construction (AT238, Civic Heart, Aurora, The Point) and due to commence within six months (Garden Towers).

The current sales pipeline is as follows:

PROJECT	SOLD \$M	NOT SOLD \$M	EST. COMPLETION DATE
DIANELLA	\$45.2	\$17.5	Completed
AT238	\$35.0	\$62.0	December 2022
CIVIC HEART	\$162.4	\$251.6	October 2023
AURORA	\$37.5	\$104.7	November 2023
THE POINT	\$66.9	\$34.0	December 2023
GARDEN TOWERS	\$52.7	\$196.5	June 2025

This strong sales period has 32 lots remaining to be sold at Dianella and no remaining apartments to be sold for any other previous completed project.

CONSTRUCTION UPDATE

In light of the materials, labour availability, and supply chain issues being experienced globally across all industry sectors, the construction sector in Western Australia has seen significant cost inflationary pressures and labour shortages. Notwithstanding the close working relationship Finbar has with its primary contractor, Finbar projects have also seen increased costs and slower construction progress, albeit at lower rates than industry peers.

The company is satisfied however that these costs are contained within previously provided feasibility contingencies and is also able to mitigate any likely future unforeseen effects on margins by continuing to benefit from a lift in sales prices during this robust sales and sale price inflationary period which is seeing continued market acceptance by buyers.

The company is satisfied that there are no abnormal project margins anticipated across any projects currently under construction as a result.

AT 238

The structure of AT238 has reached level 23 of 30 levels and is anticipated to reach a stage of practical completion by December with settlements likely to occur in the second half of FY23.

Civic Heart

Tower 2 of Civic Heart has reached level 7 and the core of Tower 1 is now at Basement 2 with all challenging sub-basement works now complete.

Whilst still in early structural stages the current estimate for completion of Civic Heart is October 2023.

Aurora

All piling works for Aurora have been completed with the basement structural pour currently underway.

The current estimate for completion in November 2023.

The Point

All structural piling works are now complete with site excavation underway for the basement parking.

The current estimate for completion of The Point is December 2023.

OUTLOOK

Based on the completion timing of projects, the Company anticipates revenue for FY23 will be second half weighted with the completion of AT238 expected in December and revenues for sold units anticipated to be received in January 2023.

FY24 will likely see the completion of \$657 million in project value with the completion of Civic Heart, Aurora, and The Point all expected to occur in the first half of the FY24 financial year.

DIVIDEND

The Finbar Board has resolved that the company is adequately capitalised to conduct all work in progress and has therefore resolved to provide a final dividend of \$0.02 fully franked representing a dividend of \$0.04 attributable to the financial year.

Finbar's audited results are expected to be announced on or around 24 August 2022.

Ends

For further information, please contact:

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