

22 February 2024

ASX Market and Media Announcement

Finbar Group reports \$1.3 million net profit for half year to 31 December 2023

Highlights

- Net profit of \$1.3m for the 6 months to 31 December 2023
- No project completions during the reporting period
- \$434 million Civic Heart project on track to reach completion in May with settlements in June 2024
- \$148.9 million Aurora project due to finish July 2024
- \$106.3 million The Point project due to finish September 2024

Perth, 22 February 2024: Western Australia's leading apartment development company Finbar Group Limited (ASX:FRI) (Finbar or the Company) will report a net profit of \$1.3 million after tax for the first half of the 2024 financial year.

The first half result is largely attributable to there being no development project completions in the company's core business of property development during the period.

Investment Property

The independent revaluation of investment properties saw mixed results with Pelago rental apartments in Karratha experiencing a valuation increase of \$3.44 million after tax, reflecting the continued strength of the resources sector in the Pilbara region and the demand for accommodation in Karratha seeing limited new supply. This has manifested increased rental income for the Pelago asset.

The Fairlanes office building in East Perth experienced a valuation impairment of \$1.0 million after tax reflecting a shortened weighted average lease expiry profile and current vacancy levels.

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Construction Progress Update

CIVIC HEART – SOUTH PERTH: Construction at Finbar’s flagship 335 lot 52.5% profit-shared Civic Heart project continues with the structure complete and the steel and glass roof feature currently being erected.

Finbar has sold 264 lots to the value of \$281.6 million in the \$434.8 million project.

It is anticipated that practical completion for this project will be reached in late May 2024 with settlements for the sold lots expected to commence in June 2024.



ABOVE: Civic Heart (15/2/2024)

AURORA – APPLECROSS: Construction at Aurora’s 121 lot Applecross project continues with the structure now complete.

Finbar has sold 61 lots to the value of \$56.1 million in the \$148.9 million project.

Based on the current progress and expected completion timeline it is expected that practical completion of this building will not be reached until July 2024 with settlements forecast to commence in July/August 2024.



ABOVE: Aurora (15/2/2024)

THE POINT – RIVERVALE: Structural completion of the 176 lot The Point project in Rivervale is expected at the end of the month.

To date, 146 lots to the value of \$82.1 million have been sold in this 65% profit shared project.

The Point project is currently anticipated to be fully completed in September 2024, with settlements at the \$106.3 million project commencing thereafter.



ABOVE: The Point (13/2/2024)

Upcoming Commencements

The company is satisfied that some stability in construction costs is evident in the market and is therefore finalising building contract conditions with a primary contractor for the commencement of construction at the Garden Towers project in East Perth April 2024.

Garden Towers includes 344 apartments and has a total value of \$259.5 million, with \$129.5 million in sales made to date.

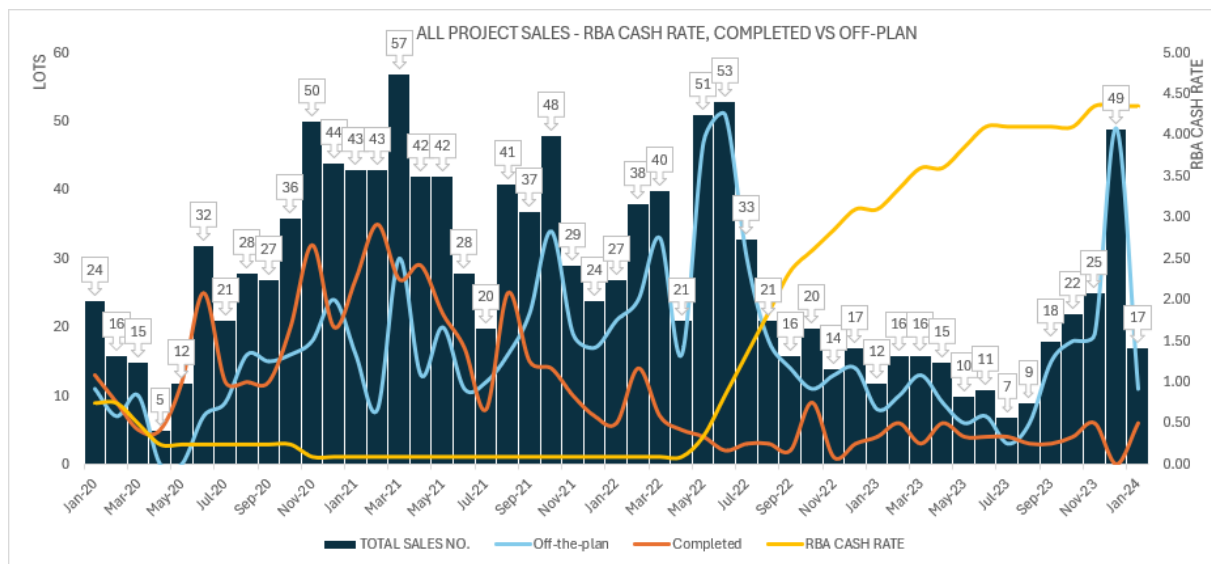
Sales Rate

There has been a notable increase in sales volumes since July 2023 following the initial reduction in activity experienced earlier in 2023 due to the tightening interest rate cycle.

Overall accommodation choice in Perth remains constrained with record low vacancy rates compounded by building cost pressures slowing down new housing supply. The Company believes that Perth property prices will continue to rise throughout the calendar year. This should lead to improved margins for projects that have been intentionally delayed.

This adds support to current and proposed feasibilities which have been affected by the post pandemic increases in construction costs.

The Company will soon be re-launching Bel-Air, a 196-apartment project at 239 Great Eastern Highway as its next major project marketing commencement.



Capital Management

The Directors have determined that the Company will not pay an interim dividend for the half-year to December 2023 but will reward shareholders through the most appropriate capital management means at the conclusion of the major projects due for completion in the middle of the 2024 calendar year.

Outlook

The Company continues to be encouraged by the upward price movement for both new and used apartment stock in Perth which is supporting the viability of development-ready projects in the Company development pipeline. This will commence with the re-launch of Bel-Air apartments in Belmont in March 2024.

Finbar Managing Director Darren Pateman commented: "Our Company is very much looking forward to the completion of major projects Civic Heart and Aurora mid-year so we can reward our patient shareholders and focus our efforts on commencing the next round of projects in our pipeline."

- ENDS -

Approved for release by the Board.

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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 within the State of Western Australia.