7 August 2020

ASX MARKET & MEDIA ANNOUNCEMENT

- Finbar anticipates reporting an after tax profit of approximately $7 million for full year ended 30 June 2020
- Subdued results due to higher than anticipated construction costs of low-rise projects and the fourth quarter sales effects of COVID-19
- Company finished the financial year with $30.6 million in cash with no debt across any company development or completed stock
- Encouraging pre-launch pre-sales recorded for Civic Heart project with $27.2 million recorded to date
- Targeting construction commencement of both Civic Heart and 240 Adelaide Terrace this financial year

Perth, 7 August 2020: Western Australia's leading apartment development company, Finbar Group Limited, (ASX: FRI) is today providing guidance that it expects to report a net profit after tax of approximately $7 million for the financial year ended 30 June 2020.

The lower than anticipated profit levels can be directly attributed to the higher than anticipated construction costs on the company's low-rise projects in Palmyra and Maylands, along with the impact of March, April, and May sales from factors relating to the the COVID-19 coronavirus pandemic.

The coronavirus impacts include impairment of both income and the value of commercial tenancies containing food and beverage tenancies due to the trading environment and new legislation as well as a significant reduction in March fourth quarter sales resulting in reduced settlement revenue for the reporting period. Delayed settlements in the Sabina project also contributed to the result with foreign buyers unable to travel to conclude settlement affairs.

Despite the current crisis and economic effects, the company has experienced an encouraging trading period across June and July, with sales reaching approximately one sale per day resulting in the most active sales period in approximately 18 months.

The company's Management has remained diligent in ensuring it maintains a strong balance sheet to protect and improve the Company's market position through this crisis. The launch of Civic Heart and construction commencement at Dianella positions the Company to benefit from the opportunities that may arise from decreased competition and general industry stress.

The Company finished the financial year with $30.6 million in cash, with no debt across any company development project or completed stock. This has ensured that $164 million in completed stock remains debt free providing unimpaired cashflows from the sale of this stock to the company and its partners for reinvestment into future development capital commitments and opportunities.

The Company is also in a strong position to identify opportunities that may present in the current environment.

The Company's current focus is the continued sell down of completed stock, the completion of Riverena (anticipated in September 2020), the construction of Dianella Apartments, and to bring both Civic Heart and 240 Adelaide Terrace to a position that that will secure senior debt funding for commencement of construction - ideally within the current financial year.

The Company is reporting an encouraging level of pre-sales launch contracts at its Civic Heart project, with $27.2 million in sales achieved to date before the commencement of the formal marketing launch campaign in September 2020.

Audited results are expected to be announced on or around 26 August 2020.

←ENDS→

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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