ASX MARKET & MEDIA ANNOUNCEMENT

23 August 2016

FINBAR REPORTS $21M OPERATING PROFIT AND $8M NPAT IN FY16

Key Points:

- **$21 million operating profit for FY16.**
- **$8 million net profit after tax for FY16 after investment property valuation impairments.**
- **Cash position of $28 million to fund working capital and future growth.**
- **Record pre-sales level of $451 million representing an 11% increase.**
- **$2.2 billion project pipeline supports significant profit growth.**

Perth, 23 August 2016: Finbar Group Limited (ASX: FRI) (Finbar or the Company) has delivered a profit after tax and impairments of $8 million for the full year ended 30 June 2016 after releasing its audited results today.

The after tax profit was directly impacted by non-cash impairments brought about by the current weakness in the wider investment property rental market negatively influencing external valuations of Finbar's key retained investment property assets at Fairlanes, East Perth and Pelago, Karratha.

Finbar completed FY16 with a solid operating profit of $21 million and a strong cash position of $28 million. Although slightly down from FY15, due to the deployment of capital across new project commencements, this cash position has since been bolstered with the ongoing settlement of completed stock.

Despite the softer market conditions Finbar ended the year with record presales of $451 million, an increase of 11 per cent from the previous year, and the largest year-end pre-sale contract level in the Company's history. Finbar sold 454 off the plan and completed apartments during FY16, equating to 1.25 sales per day.

The biggest contributor to Finbar's earnings in FY16 were profits from the completion and settlement of four projects with a total end sales value of $250 million including Norwood, Arbor North, Unison on Tenth and Linq, which were all completed on time and with a significant return on investment.

Further success has been achieved with development approvals for seven new projects adding $632 million in approved projects to the current $2.25 billion project pipeline. These developments include Aire Apartments, The Point, Vue Tower, Chase Apartments, Reva Apartments, and Sunago.

Finbar has taken advantage of subdued land values, acquiring wholly in its own right or through joint venture arrangements, four new pivotal development projects to supplement its pipeline with a total end value of approximately $600 million.

Finbar Managing Director Darren Pateman said, “Our focus for FY16 was to strengthen our market share position amidst reduced competitive activity and to drive pre-sales to ensure the continuation of project commencements for the benefit of future earnings. Towards this end, our goal was to close the financial year with a strong balance sheet and no residual debt on completed stock, and we are proud to have successfully delivered on both benchmarks.”

“Whilst the FY16 market conditions saw reduced investment buyer activity, our sales activity across all projects is reflective of a growing sophistication within the Perth property market and an increasing level of demand from owner-occupiers. Finbar’s reputation as a trusted brand with an unblemished record for project delivery means we have a compelling competitive edge in this market segment.

With a refreshed pipeline of $2.25 billion and ongoing market-leading efficient cost base, we are poised to take full counter-cyclical advantage and be the immediate beneficiary of an improving market.

In FY17 and beyond, while we continue to increase presales, the increased scale and complexity of our mixed use projects will result in longer construction timelines and greater profit peaks introducing an element of variance to reported earnings. However, when considered over an extended timeframe, Finbar is confident of company profits exhibiting greater growth.”

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