

26 February 2025

ASX Market and Media Announcement

Finbar Group reports \$9.4 million net profit for half year to 31 December 2024

Highlights

- Net profit of \$9.4 million for the 6 months to 31 December 2024
- \$120 million in additional cash anticipated to be returned to the company from sell down of debt free completed stock
- New construction commencement at Bel Air
- Impairment in value of investment property
- Favourable policy settings and housing undersupply to support growth

Perth, 26 February 2024: Western Australia's leading apartment development company Finbar Group Limited (ASX:FRI) (Finbar or the Company) is pleased to report a net profit of \$9.4 million after tax for the half year ended 31 December 2024.

The first half result is largely attributable to continued selldown of completed stock at Civic Heart (completed in June 2024) as well as settlements occurring at both Aurora and The Point in the first half of the financial year.

Completed Stock Selldown

In the 2024 calendar year, Finbar successfully completed 593 apartments across three major projects at Civic Heart, Aurora, and The Point. The Company continues to sell down completed stock across these developments, all of which are debt-free, providing a strong source of capital replenishment.

In total, the company anticipates it will extract \$120 million in additional cash (net of JV interests) after the sale and settlement of the stock for these projects.

This ongoing sales activity reinforces Finbar's financial position, supporting the capital requirements for Garden Towers construction and the recent commencement of work at Bel-Air, as well as the investigation of new development opportunities and future capital management initiatives.

AT238 – PERTH (page 11 slideshow): The current statistics for the continued sell-down of debt free AT238 stock is as follows:

Settled at 31 December 2024:	\$95.05 million	(117 lots)
Settled since 31 December 2024:	\$ 4.29 million	(3 lots)
Currently sold with settlement pending:	\$ 0.88 million	(1 lot)
Currently Unsold:	\$ 0.00 million	(0 lots)
Total Projected Sales:	\$100.22 million	(121 lots)

CIVIC HEART – SOUTH PERTH (page 12 slideshow): The current statistics for the continued sell-down of debt free Civic Heart stock is as follows:

Settled at 31 December 2024:	\$319.30 million	(277 lots)
Settled since 31 December 2024:	\$ 9.44 million	(8 lots)
Currently sold with settlement pending:	\$ 30.39 million	(11 lots)
Currently Unsold:	\$ 89.46 million	(38 lots)
Total Projected Sales:	\$448.59 million	(334 lots)

THE POINT – RIVERVALE (page 13 slideshow): The current statistics for the continued sell-down of debt free stock is as follows:

Settled as at 31 December 2024:	\$ 72.77 million	(126 lots)
Settled since 31 December 2024:	\$ 0.53 million	(1 lots)
Currently sold with settlement pending:	\$ 2.73 million	(5 lots)
Currently Unsold:	\$ 37.48 million	(44 lots)
Total Projected Sales:	\$113.51 million	(176 lots)

AURORA – APPLECROSS (page 14 slideshow): The current statistics for the continued sell-down of debt free Aurora stock is as follows:

Settled as at 31 December 2024:	\$ 72.85 million	(72 lots)
Settled since 31 December 2024:	\$ 9.37 million	(7 lots)
Currently sold with settlement pending:	\$ 15.23 million	(8 lots)
Currently Unsold:	\$ 60.88 million	(34 lots)
Total Projected Sales:	\$158.33 million	(121 lots)

Projects Under Construction

GARDEN TOWERS, EAST PERTH (page 16 slideshow): Construction at Garden Towers is progressing well, with the eastern tower now reaching level 9 and the western tower at level 1. The project remains on track for practical completion toward the end of the 2026 financial year.

To date, 228 units have been sold, representing \$154.7 million in sales within the \$276.7 million development.

Garden Towers is a 50% jointly owned project, developed through an equity-accounted investee structure.

BEL-AIR, BELMONT (page 18 slideshow): Construction has now commenced at Bel Air with earthworks in progress and the crane base being formed. Completion is anticipated in the first half of the 2027 financial year.

To date, 128 units have been sold, totalling \$74.38 million in sales within the \$113.2 million development.

Bel-Air is a wholly owned Finbar project developed through a wholly owned subsidiary.

Upcoming Project Launches

RIVERBANK APARTMENTS (LOT 1000, THE SPRINGS) (page 22 slideshow): Planned for a September 2025 marketing launch, Riverbank Apartments will be the Group's next major project release, introducing 143 premium apartments to the market with an estimated gross value of \$108.5 million.

Ideally located on the banks of the Swan River, Riverbank offers absolute water frontage and uninterrupted views of Optus Stadium and the Perth CBD from its future 19-level design.

The project is being developed as a 50% joint venture with the landowner.

Investment Property

FAIRLANES OFFICE, EAST PERTH: As of 31 December 2024, the Fairlanes office was independently valued at \$35 million, with the leasing environment remaining challenging. This valuation resulted in a \$3.5 million reduction in asset value, leading to an after-tax impairment of \$2.45 million, which has been recognised in the first-half results.

The Company intends to progressively divest 42 of the 52 individual strata lots, offering them as both leased investment properties and vacant possession office spaces, while retaining its corporate offices on Level 6. This staged breakup and sale process is expected to generate sales exceeding the carrying book value, ultimately returning approximately \$15 million in cash, after debt repayment, to be redeployed into the Company's core business operations.

PELAGO, KARRATHA: As of 31 December 2024, Pelago Apartments was independently valued at \$64.4 million. The development continues to deliver strong residential rental income, supported by a low vacancy rate of 5%.

Despite this continued solid performance, the latest valuation reflects a \$2.3 million decrease in asset value, resulting in an after-tax impairment of \$1.58 million, which has been recognised in the first-half results.

The Karratha market has experienced strong rental growth over the past three years, and the Company now believes the time is right to begin a staged divestment of the asset. By progressively selling down units on the open market, the Company expects to gradually realise approximately \$45 million in cash, after debt repayment, which will be reinvested into core business operations to support future growth initiatives.

FAVOURABLE POLICY SETTINGS

With the recent modest 25 basis point reduction in interest rate announced by the RBA this month, monetary policy settings appear to be cautiously trending downwards over the short to medium term, potentially providing buyers with access to higher levels of funding to support increasing property asset values but, more importantly, broadly underpinning consumer sentiment including within the housing market.

In addition, the Company recognises that in the context of the WA state election and impending federal election, policy settings addressing the severe housing shortage are expected to be extended or broadened to support the delivery of built form product.

These policy measures are projected to have a positive effect on both the supply and demand side.

Key WA Labor policies announced and/or already adopted include:

- Allocation of \$20.6 million to increase the stamp duty concession thresholds by \$100,000 for pre-construction and under construction apartments;

- \$210 million Shared Equity Scheme that targets supporting the delivery of 1,000 apartments and townhouses with government taking up to a 35% equity share (or \$250,000);
- Off the Plan and Under Construction Stamp Duty Concession for Apartments – Provides a substantial reduction in stamp duty which also addresses to some extent the negative impact of the Foreign Buyer Surcharge of 7% that has acted as a disincentive to foreign investment in the OTP apartment market; and
- Infrastructure Development Fund – Defrays Water Corporation and Western Power headworks costs by way of a targeted rebate of \$10,000 per multiple dwelling.

At the federal level, both major parties have now committed to a two-year ban on foreign buyers purchasing established homes, a policy expected to drive increased demand for off-the-plan and under-construction apartments. Key market segments, including foreign students, are likely to show heightened interest in new developments. However, foreign sales in Western Australia remain subdued due to the current foreign buyer surcharge tax settings.

Western Australia is currently falling well short of meeting housing targets, highlighting the urgent need for increased supply. We anticipate ongoing policy initiatives at both the Federal and State levels aimed at boosting housing supply and in-fill development targets. These measures are expected to create a supportive environment for Finbar's continued growth throughout this cycle.

New Opportunities

Finbar is strategically positioned to capitalise on emerging opportunities in the current market, driven by challenges in the construction sector that have created openings for well-established secure developers and their development partners. The Company is actively assessing new site opportunities where we can broaden our product offering in viable Perth locations. With our strong track record, delivery stability, and market expertise, we are well-placed to secure high-potential projects that will drive future growth and re-invigorate our development pipeline after the significant completions in the 2024 calendar year.

Outlook

Finbar is well-placed to leverage a range of favourable market dynamics that are expected to drive business growth. The Company continues to generate strong cashflows from the successful sell-down of completed stock, reinforcing its financial strength and ability to pursue new development opportunities. Western Australia's well-documented housing undersupply, combined with anticipated improvements to State Government policies—such as enhanced stamp duty concessions—will provide further stimulus to demand, particularly among local buyers seeking quality apartment living.

Additionally, stabilisation in construction prices, continued residential property price growth, and recent Federal Government policies restricting foreign buyers from purchasing established dwellings are expected to further shift demand toward new developments.

Managing Director Darren Pateman said, *"The combination of these positive factors presents a compelling growth environment for Finbar. With our proven track record, strong financial position, and a well-established reputation for delivering high-quality apartment projects, we are in an excellent position to take advantage of these market conditions and continue to drive value for our shareholders and homebuyers alike as Perth moves through an undersupplied housing market."*

Capital Management

The Board of Directors has elected not to declare an interim dividend at this time, instead focusing on strategically managing cash flow from the continued sell-down of completed stock and investment property assets. This cash position enhances Finbar's financial flexibility, reinforcing its ability to pursue value-creating initiatives.

The Board remains committed to maximising shareholder value and will carefully assess the optimal deployment of these funds. This will include the resumption of dividend payments later in the financial year, reinvestment into new growth opportunities, and other capital management strategies. Finbar will maintain a disciplined and proactive approach to capital allocation, ensuring the Company is well-positioned to seize emerging opportunities while delivering sustainable shareholder returns.

- ENDS -

Approved for release by the Board.

For further information, please contact:

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Finbar Group Limited

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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.

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