



CEO Letter to Shareholders

Wednesday, 5 December 2018

Dear Shareholders,

It is my pleasure to provide you with an update on our progress with the Hadrian X programme and to provide some further context around our commercialisation strategy, and our business model offering Wall as a Service™ (WaaS™).

FBR created history last month by building a three bedroom, two bathroom structure with the Hadrian X in less than three days. This was an important achievement for the Company, and our team worked incredibly hard to deliver this milestone by the date set in the prospectus three years ago. To achieve this date required a twenty four hour per day, seven days per week development effort spread across the winter months. To eliminate the risk of delay from inclement weather and winter storms, it was decided to conduct the development work indoors. As a natural result of this, the first complete house was built indoors. Hadrian X is intended to, and is capable of, working outside. Current development work is focused on machine and control system improvements to make Hadrian X easier to operate, even more accurate, highly reliable and faster, before publicly demonstrating the capability of Hadrian X to the world in early 2019.

FBR has conducted extensive financial modelling, international market research and analysis, both internally with our team and with industry experts with access to global data which has informed our strategic direction. Importantly, FBR owns 100% of the intellectual property we have created along the way. We have engaged with and listened to industry in Australia, the USA and Central America, Europe and the Middle East with the intention of providing a business solution that helps builders, home buyers and brick manufacturers solve their pain points and reduce their risk.

As outlined in the corporate presentation released to the Australian Stock Exchange (ASX) on 3 December 2018, FBR has developed a new commercial model for the Hadrian X known as Wall as a Service™, or WaaS™. In broad terms, WaaS™ means that FBR will enable brick and block manufacturers to deliver walls on demand for their customers. A builder will place an order and a WaaS™ business unit will program and deploy the Hadrian X to construct that structure. Where it makes commercial sense, FBR aspires to place a Hadrian X between every block made and every block laid.

The earning potential of Hadrian X is such that offering Wall as a Service™ potentially makes a stronger financial return than machine sales. The WaaS™ model also removes risk for builders who need not purchase machines, maintain machines, program house builds or employ or train operators. It provides brick and block manufacturers with a way of delivering their product to end users in modern times where labour wants to work in automation and high tech rather than manual jobs. WaaS™ will help to alleviate critical construction skills shortages in many economies and help provide accommodation for the world's growing population. We are confident that commercialisation of the Hadrian X through the WaaS™ business model is an excellent way to realise the potential of our technology.

WaaS™ will ensure that FBR generates early and ongoing revenue streams from each Hadrian X, rather than earning a one-off, smaller revenue per machine if the Company were simply selling robots and taking a royalty on each sale. A key part of this business model is that FBR will retain control of its



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Hadrian X robots, and will determine how they are deployed and operated, and importantly will retain ownership of the intellectual property.

The Company is planning the most effective approach to manufacturing its Hadrian X robots in order to scale the WaaS™ business to a global market. FBR has proven its ability to manage and coordinate the design, construction, assembly, programming and testing of Hadrian X prototypes using a combination of inhouse, subcontract and contracted labour, resources and manufacturing facilities. Global supply chains have been established and FBR is confident that the Hadrian X will be manufactured at a scale to meet global demand. On 4 December 2018, FBR announced to the ASX that the MOU with CAT has been discontinued. As a result, FBR is now free to discuss opportunities regarding DST and Hadrian X technology and supply with interested parties.

Our next 12 months are going to be the most exciting yet for FBR and will bring to fruition the hard work demonstrated this year. We now have two Hadrian X commercial prototypes that can demonstrate the capability and value of our technology, and our next priority will be the construction of the walls for a minimum of 10 houses outdoors in 2019 on commercial terms. This will deliver our first revenues as a company, validate our commercial model and achieve our second major prospectus milestone.

We are excited about the future of our Company and the commercial opportunities for our groundbreaking technology, and I look forward to providing you with further updates on our progress. We have only been able to achieve all of this with your support and on behalf of the Company and the Directors, I thank you.

Yours faithfully,

Mike Pivac
Chief Executive Officer & Managing Director

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About FBR

FBR Limited (ASX:FBR) designs, develops and builds dynamically stabilised robots to address global needs. These robots are designed to work outdoors using the company's core Dynamic Stabilisation Technology (DST™). FBR is commercialising products for the construction sector together with DST™-enabled solutions for other industries.

To learn more please visit www.fbr.com.au

