

Cedar Woods
Half Year Results
31 December 2010

Presentation Outline



- Highlights & Strategy
- 2011 first half results
- Property portfolio
- Residential market
- Outlook

Highlights



- Record first half NPAT of \$24.2m (90% of full year forecast)
- \$30m presales to settle second half
- Significant reduction in gearing from 36% at the end of FY2010 to 16% at 31 December 2010
- Forecast FY2011 NPAT of approximately \$27m, up 57%
- Interim dividend of \$0.11, up 120%, reflects strong half
- \$100m presales in place for FY2012

Strategy



- Focus on residential land development
- Grow funds management and joint venture opportunities
- Medium term expansion into other mainland states
- Explore regional development opportunities
- Develop commercial and retail components in WLTC while maintaining prudent gearing and strong balance sheet
- Maintain strong project pipeline to drive future earnings
- Quality and location of land bank and/or projects

Operating Results – First Half



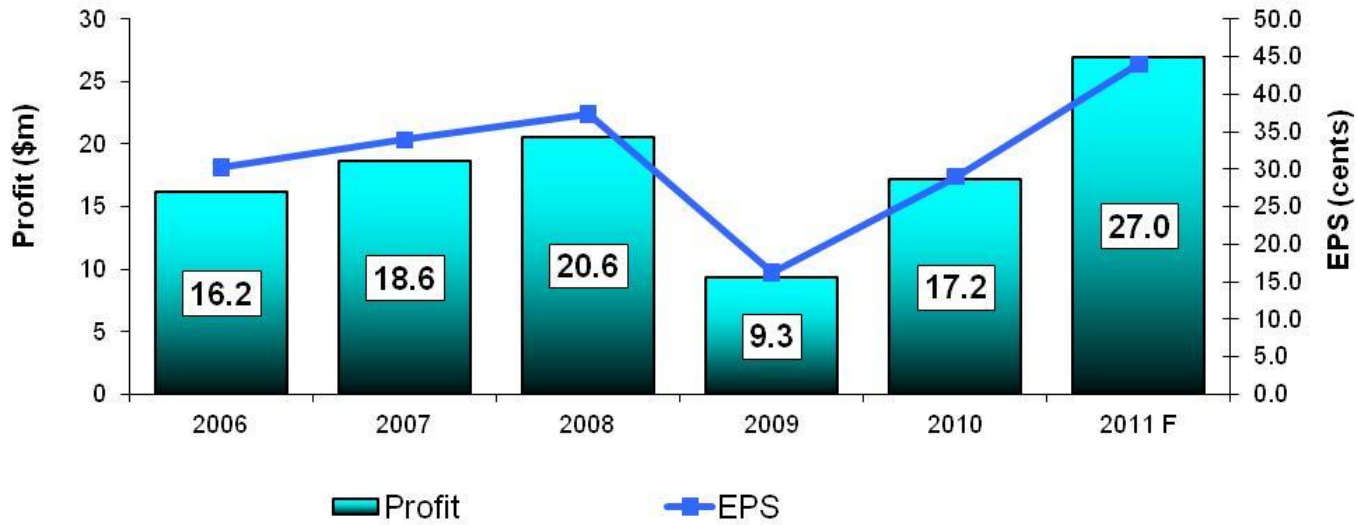
	Dec 2010 \$m	Dec 2009 \$m	
Lots settled	390	346	▲ 13%
Revenue	96.0	60.8	▲ 58%
EBIT	35.6	15.6	▲ 128%
Profit before income tax expense	34.7	14.2	▲ 144%
Net profit after tax	24.2	9.9	▲ 144%
Earnings per share	39.8 cents	16.9 cents	▲ 136%
Interim dividend per share, fully franked	11 cents	5 cents	▲ 120%

Operational Highlights



- Strong first half compared to prior year reflects increased settlement program
- Projects performing well in respective markets
- Improved operating margins from price growth in Melbourne, and lower costs than budgeted
- No material 'mark to market' adjustments or impairments
- 90% of full year forecast achieved
- Full year guidance upgraded from \$24m to \$27m

Operating Results



Balance Sheet Highlights



- Total assets down from \$205.7m to \$195.5m due to strong settlements
- Debt dropped to \$21m at end of half, providing low gearing and ample headroom under facility
- Strong interest cover
- NTA \$2.12 based on carrying value of inventory, significantly below the market value

		Dec 2010	Jun 2010
Total assets	\$m	195.5	205.7
Net bank debt	\$m	20.7	39.7
Shareholders' equity	\$m	130.4	108.8
Net bank debt to equity	(%)	15.9	36.5
Interest cover	(x)	12.9	6.4
NTA/share	(\$)	2.12	1.80

Strong Cash Flow



- Strong operating net cash flow
- Higher revenue due to more settlements and increased prices
- Increased borrowing costs reflects higher cost of finance post GFC
- Payments for land and development reflect acquisition program

Cash flows related to operating activities	Dec 2010 \$M	Dec 2009 \$M
Receipts from customers	103.5	67.2
Interest received	0.3	0.3
Payments to suppliers & employees	(23.0)	(18.8)
Net borrowing cost	(2.7)	(2.3)
Income taxes paid	(4.0)	(3.7)
Payments for new land and development	(52.4)	(26.7)
Net operating cash flow	21.7	16.0

Exceeding Performance Targets



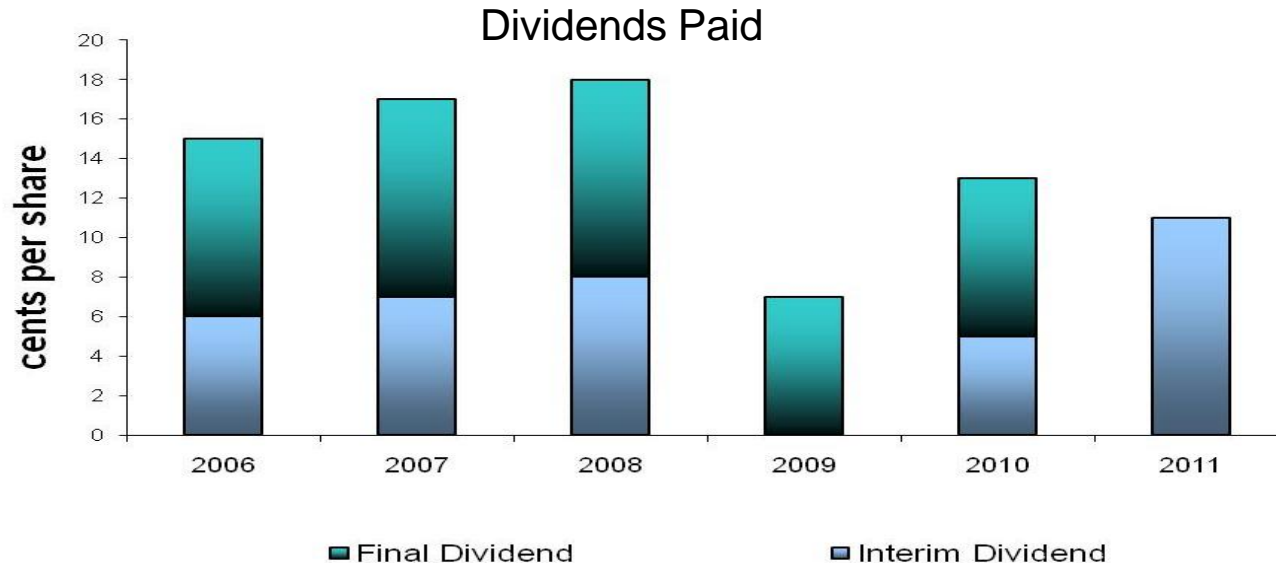
	Company target	FY 11 Full year forecast	FY 10 Actual
EPS growth	10%	52%	79%
Return on equity	12%	21%	16%
EBIT margin	20%	33%	25%
Net debt/equity	20-75%	50% at June 30	37%

Compelling Asset Values



- Major assets acquired before property boom
- Projects de-risked, under development
- Review of property portfolio, write down of \$0.8m inventory on Waterline project in Mandurah
- No other impairments
- Share price significantly understates underlying value of portfolio
- Market value approx \$6 per share (refer to appendix)

Strong Capital Management - Dividend Policy



- Policy unchanged – approx 50% of full year net profit
- Dividend reinvestment plan (DRP) and bonus share plan (BSP) are available for the interim dividend
- BSP introduced and will appeal to some shareholders
- \$30m in franking credits - dividends to be fully franked for foreseeable future

Strong Capital Management - Bank Finance



- New \$110m corporate finance facility in place with ANZ, established 31 August 2010. Drawn \$21m at 31 December, 2010
- 3 year term, expiring 31 August 2013, capacity to extend
- Club facility allows other banks to join
- As at 31 December, 2010 CWP was comfortably within debt covenants
- Significant headroom to fund operations and growth opportunities
- Adequate interest rate hedging in place

Property Portfolio

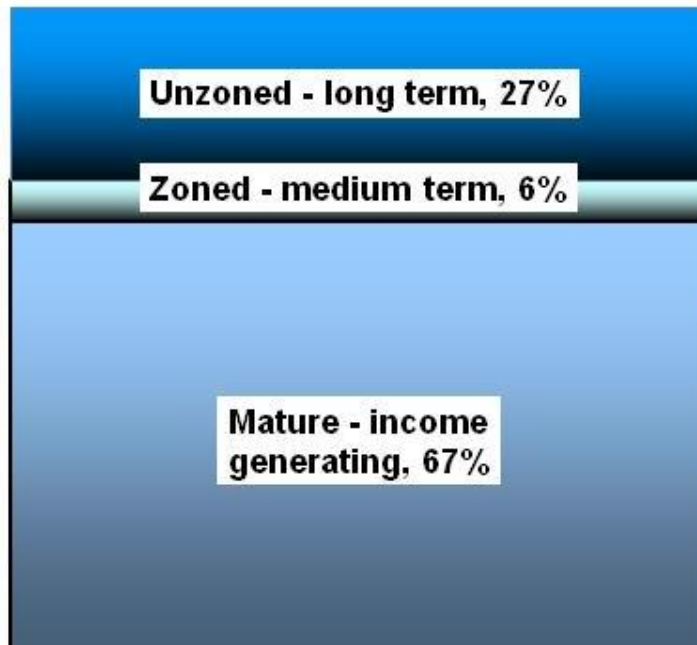


Strong, Mature Land Bank



- Portfolio of well located projects
- Majority of land bank acquired well before property boom and GFC, zoned with approvals
- Land bank in WA & VIC provides diversity
- Major projects mature and providing income
- Diverse product range
- Share price well below market value of approx \$6 per share (refer to appendix)

Majority of Land Bank in Income Generating Projects

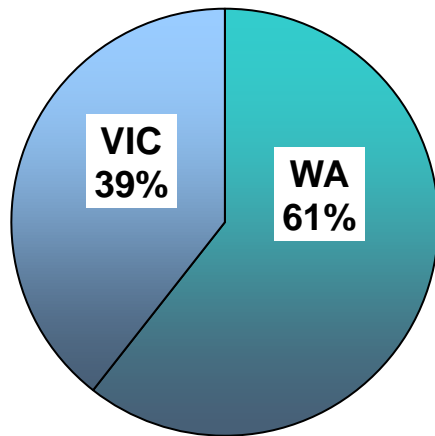


- Lots in land bank by project maturity at 1st July 2010
- total 7,000 lots approx

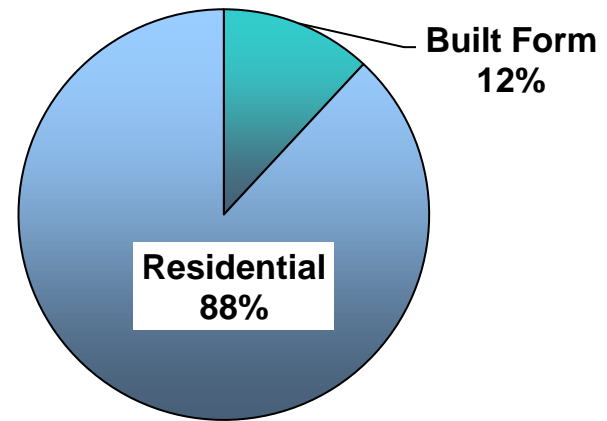
Land bank – Geographic & Market Analysis



By State

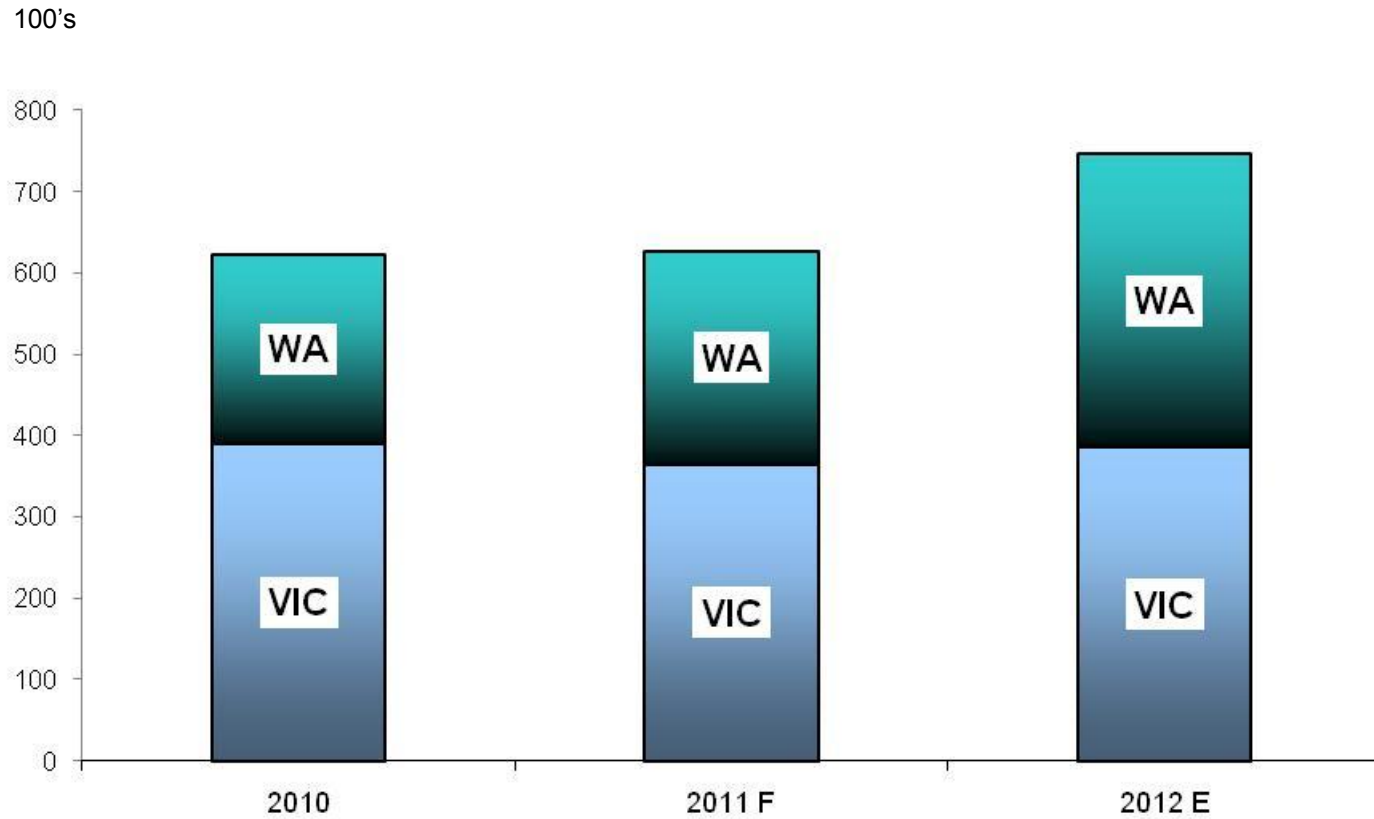


By Product

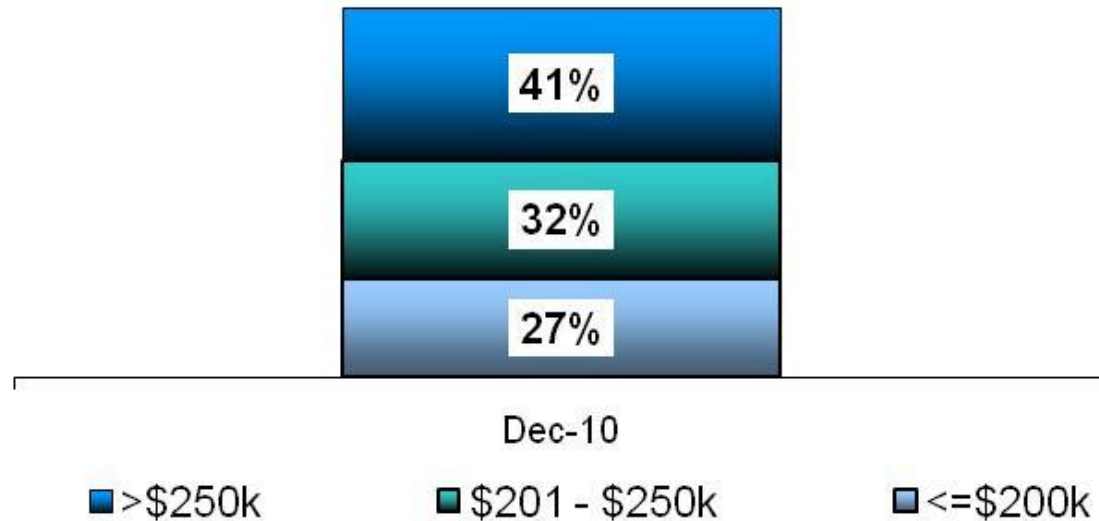


Weighted average age of land bank is 7 years

Lot Settlements by State



Broad Market Appeal



Average prices of lots settled (residential only)

- Company projects performing well in a number of different markets

Market Conditions



Victoria

- Sound fundamentals, continued State Government stimulus
- Strong first and second home buyer sales
- Population growth/lack of rentals (supply/demand fundamentals)
- Strong price growth, now easing

WA

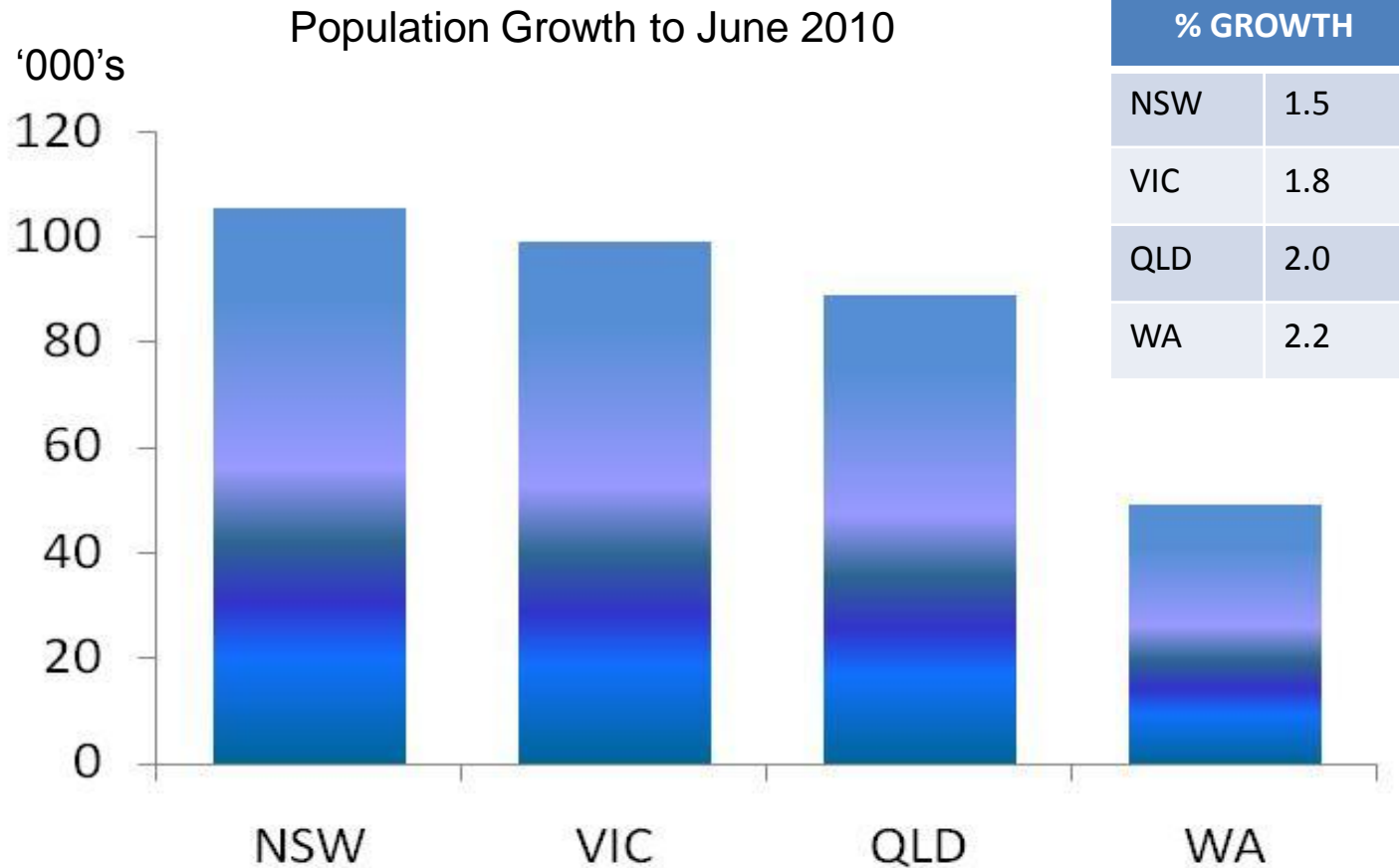
- Resource projects continuing – new Port Hedland project
- Population growth forecast to continue
- Land supply remains an issue
- Build up of established houses

Residential Market Drivers

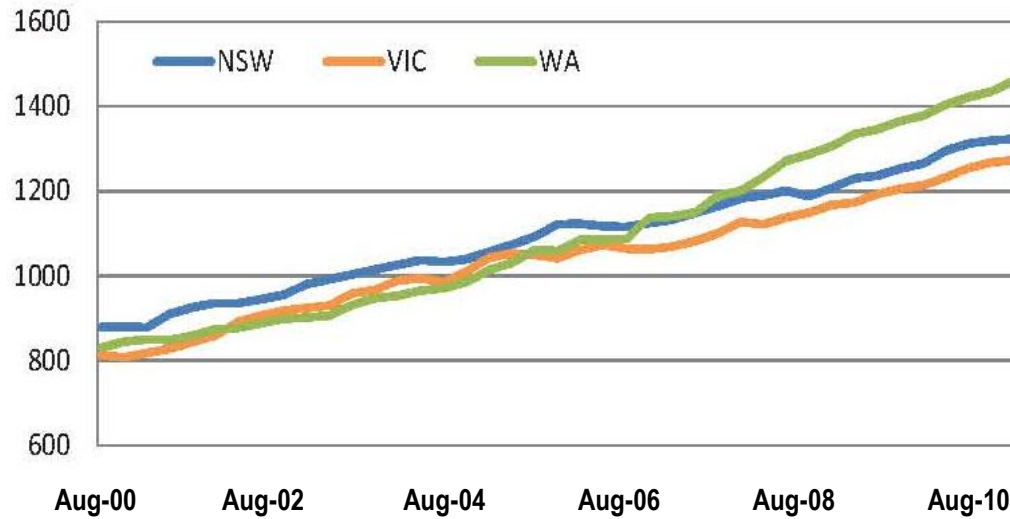


- Population growth – long term driver
- Confidence
- Employment
- Availability of finance
- Incentives
- Affordability (prices, interest rates)
- Rental alternative

Exposure to Growth States

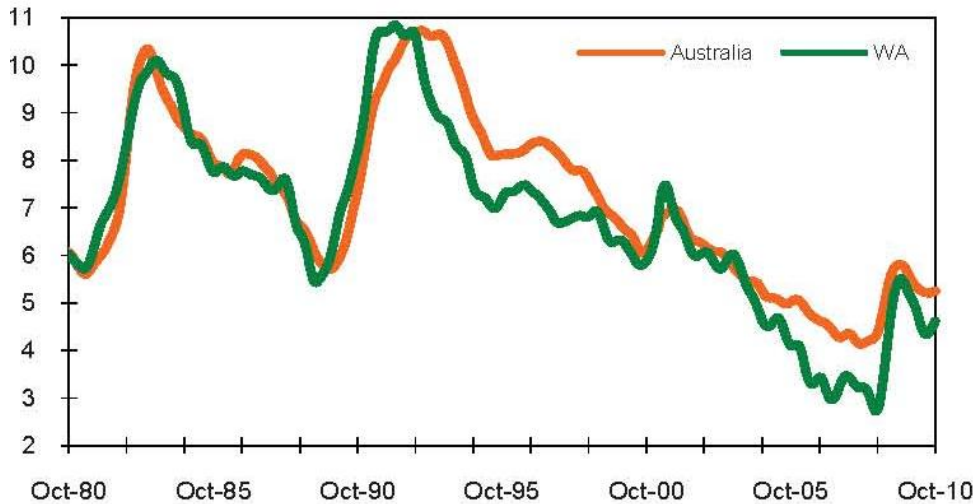


Employment
Average Weekly Earnings (\$)



Source: ABS, Cat. 3101

EMPLOYMENT
Unemployment rate (%)



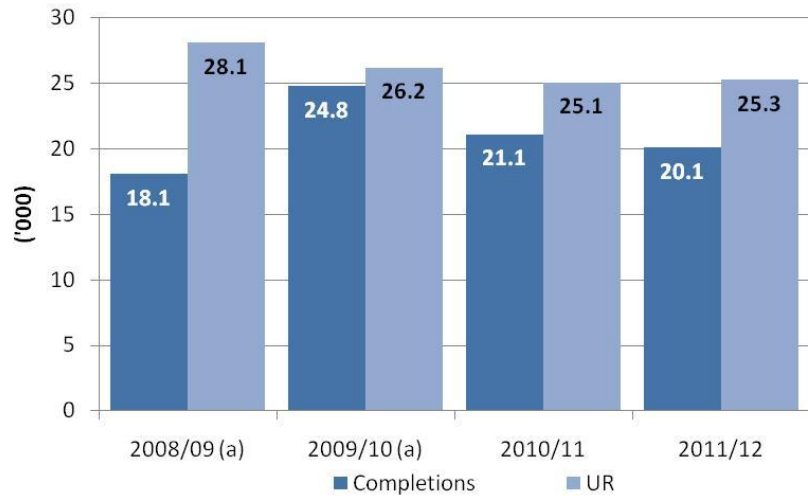
WA and Vic residential property sector supported by strength in labour markets

Source: ABS, Cat. 6202

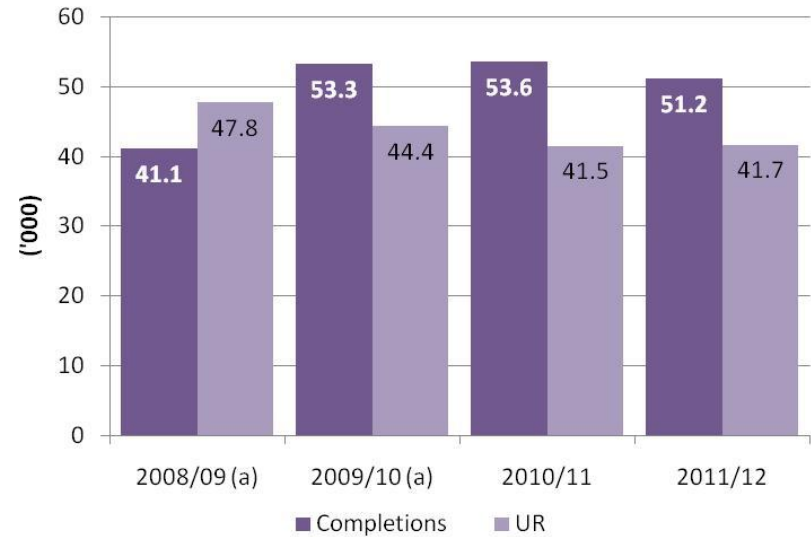
Market Drivers

Underlying Requirements for Housing vs Dwelling Completions

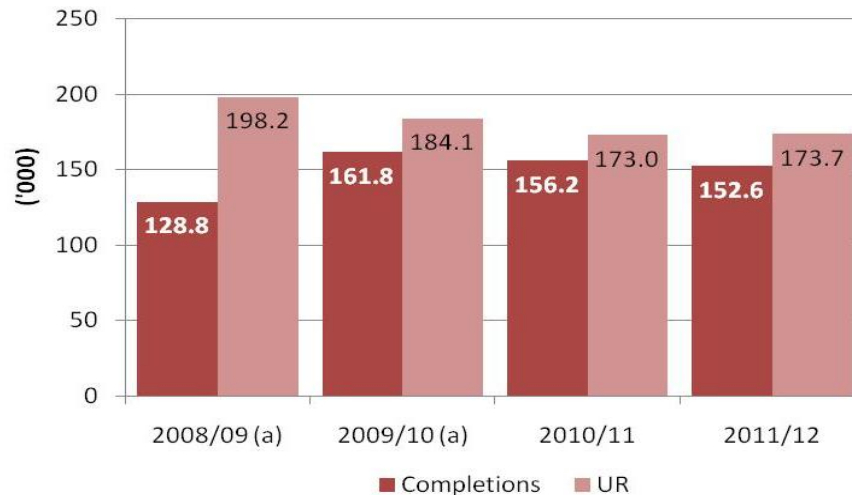
WA



VIC



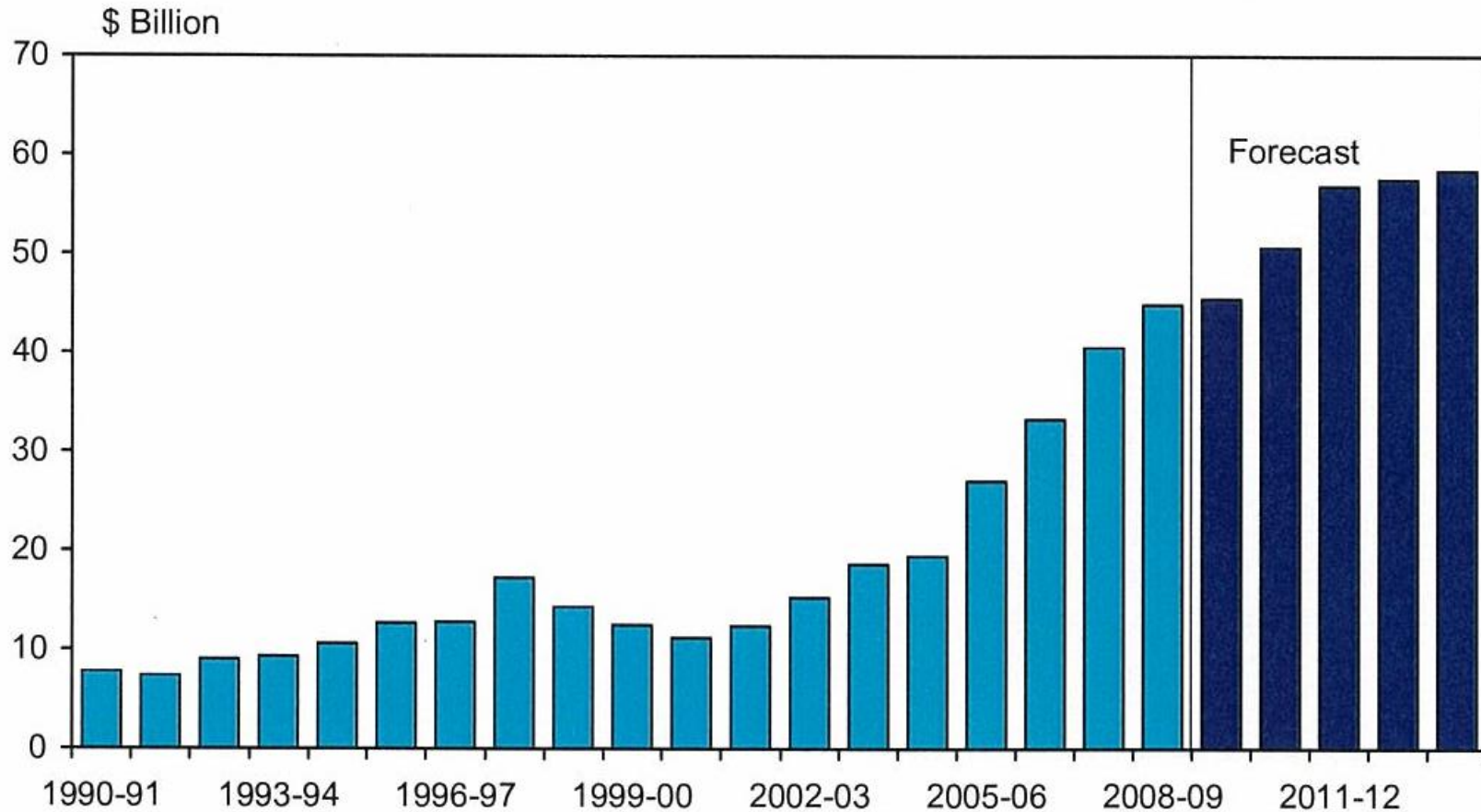
AUSTRALIA



Source: HIA

Forecast Investment Growth in Western Australia

Source: ABS 5203 and Dept of Treasury & Finance, WA



Positive Outlook



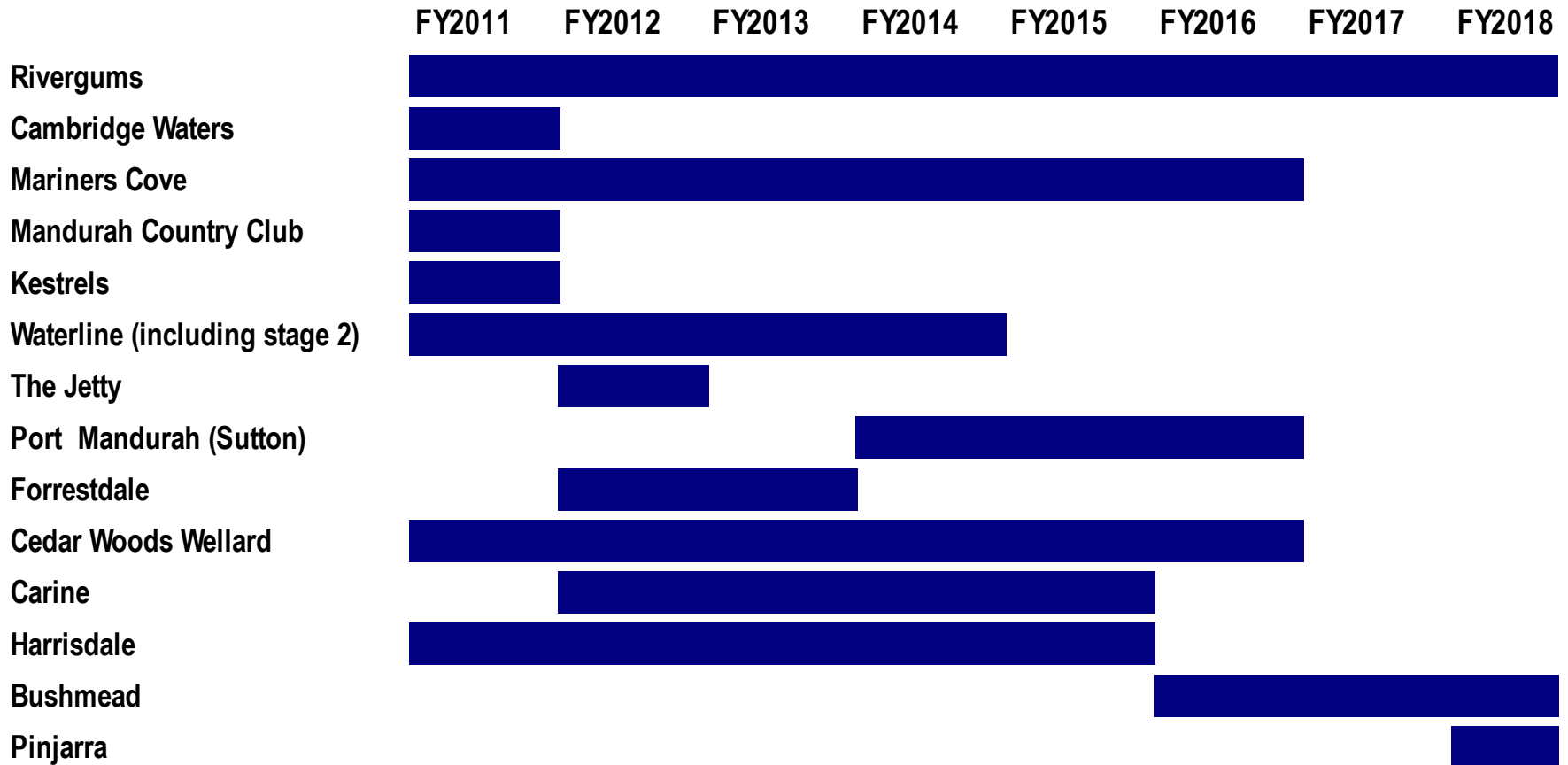
- Record \$27m NPAT forecast for FY11 (up 57% on FY10)
- Strong outlook with \$100m presales in place for FY12
- Broad market appeal – geography, product, price point
- Bank facility in place to August 2013
- Inbuilt growth from current projects and fully funded
- Capacity to make further acquisitions
- Well placed to deliver more than 10% earnings growth

Cedar Woods
Half Year Results
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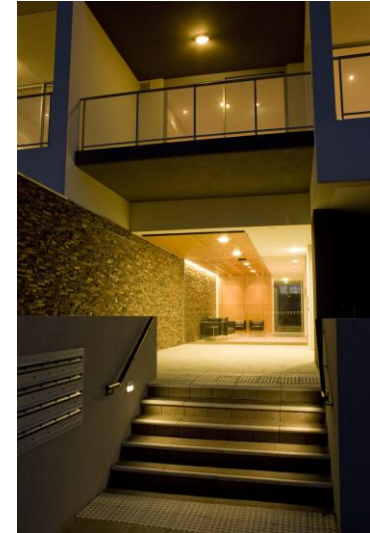
APPENDICES



Project Life - Perth



Residential – Built Form



Residential – Built Form



Residential



Residential



carinevision
-A PLACE FOR ALL AGES-



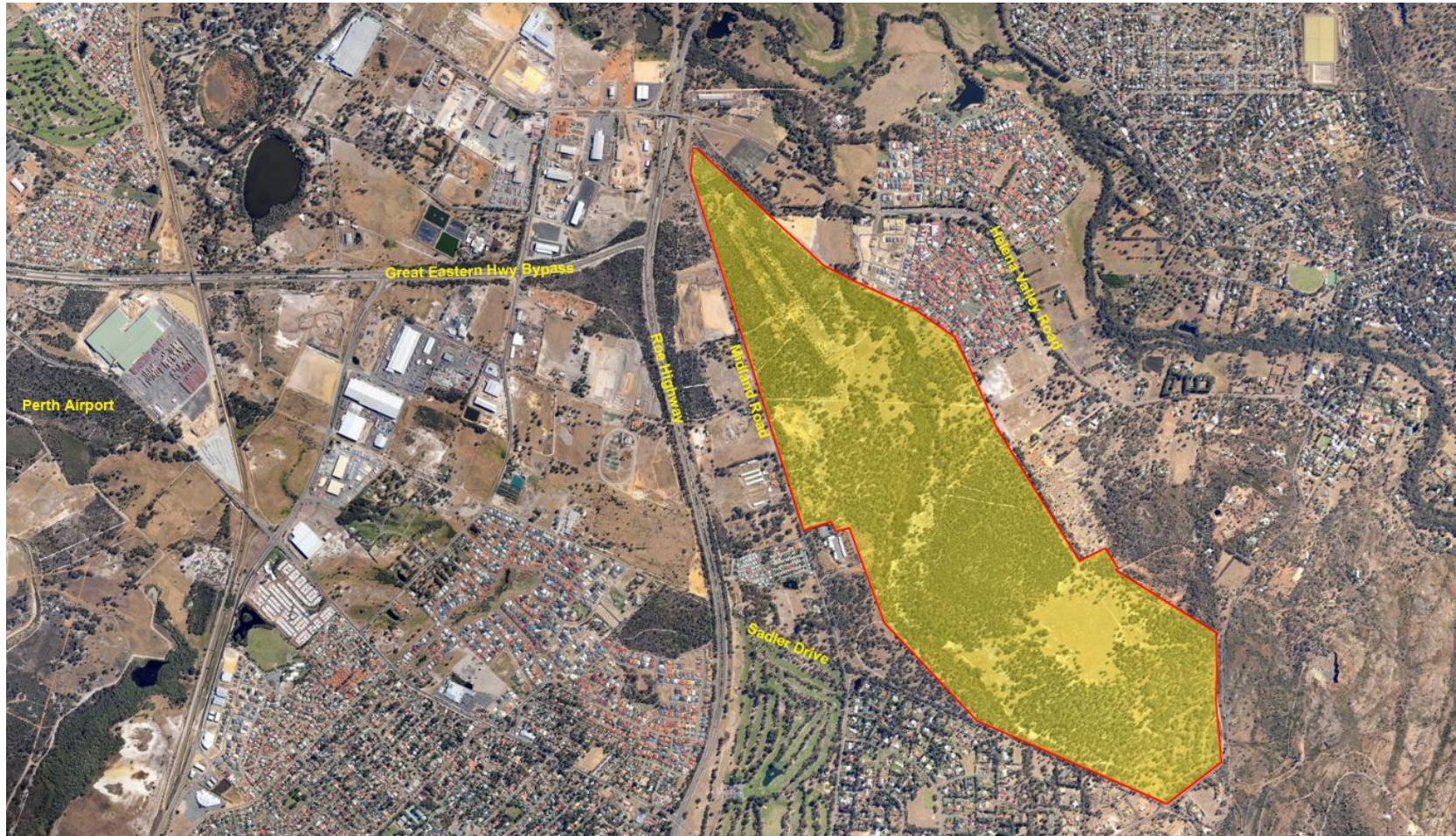
a place for all **ages.**

Mangles Bay

Cedar Woods



Bushmead – 15km from Perth CBD



Project Life – Melbourne



FY2011 FY2012 FY2013 FY2014 FY2015 FY2016 FY2017 FY2018

Carlingford



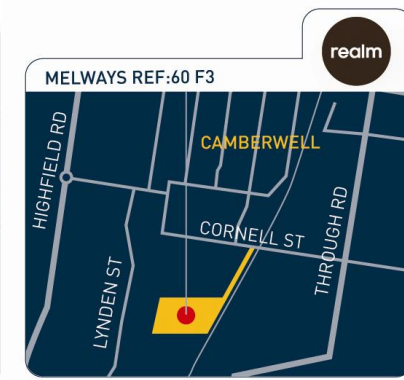
Williams Landing



Banbury Village



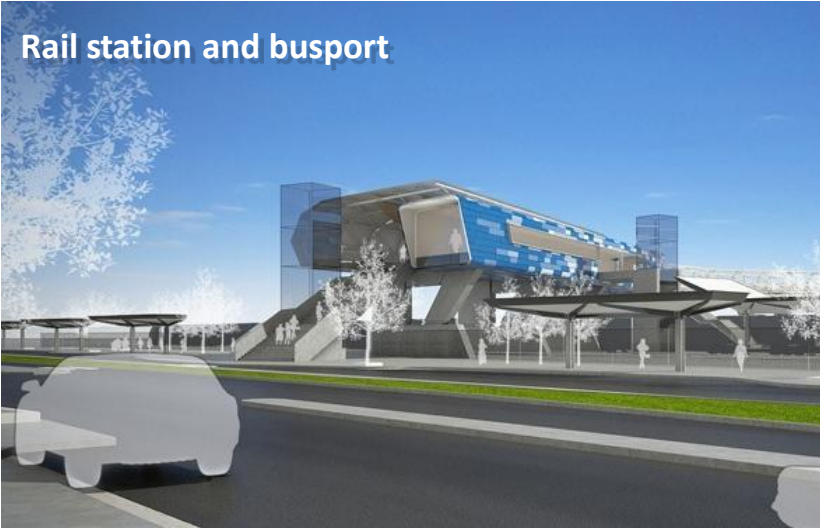
Camberwell





Williams Landing Town Centre

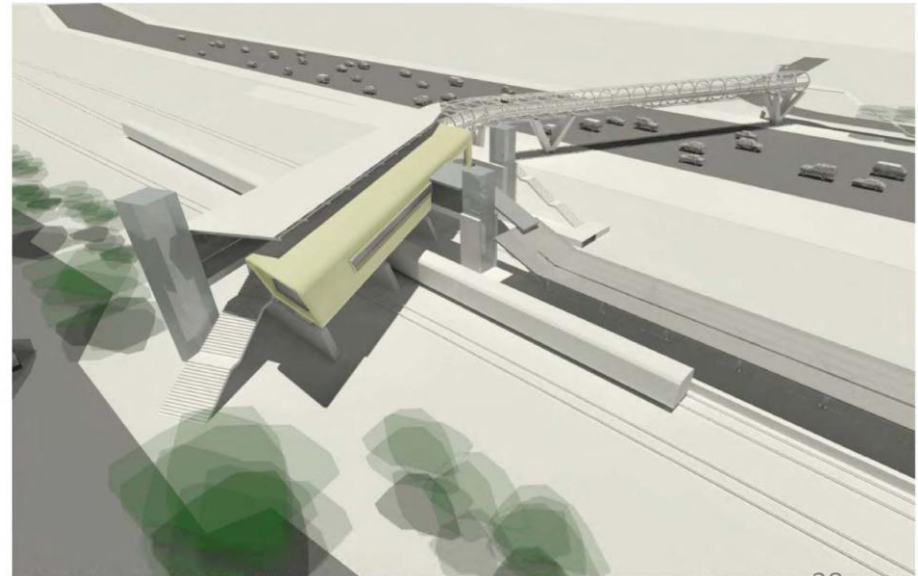
Rail station and busport



Cedar Woods



PERSPECTIVE



Banbury Village

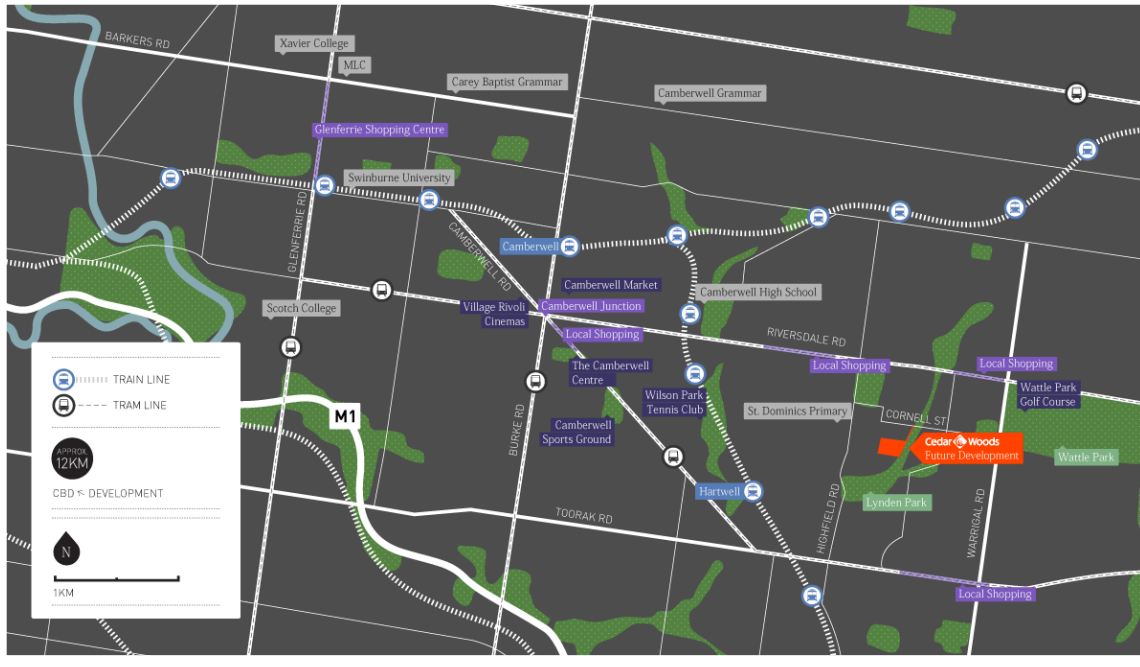


Carlingford



Camberwell

Cedar Woods



Investment case for CWP



- Well established company, experienced Board and Management
- Clear focus on targets and proven transparent business model
- Growing profits and strong balance sheet
- Low capital dilution during G.F.C.
- Well located and mature property portfolio, presently undervalued
- Strong economic fundamentals in WA and VIC
- Forecast land/new housing shortages
- Attractive, fully franked dividend yield - choice of distribution type
- Share price well below market value of assets

	Location	Project Type	Status	Project Life								Total Lots	Lots Remaining	Pricing Guide (\$)	Valuation Basis ⁽¹⁾	
				FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18					
WA Projects																
Rivergums	Southern Corridor	Residential	Mature										1,200	650	170-185k	I
Cambridge Waters	SE Corridor - Canning Vale	Residential	Completed										135	8	200k	D
Mariners Cove	Mandurah	Canal	Mature										850	215	500-600k	I
Mandurah Country Club	Halls Head, Mandurah	Townhouses	Completed										25	2	450k	N/A
Kestrels	Tapping, Wanneroo	Residential	Completed										530	43	280k	I
Waterline	Halls Head, Mandurah	Apartments	Completed										19	9	1,000-1,500k	I
The Jetty	Rockingham	Apartments	Under Constr.										16	16	1,000-1,500k	I
Port Mandurah (Sutton)	Port Mandurah	Canal Apartments	Planning										90	90	Not yet released	I
Forrestdale	SE Corridor	Residential	Planning										150	150	250k	I
Carine	NW Corridor	Mixed Use	Planning										60-100	60-100	TBA	D
Harrisdale	SE Corridor	Mixed Use	Under Constr.										546	546	Not yet released	D
Bushmead	Perth Foothills	Residential	Planning										600-900	600-900	Not yet released	D
Pinjarra	Southern Corridor	Residential	Planning										920	920	Not yet released	I
WA Syndicate Project																
Cedar Woods Wellard	Southern Corridor	Residential	Mature										628	571	175-205k	I
Investment Properties																
Aria Apartments	Rockingham	Retail	Completed										1	-	N/A	I
Nautilus Apartments	Rockingham	Retail	Completed										7	-	N/A	I
Victorian Projects																
Carlingford	Northern Corridor	Residential	Mature										600	345	140-270k	I
Williams Landing	Western Suburbs	Mixed Use	Mature										2,200	1,875	200-280k	I
Banbury Village	Footscray	Residential	Mature										358	358	Avg 525k	I
Camberwell	Eastern Suburbs	Residential	Planning										70+	70+	Over \$1m	C
Estimated Market Value NTA / Share⁽²⁾													\$6			

Notes:

- 1) I = Independent Valuation; D = Directors' Valuation; C = Valuation at Cost
- 2) Estimated market value NTA at H1 2011 and does not take into account corporate tax payable upon the sale of the properties, the value of any other projects under consideration or the value of the company's available franking credits.
- 3) Lots remaining stated at 1 July 2010