



**Cedar Woods
Properties Limited**

ASX Code: CWP

Highlights:

- Full year profit of \$28m, up 63%
- Earnings per share of 45.8 cents, up 58%
- Full year dividend of 23 cents (fully franked), up 77%; full year payout ratio to remain at 50% of net profit
- DRP and BSP in place for final dividend
- \$130m in presales at projects completing in FY2012
- Forecasting approximately \$34m NPAT for FY2012, up 21%
- Net debt to equity ratio of 43% at 30 June 2011, within target range of 20-75%
- \$110m bank facility in place until August 2013; \$49.5m headroom available

Cedar Woods Releases Record Full Year Net Profit of \$28m – up 63%

Cedar Woods Properties Limited (ASX: CWP) today announced a record net profit of \$28 million for the year to 30 June 2011, an increase of 63% over the previous 12-month period.

The company also reported earnings per share of 45.8 cents, compared to 29.0 cents reported in the previous year, representing an increase of 58%.

In light of the strong result, the Board has decided to pay a fully franked final dividend of 12 cents per share resulting in a record full year dividend of 23 cents per share. The full year dividend represents an increase of 77% over the previous corresponding period and is in line with the company's policy of distributing approximately 50% of full year net profit. The dividend reinvestment plan and bonus share plan will be in operation for the final dividend.

Managing Director Paul Sadleir said the strong result reflected the improved profitability of Cedar Woods' projects, particularly in Melbourne, with continued demand for the company's projects expected to bolster earnings in FY2012.

"This result confirms the strength and diversity of our property portfolio, and importantly, the success of our business strategy to offer residential housing across a range of price points in Western Australia and Melbourne," said Mr Sadleir.

"The company maintains modest gearing, with a net debt-to-equity ratio of 43% as at 30 June 2011, comfortably within our stated 20-75% target range. Our financial position remains strong, with a \$110 million corporate facility in place until August 2013, drawn down to only \$60.5 million at year end."

"Cedar Woods has a diverse and strategically located portfolio of projects in key growth regions in Western Australian and Victoria. With \$130 million in presales already in place for projects completing in FY2012, assuming the company's sales continue at current levels, we are forecasting a net profit after tax of approximately \$34m in FY2012, up 21% on FY2011" concluded Mr Sadleir.

The net profit for FY2012 is expected to be substantially weighted to the second half, with a number of significant stages expected to settle in the third quarter of the financial year.



OPERATIONAL HIGHLIGHTS

Victorian Projects

Cedar Woods has already experienced strong presales at its Victorian projects for FY2012, with 90% of budgeted lots already presold at Williams Landing, 65% at Carlingford and 96% at Banbury Village. Enquiries across the projects remain high with a growing bank of presales in place for FY2013, for stages with longer settlement timeframes.

At Williams Landing, the company recorded more than 200 settlements in FY2011. Builders have committed to the new display village comprising 51 display homes, with many of Melbourne's premium home builders to be represented.

In May 2011, the company signed a major, 20-year leasing deal with Woolworths Limited to open a trio of flagship stores totalling 25,400m² at Williams Landing. The agreement underpins the development of the 50 hectare town centre expected to open in 2013/2014, with Williams Landing to become a significant retail, commercial and transport hub for the more than one million people between Melbourne and Geelong, and hosting 5,000 jobs and 10,000 residents. The Victorian State Government will soon commence the next construction phase of the Palmers Road freeway interchange and Williams Landing train station, with the station expected to open in late 2012.

Early planning approval has been granted for the Realm Camberwell project, and the tender for construction of almost eighty premium dwellings is complete. A registration of interest campaign has commenced and a number of presales contracted. Subject to achieving a satisfactory number of presales, construction of the first stage is anticipated to commence in 2012.

At Banbury Village in Footscray, construction and settlement for several stages of housing, comprising 53 dwellings has been completed since the start of the project.

Several stages of lots have also now been completed and settled at Carlingford estate at Lalor, 17 kilometres north of Melbourne's CBD.

Western Australian Projects

During FY2011, steady sales continued at Cedar Woods' residential land estates in Western Australia, despite weak market conditions.

In the fourth quarter of FY2011, Cedar Woods acquired two adjacent parcels of land, totalling 68 hectares in Baldivis in Perth's southern growth corridor, for approximately \$21 million. Prominently located on Mundijong Road, with development anticipated to commence in five years time, the land has the potential to deliver a masterplanned, 800 residential lot estate, and complement the company's existing The Rivergums and Emerald Park projects located in the region.

As part of its regional growth strategy, the company announced a joint venture with local investors in the Batavia Coast Marina Apartments in Geraldton in June 2011. The development comprises four commercial tenancies and 50 luxury residential apartments overlooking the Marina. Significant progress has been made with development approval, building licences issued and preliminary works nearing completion. The project represents an opportunity to diversify the company's revenue streams and efficiently manage its capital. Subject to Cedar Woods finalising the joint venture arrangements and completion of the current pre-selling program, construction is expected to complete in 2013.



Construction of the final stage at The Kestrels in Tapping was completed during the year, and there are now only 8 parkside lots remaining which are expected to sell during FY2012.

The second release of Harrisdale Green, a joint venture for the development and sale of land owned by the Western Australian Department of Housing, was well received with only a handful of lots now remaining. Construction of this stage is also progressing on schedule as are plans for future land releases and a group housing project known as 'Essence', comprising 28 townhouses, villas and apartments.

At The Rivergums in Baldivis, significant progress was made progressing Stage 8 during FY2011, with construction commencing in June 2011.

Sales at the company's syndicated Emerald Park project in Wellard are progressing steadily, and the release of stage 3 in the second half of FY2011 was well received due, in part, to increased awareness generated by the display village opened during the year.

Construction at 'The Jetty' apartments in Rockingham is complete and settlements commenced in July 2011. The display apartment was commissioned in April 2011 and has received very positive feedback from prospective buyers and the broader community. There is now only one apartment remaining for sale, a very good result in a challenging market.

FINANCIAL POSITION

As at 30 June 2011, Cedar Woods had drawn its \$110m corporate finance facility to \$60.5 million and had a net debt-to-equity ratio of 43%, comfortably within the company's target range of 20-75%. The company was also well within its debt covenants.

Given the company's commitment to the long term management of its portfolio, it has purchased well and the Board remains confident that the market value-based NTA per share is substantially above the current share price. The company has a historic book NTA per share of \$2.10, however the market-value based NTA is well in excess of this figure.

The excess of the market value-based NTA over book value NTA has been driven by the continued strong performance of a number of key projects, in particular Williams Landing. In addition, many of the company's properties were acquired some time ago at much lower values than those now prevailing.

DIVIDENDS

Cedar Woods strives to achieve a balance between providing an attractive return to shareholders and the necessity to retain profits to fund future growth. The company intends to maintain its dividend policy of paying approximately 50% of net profit after tax as dividends to its shareholders.

The Board has resolved to pay a fully franked final dividend of 12 cents per share on 31 October 2011. This dividend, coupled with the interim dividend of 11 cents per share paid on 29 April 2011, represents a record full year distribution of 23 cents per share on earnings of 45.8 cents per share. The Dividend Reinvestment Plan and Bonus Share Plan will be available to shareholders for the final dividend.



OUTLOOK

Economy

In Victoria, the residential housing market fundamentals remain strong, underpinned by demand due to a lack of supply and low vacancy rates, continued economic growth of 3%, population growth of 1.5% and lower unemployment of 5% forecast in FY2012.

In Western Australia, forecast economic growth of 4.5%, population growth of 2.2% and unemployment of 4.5% in FY2012 also support demand.

Despite overall softness in consumer confidence and the residential market, Cedar Woods' outlook remains positive, bolstered by continued demand for the company's projects, including Harrisdale, Wellard, Carlingford and Williams Landing, strategically located in Western Australia's and Melbourne's growth corridors.

Despite recent market volatility caused by offshore events, the short to medium term outlook for the residential property markets to which Cedar woods has exposure is stable, given interest rates have remained unchanged for nine months and an improvement in housing affordability with easing prices.

Company

With a diverse and strategically located portfolio of projects and approvals in place the company is well positioned for further growth.

The company anticipates another record profit in FY2012, underpinned by \$130 million of presales already in place. With a busy summer period anticipated, there will be a number of significant stages settling in the third quarter and hence the net profit will be significantly weighted to the second half of FY2012.

The company is forecasting a net profit after tax of approximately \$34m in FY2012, assuming the company's sales continue at current levels, an increase of 21% over FY2011.

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