

ASX ANNOUNCEMENT / MEDIA RELEASE

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Cedar Woods Reports Record Full Year Net Profit of \$34.25 million – up 22%

Cedar Woods Properties Limited

Highlights:

- Record full year profit of \$34.25m, up 22% on pcp
- Earnings per share of 53.2 cents, up 16%
- Full year dividend of 25 cents (fully franked), up 8.7%. Full year payout ratio remains at approximately 50% of net profit
- Successful and oversubscribed \$30.5m equity raising completed in May 2012
- Strong balance sheet and low debt as at 30 June 2012
- Well positioned with \$140m in presales
- Market value NTA materially above current share price and book NTA

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Cedar Woods Properties Limited (ASX: CWP) today announces a record net profit after tax of \$34.25 million for the year to 30 June 2012, an increase of 22% over FY2011 and slightly exceeding previous guidance provided to the market. The company also reported record earnings per share of 53.2 cents, an uplift of 16% from FY2011.

Reflecting the company's solid performance, the Board has decided to pay a fully franked final dividend of 14 cents per share resulting in a full year dividend of 25 cents per share. The full year dividend represents an increase of 8.7% over the previous corresponding period and is in line with the company's policy of distributing approximately 50% of full year net profit.

Managing Director Paul Sadleir said the strong result reflected the strategic location and diversity of Cedar Woods' projects in Western Australia and Victoria, which continue to experience healthy demand.

"This result confirms the success of Cedar Woods' strategic focus on providing residential housing in urban and regional growth areas across a range of dwelling types and price points. It is also a reflection of the company's resilience against a mixed macroeconomic backdrop."

Result supported by strong underlying fundamentals

Cedar Woods ended the year in a strong financial position, with gearing at only 2% and available bank facility headroom of \$98.9 million as at 30 June 2012. This follows the company's successful \$30.5 million equity raising in May via a share placement and follow-on share purchase plan.

"The solid balance sheet, strengthened by the recent capital raising, provides the financial capacity to fund the development of our portfolio including four new projects and to continue to grow our project pipeline. The share placement has also introduced new institutional investors to the shareholder register," said Mr Sadleir.

The company's net tangible asset (NTA) value per share based on the market value of its property portfolio, excluding corporate tax payable on the sale of those properties and the value of franking credits is approximately \$5.35, materially above Cedar Woods' current share price and book value per share.

Outlook

"The outlook for Cedar Woods in FY2013 remains positive. The company is well positioned to deliver continued shareholder value, supported by \$140 million in presales, the delivery of new projects, and a strong balance sheet to pursue growth initiatives and acquisition opportunities," said Mr Sadleir.

OPERATIONAL HIGHLIGHTS

Victoria

During FY2012, the company celebrated 10 years of operations at its office in Victoria and expanded its property portfolio through the acquisition of a 6.8 hectare development site in St Albans, 16 kilometres from Melbourne's CBD.

Cedar Woods' Victorian projects continued to take advantage of ongoing demand for urban in-fill projects in close proximity to transport infrastructure. Management's focus on the delivery and construction of pre-sold stages, while continuing to build presales for FY2013 and later years proved successful, with the Victorian projects collectively achieving presales of 58% of the company's FY2013 lot sales target.

At Cedar Woods' flagship Williams Landing project, the company recorded approximately 200 settlements in FY2012. To date, 56% of the FY2013 presales target has been secured. Construction of the Williams Landing train station and freeway interchange by the Victorian Government is programmed for completion in early 2013. The project's Town Centre has also progressed, with a builder for the Masters Home Improvement hardware store soon to be selected and an application for final approval lodged with the Council.

At the company's boutique premium home development, Realm Camberwell, almost half of the 78 homes that will be developed have already been presold. Civil works have progressed well and are almost complete, and a builder has commenced construction of the first phase of 27 homes.

At Banbury Village in Footscray, a number of stages of townhouses and apartments were completed during the financial year, including the first stage of Heritage Apartments. Further townhouse stages and the second stage of Heritage Apartments have already been pre-sold and these will contribute to earnings in FY2013. To date 88% of the FY2013 presales target has been secured. Meanwhile, the Victorian Government confirmed its plans to upgrade the West Footscray train station adjacent to the project.

Rezoning documentation is currently being prepared for the company's newly acquired St Albans site, while the Victorian Government has announced a \$150 million investment in upgrading St Albans train station and other local transport infrastructure.

Western Australia

In Western Australia, Cedar Woods enjoyed another strong year of project development and delivery. Sales rates continue to be encouraging, with approximately 37% of the FY2013 WA lot sales target presold, capitalising on project locations in Perth's urban growth corridors, the mid-west and Pilbara regions. The company was also recognised for its sustainability credentials, winning a Housing Industry Association 'Greensmart' Award for its EcoVision project at The Kestrels, a joint development with the City of Wanneroo.

Construction of new stages at both Emerald Park (stage 4) and The Rivergums (stage 8) were completed during the year, with settlements commencing in FY2012 and continuing into the first half of FY2013.

Cedar Woods continued to progress plans for the redevelopment of the former Carine TAFE site in collaboration with LandCorp and the St Ives Group. Planning approval for the local structure plan has been approved by the City of Stirling, a significant project milestone for the company.

Piara Central, Cedar Woods' new estate in Perth's south-eastern growth corridor, experienced strong demand following its launch in May 2012. More than 40 contracts have been signed and construction is nearing completion for the first two stages, which are expected to settle in the first half of FY2013. In total, the new estate will comprise 151 lots to be delivered over two years. A second nearby land holding in Piara Waters will extend this project into subsequent years.

The Batavia Coast Marina Apartments development in Geraldton secured more than 50% of presales during FY2012. The project, a collaboration between Cedar Woods and local investors, is fully-funded, including a senior debt facility with Westpac Banking Corporation, and construction is progressing with completion expected in mid calendar year 2013.

In South Hedland, construction is expected to commence shortly at Cedar Woods' new Elements project, which will comprise 150 residential lots. The public sales release at the project will commence shortly with first settlements expected in FY2013. Given the severe housing shortage in regional WA and high enquiry levels to date, the company expects strong demand for these lots.

CAPITAL MANAGEMENT

In May 2012, Cedar Woods successfully raised a total of \$30.5 million through a \$25 million share placement to institutional investors and a share purchase plan that raised \$5.5 million. The proceeds will be used to fund working capital and growth initiatives including four new projects now launched in Western Australia and Victoria that will contribute to earnings in FY2013 and future years; development of the Williams Landing Town Centre; the company's ongoing acquisition program; and the maintenance of a strong and conservatively geared balance sheet.

As at 30 June 2012, Cedar Woods had a conservative net bank debt-to-equity ratio of 2%. This is below the company's target range of 20%-75%, however given the company's active development program, debt will increase during the first half of FY2013 and debt to equity will move back within the target range. At 30 June, with principal debt and contingent instruments drawn to only \$11.1m, there was \$98.9 million of headroom available in the company's \$110 million corporate finance facility, maturing in November 2014.

NET TANGIBLE ASSET VALUE

To satisfy ongoing bank financing requirements, the company has recently received independent valuations of a number of properties in its portfolio.

Based on these independent valuations and an internal assessment of the remaining properties in the portfolio, on a market value basis the company estimates that its net tangible assets (NTA) per share is approximately \$5.35. This figure 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 which are currently approximately \$38 million.

The book NTA calculated from the company's audited accounts is based on values of properties representing the lower of cost and net realisable value. The NTA on a market value basis assumes the orderly disposal of the properties and is based on current market conditions.

The excess of market value based NTA over book NTA has been driven by the strong performance of its projects, together with the fact that many of the company's properties were acquired some time ago at much lower values than those now prevailing.

The market value based NTA is influenced by a number of factors including changes in the economic environment, prevailing property market conditions in the sectors in which the company operates and the company's capital management initiatives. Since the last market based valuation of approximately \$6 per share was disclosed on 7 October 2010, the company has paid fully franked dividends of 42 cents per share and issued 11,540,105 new ordinary shares, including shares issued under the company's dividend reinvestment plan and the recent placement.

Based on the above valuation analysis, the Board remains firmly of the view that the current market value of the company's projects is substantially above the value reflected in its share price.

DIVIDENDS

Cedar Woods strives to achieve a balance between providing an attractive return to shareholders and retaining profits to fund future growth. The Board has resolved to pay a fully franked final dividend of 14 cents per share on 31 October 2012, representing a total dividend of 25 cents for FY2012. This represents an increase of 8.7% on the previous year, in line with the company's dividend policy of paying approximately 50% of net profit after tax as dividends to its shareholders. Dividend growth was lower than earnings growth due to the May 2012 equity raising.

The Dividend Reinvestment Plan and Bonus Share Plan will be available to shareholders for the final dividend.

MARKET CONDITIONS

Prevailing market conditions in FY2012 were challenging and variable from month to month, reflecting consumer concerns on a range of issues.

The key drivers for the residential market – population growth, employment and wages growth and interest rates together with the current undersupply of housing – are all supportive of improved levels of activity.

Australian house prices rose strongly in the years immediately preceding the Global Financial Crisis of 2007 and 2008 and have eased approximately 10% in the last two years. Recent data from ABS and other house price monitors suggest prices have bottomed out and Q4 FY2012 recorded some modest price increases.

In Western Australia, the number of established homes on the market has returned to its long term average, land sales and new home sales have improved and the company enjoyed strong sales in July. Housing finance has been growing for almost 12 months and the HIA is forecasting a 25% increase in housing starts in FY13.

In Victoria, the State Government's First Home Buyer assistance finished on 30 June 2012 and activity levels are expected to decline for one or two quarters due to the pull forward effect. The Victorian market enjoyed strong levels of activity in 2008-2010 and conditions have eased during 2011 and 2012.

OUTLOOK

Cedar Woods is well positioned to continue its track record of delivering strong returns for shareholders, further demonstrating the resilience it has shown in the years following the Global Financial Crisis.

The company has a robust balance sheet, is fully funded for the development of its current portfolio, and maintains flexibility to pursue further growth initiatives should the opportunity arise.

Four new projects have already been released, including the Batavia Coast Marina Apartments, Piara Central and Elements in Western Australia and Realm in Victoria, all of which are selling strongly and will contribute to earnings during FY2013 and later years.

Demand remains strong across Cedar Woods' portfolio of strategically located projects in Victoria and Western Australia's urban growth corridors. The company has secured approximately \$140 million in presales at projects, the majority of which will settle during the 2013 financial year. Assuming the current level of sales activity continues, the company anticipates delivering a net profit after tax at least in line with last year's record profit. The company will continue its practice of providing quarterly updates and guidance as the year progresses.

ENDS