

# RBS MORGANS BREAKFAST PRESENTATION

10<sup>TH</sup> APRIL 2013

# Presentation Outline

- ▶ Cedar Woods' overview
- ▶ Residential market conditions
- ▶ Housing trends and issues

# Cedar Woods' history

- ▶ Listed on ASX in 1994
- ▶ Presence in Perth, Pilbara & Melbourne
- ▶ Proven track record of consistent earnings growth and meeting targets
- ▶ Strategically located and diverse residential portfolio:
  - Urban and regional growth areas in VIC and WA
  - Apartments, integrated housing, mixed use and large master planned communities
  - Close to transport infrastructure and other amenities
- ▶ Market capitalisation of approx \$375m

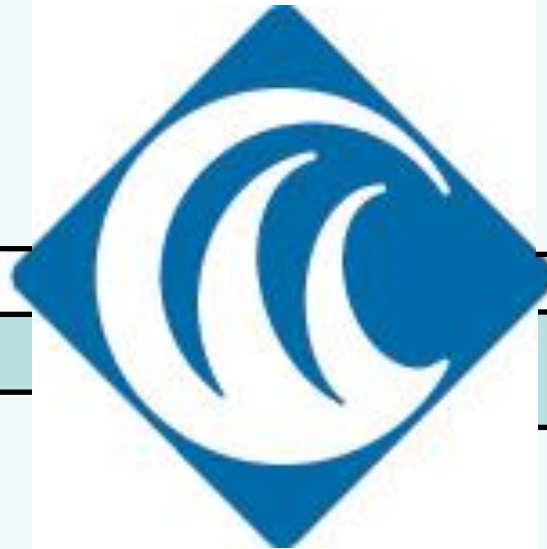
# Cedar Woods' strategy

## Property Development Expertise

Core competency: industry-leading design, delivery and marketing of development projects

## Focus on Project Pipeline

Acquire and develop land holdings offering medium-to-long term development prospects with potential to add value through rezoning and approvals, enabling consistent delivery of earnings growth



## Portfolio Diversity

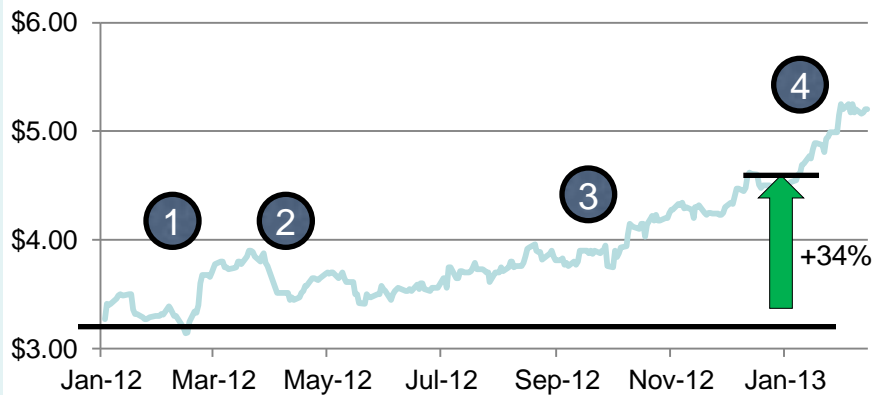
Strategically located and diverse residential portfolio in urban and regional growth areas in VIC and WA, offering a spectrum of dwelling products and price points to consumers

## Invest in Strategic Opportunities

Use joint ventures, syndicates and co-development opportunities to leverage CWP's skill base, diversify revenue streams and manage capital

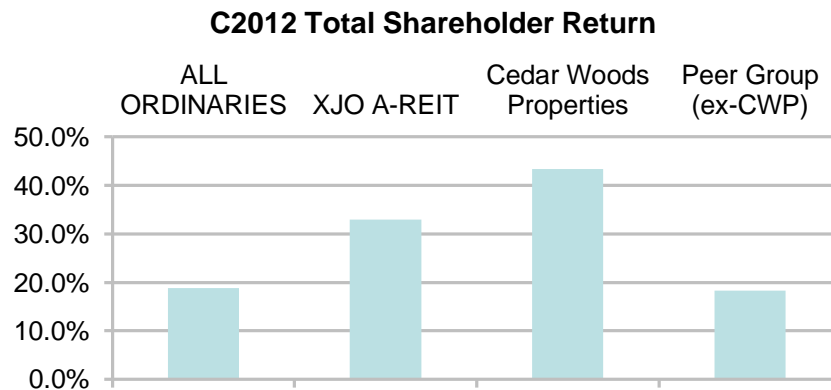
# Share price performance

Solid share price performance throughout 2012

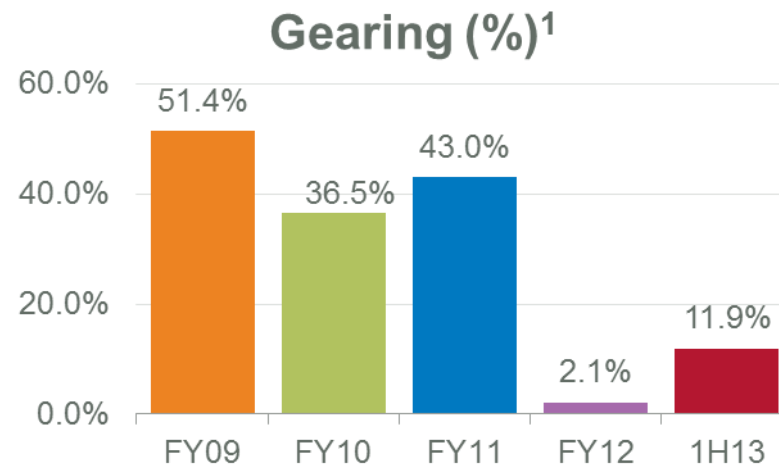
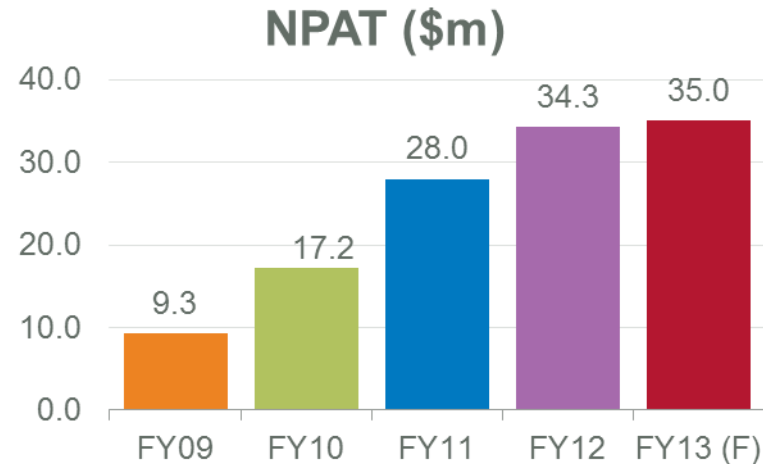


- D 1 Dividend payment: 11c
- \$ 2 Equity raising
- D 3 Dividend payment: 14c
- P 4 Half year update

Outperforming peer group and indices



# Track record of growth and balance sheet strength



<sup>1</sup> Gearing defined as net bank debt / book equity

# Strong property portfolio and mature land bank



# WA projects

Existing projects

The Rivergums  
BALDIVIS

emerald park  
PRIVATE ESTATE

harrisdale  
green



New projects

Piara  
Central  
MANAGEMENT GROUP

elements  
SOUTH HOLLAND

MSW  
MANAGEMENT SERVICES



Upcoming project(s)

Carine  
TAFE  
Site



New Acquisitions

Byford  
Brabham



# Brabham and Byford



- 40ha, 22km from CBD
- 350 lots

- 32ha, 40km from CBD
- 350 lots

# Victorian projects

Existing projects



New project

Upcoming project – St Albans



# Company outlook

- ▶ Cedar Woods maintains a positive outlook, bolstered by continued demand for the company's projects strategically located in WA and VIC's growth regions
- ▶ \$150m pre-sales currently in place compared to \$140m last year, with a majority to settle in FY14
- ▶ On current sales levels, net profit guidance for FY13 at \$35m versus FY12 result of \$34.25m

# Residential Market Conditions



# Residential market drivers

Key long term driver is population growth but superimposed on this are short term influences:

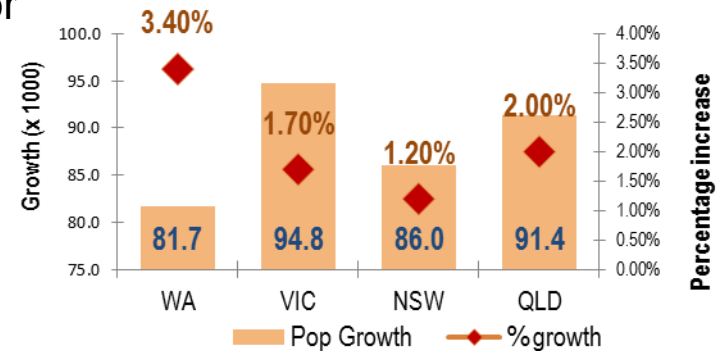
- ▶ Housing supply
- ▶ Consumer confidence
- ▶ Employment
- ▶ Availability of finance
- ▶ Incentives
- ▶ Affordability (prices, interest rates)
- ▶ Rental alternatives

# Population growth and labour market

## Strong population growth

- ▶ WA driven by resources sector
- ▶ Victoria captures large share of immigration
- ▶ Population growth set to continue

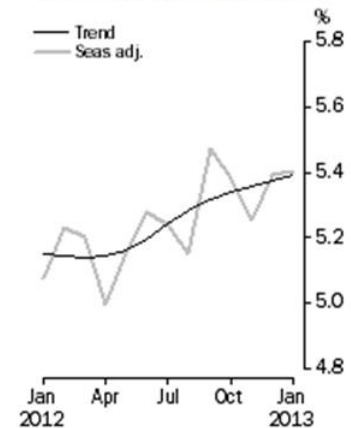
Population Growth – Year to Sept 2012



## Labour market conditions remain strong

- ▶ Wages growth in WA 4.3%, in Victoria 3.5%
- ▶ National unemployment of 5.4%
- ▶ Unemployment WA 4.0%, Victoria 6.1%

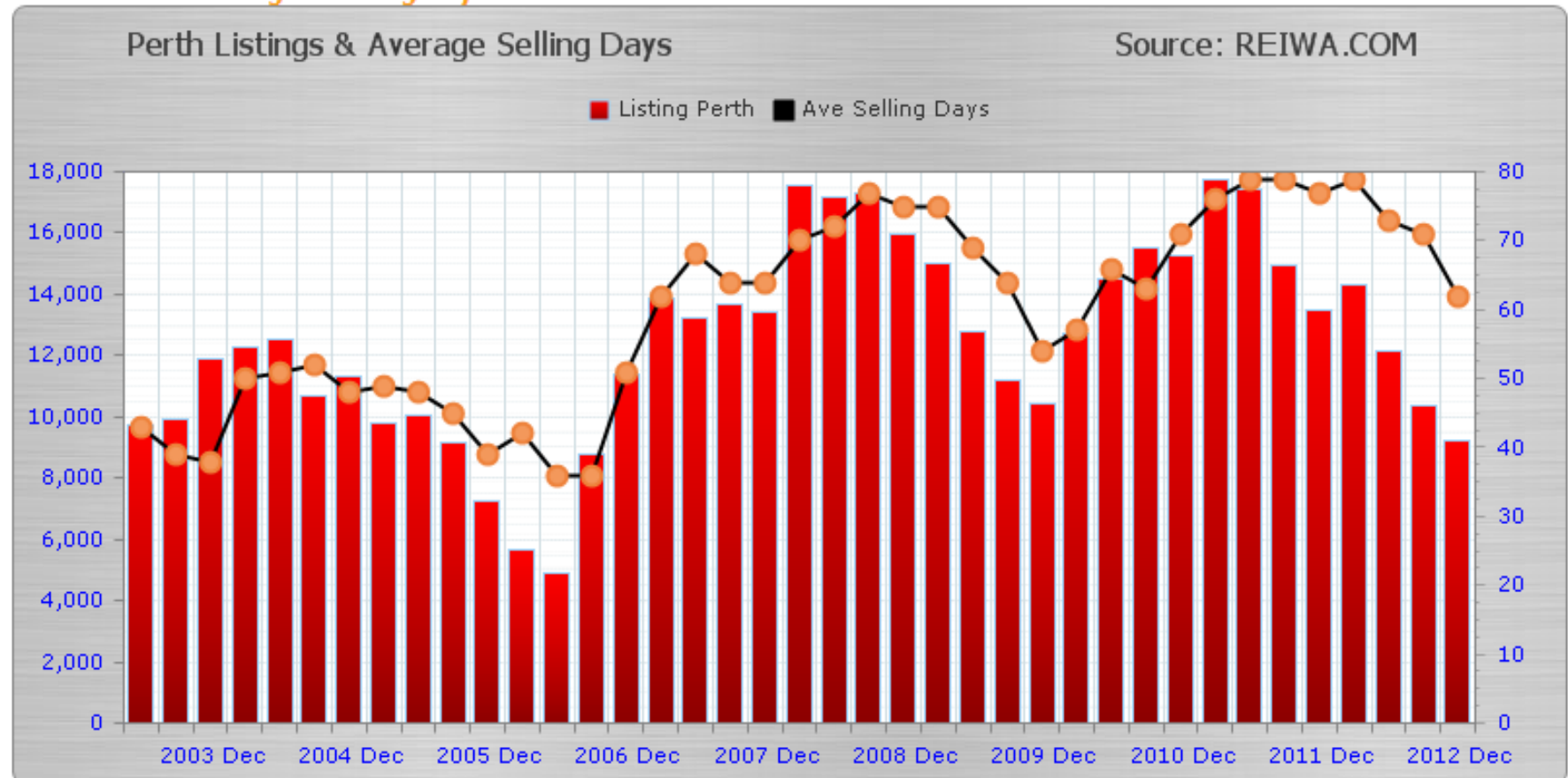
Unemployment Rate



# REIWA listing/vacancies

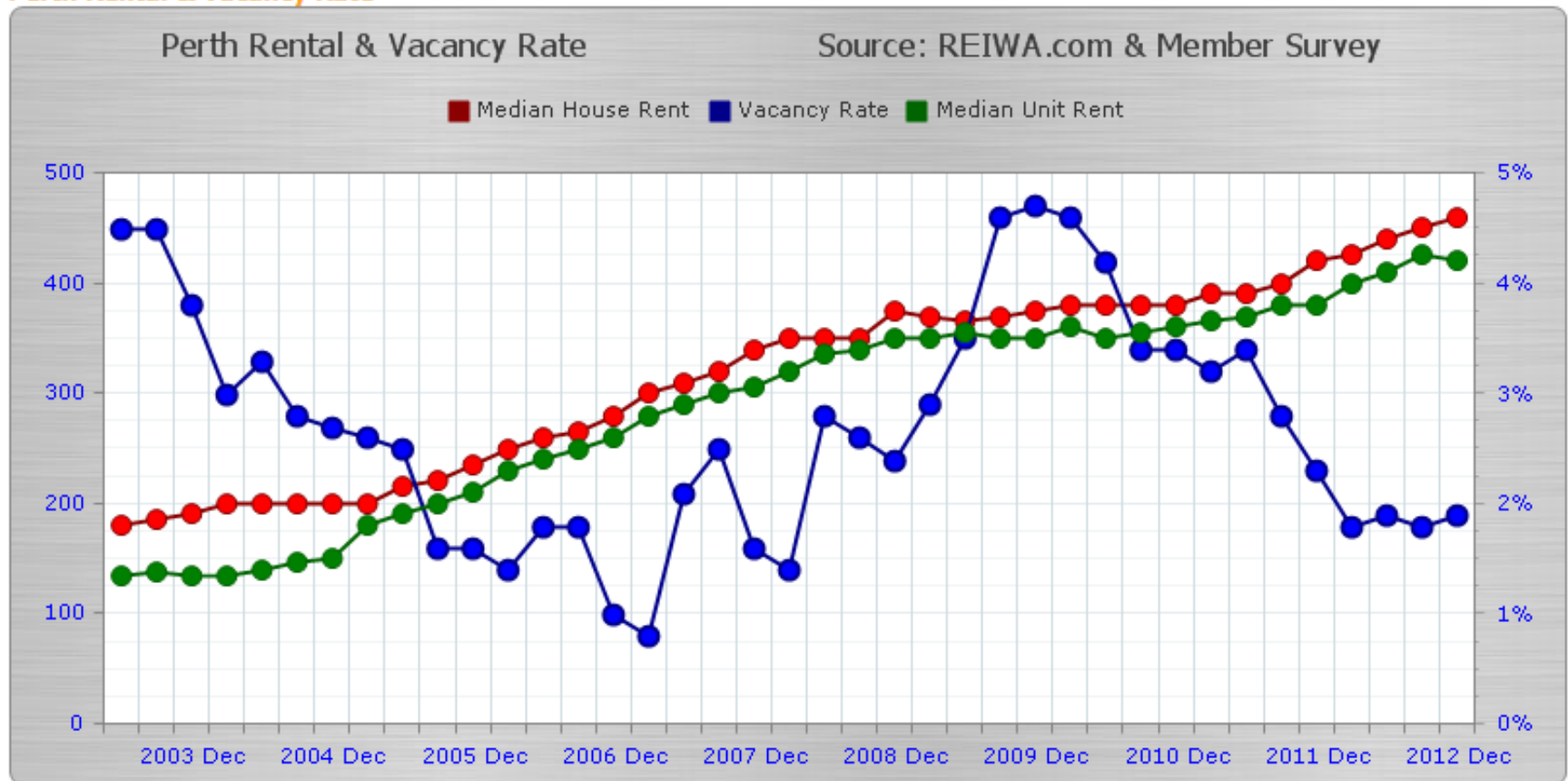
As at 2nd January 2013

Perth Stock of Listings & Selling Days



# REIWA listing/vacancies

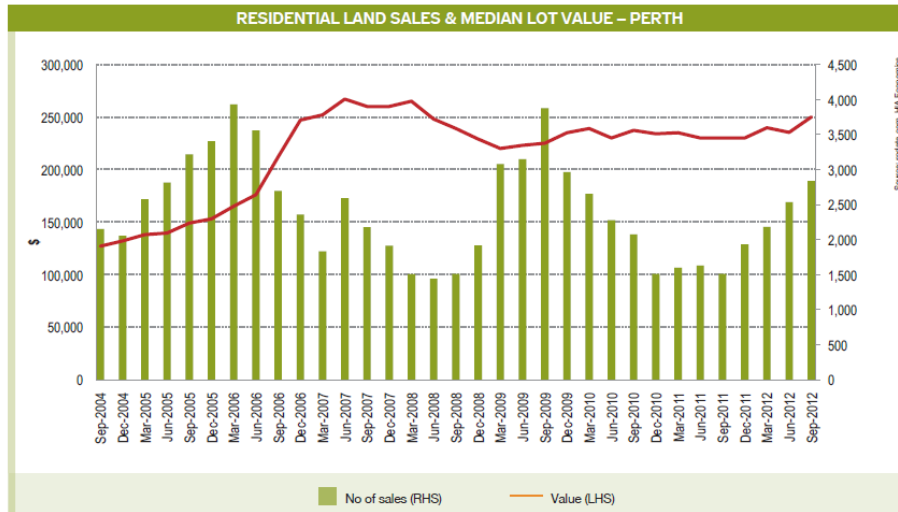
## Perth Rental & Vacancy Rate



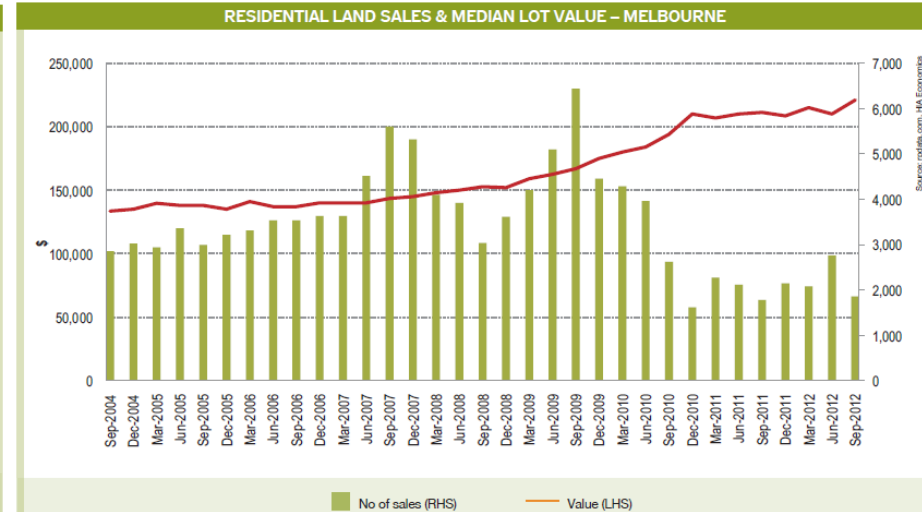


# Residential land sales & median lot value

## Perth



## Melbourne



- ▶ Perth market strengthened during calendar 2012
- ▶ Melbourne market steady after strong conditions in 2009-2011

# House prices

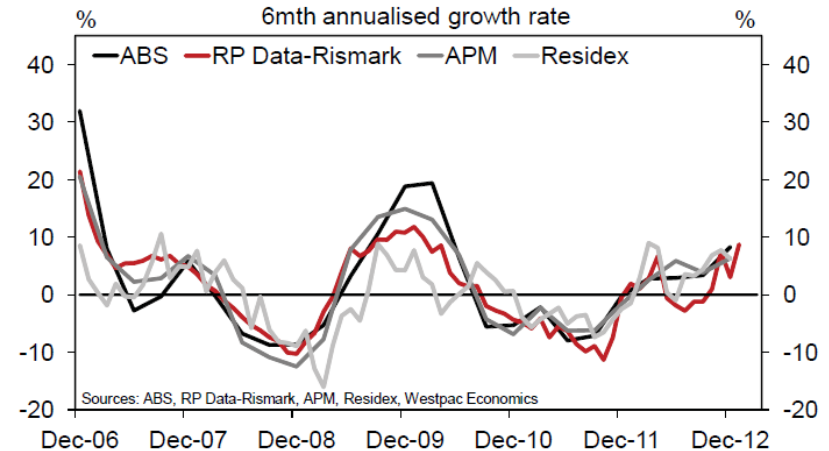
WA house price increases among the strongest in the country

- ▶ Perth prices firming after two years of modest decline
- ▶ Housing finance continues to improve

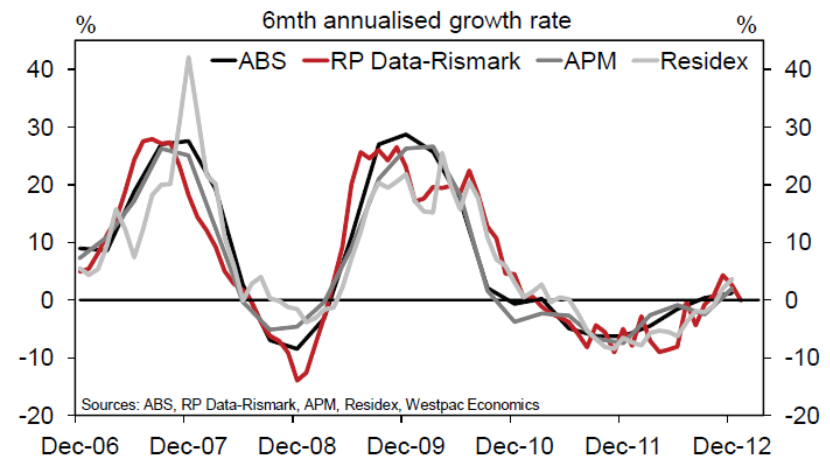
Victorian market stabilising, but demand remains for well-located projects

- ▶ New dwelling approvals improving marginally
- ▶ Housing finance figures also improving

## PERTH



## MELBOURNE



# Market outlook

- ▶ Housing undersupply to drive new building
- ▶ Interest rates remaining on hold will see affordability maintained and increased investor activity
- ▶ Activity to remain strong through 2013
- ▶ Cycling from first home buyers to upgraders showing up in median prices
- ▶ Modest annual price growth on like for like properties(5%)

# Housing Trends and Issues



# Housing trends and issues

- ▶ Accommodating Perth's growth
- ▶ Affordability
- ▶ Appropriate Housing
- ▶ Sustainability

# Accommodating Perth's growth

- ▶ Planning and Local Government reform
- ▶ Land supply
- ▶ Facilitating infill development
- ▶ Infrastructure delivery including transport
- ▶ Taxes and charges and community expectations

# Affordability initiatives

- ▶ Lot and product mix
- ▶ Y Rent program (targeting lower income first home buyers)
- ▶ National Rental Affordability Scheme (NRAS)
- ▶ Dept of Housing JV (Harrisdale)– social housing & Housing Affordability Fund
- ▶ Affordable housing initiatives at Landcorp JV projects
- ▶ Partnerships with indigenous housing and not-for-profit sectors (Foundation Housing)

# Affordable/sustainable housing



| PROTEA LANE       |                   |                   |                   |                   |                   |                   |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| LOT A             | LOT 514           | LOT 515           | LOT 516           | LOT 517           | LOT 638           | LOT 639           |
| 322m <sup>2</sup> | 300m <sup>2</sup> | 300m <sup>2</sup> | 300m <sup>2</sup> | 300m <sup>2</sup> | 300m <sup>2</sup> | 322m <sup>2</sup> |
| GRANDIS DRIVE     |                   |                   |                   |                   |                   |                   |



“ We are strategically aligned to Foundation Housing in our affordable housing initiatives. They take affordability to another level with their added tax exemptions and access to subsidies. They bring affordability to life and they give us a more sophisticated and affordable product than if we go it alone.”

Karl White, Manager Planning and Sustainability,  
Cedar Woods Properties Limited



For further details phone Tony on 0417 092 406.





# Appropriate housing

Growing need to accommodate changing home occupancies

- ▶ affordability pressures
- ▶ growth in 1 & 2 person households
- ▶ children staying home longer
- ▶ ageing population

# Sustainability

- ▶ HIA GreenSmart – introduced 2001(WA)
  - Primary focus on dwelling performance but with attention to housing estate initiatives
- ▶ EnviroDevelopment – introduced 2009 (WA)
  - Reduced energy / water consumption
  - Protection & enhancement of ecosystems
  - Vibrant communities
  - Sustainable material use
  - Reduced waste
- ▶ Building Codes
  - 4 star – 2002
  - 5 star – '5 Star Plus' started May 2007
  - 6 star - May 2012

# Affordable/sustainable housing



# Cedar Woods' Sustainability Report



## Cedar Woods' activities

- ▶ Design Excellence
- ▶ Environment
- ▶ Building Community
- ▶ Economic Development
- ▶ Governance

# QUESTIONS

# Disclaimer

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