

ASX ANNOUNCEMENT / MEDIA RELEASE

21 August 2013



Cedar Woods Properties Limited

Highlights:

- Record full year profit of \$36.3m, up 6.1% on pcp
- Final fully franked dividend of 15 cents declared; total fully franked dividend of 26 cents for FY2013
- Continued profit growth anticipated for FY2014
- Well positioned with \$175m in presales predominantly due to settle in FY2014
- Several projects acquired
- Strong balance sheet and low debt as at 30 June 2013

For further information:

Paul Sadleir
Managing Director
(08) 9480 1500

John Gardner/Garry Nickson
MAGNUS Investor Relations
+ Corporate Communication
(08) 6160 4901 or (02) 8999
1004

Cedar Woods announces record Full Year Net Profit of \$36.3 million – up 6.1%

Cedar Woods Properties Limited (ASX: CWP) today announced a record net profit after tax of \$36.3 million for the financial year ended 30 June 2013 (FY2013), an increase of 6.1% per cent from FY2012 and in-line with previous market guidance.

Reflecting this performance and consistent with Cedar Woods' policy of distributing approximately 50% of full year net profit to shareholders, the Board has announced a fully franked final dividend of 15 cents per share. This brings the full year dividend payout to 26 cents per share, a 4 per cent increase from FY2012.

Commenting on the FY2013 results, Cedar Woods' Managing Director Paul Sadleir said: "This record profit performance is testament to Cedar Woods' ability to efficiently develop its portfolio of strategically located and diverse residential projects in Western Australia and Victoria.

"By focusing on areas with ongoing, sustained residential demand and offering a range of housing product, Cedar Woods is well placed to continue to deliver consistent profit growth into the new financial year.

"The company has strong underlying fundamentals and the ability to fund both existing development plans and new opportunities. As a result, Cedar Woods has entered the 2014 financial year with a positive outlook and solid growth prospects."

Robust Balance Sheet

In May 2012 the company completed a \$30.5 million equity raising which considerably strengthened the balance sheet. As a result, earnings per share for FY2013 was 49.9 cents, a decrease of 6.2 per cent due to the increased number of shares associated with the capital raising.

Whilst making several acquisitions totalling over \$35 million, Cedar Woods maintained its strong balance sheet during FY2013 and reported gearing of 18.2 per cent at year end. During FY2013, Cedar Woods' financiers also confirmed an extension of the company's \$110 million corporate debt facility by a further 12 months to 30 November 2015.

This robust financial position supports Cedar Woods' ability to continue to pursue growth opportunities through the development of its existing portfolio and acquisitions.

Outlook

"Cedar Woods is well positioned to deliver continued shareholder value supported by \$175 million in presales already in place, the majority of which are expected to settle in FY2014.

"Subject to current market conditions continuing, the company anticipates another record profit in FY2014." said Mr Sadleir.

OPERATIONAL HIGHLIGHTS

Revenue was marginally higher than in the previous year with the gross margin similarly improving. The mix of projects contributing to the company's results differs from year to year and management is focussed on the achievement of profit and earnings objectives, rather than revenue growth.

Western Australia

In Western Australia, Cedar Woods experienced a strong year of project development, sales and acquisitions. Across the WA portfolio, demand was driven by population growth, a shortage of established properties available for rent or purchase and low interest rates.

Cedar Woods continued to capitalise on key project locations in Perth's urban growth corridors, the mid-west and Pilbara regions.

During FY2013, construction of new stages at Emerald Park (Stage 5), Piara Central (Stages 1 and 2), The Rivergums (Stage 9), and The Islands at Mariners Cove (Stage 6CA) were completed.

Construction also commenced at Elements, the company's residential project in South Hedland, with strong demand resulting in the majority of the available lots taken up. At the Batavia Coast Marina Apartments in Geraldton, construction is nearing completion with the first settlements expected shortly.

Cedar Woods added two new projects to its WA portfolio in FY2013. A 32.3 hectare site at Byford, was purchased for \$6.5 million, and at Brabham, a 40 hectare site was acquired for \$22.35 million.

The first stage of the Byford project is expected to be released to the market in the first half of FY2014, while planning and approvals are well advanced at Brabham with the first settlements expected in 2015. These acquisitions will together produce 700 lots, and are consistent with the company's strategy of acquiring land in metropolitan growth corridors with medium to long term development prospects.

Since year end, the WA portfolio has been expanded further with the announcement of Cedar Woods as the preferred developer of Landcorp's Western Edge project in South Hedland.

Positive market conditions in the Perth metropolitan area, coupled with ongoing demand for Cedar Woods' regional projects, means the company is confident of continued strength in its WA portfolio in FY2014.

Victoria

In Victoria, Cedar Woods continued to see robust demand for its portfolio of urban in-fill projects located near to new or improved transport infrastructure, while also benefitting from a steadily recovering residential property market.

Significant construction progress was made at Cedar Woods' Williams Landing project during FY2013 and the new train station and freeway interchange servicing the estate opened during the course of the year. Residential enquiries at the project remain strong, with demand having increased since the opening of the train station. Over 1,000 residential lots have sold at Williams Landing to date, with a further pipeline of over 2,000 lots and residential units to be developed over the next 10 years.

Major roads in the Williams Landing Town Centre were completed and construction of the Masters Home Improvement store is well under way, scheduled to open in mid-FY2014, at which time it will start generating an attractive rental income stream for the company. These developments have spurred increased commercial interest from businesses keen to locate into the 50 hectare Town Centre, with the company now considering the development of various sites. Future facilities in the Town Centre are likely to include retail space, bulky goods outlets and medical premises along with office and residential properties.

The company intends to commence development of the Williams Landing shopping centre in stages, with the first stage to comprise a Woolworths supermarket and a number of specialty shops with a GLA of approximately 7,500 square metres. Planning for later stages includes a Big W store and additional specialty shops, to follow as the market matures.

The company will build a limited number of commercial and retail property assets at Williams Landing where the development of those buildings is consistent with estate master plan objectives. The long term ownership of those assets will be balanced against the company's capital management objective and acquisition opportunities. Developments may be sold once they have achieved their amenity objectives and their valuations have matured, with disposals likely to become a regular component of the company's revenue stream.

At Realm, Cedar Woods' premium home development in Camberwell, construction and settlement of Stage 1 was completed during FY2013. Construction of Stages 2 to 6 is progressing well and 77 of the 78 homes are now sold.

Construction at the Heritage Apartments at Banbury Village in Footscray was completed in FY2013, as were Stages 12, 13 and 15 of the project's townhouses. The project continues to be popular with buyers and new apartment product will be released in FY2014, as all of the Heritage Apartments have now settled.

Cedar Woods' Victorian projects also gained industry recognition during FY2013 when the Williams Landing project and the Banbury Village project were nominated as finalists at The Property Council of Australia 2013 Awards.

DIVIDENDS

The Board has resolved to pay a fully franked final dividend of 15 cents per share, representing a total dividend of 26 cents for FY2013. This is an increase of 4 per cent on FY2012.

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

MARKET CONDITIONS

The underlying fundamentals supporting the Australian residential property market remain positive including a strong population growth rate, an increasing shortage of new housing, low vacancy rates and low interest rates.

Australian house prices have risen in all mainland cities in FY2013. Recent data suggests dwelling prices in WA have increased by approximately 6.0 per cent over the past 12 months, while prices in Melbourne have risen by approximately 5 per cent as the market recovery continues.

In Western Australia, residential land sale volumes increased during FY2013 and land prices have started to modestly rise. The company's projects, many of them in or close to WA's fastest growing urban and regional areas, continue to experience solid demand.

In Victoria and WA, the State Governments have both increased the first home buyers grant for new construction to increase the number of new housing starts. Affordability has improved over the past year with wages growing strongly and interest rates falling. Cedar Woods' projects, well located in infill areas or growth corridors, have continued to experience strong demand in recent months.

OUTLOOK

The company has a diversified and well located portfolio of properties in the nation's urban and regional growth corridors, and maintains a strong financial position to fund future acquisitions and development.

FY2013 was a landmark year for the Williams Landing project with the completion of the train station and freeway interchange and the commencement of the first commercial development. The company is poised to unlock further value in the Williams Landing Town Centre over the coming years as further commercial and retail sites are developed in accordance with the estate master plan.

The company has approximately \$175 million in presales in place which will predominantly settle in FY2014, underpinning earnings consistent with the company's objective of continued profit and dividend growth.

The outlook for Cedar Woods remains positive and subject to current market conditions continuing, the company anticipates another record profit in FY2014, driven by growth in revenues in WA and Victoria, flowing from increased activity in the portfolio.

The company will continue its practice of providing quarterly updates and guidance as the year progresses.

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