

MAY 2014

BRISBANE ACQUISITION AND EQUITY RAISING



Presentation Outline

- ▶ Transaction Overview
- ▶ Strategic Rationale
- ▶ Brisbane Market
- ▶ Upper Kedron Project Overview
- ▶ Funding
- ▶ Key Risks

TRANSACTION OVERVIEW



Introduction

- ▶ Cedar Woods is raising capital via a share placement and SPP to fund a significant acquisition in Brisbane: Upper Kedron.
- ▶ The acquisition marks Cedar Woods' entry into the South East Queensland property market, after a detailed and rigorous assessment process.
- ▶ Growth into a new state provides increased geographical diversification and fits with Cedar Woods' strategy to deliver consistent returns to shareholders.
- ▶ Upper Kedron acquisition offers a number of similarities to Cedar Woods' Williams Landing project, which marked the company's entry into the Victorian market.
- ▶ Cedar Woods to remain conservatively geared and will retain the ability to pursue attractive acquisition opportunities to build future earnings.

Brisbane Acquisition

- ▶ Capital for Brisbane acquisition
 - 227ha Upper Kedron property, under contract, settling May 2014
 - Purchase price \$68m plus GST over 4 ½ years
 - >1000 lots, 10 year project
 - Funded by new equity and current corporate facility.
- ▶ Consistent with diversification strategy.
- ▶ EPS accretive from FY16.
- ▶ Ongoing acquisition program.
- ▶ Maintaining strong, conservatively geared balance sheet.

Equity Raising Details

- ▶ Placement of \$25m to institutional and sophisticated investors.
- ▶ Share purchase plan offer to retail shareholders at the same price as the institutional placement, capped at \$5m.
- ▶ Offer at \$6.80 per share, represents:
 - 3% discount to last closing price
 - 3.8% discount to 10 day VWAP
 - 8.2% discount to 30 day VWAP

STRATEGIC RATIONALE



Company Strategy

Cedar Woods' strategy is to grow and develop its national portfolio, diversified by geography, product type and price point, so that it continues to hold broad customer appeal and performs well in a range of market conditions. The company implements this strategy through three key activities:



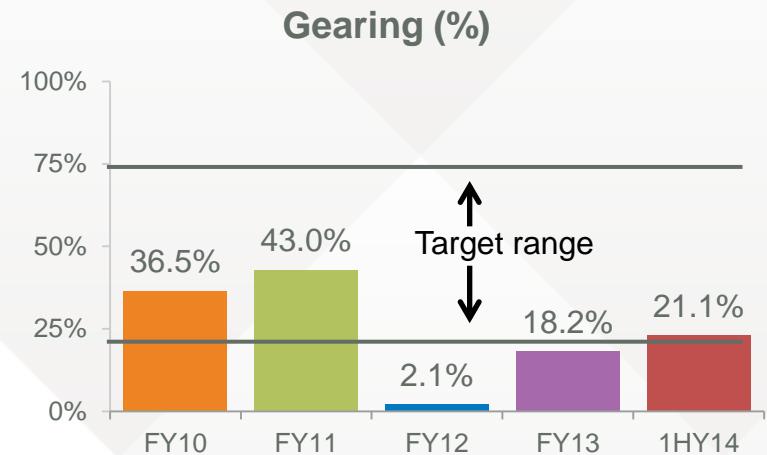
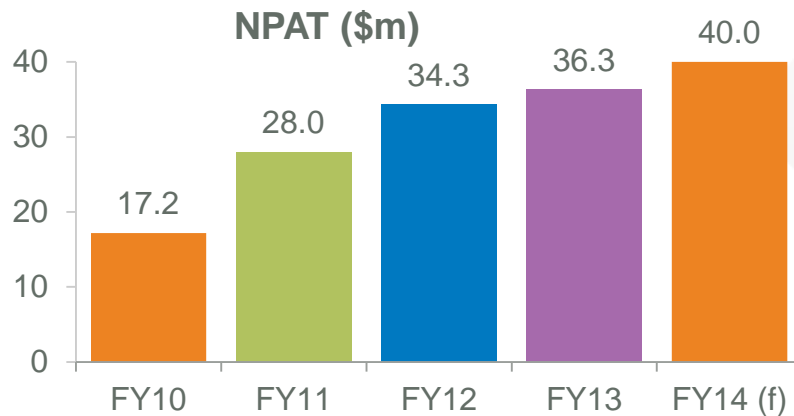
Acquisition aligns with company strategy

- ▶ Enhanced geographic footprint, consistent with Cedar Woods' strategy.
- ▶ Project area has a strong demographic with few other developments nearby.
- ▶ Project will appeal to a range of buyer types, mainly upgraders.
- ▶ Prime property, advanced in planning, meets return targets.
- ▶ Long project life (~10 years).
- ▶ Provides the key characteristics sought as a beachhead into the SE Queensland market (focus on SEQ rather than more volatile regional centres).
- ▶ Attractive purchase price, terms payment suits Cedar Woods' capital management.
- ▶ Significant project to enter market – like Victorian expansion, commenced with one major project, then portfolio growth occurred organically.

Cedar Woods' project locations



Track record of growth and balance sheet strength



- ▶ Two states have provided good diversity and hence enabled consistent earnings growth.
- ▶ Queensland will add further diversity to the portfolio and is moving into an upswing in residential activity.

BRISBANE MARKET



Population growth and dwelling commencements

Queensland – a major market with solid population growth

	C2013 Starts (‘000)	Population Growth (‘000)	Population Change (%)
Victoria	45	110.5	2.0%
New South Wales	42	108.1	1.5%
Queensland	30	83.7	1.8%
Western Australia	26	76.3	3.1%
South Australia	9	15.3	0.9%
ACT	5	5.9	1.6%
Northern Territory	2	4.3	1.8%
Tasmania	2	1.2	0.2%

HIA forecast Queensland detached housing starts

Year	Housing starts	% increase
2013/14	19,450	9%
2014/15	21,720	12%
2015/16	24,310	12%
2016/17	25,670	6%
2017/18	27,030	5%

Population growth and tight market conditions to underpin housing starts

Source: HIA February 2014

Median dwelling prices and outlook

Median price as at December 2013	
Brisbane	\$445,000
Perth	\$520,000
Melbourne	\$563,000
Sydney	\$655,000

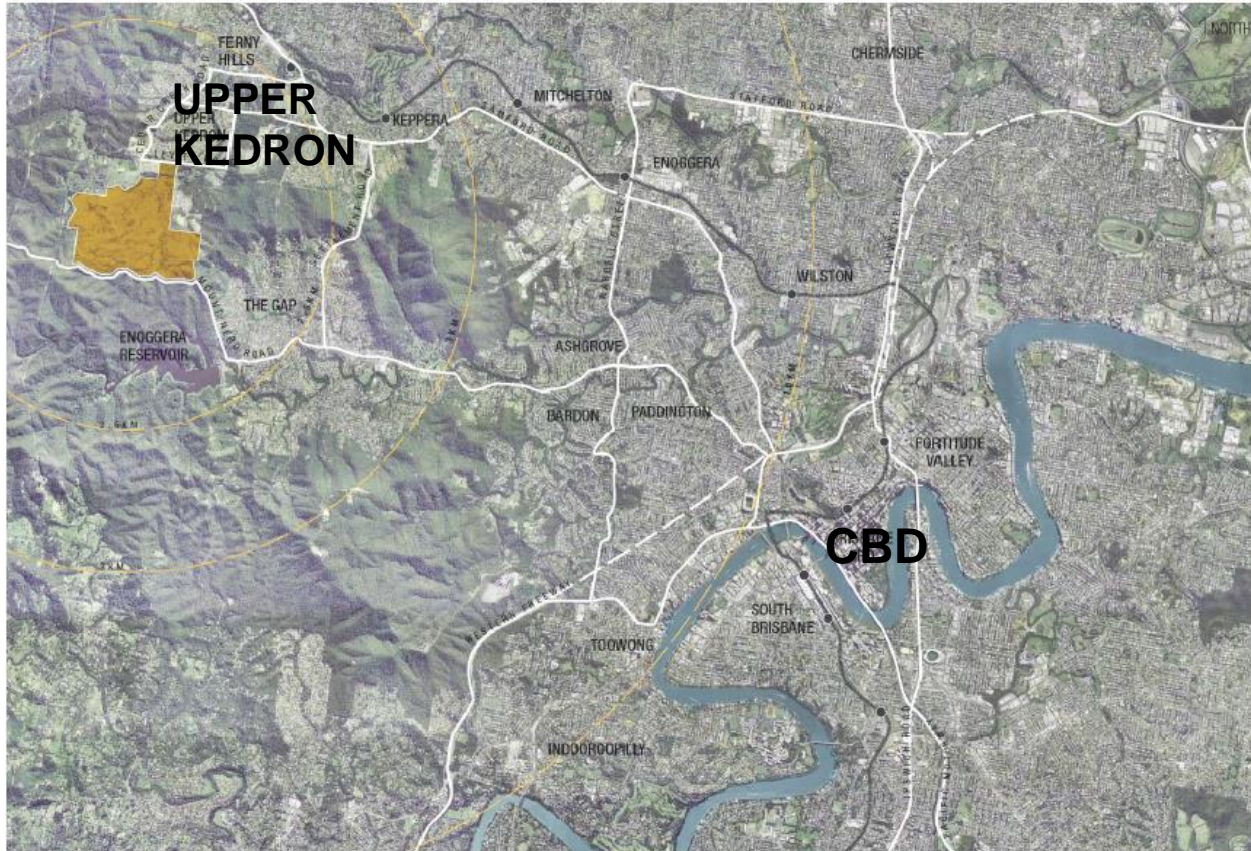
Source: CBA research

- ▶ Analysts forecasting continued price growth in Brisbane
- ▶ Brisbane relatively affordable compared to other capitals

UPPER KEDRON PROJECT OVERVIEW



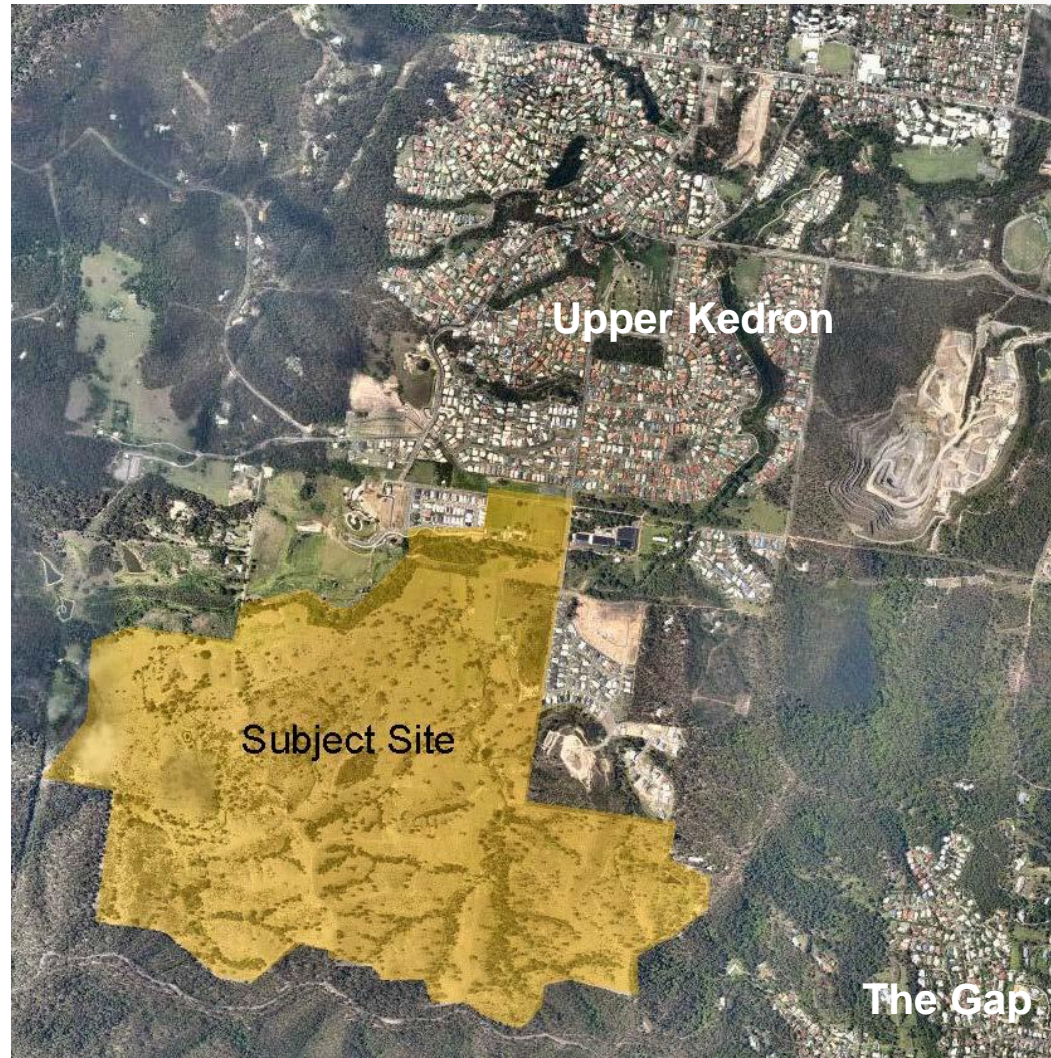
Upper Kedron details



► Upper Kedron site – 13kms from CBD

Upper Kedron

- ▶ Adjacent well established suburbs with many facilities



Well located with limited competition

- ▶ Located just 13km west of Brisbane CBD.
- ▶ Well regarded suburb, median price \$537,000.
- ▶ Services available.
- ▶ Adjacent to the popular suburb “The Gap”.
- ▶ Last major housing development site in Brisbane City
 - Most competing estates are 25km+ out.
 - Other estates in the area will be sold out by 2015, leaving this project with no major competition in the immediate area.

Significant, long term project

- ▶ Proposed master planned residential development to accommodate > 1000 lots.
- ▶ 227ha (137ha developable, balance parks and reserves).
- ▶ Mix of lot sizes with price range of \$160,000 to \$380,000.
- ▶ Rezoning anticipated within 12 months (strong Council & State Government support).
- ▶ Construction to commence in 2015 with 1st settlements in 2016.
- ▶ Forecast revenue over project life anticipated to exceed \$400m.

Rigorous assessment and planning

- ▶ Reviewed Brisbane market for 3 years.
- ▶ 5 months of due diligence undertaken on site.
- ▶ Strong team assembled to undertake the project.
- ▶ Site well located:
 - 25 minutes commute to CBD
 - 3km to Ferny Grove rail station

Financial impact of acquisition

- ▶ Settlements begin 2H FY2016.
- ▶ EPS accretive from FY2016.
- ▶ Funded by equity and debt – \$68m paid over 4½ years.
- ▶ Gearing to stay at the lower end of our target range.
- ▶ >1,000 lots added to portfolio, increase of around 10%.
- ▶ Earnings contribution for approximately 10 years.

FUNDING



Funding

Upper Kedron payment terms:

Date	Amount	Funding Source
May 2014	\$19,000,000	Equity raising
May 2015	\$10,000,000	Equity raising/corporate facility
September 2018	\$39,000,000	Corporate facility/balance sheet
Total	\$68,000,000	

Equity raising overview

	Funds to be raised	Shares
Placement at \$6.80 per share	\$25m	3.68m
Share purchase plan, up to \$15,000 per shareholder at \$6.80 per share	\$5m	0.74m
Total equity raising	\$30m	4.42m
Number of shares before equity raising		73.91m
Number of shares after equity raising		78.33m
Increase in number of shares *		≈ 6%

Placement & SPP timetable

Event	Date
ASX trading halt	Monday 5 May 2014
Commence placement book build	Monday 5 May 2014
ASX announcement and recommencement of trading on the ASX	Tuesday 6 May 2014
DVP settlement of placement	Tuesday 13 May 2014
Share purchase plan documents to shareholders	Mid May
Closure of share purchase plan offer	Mid June

Cedar Woods' investment case

- ▶ Listed 1994, consistently profitable, always paid dividends.
- ▶ Experienced and stable board and management team.
- ▶ Strategically located and diverse residential portfolio.
- ▶ Urban and regional growth areas in VIC, WA and QLD.
- ▶ Apartments, medium density housing, mixed use and large master planned communities.
- ▶ Attractive, fully-franked dividend yield.
- ▶ Growth opportunities – WA, VIC and QLD.
- ▶ Forecasting record profit FY2014 of \$40m.
- ▶ Strong balance sheet and prudent gearing.

KEY RISKS



Summary of key risks

- ▶ General economic environment.
- ▶ Regulatory issues and changes in law.
- ▶ Changes in accounting standards.
- ▶ Taxation risks.
- ▶ Interest rates and financial instruments.
- ▶ Trading and liquidity in the ordinary shares.
- ▶ Property market risks, including new markets.
- ▶ Development risks, including new approval agencies.
- ▶ Environmental matters.
- ▶ Dependency on key personnel.
- ▶ OH&S.
- ▶ Litigation.

Population growth
and tight market
conditions to underpin
dwelling
commencements

General investment risks

GENERAL ECONOMIC ENVIRONMENT

Cedar Woods' operating and financial performance is influenced by a variety of general economic and business conditions, including the level of inflation, interest rates, ability to access funding, oversupply and demand conditions and government fiscal, monetary and regulatory policies. Prolonged deterioration in these conditions, including an increase in interest rates or an increase in the cost of capital, could have a material adverse impact on Cedar Woods' operating and financial performance.

REGULATORY ISSUES AND CHANGES IN LAW

The financial performance of Cedar Woods may be materially affected by adverse changes in laws or other government regulation. Changes in government policy (including fiscal, monetary and regulatory policies at federal, state and local levels), may affect the amount and timing of Cedar Woods's future profits.

CHANGES IN ACCOUNTING STANDARDS

Cedar Woods must report and prepare financial statements in accordance with prevailing accounting standards and policies. There may be changes in these accounting standards and policies in the future which may have an adverse impact on Cedar Woods

General investment risks

TAXATION RISKS

Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in Cedar Woods securities, or the holding and disposal of those securities. Further, changes in tax law, or changes in the way law is expected to be interpreted in various jurisdictions in which Cedar Woods operates may impact the future tax liabilities of Cedar Woods.

Tax consequences for shareholders of Cedar Woods will be specific to their individual circumstances.

Shareholders and prospective investors should consult with their tax and/or other professional advisers in respect of their particular tax position.

INTEREST RATES AND FINANCIAL INSTRUMENTS

Adverse fluctuations in interest rates, to the extent that they are not hedged, may impact Cedar Woods' earnings. Where interest rates are hedged by way of financial instruments, the value of those instruments can vary substantially which can impact both earnings and net assets.

General investment risks

TRADING AND LIQUIDITY IN THE ORDINARY SHARES

The market price of Cedar Woods securities will fluctuate due to various factors including general movements in interest rates, the Australian and international general investment markets, economic conditions and other factors. The market price of Cedar Woods' securities could trade on ASX at a price below their issue price and may not reflect the underlying value of the assets. The market for shares in smaller public companies, such as Cedar Woods, is less liquid than for larger public companies and whilst the shares are listed on ASX, it may be difficult to dispose of the shares at a particular price.

PROPERTY MARKET AND COMPANY RISKS

Cedar Woods will be subject to the prevailing property market conditions in the sectors in which it operates. Adverse changes in market sentiment or market conditions may impact Cedar Woods' ability to acquire, manage or develop assets, as well as the value of Cedar Woods' properties and other assets. These impacts could lead to a reduction in earnings and the carrying value of assets.

Company specific risks

DEVELOPMENT RISKS

Cedar Woods' core business is the development of property. Property development has a number of risks including:

- the risk that planning consents and regulatory approvals are not obtained or, if obtained, are received later than expected, or are adverse to Cedar Woods' interests, or are not properly adhered to;
- escalation of development costs beyond those originally expected;
- unexpected project delays;
- lower lot yield than anticipated;
- anticipated sales prices or timing on anticipated sales are not achieved;
- the default of pre-sales on projects, which are not guaranteed;
- non performance or breach of contract by a contractor or sub-contractor; and
- competing development projects adversely affecting the overall return achieved.

A sustained downturn in property markets caused by any deterioration in the economic climate could result in reduced development profits.

Company specific risks

ENVIRONMENTAL MATTERS

Cedar Woods is exposed to a range of environmental risks which may result in failure to gain approvals or additional expenditure on properties and/or project delays.

Cedar Woods may be required to undertake remedial works and potentially be exposed to third party liability claims, fines and penalties, or other liabilities generally and as a result of the various Federal, State and local government environmental laws.

EMPLOYEES

Cedar Woods is reliant on retaining and attracting quality senior executives and other employees. The loss of the services of any senior management or key personnel, or the inability to attract new qualified personnel, could adversely affect Cedar Woods' operations.

OCCUPATIONAL, HEALTH AND SAFETY (OH&S)

If Cedar Woods fails to comply with necessary OH&S legislative requirements across the jurisdictions in which it operates, it could result in fines, penalties and compensation for damages as well as reputational damage.

Company specific risks

LITIGATION RISK

Legal proceedings may arise from time to time in the course of Cedar Woods' business. Cedar Woods cannot preclude the possibility that litigation may be brought against it or the members of Cedar Woods at some time in the future.

APPENDIX



Sustainable earnings from long term projects

PROJECT NAME	CORRIDOR / LOCATION	PROJECT TYPE	LOT/UNITS PROJECT	LOTS/UNITS REMAIN	FY14	FY15	PROJECT LIFE FY16	FY17	FY18
WESTERN AUSTRALIA					(As of 1/7/13)				
Perth									
The Jetty - Rockingham	South	Apartments	16	2					
Sutton Farm - Mandurah	South	Canal	6	6					
Carine Rise - Carine	North West	Residential / Mixed Use	43	43					
Emerald Park -Wellard	South West	Residential Land	627	286					
Piara Central - Piara Waters	South East	Residential Land	481	367					
The Brook at Byford	South East	Residential Land	350	350					
Byford on the Scarp	South East	Residential Land	320	320					
Mariner Cove - Mandurah	South	Canal	900	150					
The Rivergums - Baldviss	South West	Residential Land	1341	590					
Harrisdale Green - Harrisdale	South East	Residential / Mixed Use	430	266					
Brabham	North East	Residential Land	345	345					
Waterline - Halls Head	South	Townhouses	20	20					
Mangles Bay - Rockingham	South	Marina/Mixed Use	TBC	TBC					
North Baldviss	South West	Residential Land	850	850					
Bushmead - Hazelmere	South East	Residential Land	750	750					
Pinjarra	South	Residential Land	920	920					
Regional									
Batavia Coast - Geraldton	Mid-West	Apartments	54	54					
Blements - South Hedland	Pilbara	Residential Land	150	150					
Western Edge - South Hedland	Pilbara	Residential Land	600	600					
VICTORIA									
Melbourne									
Cara, Williams Landing	South West	Residential Land	39	39					
Realm at Camberwell	South West	Residential Land	78	78					
Banbury Village - Footscray	North West	Apartments & Houses	425	125					
Carlingford - Lalor	North East	Residential Land	646	183					
Williams Landing	South West	Residential Land	2400	1133					
Williams Landing Town Centre	South West	Retail / Mixed Use	600	600					
Williams Landing Masters	South West	Retail	1	1					
Williams Landing Shopping Centre	South West	Retail	1	1					
St Albans	North West	Houses	180	180					
Clayton South - acquired Dec 2013	South East	Apartments & Houses	250	250					
QUEENSLAND									
Upper Kedron - acquired May 2014	West	Residential land	> 1000	> 1000					

Project yields are indicative and subject to change

DEVELOPMENT & SALES
PLANNING/DESIGN
LEASING, DEVELOPMENT, SALES

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