

Cedar Woods Properties Limited

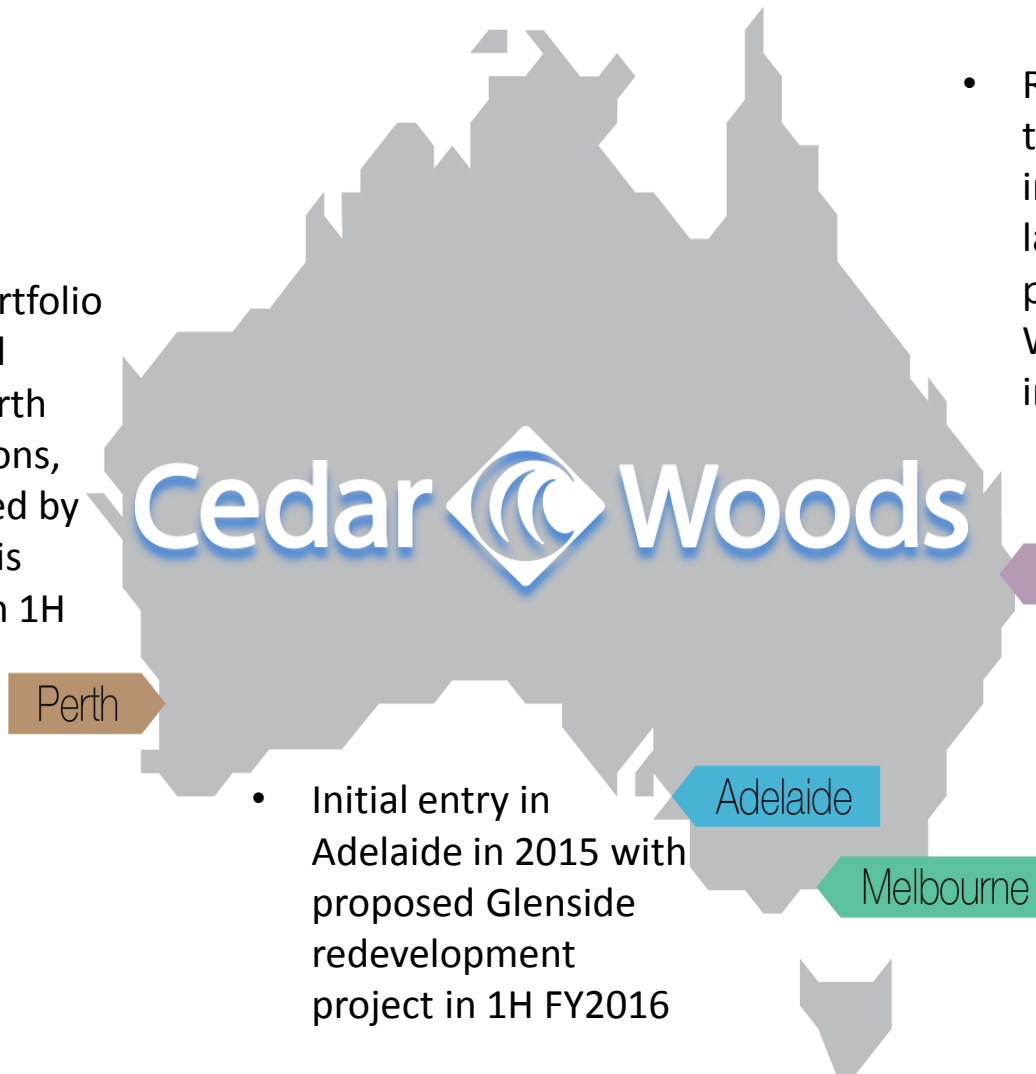
# First-Half FY2016 Financial Results

23 February 2016



# Snapshot of Achievements in FY2016

- Extensive portfolio of residential estates in Perth and WA regions, supplemented by North Baldivis acquisition in 1H FY2016



- Recent acquisition of two exciting projects in Brisbane including landmark Ellendale project in 2014 and Woollooin project in 1H FY2016

Brisbane

- Initial entry in Adelaide in 2015 with proposed Glenside redevelopment project in 1H FY2016

Adelaide

Melbourne

- Significant portfolio in Melbourne including flagship Williams Landing project with 50ha town centre and other key medium density projects

# Agenda

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<b>1</b>	<b>1H FY2016 Financial Highlights</b>
2	Operational Overview
3	Market Conditions
4	Company Outlook

# 1H FY2016 Financial Highlights

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- 1H FY2016 Net Profit After Tax (NPAT) of \$18.1million
- Fully franked dividend of 12.0 cents declared, to be paid 29 April 2016.
- Dividend Yield of approximately 7%<sup>(1)</sup>
- Net debt of \$75.3 million and net debt/equity at 25.9%
- Presales of \$176 million with majority anticipated to settle in 2H FY2016
- The company anticipates delivering a record FY2016 NPAT of approximately \$43m

# 1H FY2016 Financial Performance Summary

	1H16 (\$m)	1H15(\$m)	Change (%)
Revenue	77.0	77.9	-1%
Net profit after tax	18.1	9.1	100%
Dividends per share	12.0 cents	12.0 cents	-

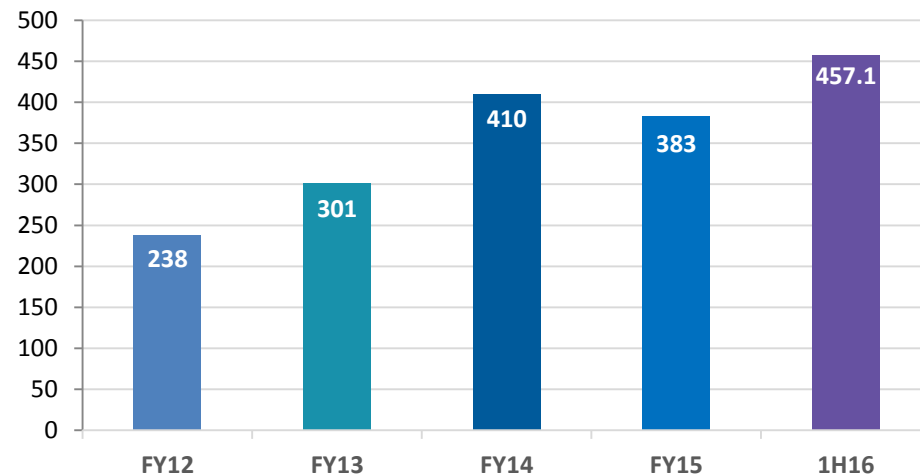
- Revenue in line with 1H FY2015, with greater contributions from higher margin projects resulting in increased NPAT
- Interim dividend of 12.0 cents declared, fully franked
- Dividend policy unchanged – pay approximately 50% of annual NPAT
- Dividend Reinvestment Plan and Bonus Share Plan remain suspended

# Balance Sheet Strength

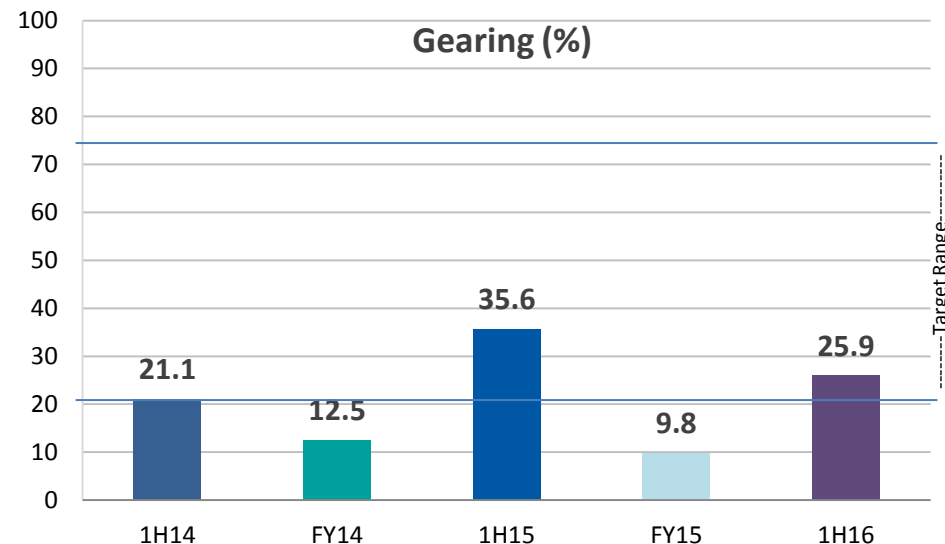
	31 Dec 2015 \$m	30 June 2015 \$m
Total assets (book value)	457.1	383.3
Net bank debt	75.3	27.9
Net assets (equity)	291.1	285.6
Net bank debt to equity	25.9%	9.8%
Finance facilities	158.0	158.0
Finance facility headroom	66.4	114.2
Interest cover	14.6 x	9.9x

- Total assets increase to \$457.1m due to new acquisitions
- Net bank debt to equity at 25.9% to continue well within target range for 2H
- Strong interest cover

### Asset at book value (cost) (\$)



### Gearing (%)



# Cash Flow Summary

	1H16(\$m)	1H15(\$m)
<b>Receipts from customers</b>	<b>84.2</b>	<b>84.5</b>
Interest Received	0.3	0.2
Payments to suppliers and employees	(26.9)	(23.7)
Borrowing costs	(1.9)	(3.0)
Income taxes paid	(12.9)	(11.9)
Payments for development	(48.1)	(53.9)
<b>Operating cash flow before acquisitions</b>	<b>(5.3)</b>	<b>(7.8)</b>
<b>Payments for new land acquisitions</b>	<b>(28.8)</b>	<b>(25.5)</b>
<b>Net operating cash flow</b>	<b>(34.1)</b>	<b>(33.3)</b>

- Operating cash flows are broadly similar to first half of FY2015
- Payment for new land acquisition at North Baldivis settled in August 2015
- Operating cash flow before acquisitions expected to be strong in 2H FY2016

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# National Portfolio and Land Bank



# VIC Portfolio Overview

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- Strong contribution to 1H FY2016 NPAT
- Positive conditions across land and housing with high level of sales
- Apartment market firm in those areas where there is little competition
- Anticipate steady growth in sales and prices into FY2017
- Pleasing progress at St. A, Jackson Green and Newton Apartments project gives confidence for FY2017

# VIC Projects Highlights

## WILLIAMS LANDING



- Strong price growth on residential lots achieved resulting in higher margin
- First stage of new neighbourhood Addison released in January with strong price points achieved

## WILLIAMS LANDING SHOPPING CENTRE



- Shopping Centre has approximately 6800sqm retail, 1800sqm office and 440 car bays
- Construction of a further 1200sqm of floor space to commence shortly
- Expansion to include childcare centre, restaurant and retail tenancies

## WILLIAMS LANDING TOWN CENTRE



- Newton apartments in Town Centre, comprising 57 apartments, with a mix of 1 and 2 bedrooms
- Successful project launch with strong pre-sales of 80%

# VIC Projects Highlights

## JACKSON GREEN



- 350 dwellings planned on 6.5ha site in Melbourne's south-east
- Strong sales in 1H FY2016
- Established new price points well above suburb's median house price
- 5-year staged project

## ST. A




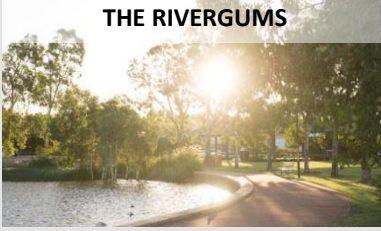


- Around 250 dwellings on a 6.8ha site in Melbourne's north-west
- Successful sales release with 12 townhouses sold in Q2 FY2016
- Average price achieved 20% higher than suburb's median house price
- 5-year staged project

# WA Portfolio Overview

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- Market continues to ease off cyclical highs
- Sales supported by selective incentives and price discounting in areas of increased competition
- Acquisition of North Baldivis land in August 2015 adding to strong pipeline of future projects
- First stages of North Baldivis and Bushmead projects scheduled for completion in late FY2017

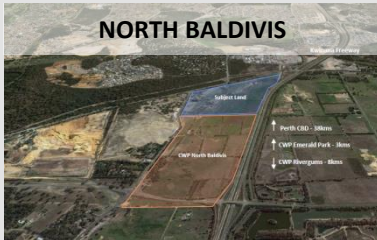
# WA Projects Highlights

 <p><b>ARIELLA</b></p>	<ul style="list-style-type: none"> <li>• Master-planned community of 480 lots 22km from Perth CBD</li> <li>• New sales centre recently opened and good demand for first stage</li> <li>• Construction of 94-lot second stage underway</li> </ul>
 <p><b>THE RIVERGUMS</b></p>	<ul style="list-style-type: none"> <li>• Master-planned community of over 1,400 lots, 46km from Perth CBD</li> <li>• New primary school opened within the estate adjoining existing high school</li> <li>• Competitive market conditions</li> </ul>
 <p><b>BYFORD ON THE SCARP</b></p>	<ul style="list-style-type: none"> <li>• Premium estate in the area with no comparable product available</li> <li>• Demand consistent during first half</li> </ul>
 <p><b>THE BROOK AT BYFORD</b></p>	<ul style="list-style-type: none"> <li>• Sales activity slowed during 1H FY2016</li> <li>• Established community within the project as construction continues</li> <li>• Stage two construction scheduled for completion in FY2016</li> </ul>

# WA Projects Highlights



- Sales and settlements of last remaining stage of 40 lots commenced
- Strong sales and buyer interest for remaining canal lots
- Landmark project nearing completion



- Purchase of 50.74 hectares at North Baldivis in early August 2015
- Site adjoins company's existing 68 hectare holding
- Combined property will allow master-planned development of approximately 1,500 lots



- 273ha site, 16km from Perth CBD, expected to yield approx 860 lots
- Local Structure Plan approved by City of Swan
- Federal environmental assessment complete
- Detailed planning underway



- 80ha Marina-Based tourist precinct 50km from Perth CBD
- Federal Department of Environment approval achieved
- Completion of Statutory Planning due in November 2016
- Construction anticipated to commence in FY2017



# QLD Portfolio Overview

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- QLD market is coming off period of relatively slow growth and should benefit from improving conditions
- Particular signs of strength in the established housing sector and inner-city urban developments
- CWP has two well-located projects offering mix of land and built form product
- Very high level of registrations of interest for Ellendale – first settlements anticipated in FY2017



# QLD Projects Highlights

**ELLEDALE**

- 227 hectare master-planned community just 12km from Brisbane CBD
- Queensland Government has approved first 480 lots on 67ha of site
- First stage of 143 lots
- Marketing centre on site
- Ten year staged project

**WOOLOOWIN**

- Acquired December 2015 for \$24.6 million
- 3.81 hectare infill site in Brisbane's inner north, 5km from CBD
- Approval for 279 residential dwellings
- Approval for building height of up to 8 levels
- Development to include a mix of townhouses, apartments and a small office and retail component

# SA Project - Glenside



- 16.5 hectare site just 2km south-east of Adelaide CBD
- Masterplan prepared in cooperation with Renewal SA and presented to community
- First stage of community consultation completed
- Preferred proponent to negotiate the acquisition of the site
- Full due diligence investigations underway

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# Market Conditions

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## **Victoria**

Solid price increases and clearance rates continue. Market conditions expected to remain stable going into FY2017. Good buyer interest across all sectors of residential

## **Western Australia**

Market continues to ease off its cyclical highs. Employment remains steady as economy transitions away from resource sector

## **Queensland**

Coming off period of relatively slow growth and should benefit from improving conditions

## **South Australia**

HIA forecasts housing starts to increase, indicating latent demand

# Cedar Woods' Portfolio & Population Growth

Steady population growth across Australia continues ahead of previous forecasts



1.30%

Perth



1.25%

Brisbane

Adelaide

0.78%

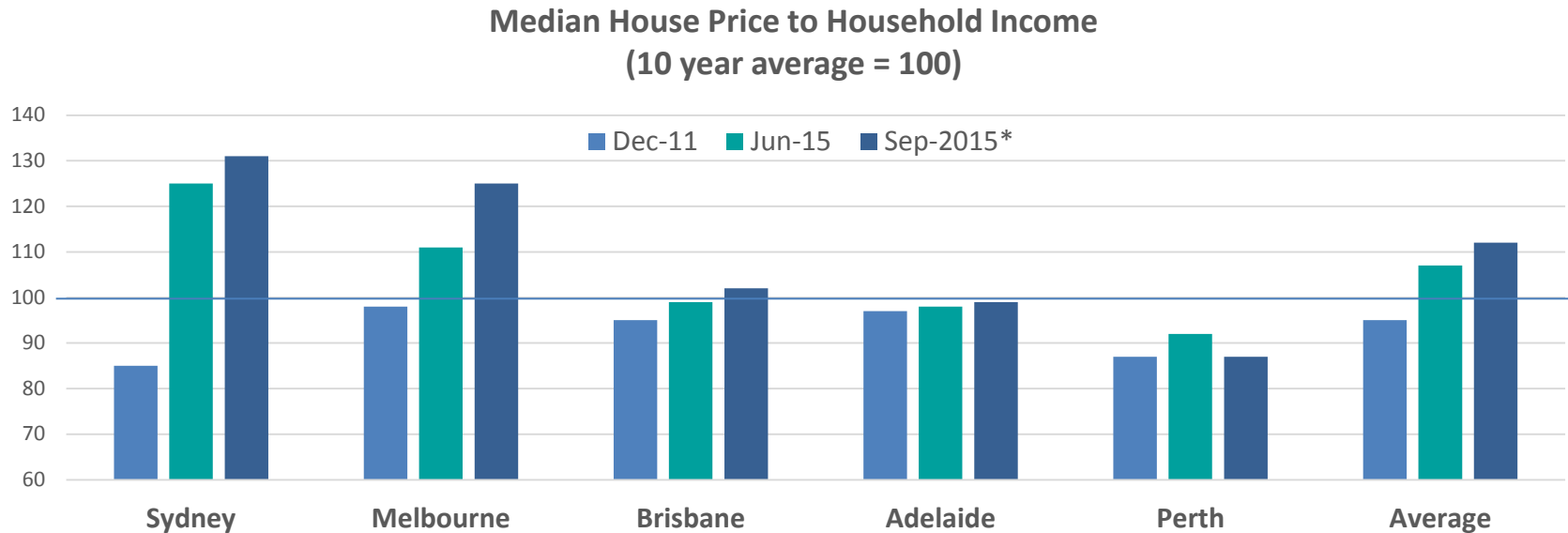
Melbourne

1.70%



Source: ABS June 2015

# Affordability - Price to Income Measures



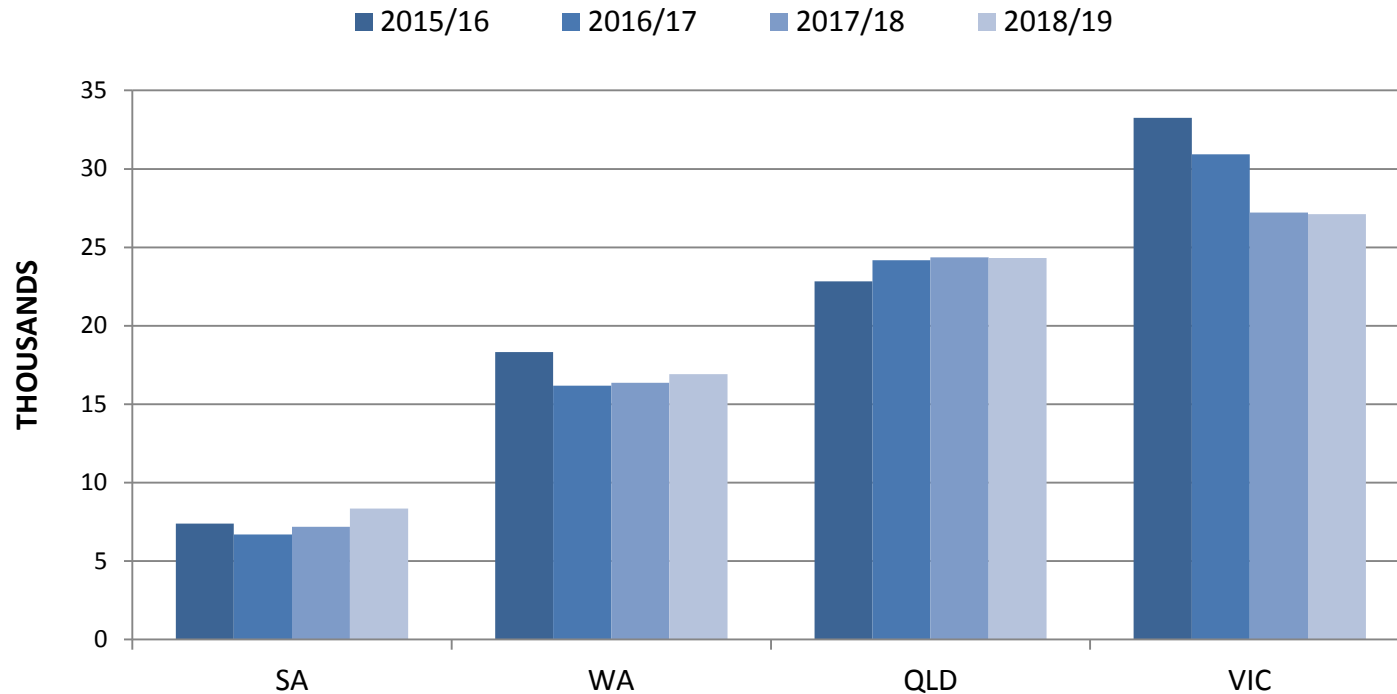
\*Estimate

Source: ABS, CoreLogic, RP Data, NAB Economics

- Perth, Adelaide and Brisbane at or below 10 year average, indicates improved affordability
- Melbourne has seen sustained price growth but market remains strong



# Forecast Housing Starts



Source: HIA – February 2016

- Robust activity forecast nationally
- Continued under-supply of housing
- Victoria forecast to peak in FY2016, returning to trend

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# Company Outlook

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- Cedar Woods' full year profit guidance for FY2016 increased to approximately \$43m (FY2015 - \$42.6m), based on the company's strong delivery program for 2H FY2016 and on current market conditions continuing
- Positive outlook underpinned by strong pre-sales of \$176 million with the majority expected to settle in 2H FY2016
- Development program is on track, backed by continued strong pre-sales and disciplined project execution and delivery
- Landmark projects in Queensland, Victoria and Western Australia commencing in coming months, place the company in a strong position for FY2017

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