

Cedar Woods Properties Limited

FY2016 Financial Results

25 August 2016



Agenda

1	Company Overview
2	FY16 Financial Highlights
3	Operational Overview
4	Market Conditions
5	Company Outlook

Cedar Woods' charter

Cedar Woods' Purpose

“To create long term value for our shareholders through the disciplined acquisition, development and marketing of properties that meet the needs of our customers.”

Cedar Woods' Objective

“To manage our portfolio with the aim of delivering consistent annual growth in profits and dividends.”

Cedar Woods' Values

- Integrity
- Performance
- Innovation
- People and environment

Cedar Woods' strategy

“To grow and develop our national project portfolio, diversified by:

- *geography*
- *product type*
- *price point*

so that it continues to hold broad customer appeal and performs well in a range of market conditions.”

Business Model



Implementing strategy

Growing and developing a diversified national portfolio

Geography

- Brisbane (Ellendale 2014, Woolloowin 2015)
- Adelaide (Glenside 2015, Port Adelaide 2016)
- Perth (North Baldivis 2015)

Product Type

- First apartments at Williams Landing
- Medium density at Woolloowin and Glenside
- Townhouse product planned at Port Adelaide

Price Points

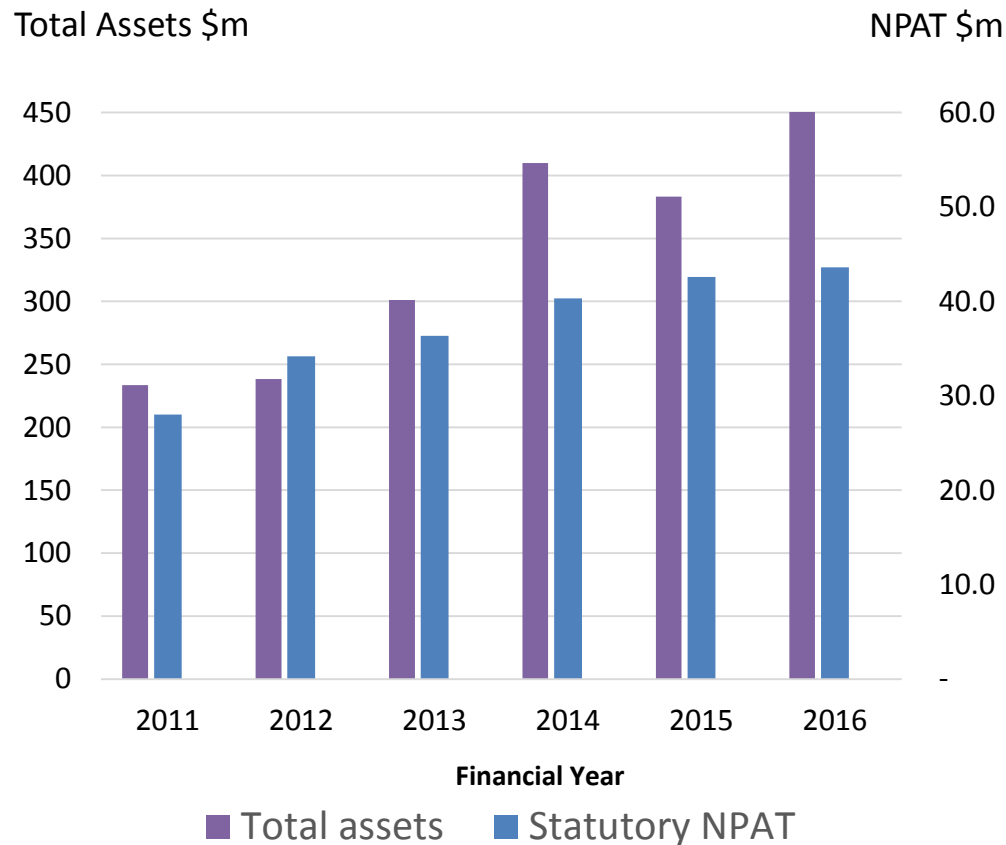
- First homebuyer, upgrader, investor all catered for
- Brisbane, Perth and Adelaide markets offer excellent affordability

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Historical financial performance

A strong track record of consistent profitability and growth



- Consistent growth in NPAT and dividends
 - delivered year-on-year NPAT growth since FY10
 - sixth consecutive record profit in FY16 & record EPS and DPS
- Strong return on equity
- Investor focussed
 - Quarterly shareholder updates
 - Regularly providing earnings guidance

Strategy delivering continued profit growth

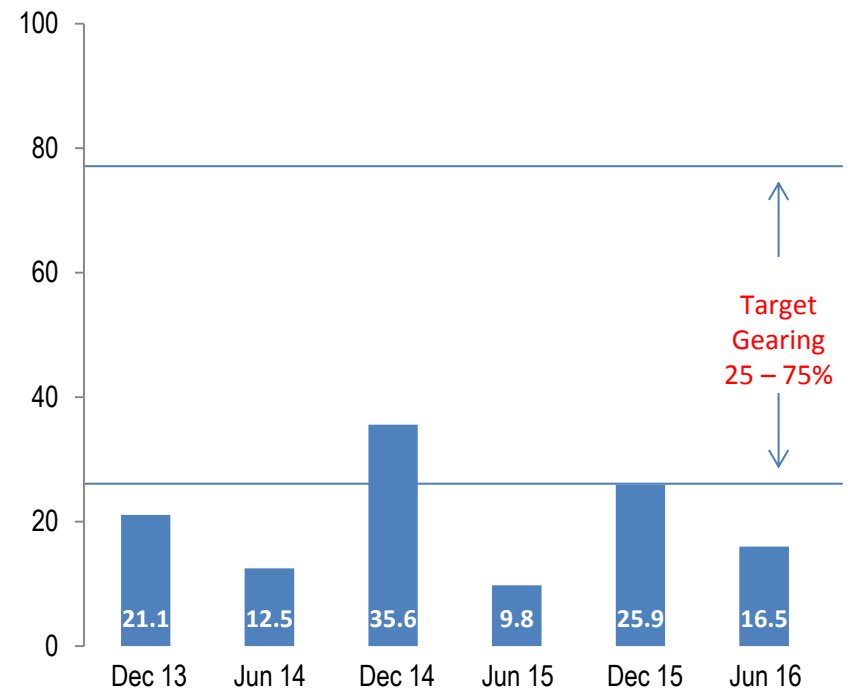
- NPAT consistent with guidance
 - Stronger second half as expected
- Contribution across portfolio
 - Lot sales at residential communities in WA and Victoria
 - Medium density housing & apartments
 - Williams Landing town centre development
- Healthy ROE
- Dividend payout remains at 50%

	FY16	FY15	Change	
Net Profit after tax	\$43.6m	\$42.6m	2.4%	▲
Earnings per share	55.3 cents	54.3 cents	1.8%	▲
Dividends per share	28.5 cents	28.0 cents	1.8%	▲
Dividend yield (based on 30 June share price)	6.1%	5.3%	0.8%	▲
Return on equity	14.2%	14.9%	0.7%	▼

Balance sheet strength and access to funding

	30 June 2016 \$m	30 June 2015 \$m
Total assets (book value)	452.7	383.3
Net bank debt	50.3	27.9
Net assets (equity)	307.2	285.6
Net bank debt to equity	16.4%	9.8%
Finance facilities	165.0	158.0
Finance facility headroom	98.5	114.2
Interest cover	16.6x	9.9x

Gearing (%)



- Net bank debt to equity at 16.4%, to continue well within target range for FY17
- \$98.5m in finance facility headroom at 30 June 2016
- Approval in July for increase in finance facilities from \$165m to \$205m, now provides over \$130m in headroom for acquisitions and development
- Strong interest cover confirms comfortable debt servicing ability

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National footprint with well located projects



Positioned for continued growth

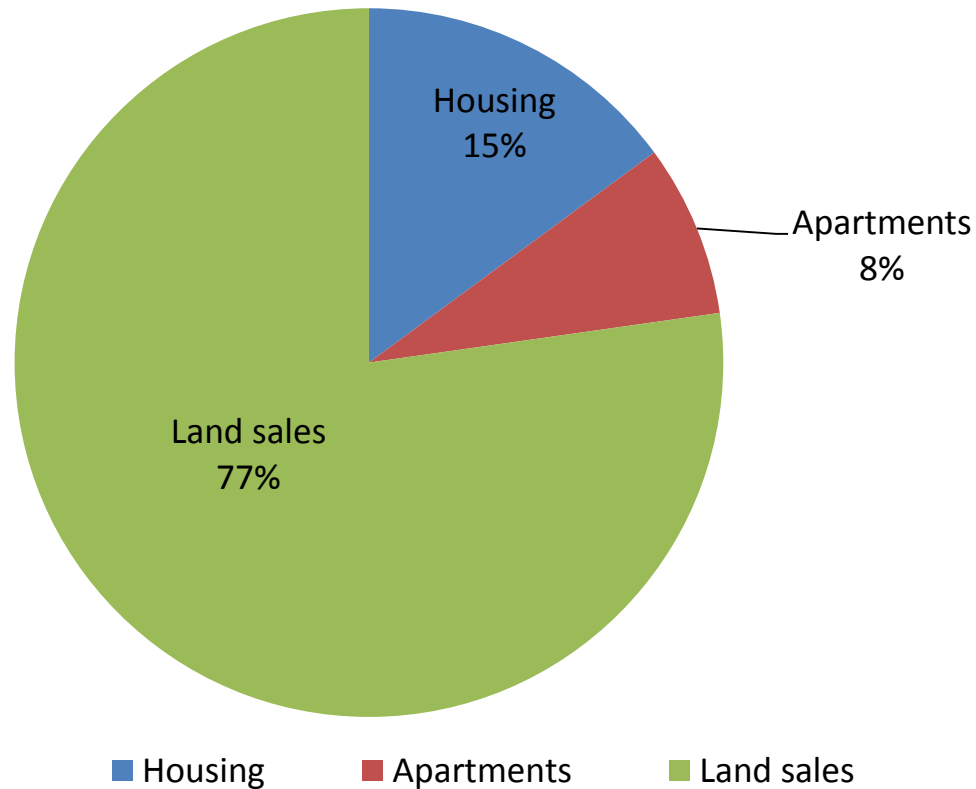
New Projects Contributing to Revenue in Coming Years

Project	State	Acquired	Acquisition Cost (\$m)	Lots / Units	Project Life (Years)
Ellendale - Upper Kedron ⁽¹⁾	QLD	2014	68.0	480	10
Wooloowin	QLD	2015	24.6	279	6
Jackson Green - Clayton South	VIC	2013	25.3	350	5
St A - St Albans	VIC	2012	12.0	250	4
Newton Apartments	VIC	1998	0.1	57	1
North Baldivis	WA	2011 & 2015	47.0	1,580	10+
Bushmead – Hazelmere	WA	2010	18.0	935	8
Mangles Bay Marina	WA	N/A	N/A	TBA	10
Glenside	SA	2016	25.8	1,000	5-10
Port Adelaide ⁽²⁾	SA	TBA	TBA	500	7

(1) Initial approval for 480 lots. It is anticipated that further stages will be approved in due course.

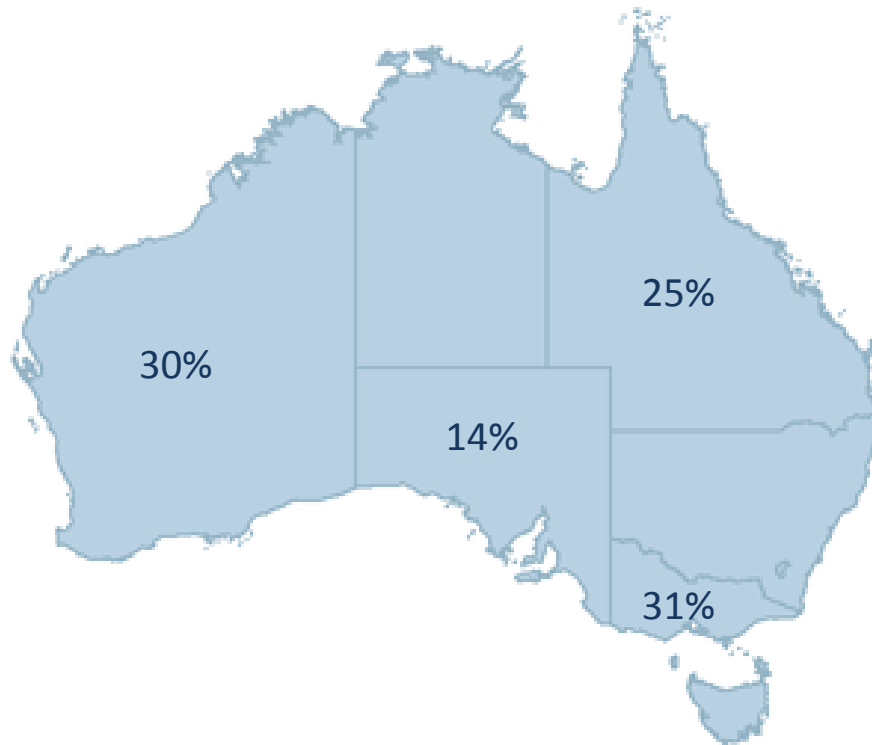
(2) Cedar Woods selected as preferred proponent by Renewal SA

Product mix – settled sales FY16



- Focus on land and housing, with niche apartment product
- Maintaining acquisition focus on well located sites

Anticipated acquisition and development spend FY17



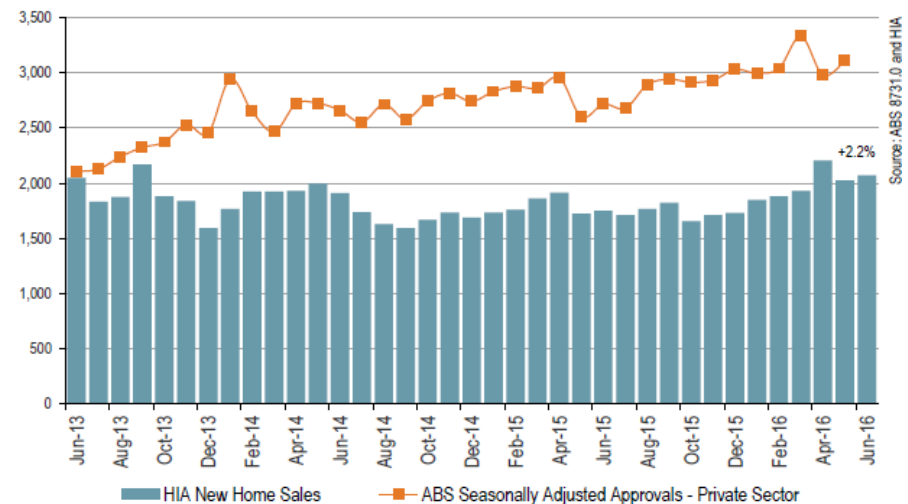
- Geographic diversification strategy providing national footprint in key metropolitan markets
- Acquisition focus in Melbourne in FY17
- Majority of portfolio's value located in Eastern States

VIC portfolio update

- Strategy of acquiring well located infill projects has delivered quality portfolio
- Melbourne – strongest housing market over the past 5 years
- Positive conditions across land and housing with high level of sales, anticipate steady growth in sales and prices for CWP into FY17
- Williams Landing 10+ years remaining
- Pleasing progress at St. A, Jackson Green and Newton Apartments projects



PRIVATE NEW HOUSE SALES - VICTORIA (SEASONALLY ADJUSTED)



VIC project highlights

WILLIAMS LANDING



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

WILLIAMS LANDING SHOPPING CENTRE



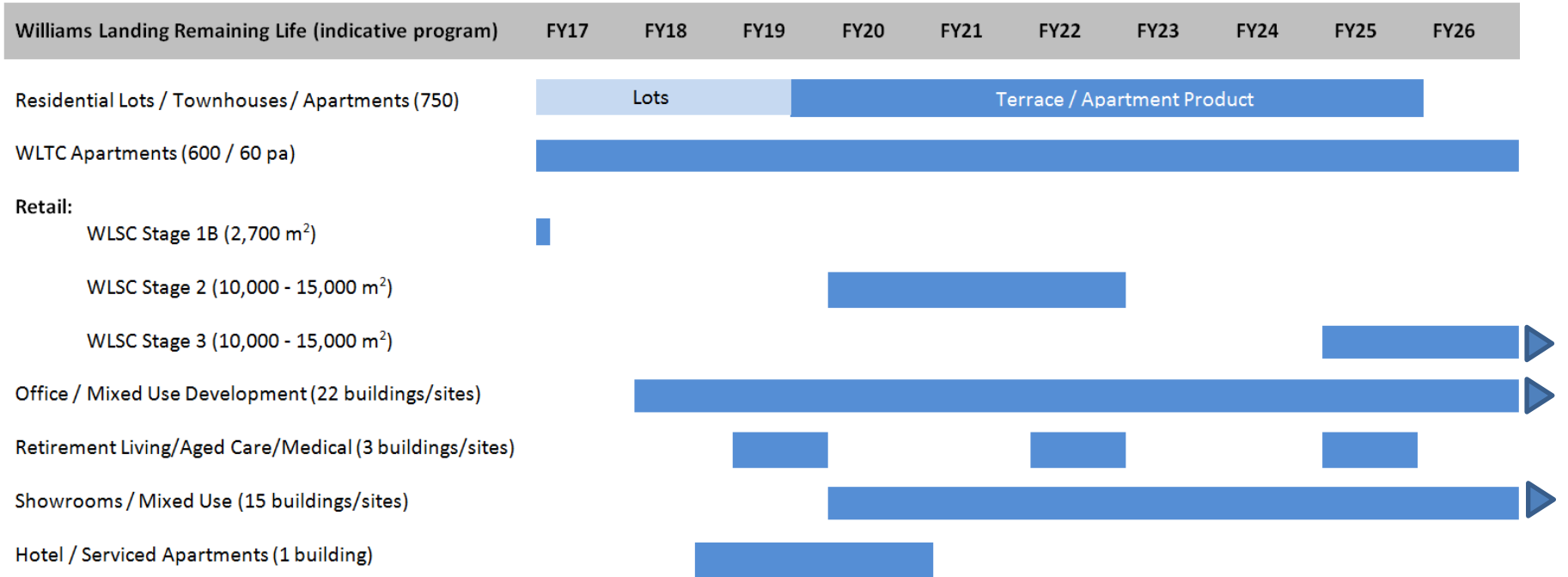
- Shopping Centre has approximately 6800sqm retail, 1800sqm office and 440 car bays
- Construction of a further 1200m² of retail space almost complete, expansion to include childcare centre, restaurant and retail tenancies
- Provision made for \$780,000 of overdue rent and lease incentives, review of tenancy mix and performance ongoing

WILLIAMS LANDING TOWN CENTRE



- Newton Apartments comprising 57 apartments, with a mix of 1 and 2 bedrooms, 100% pre-sold
- Under construction – completion anticipated in April 2017
- Marketing of commercial, office, showroom uses continues

Williams Landing remaining life 2026+



VIC project highlights

JACKSON GREEN



- 350 dwellings planned on 6.5ha site in Melbourne's south-east
- Strong sales achieved in FY16 for settlement in FY18, price range \$500 - 960k
- Established new price points well above suburb's median house price
- Civil construction underway
- 5-year staged project

ST. A



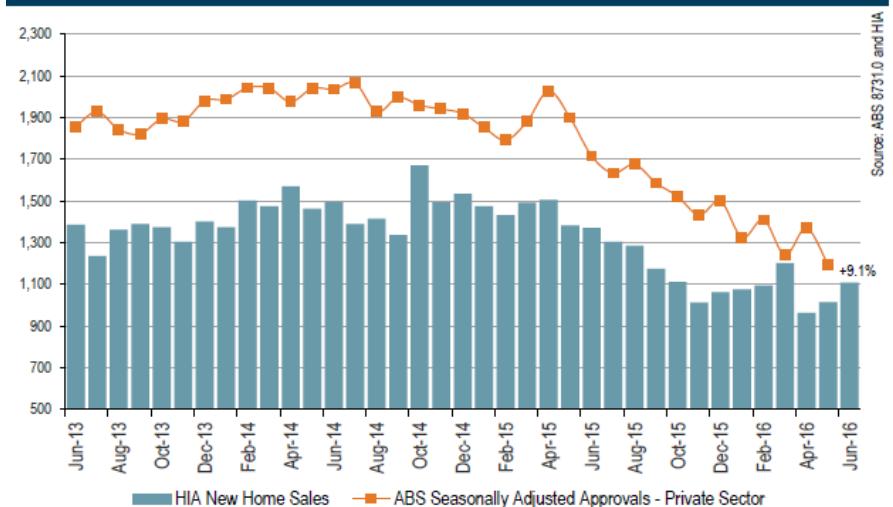
- Approx 250 dwellings on a 6.8ha site in Melbourne's north-west
- Strong sales momentum with 18 sales in FY17 YTD, price range \$400 – 600k
- 10% growth in St Albans suburb median price in FY16
- 4-year staged project, civil construction underway

WA portfolio update

- Market showing early signs of improvement
 - improvement in HIA new home sales in May and June
 - CWP sales lifted 4Q FY16
- Sales supported by selective incentives and price discounting in areas of increased competition
- Demand/supply varies from corridor to corridor
- First release of Bushmead project sold out, construction scheduled to commence September 2016



PRIVATE NEW HOUSE SALES - WESTERN AUSTRALIA (SEASONALLY ADJUSTED)



WA project highlights



ARIELLA

- Master-planned community of 480 lots 17km from Perth CBD in growth corridor
- New sales centre recently opened and strong sales in first two stages
- Construction of 94-lot second stage completed, stage 3 planned for FY17
- 120 lots sold to date



THE RIVERGUMS

- Master-planned community of over 1,400 lots, 42km from Perth CBD
- New primary school opened within the estate adjoining existing high school
- Sale of Child Care site adjacent to school



BYFORD ON THE SCARP

- Premium estate in the area with no comparable product available
- Demand consistent throughout FY16
- New planning approvals achieved for release of next stages
- Construction of stage 8A commencing (45 lots)



THE BROOK AT BYFORD

- Stage 1 largely sold out, stage 2 construction complete
- Established community within the project as construction continues
- Major landscape works nearing completion

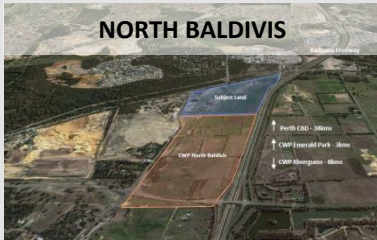
WA project highlights

MARINERS COVE



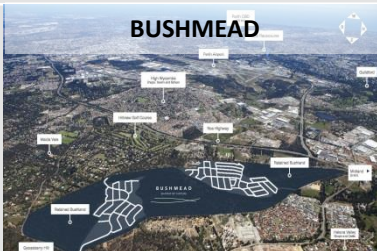
- Sales and settlements of last remaining stage of 40 lots continuing
- Strong sales and buyer interest for remaining canal lots
- Planning design advanced for development of group housing site – yield 31 units

NORTH BALDIVIS



- 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 1,580 lots
- Construction planned Q2 FY17

BUSHMEAD



- 273ha site, 15km from Perth CBD, expected to yield approx 935 lots
- First release lots all sold
- Construction of stage 1 (90 lots) scheduled to commence in late August/early September 2016, titles April 2017

MANGLES BAY MARINA



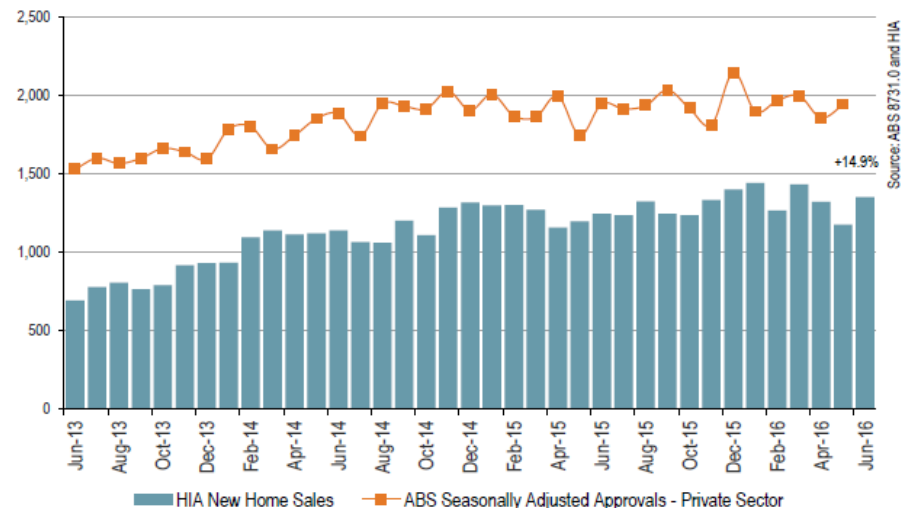
- 66ha Marina-Based tourist precinct 39km from Perth CBD
- State & Federal environment approvals achieved
- Rezoning and detailed planning underway
- Construction anticipated to commence in FY18

QLD portfolio update

- Qld new home sales expected to continue at robust levels for the next 3 years
- Strength in the established housing sector and inner-city urban developments
- Consistent with diversification strategy, CWP has acquired two well-located projects offering mix of land and built form product



PRIVATE NEW HOUSE SALES - QUEENSLAND (SEASONALLY ADJUSTED)



QLD project highlights

ELLEDALE



- 227 ha situated 12 km west of Brisbane's CBD
- Initial approval granted for the first 480 lots with a planning process underway for the remaining 160 hectares
- Stage 1, 143 lots - construction commenced in Q4 FY16. Settlements expected Q4 FY17
- Stage 1 sales launched in Q4 FY16, approx. 50 sales to date
- 29 lot display village – builder allocation complete
- Subdivision approval process underway for stage 2

WOOLLOOWIN



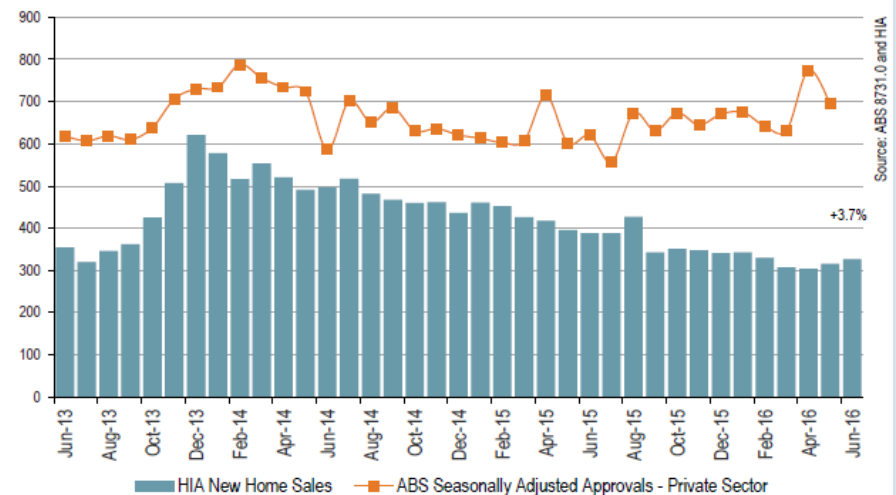
- 3.81 hectare site, 6 km north of the Brisbane CBD, train stations nearby
- Site has current approval for 279 residential dwellings up to 8 storeys
- CWP is revising the masterplan to provide an integrated housing development, comprising premium terrace homes, duplexes and low to mid- rise apartments
- Construction and sales commencing FY18
- Target market predominantly local buyers

SA portfolio update

- Recent entry in to SA market consistent with strategy, places CWP in 4 key Australian metropolitan markets
- SA housing market forecast to grow over the next 3 years
- Government focus on consolidating growth in existing urban areas
- CWP active with two well located projects



PRIVATE NEW HOUSE SALES - SOUTH AUSTRALIA (SEASONALLY ADJUSTED)



SA project highlights

GLENSIDE



- 16.5 hectare site just 3km south-east of Adelaide CBD
- Sale approved by SA Gov't for \$25.86M plus GST
- Masterplan of 1,000 apartments and townhouses
- Rezoning underway, expected to be approved in mid FY17
- Settlement conditional upon rezoning

PORT ADELAIDE



- 12.6 hectare site 14km north-west of Adelaide CBD
- Cedar Woods is preferred proponent to purchase the site, subject to due diligence
- Masterplan of 500 townhouses and apartments

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Residential property market drivers

Positive outlook in all CWP markets



Population Growth



Gross Domestic Product



Employment



Demographics



Interest Rates

Trend	Population growth forecast to accelerate	GDP forecast to grow 2.5-3.5% pa in 2016 and 2017	Employment outlook stable	Changing demographics driving buyer preferences	Interest rates at historical lows, RBA cash rate 1.5%
Metric	Growth in year to Dec 2015 (and 5 year capital city forecast)	GSP growth for FY17	Unemployment as at May 2016	Forecast annual growth in capital city households	
VIC	1.9% (2%)	3.0%	5.8%	1.99%	Affordability in CWP's markets to remain positive
QLD	1.3% (2.2%)	4.5%	6.4%	2.1%	
WA	1.2% (1.7%)	1.25%	5.7%	2.89%	
SA	0.7% (0.9%)	1.75%	6.9%	1.21%	

Sources: ABS, State Treasuries

Median sales & rental prices

CWP markets more affordable than Sydney

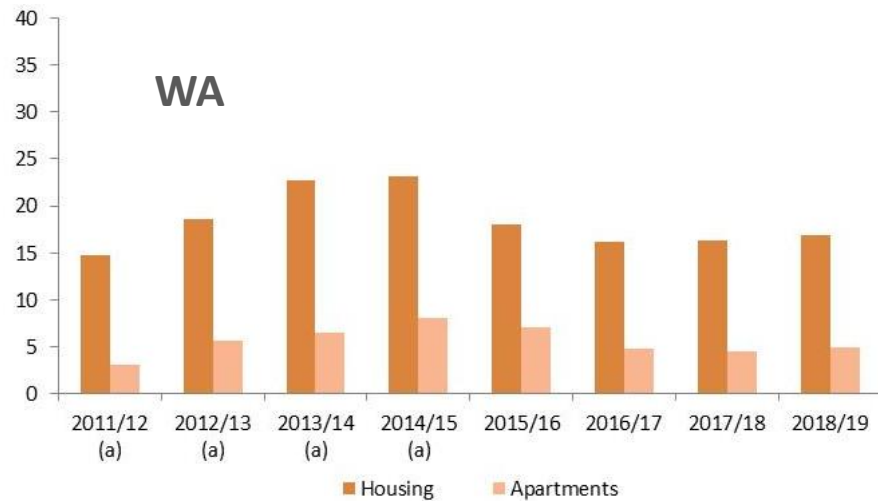
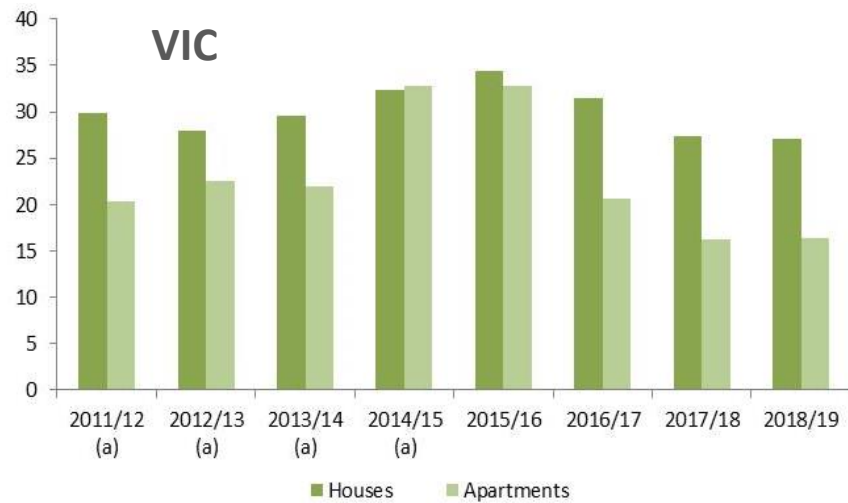
	Median Price (House)	Median Price (Unit)	Median Price (All)	YOY Median Price Change (All)
Sydney	\$1,079,060	\$734,060	\$996,140	11.3%
Melbourne	\$852,420	\$528,380	\$803,290	11.5%
Brisbane	\$544,930	\$406,200	\$528,370	5.3%
Perth	\$596,100	\$456,290	\$584,110	-4.7%
Adelaide	\$481,990	\$346,210	\$467,520	2.2%

	Median Rents (per month)	Median rental change (YOY)	Rental vacancy rates
Sydney	\$596	0.4%	1.8%
Melbourne	\$457	1.7%	2.1%
Brisbane	\$432	-0.3%	2.8%
Perth	\$431	-8.6%	5%
Adelaide	\$366	-0.4%	2%

Source: Corelogic as at 30 June 2016

Dwelling start forecasts

Housing markets less volatile than apartments



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Company outlook

- Positive outlook underpinned by strong pre-sales of \$184 million, up 20% on last year
- 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 underway, placing the company in a strong position for FY17
- Assuming current market conditions continue, the company is well placed to maintain profit momentum into FY17, with a similar profit result anticipated to that achieved in FY16
- New projects commencing and already under construction provide positive growth outlook for FY18 and future financial years

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Appendices

Cedar Woods' investment highlights

- ✓ ASX 300 company with a proven track record of consistent earnings growth
- ✓ Attractive, fully-franked dividend yield
- ✓ Attractive valuation metrics
- ✓ Strategically located portfolio, diversified by geography, product type and price point
- ✓ Strong balance sheet and capacity to fund growth
- ✓ Experienced and proven management team

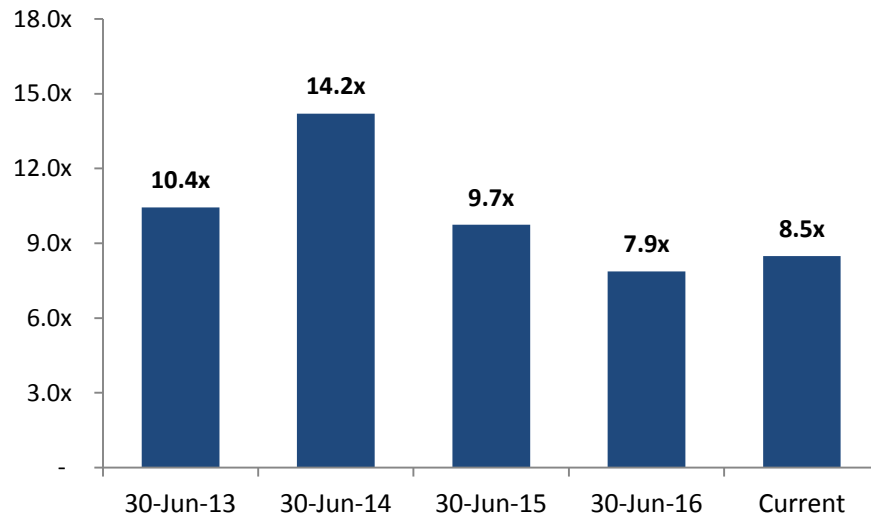
Project Pipeline

Planning, Design & Rezoning Development & Sales Leasing, Development & Sales

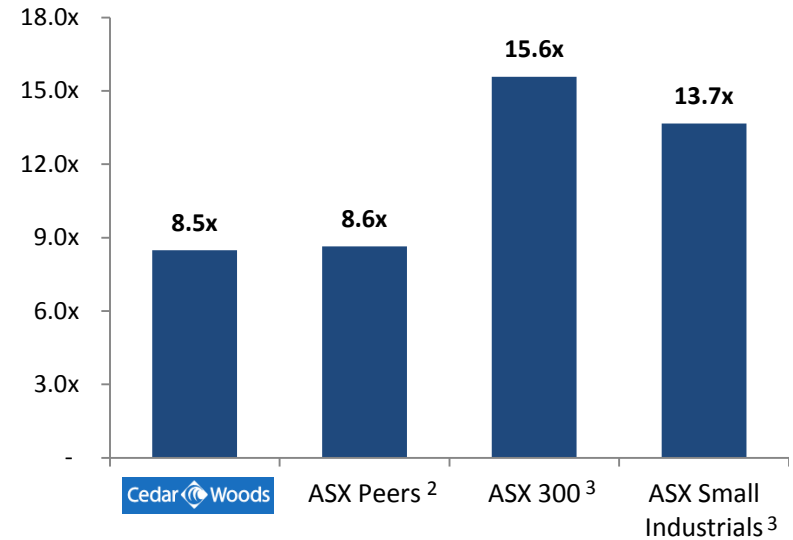
PROJECT NAME	CORRIDOR/LOCATION	PROJECT TYPE	LOT/UNITS PROJECT	LOT/UNITS REMAIN	FY17	FY18	FY19	FY20	FY21	FY22
(as at 1/7/16)										
WESTERN AUSTRALIA										
Perth										
Mariners Cove	South	Canal lots	984	40						
The Brook at Byford	South East	Residential Land	405	277						
Rivergums Baldivis	South	Residential Land	1413	457						
Ariella	North East	Residential Land	480	425						
Byford on the Scarp	South East	Residential Land	324	262						
Piara Waters / Forrestdale	South East	Residential Land	443	443						
Bushmead	East	Residential Land	935	935						
North Baldivis	South	Residential Land	1580	1580						
Pinjarra	South	Residential Land	1080	1080						
Regional										
Elements South Hedland	Pilbara	Residential Land	136	15						
WA "JV" projects										
Cedar Woods Wellard (Emerald Park)	South	Residential Land	665	135						
Batavia Coast Marina Apartments	Mid-West	Apartments	54	27						
Harrisdale Green	South East	Residential Land	427	262						
Mangles Bay	South	Mixed use	TBD	TBD						
Western Edge	Pilbara	Residential Land	600	600						
				6538						
VICTORIA										
Melbourne										
Banbury Village	Inner West	Houses and Apartments	430	62						
Carlingford	North	Residential Land	650	141						
St Albans	North West	Houses and Apartments	250	250						
Jackson Green	South East	Houses and Apartments	350	350						
Williams Landing Residential	West	Residential Land	2385	721						
Williams Landing Town Centre	West	Retail, Mixed Use, Apartments	600	600						
				2124						
QUEENSLAND										
Brisbane										
Ellendale	North West	Residential Land	480	480						
Woolloowin	Inner North	Houses and Apartments	279	279						
				759						
SOUTH AUSTRALIA										
Adelaide										
Glenside (proposed)	Inner South East	Houses and Apartments	1000	1000						
Port Adelaide (proposed)	North West	Houses and Apartments	500	500						
				1500						

Attractive Valuation

Cedar Woods P/E over time¹



Relative FY16 P/E



- FY16 below historical average
- Trading at a discount to benchmark indices

Note:

(1) P/E over time based on share price at 30 June in each relevant year and earnings for relevant financial year. CWP's current P/E based on final FY16 NPAT of \$43.6m and share price as at 2 August 2016.

(2) ASX Peers consist of PPC, FRI, VLW, AVJ & SDG. Multiple represents the average FY16 P/E of the peer group, using analyst consensus estimates and share prices as at 2 August 2016.

(3) Benchmark indices P/E based on trailing 12 month EPS and share prices as at 2 August.