

Cedar Woods Properties Limited

1H2018 Financial Results

22 February 2018



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.



Geography

- WA, VIC and QLD contributing profits in FY18 with SA contribution expected from FY19
- Good geographic spread, well located projects



Product Type

- Apartments and townhouse products continue to sell well in VIC
- Introducing medium density at Woolloowin (QLD) and Glenside (SA) and townhouse product at Port Adelaide (SA)



Price Point

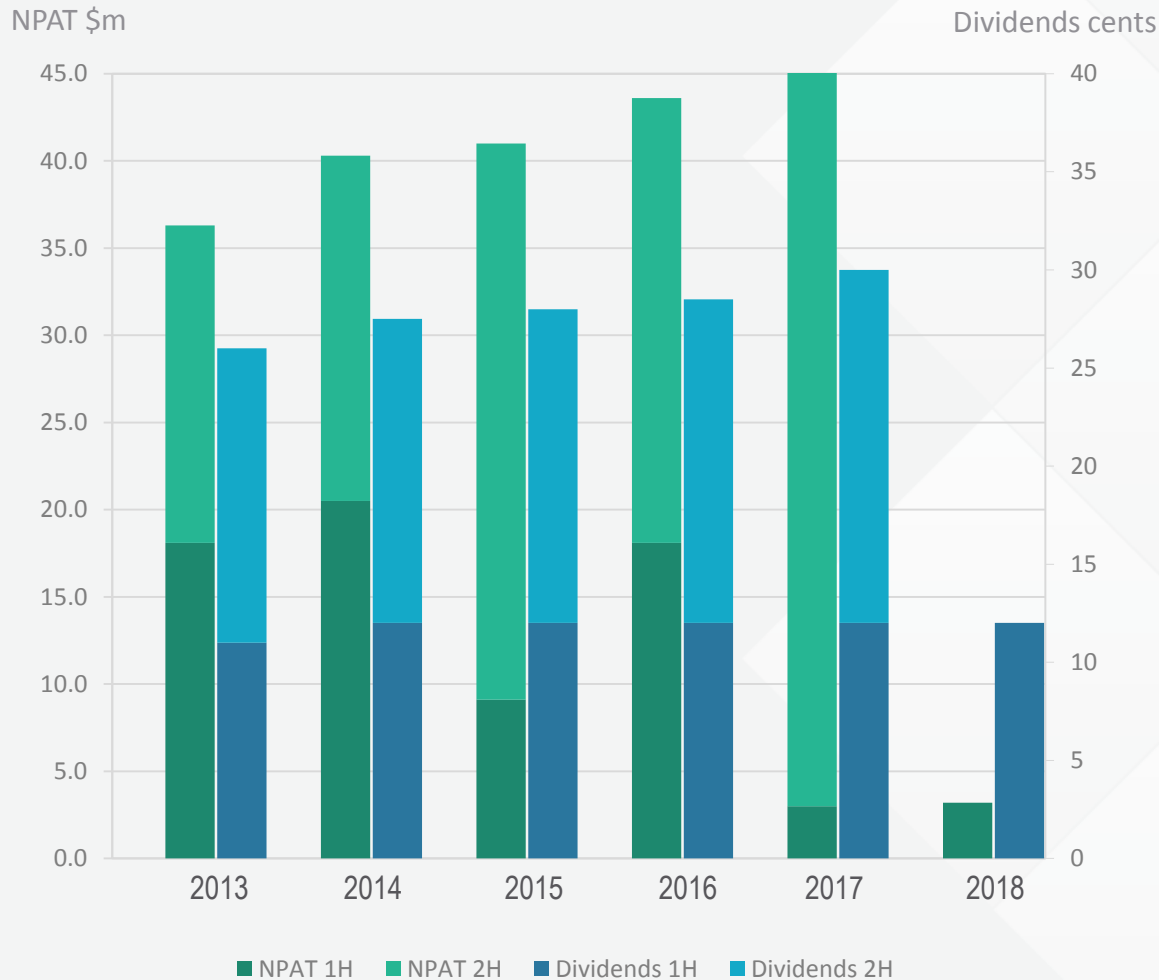
- First homebuyer, upgrader, investor all catered for
- Wide range of price points offered with WA, SA and QLD offering good affordability

1H18 profit in line with guidance

	1H18	1H17	Change (1H18 vs 1H17)
Net Profit after tax	\$3.22m	\$3.02m	Up 6.5%
Earnings per share	4.1 cents	3.8 cents	Up 6.5%
Dividends per share	12.0 cents	12.0 cents	-

- First half slightly above prior year and consistent with guidance
- 1H18 characterised by considerable development activity across four states
- Significantly stronger second half of FY18 expected
- Record pre-sales of \$338 million with majority settling in 2H18
- Management maintaining focus on full year financial performance

Full year focus and consistent dividends



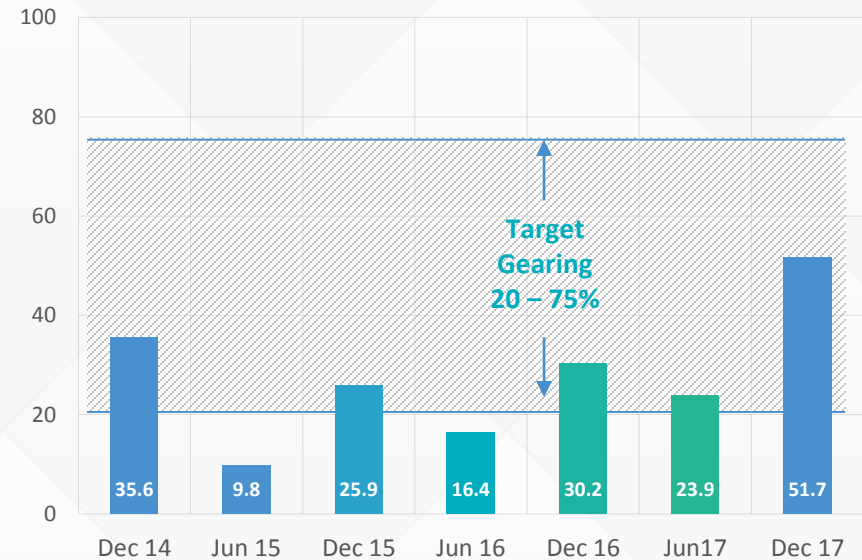
- Cedar Woods has a history of uneven half year financial results due to the timing of project releases and various seasonal factors
- Management remains focused on driving full-year performance
- Cedar Woods will provide full year earnings guidance as settlements proceed
- Dividend policy – maintaining consistent payout ratio of approximately 50% of full year NPAT

Balance sheet strength and access to funding

	31 Dec 2017 \$m	30 June 2017 \$m
Total assets (book value)	585.2	505.6
Net bank debt	165.4	78.9
Net assets (equity)	319.4	330.2
Net bank debt to equity	51.7%	23.9%
Finance facilities	235*	205
Finance facility headroom	53.6*	102.0
Interest cover	2.2x	13.9x

*based on increased facility announced January 2018.

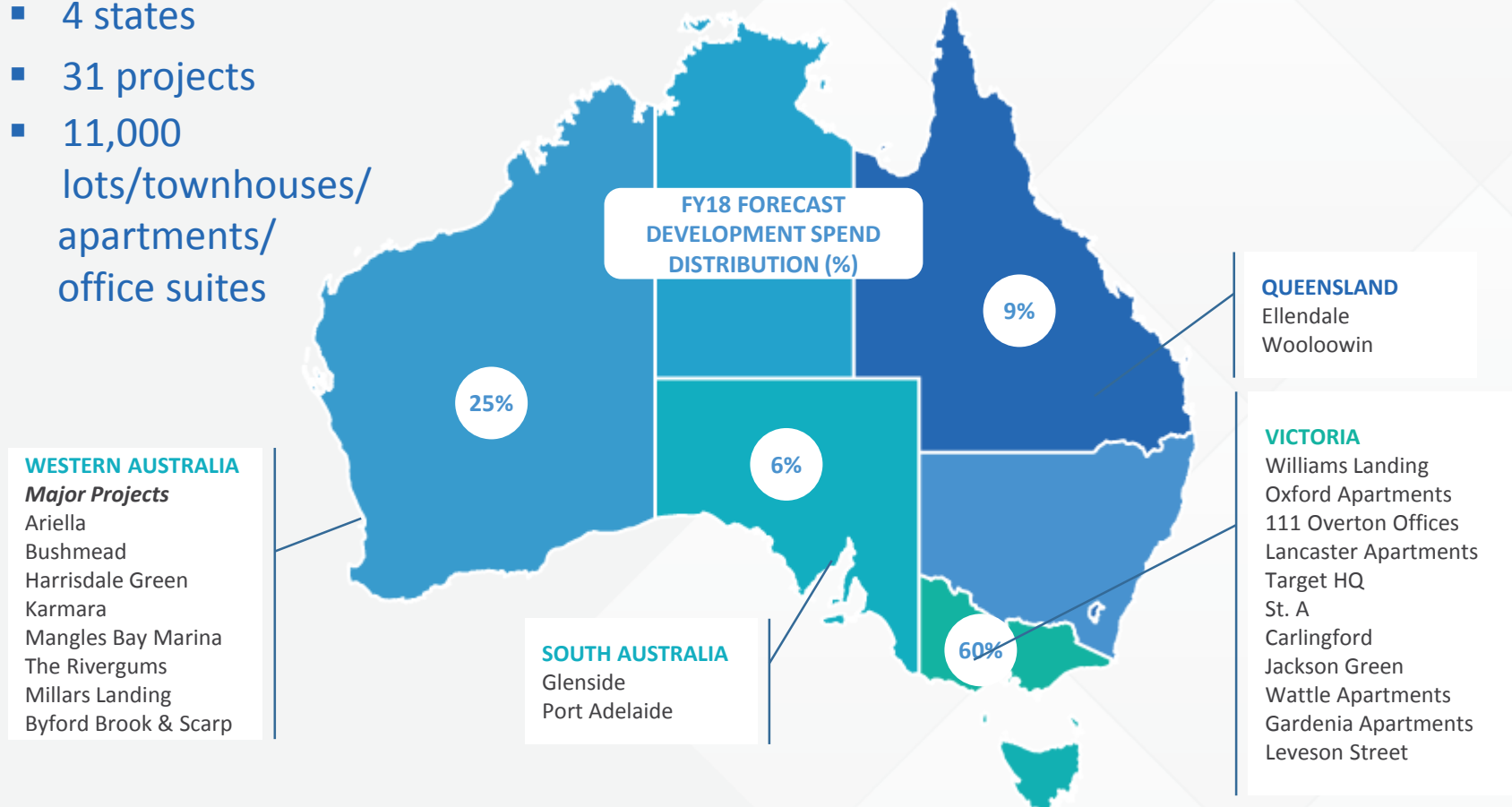
Gearing (%)



- Net bank debt to equity at 51.7%, well within target range and expected to fall to low end of target range by 30 June 2018
- Debt to equity historically higher at mid year
- \$235 million in finance facilities, ample headroom with corporate facility extended to November 2020
- Interest cover is expected to be significantly stronger for the full year

Balanced national portfolio

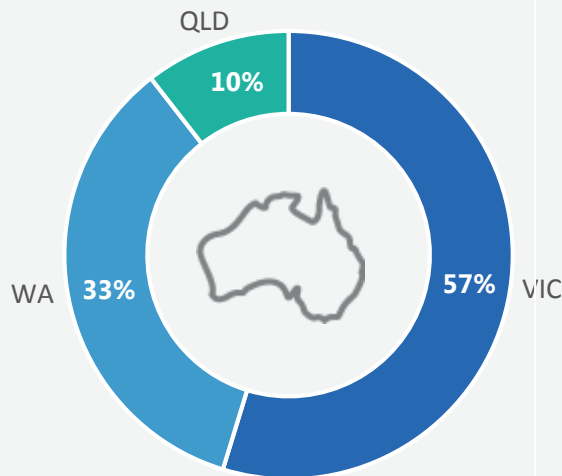
- 4 states
- 31 projects
- 11,000 lots/townhouses/apartments/office suites



Diversified portfolio

State

FY18 sales
(settlements to date and presales)



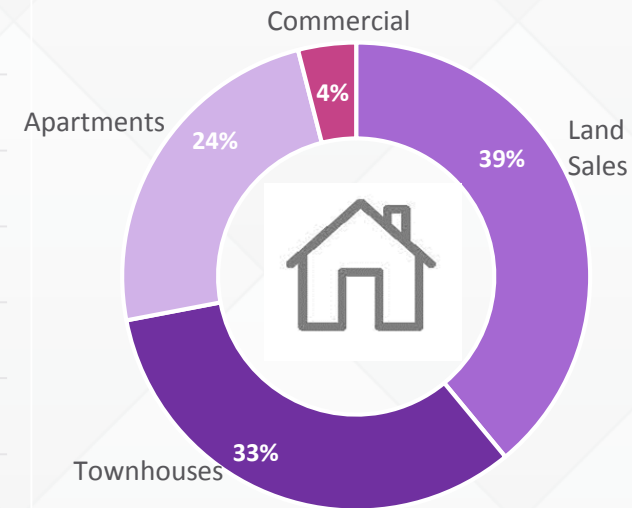
Price Point

Current price list –
min and max



Product

Presales – # lots/apartments



- Sales across three states with South Australia soon to feature
- Wide range of price points
- Focus on land and housing, with growing presence in apartments

Positioned for continued growth

New projects contributing to revenue in coming years

Project	State	Project Life (Years)	Status
Ellendale ⁽¹⁾	QLD	9	Stage 2 complete, planning and rezoning of balance land underway
Wooloowin	QLD	5	Planning underway
Jackson Green, Gardenia Apartments	VIC	5	Strong pre-sales, townhouses and apartments under construction
St. A	VIC	4	Strong pre-sales, townhouses under construction
111 Overton Office Suites / Lancaster Apartments	VIC	1	111 Overton sold out, Lancaster selling well, builder selected
Millars Landing	WA	10+	Stage 1 underway
Bushmead	WA	8	First stages complete, medium density introduced, selling well
Mangles Bay Marina	WA	10	Rezoning continuing
Glenside	SA	8-10	Planning approved, civil works commenced, very strong enquiry
Port Adelaide ⁽²⁾	SA	7	Contract execution imminent, planning and design underway

Market conditions

Historically low interest rates and continued population growth supporting solid fundamentals.



	Population growth continuing ¹	GSP growth robust ²	Unemployment stable ³	
VIC	2.3%	3.00%	6.1%	– Solid sales volumes, price growth easing
QLD	1.6%	2.75%	6.0%	– Solid sales volumes, modest house price growth, apartments prices easing
WA	0.8%	2.5%	5.7%	– State Gov't increases in FHOG to lift first home buyers, house prices risen 2.1% in the last 3 months
SA	0.6%	2.25%	5.9%	– Steady market conditions

Notes: (1) ABS – growth in year to June 2017; (2) Gross State Product (GSP) growth forecast for FY18; (3) ABS unemployment rate as at December 2017; Source: ABS, State Treasuries, BIS Oxford Economics

Market conditions: WA

Key lead indicators showing signs of improvement

Population is growing

- WA Govt. forecasting a return to growth, gradually lifting to the 25 yr state average of 1.8% by FY21.

Employment forecast to improve

- Unemployment 2nd lowest state in country at 5.7%
- Increase of 38.7% in employment in the mining and resources sector through to December 2017 (yoy).⁺
- 84% of businesses expect the WA economy to improve or stay the same in the next 12 months; confidence is well above the 10-year average.

Pricing and sales volumes increasing

- REIWA reporting that median house price rose 1.2% in Dec qtr compared to previous qtr; average selling days fell to 50, 10 days faster compared to the Sept qtr; declining listings; increased sales volumes.

HIA is forecasting building approvals to increase

- Detached housing starts anticipated to increase 3% in FY18, 11% FY19.

⁺ Source: DFP Mining & Resources Job Index – December 2017

Market conditions: VIC, QLD, SA

Victoria

- Strong population growth and first home buyers incentives are contributing to strong sales activity, continued price growth in most sectors and pressures on the construction sector. Some headwinds for inner city apartment projects.

Queensland

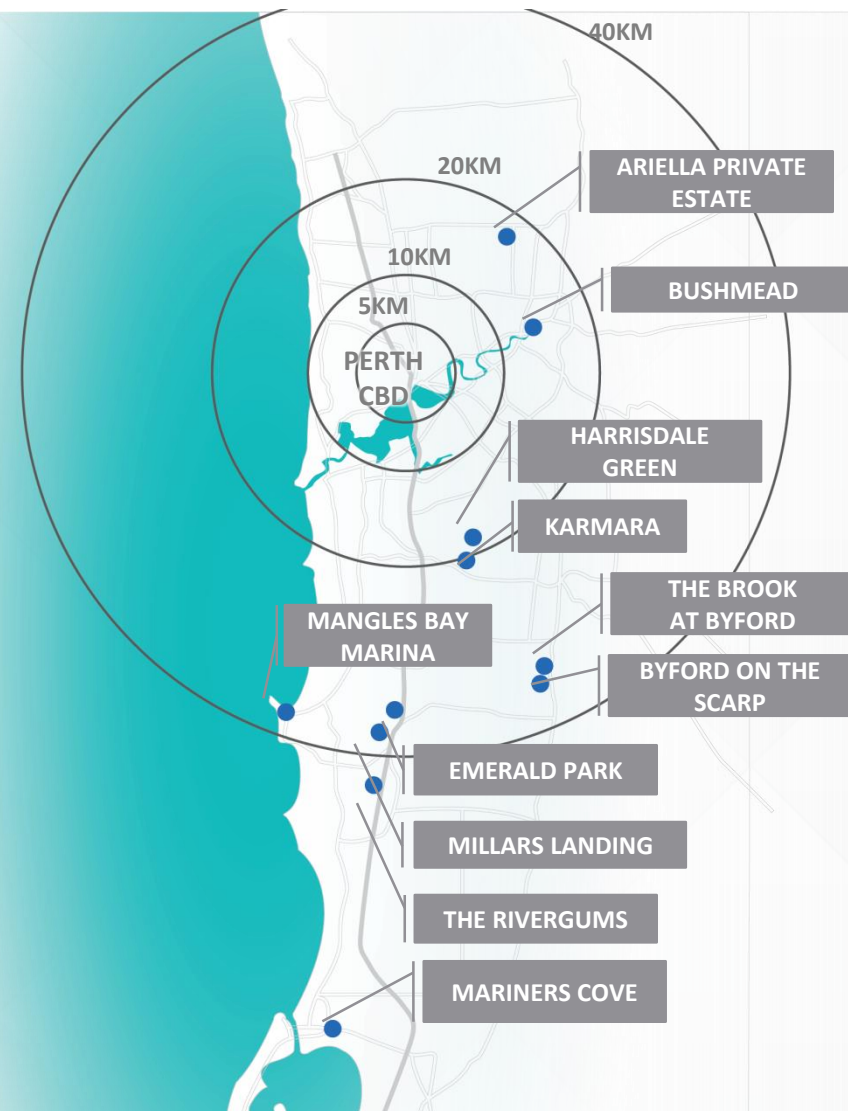
- Improved population growth and employment have contributed to positive conditions for established housing and land estates with continued price growth in most sectors. Inner city apartment sector experiencing challenges.

South Australia

- Steady overall performance with price growth evident, despite low population growth. Relative affordability compared to Melbourne and Sydney expected to attract investors.

Western Australia: Portfolio Overview

- 16 projects and approximately 7,000 lots
- Projects catering for 1st, 2nd and subsequent home buyers, and investors
- Land subdivision and built form projects
- Projects in varying stages of lifecycle
- Several major new developments starting to contribute to earnings



Western Australia: Portfolio Overview cont.

Bushmead

- 1,100 lot estate, strong margins, contributing 1st full year FY18
- Anticipated sales duration a further 7-8 years
- Price range \$240,000 - \$350,000

Bushmead



November 2017

Millars Landing

- 1,580 lots
- First settlements in FY18
- Construction underway, contributing for 10-15 years from FY18
- Price range \$190,000 - \$210,000

Millars Landing



Western Australia: Portfolio Overview *cont.*

Ariella

- 480 lots, in north-east growth corridor
- Strong sales continuing
- Price range \$175,000 - \$280,000



Mangles Bay

- Mixed use project
- Attractive, established location
- Federal environmental approvals achieved
- Planning delays experienced – currently with WA Planning Minister for decision



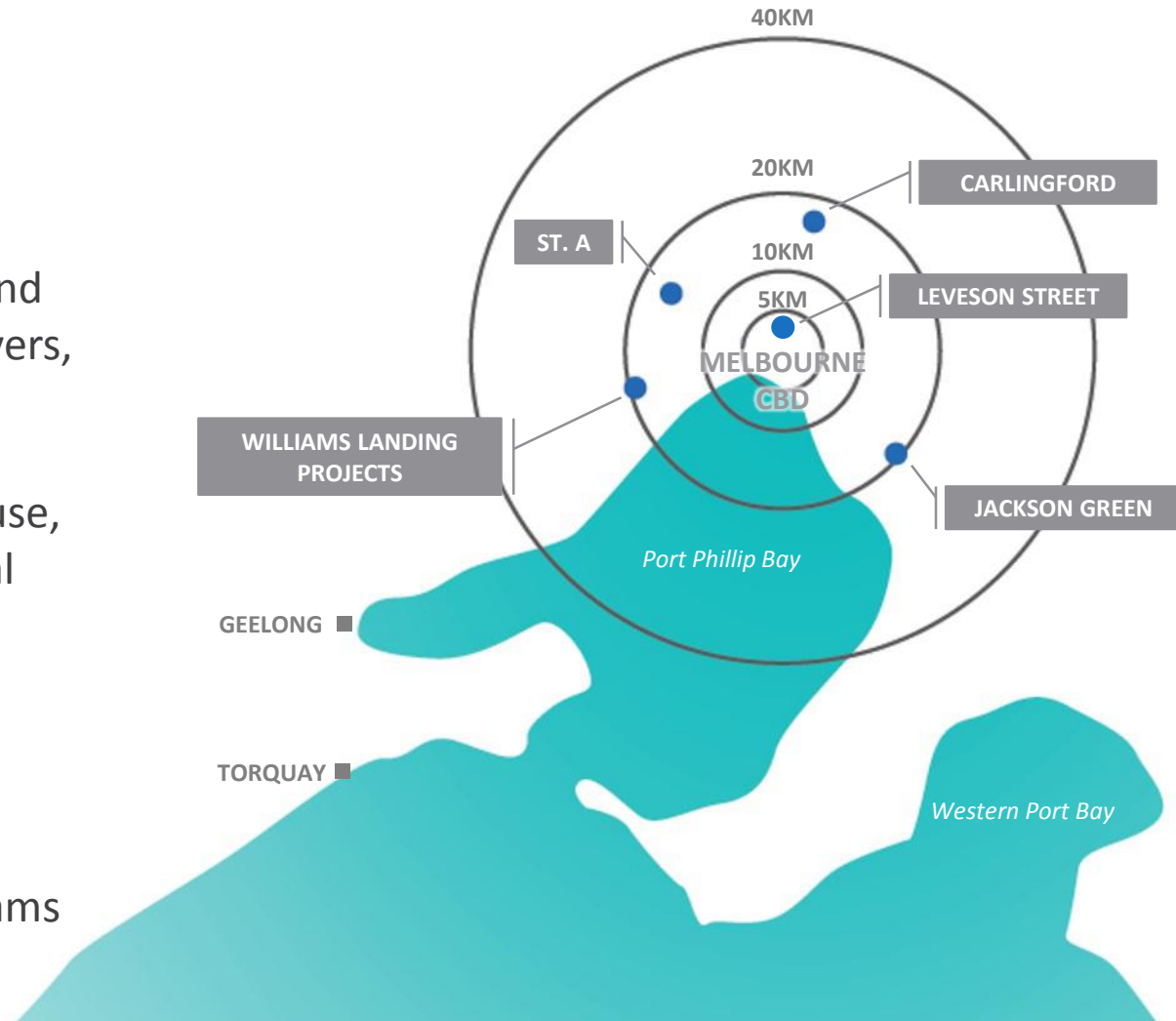
Karmara

- 124 lots, 1st stage construction commenced, completing in 2H FY18
- Strong sales recorded, contributing for 2 years
- Price range \$280,000 - \$300,000



Victoria: Portfolio Overview

- 12 projects (7 currently at Williams Landing)
- 2,100 lots/dwellings
- Projects catering for 1st, 2nd and subsequent home buyers, and investors
- Land subdivision, townhouse, apartment and commercial projects
- Resilient projects in high performing locations
- Increasing activity at Williams Landing Town Centre



Victoria: Portfolio Overview *cont.*

St A (St Albans)

- 250+ townhouses and apartments
- Strong enquiry and price growth
- First stage settlements expected in Q4 FY18
- Price range \$450,000 - \$650,000



Jackson Green (Clayton South)

- 400+ townhouses and apartments
- Strong presales
- First stage settlements have commenced
- Price range \$350,000 - \$950,000



Victoria: Williams Landing

- 10 years+ remaining project life
- Diverse mix of land, townhouses, apartments and commercial
- Residential neighbourhoods: Pipeline of over 500 lots/townhouses/apartments
- Town centre: Pipeline of approximately 550 apartments, including Oxford apartments
- 7-8 projects underway at any one time (townhouses, apartments, commercial)
- Market for strata offices has been proven; 100% pre-sales and pre-leases on 111 Overton Road
- Shopping centre: built and retained stage 1; planning underway for future stages

111 Overton Road, Strata Office Suites



Oxford Apartments – 11 January 2018)

Williams Landing: Target HQ

- 12,600m² fully leased to Target for new headquarters
- 800+ staff to inject activity into Town Centre
- Project running to program and within budget
- Completion expected early 2019
- Presold to Centuria Property Funds for \$58.23 million
- Settlement in FY19



Target HQ Development (31 January 2018)

Queensland: Portfolio Overview

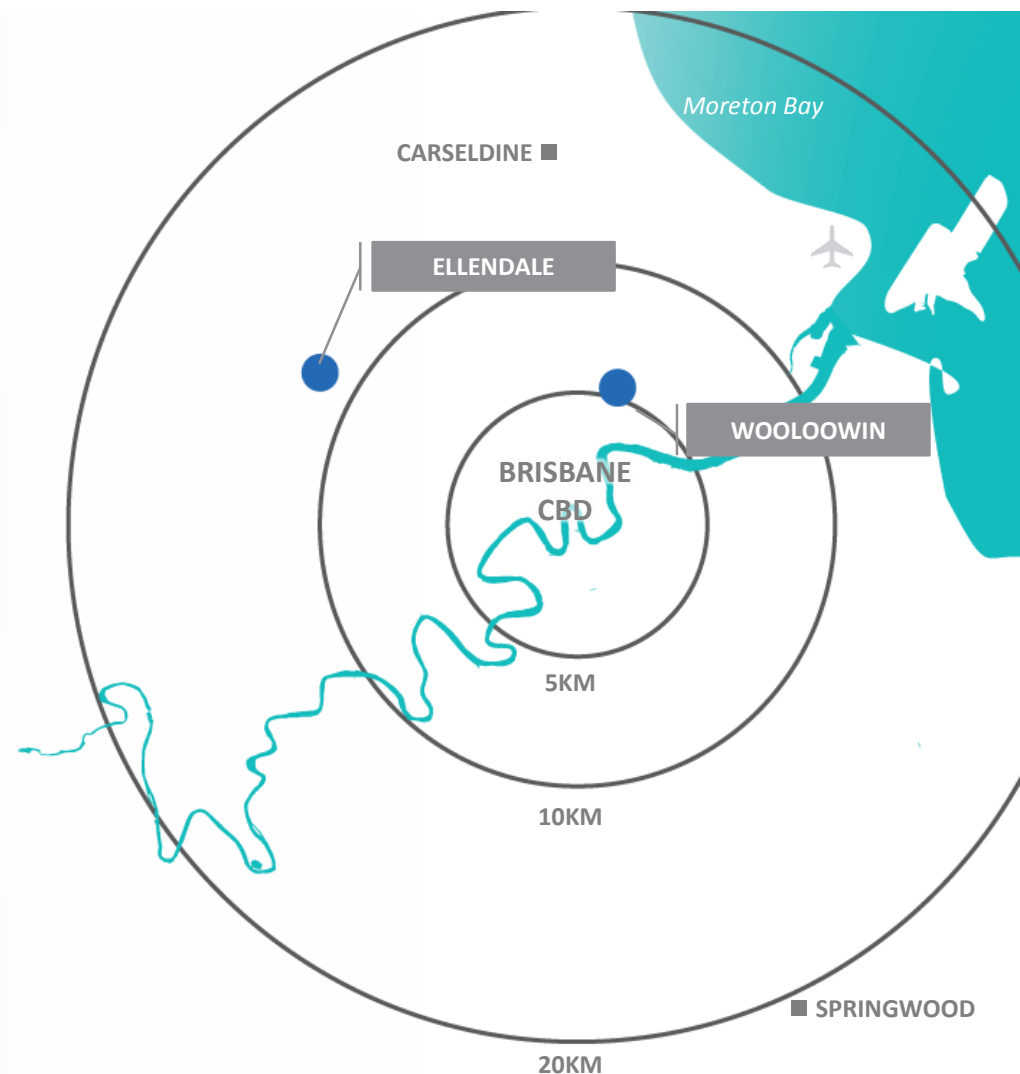
Two projects to date in Queensland.

Ellendale:

- 12km west of Brisbane CBD
- 480 lots approved on 1/3 of site

Wooloowin:

- 6km north of Brisbane CBD
- 279 dwellings with mix of townhouses and apartments
- Close to two train stations and several shops



Queensland: Portfolio Overview *cont.*

Ellendale

- Stage 1 completed
- 165 lots settled; 197 sales
- Stage 2 construction underway
- Display village opening 2H FY18
- Rezoning of the 160ha balance underway; expected soon
- Price range \$320,000 to \$480,000

Ellendale

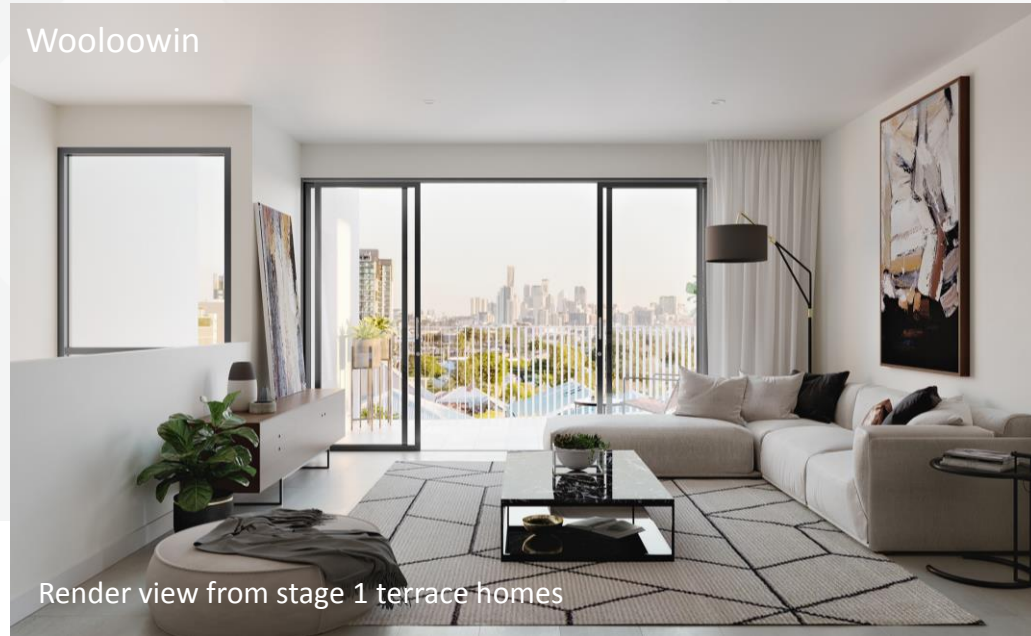


Aerial view of stages 1 and 2

Woolloowin

- Planning for 279 townhouses and apartments
- Approvals delayed to 1H FY19
- Construction scheduled to commence FY19
- Price range \$450,000 to \$1 million

Woolloowin



Render view from stage 1 terrace homes

South Australia: Portfolio Overview

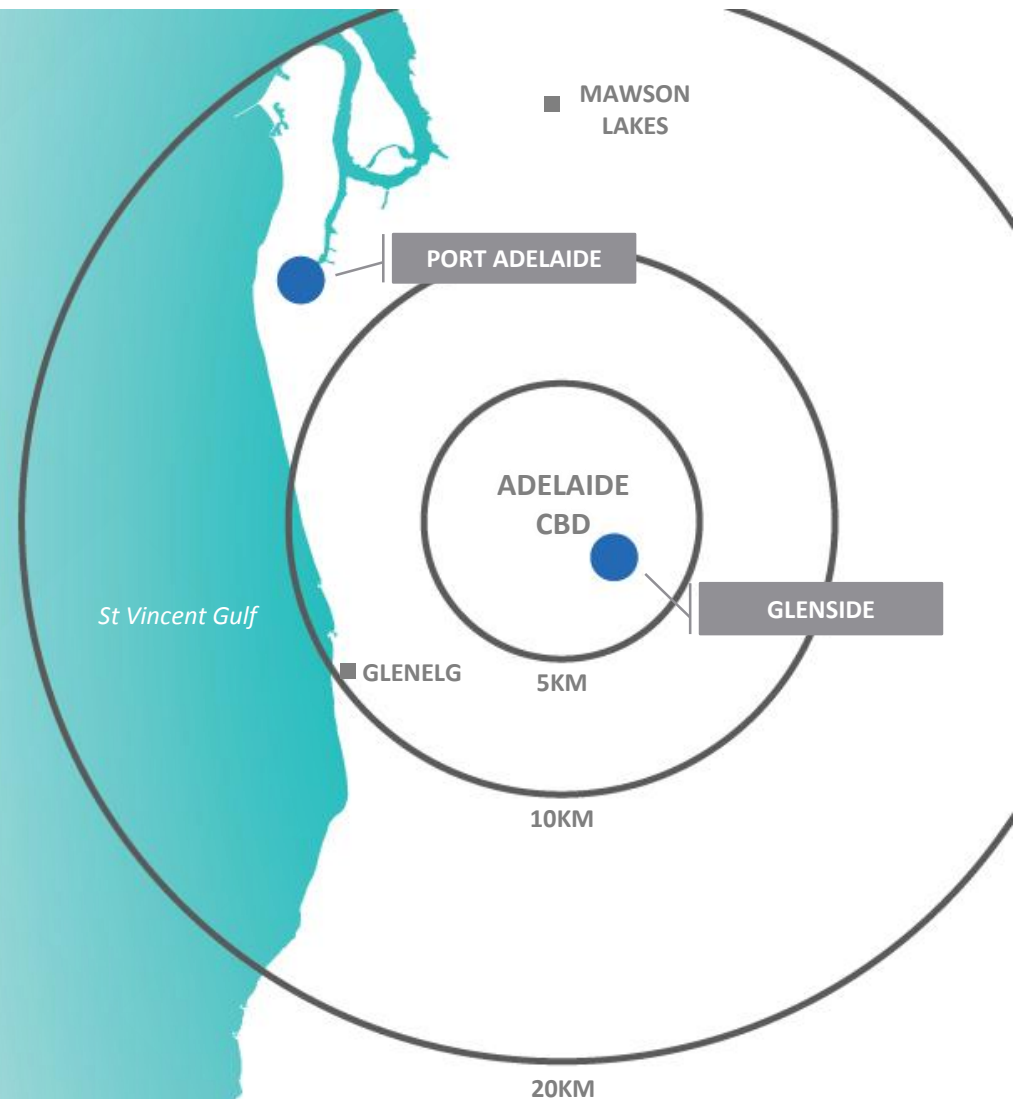
Two projects to date in South Australian portfolio.

Glenside:

- 3km south east of CBD
- 1,000 townhouse and apartments

Port Adelaide:

- 14km north west of the CBD
- 500 townhouses and apartments
- Adjacent to train station and close to submarine building precinct



South Australia: Portfolio Overview *cont.*

Glenside

- Blue chip, highly sought after suburb
- Stage 1 approved - 61 townhouses and 136 apartments
- Civil works underway
- 3,000 enquiries, townhouses sales commence in March

Port Adelaide

- 500 dwellings, mostly townhouses
- Land acquisition contract execution imminent
- Port Adelaide regeneration underway

Glenside



Stage 1 subdivision works underway – 9 February 2018

Port Adelaide



Artist impression

Outlook

Positive outlook underpinned by pre-sales of \$338 million, up 23% on same time last year (\$274 million)

Development program is on track

The large number of settlements in 2H FY18 will lead to significantly higher 2H earnings

Given the difficulty of forecasting the exact timing of settlements of pre-sales at a number of projects, earnings guidance will be provided when there is clarity on timing

Positive growth outlook for FY19 and future financial years, with more than \$150 million in FY19 presales already secured

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