

ASX Announcement and Media Release



First Quarter FY19 Operational Update

Cedar Woods Properties Limited (ASX: CWP) ('Cedar Woods' or 'the Company') remains on track to deliver a strong increase in FY19 earnings after a solid first quarter, driven by sales across the portfolio and significant progress at a number of key projects.

Pre-sales are at a record \$376 million (including lots settled in the three months to 30 September 2018), up 21% on the \$310 million recorded at the same time last year, and up 18% on the \$320 million recorded at the time of reporting the FY18 full year financial results. In addition to these presales, the \$58 million sale of the Target Headquarters building at Williams Landing is due to settle in FY19.

Project construction is underway in all four states in which the Company operates, with significant stages expected to be delivered and settled throughout the year.

Cedar Woods' portfolio, diversified by geography, product type and price point, has achieved strong returns despite a significant portion of the Company's projects being in WA, where trading conditions have been difficult in recent years.

Looking ahead, the Company's position in the WA property market provides significant leverage as conditions improve over the medium-term in response to an improving economy.

"Cedar Woods is bucking the trend with a significant increase in pre-sales. The Company has a record number of projects under development and scheduled to come online over FY19 and FY20, to drive an uplift in full year profit," said Managing Director, Nathan Blackburne.

"Furthermore, our infill projects in Melbourne, are proving resilient against a softening market, attracting good demand given their sought-after locations."

1 November 2018

Cedar Woods Properties Limited

ASX Code: CWP

Highlights:

- Record pre-sales (including lots settled in the first quarter) of \$376 million, up 21% on the prior corresponding period
- Sales continuing in four states, including strong leverage to an improving WA market
- Victorian projects are in infill, low supply locations, which is underpinning demand
- Queensland and South Australian conditions are positive, with projects in both markets now launching
- Strong uplift in profit expected in FY19 with earnings weighted to the second half

For further information

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Victoria Highlights

Project performance in Victoria has remained relatively consistent, with continuing demand for several infill projects in established, low supply locations in Melbourne's metropolitan area, despite reduced overall buyer numbers.

Jackson Green, St. A and Williams Landing all have new stages of development scheduled for completion during this financial year and the Target Headquarters building is nearing completion. Several new projects have recently been released including Huntington Apartments at Jackson Green, Lincoln Apartments and 101 Overton Road strata offices.

The iconic Williams Landing project has around nine years of development remaining, including 20 large scale, mixed-use sites, that will provide new projects and regular contributions to earnings.

Western Australia Highlights

Several indicators, including lower unemployment and higher business and consumer confidence, suggest the Western Australian economy is improving and Cedar Woods' exposure to this market provides positive leverage.

Projects to the east of Perth CBD continue to perform well with consistent sales rates and some price growth being achieved. Southern corridor projects are experiencing subdued conditions, partly due to the extent of regional competition.

A new sales and information centre at the Millars Landing project, has resulted in an immediate increase in enquiry and sales. A display village at the project is under construction and is expected to further boost the profile of this large-scale project.

To further diversify the Western Australia portfolio, the company has started to develop townhouses within its Bushmead and Harrisdale Green projects, providing a different product and thereby widening buyer appeal. Other new built form opportunities are also being pursued.

Cedar Woods has reached a commercial settlement with LandCorp and the State of Western Australia for its claim for full recovery of direct costs incurred on the Mangles Bay project, which will not proceed as a result of the decision of the Minister for Planning not to approve the requisite amendment to the Metropolitan Region Scheme. The detailed terms of the settlement are confidential but the settlement results in Cedar Woods being reimbursed its direct costs incurred on the project.

Queensland Highlights

The Company's strategic entry into the Queensland market in 2014 is gaining significant traction with the Ellendale project receiving planning approval from Council for the balance of the site in August, paving the way for a total yield of more than 900 lots at the project. Sales and delivery at the project continue to progress well.

Bexley, the Company's urban renewal project in Brisbane's inner north, has received approvals and preliminary site preparation works are set to commence. The project will deliver 279 townhouses and apartments in a suburb with limited competition.

South Australia Highlights

The outlook for the Adelaide market is positive and the first Glenside apartment building, branded Botanica, recently launched with 86 apartments. The Company has recorded significant levels of enquiry for the project, suggesting strong market interest. Additional Glenside townhouse and apartment stages will be released progressively over the next nine years.

Planning and design for the Port Adelaide project, to be known as Fletcher's Slip, is now well advanced. Preliminary site preparation works will commence in Q2 FY19 and the project is expected to be released to the market in H2 FY19.

State Manager (VIC) appointment

Lloyd Collins has been appointed to the role of State Manager - Victoria, effective 1 October 2018. He has more than 20 years' property experience in large scale, mixed-use developments and was previously a Development Director with the Company, during which he has been instrumental in the success of the Victorian projects. He holds a BSc (Hons) Land Management from The University of Reading, UK.

The role of State Manager (VIC) was previously held by Patrick Archer who has been promoted to the position of Chief Operating Officer.

Company Outlook

The Australian housing sector continues to be supported by a low interest rate environment and population growth in each of the Company's key markets.

Conditions are positive in Queensland and South Australia where good demand has been experienced for active projects. Market conditions in Victoria have softened but the Company's projects, which are predominantly in areas with limited competition and high amenity, continue to attract good market interest. Western Australia remains subdued, however market improvement is expected over FY19 and FY20, and Cedar Woods is well-positioned to benefit from any upswing.

Cedar Woods has continued to experience good sales across its portfolio, with record pre-sales standing at \$376 million. As previously stated in the Company's ASX announcement of 22 August 2018, a strong uplift in net profit is expected in FY19.

A number of new projects will contribute to earnings in FY19, including the Target Headquarters building (Vic), 111 Overton Road & Lancaster Apartments (Vic), St. A (Vic) and Glenside (SA). Several other projects in the portfolio, including Bexley (Qld) and Port Adelaide (SA) are expected to contribute earnings for the first time from FY20, providing a positive medium-term outlook.

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