



First quarter FY21 Operational Update

Cedar Woods Properties Limited (ASX: CWP) ('Cedar Woods' or 'the Company') provides the following operational update.

The Company has enjoyed a strong first quarter of settlements and has also experienced good sales across the portfolio.

Pre-sales are at \$454 million (including lots settled in the three months to 30 September 2020), which is up 11 per cent on the \$409 million reported at the same time last year. Approximately 60 per cent of pre-sales are expected to settle in FY21 with the balance contributing to earnings in FY22 and FY23.

Project construction continues in all four states in which the Company operates, with significant stages expected to be delivered and settled throughout the year. Some project stages in Victoria experienced delays due to COVID-19 restrictions.

Cedar Woods' Managing Director, Nathan Blackburne, said the Company's diversification strategy continued to prove successful in generating presales, positioning Cedar Woods well for the future.

"Our well-located projects across four states are proving resilient, presales remain at healthy levels and the business is well-placed to grow earnings," Mr Blackburne said.

"With our strong balance sheet and substantial funding capacity, we are able to make strategic, counter-cyclical acquisitions as we continue to assess opportunities in a number of markets.

"Government stimulus, low levels of new supply in recent years and pent up demand in some markets has helped underpin our performance," he said.

2 November 2020

Cedar Woods Properties Limited

ASX Code: CWP

Key Points

- Presales of \$454m, up 11 per cent on prior corresponding period
- Strong balance sheet, low debt, and over \$110 million in undrawn finance facilities at quarter end, available to fund operations and acquisitions
- Whilst economic conditions remain challenging, stimulus, low levels of new supply and pent up demand in some markets has helped underpin performance
- Well placed to recover from the impacts of COVID-19 with strong earnings growth forecast in FY21, subject to market conditions

For further information

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Portfolio Highlights

The Company's WA projects recorded strong sales during the quarter, with buyers responding to federal and state government stimulus measures. The Company has advanced the construction of several stages to ensure stock is available to support future sales.

The Glenside project in SA received a strong market response to its latest townhouse release with over half of the stage sold within two weeks at an average price of over \$1 million.

The Company recorded 373 settlements during the quarter including 178 Victorian settlements which occurred despite stage 4 COVID-19 restrictions being in place for much of the period.

Market Conditions

Despite the challenging economic conditions, the new housing sector has been resilient. This is due to government stimulus, low levels of new supply in recent years and pent up demand in some states.

Governments have recognised the importance of the new housing sector and are expected to continue policy and stimulus measures targeted at this sector.

It is anticipated the sector will be impacted by population growth stagnation in the short term caused by the closure of international borders, however population growth is expected to return to usual levels over the medium term once borders are reopened.

Economist BIS Oxford has forecast median house prices between Sept 2020 and the end of FY23 to increase by 7.5% in Perth, 5.3% in Adelaide, 0.9% in Brisbane and reduce by 1.9% in Melbourne.

With Victorian COVID-19 case numbers currently under control, restrictions easing and the likelihood of additional state government stimulus, conditions in Victoria are expected to improve.

Financial Strength

The Company's balance sheet remains strong with low gearing and sufficient capacity to fund the ongoing requirements of the business and strategic acquisitions.

The Company's corporate finance facility provides security of funding with tenure to 30 January 2023 (for approximately 80 per cent of the \$205 million limit) and 30 January 2025 (for the balance). At the end of the third quarter, the corporate finance facility offered more than \$110 million in undrawn capacity.

Board Succession

As previously announced, Mr Ron Packer will retire after the Annual General Meeting (AGM) on 4 November 2020.

The Board is well progressed with a process to recruit a new independent director, having commenced a national search prior to the onset of COVID-19. A new director is expected to be appointed once the Board is able to meet candidates face to face and complete the recruitment process, anticipated in 2021.

Following the AGM, Mr Robert Brown, Deputy Chairman, will be temporarily appointed as a member of the Audit & Risk Management Committee and the Remuneration & Nominations Committee, pending appointment of an independent director.

Company Outlook

Uncertainty remains over the depth and duration of the economic downturn due to COVID-19 and the outlook for property markets is dependent upon the level of ongoing government support and the timing of re-opening state and national borders.

Cedar Woods remains in a strong position with \$454 million in presales expected to settle over FY21, FY22 and FY23. Subject to the continued ability of federal and state governments to effectively manage COVID-19 and overall market conditions, the Company is targeting strong growth on FY20 earnings for FY21.

Cedar Woods is well placed for the medium term with more than 8,600 undeveloped lots/units in its development pipeline across four states, maintaining the ability to respond quickly to improved market conditions.

The Company considers that current conditions represent a strong counter-cyclical buying opportunity and continues to assess potential acquisitions that can support the portfolio in future years.

Authorised by: Cedar Woods Board of Directors

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