



Cedar Woods upgrades earnings guidance and reports record presales

Cedar Woods Properties Limited (ASX: CWP) ('Cedar Woods' or 'the Company') provides the following operational update for the third quarter of Financial Year 2021 (Q3 FY21).

Cedar Woods has upgraded its forecast FY21 full year NPAT to approximately \$32 million (\$29 million forecast at the half year), representing an increase of 53 per cent over FY20.

Presales contracts are at record \$426 million, up 17 per cent on the \$363 million reported at the same time last year and are 12% more than the company's highest previous presales level. Approximately 10 per cent of presales are expected to settle in FY21 with the balance contributing to earnings in FY22 and FY23.

Strong presales were achieved across the Company's portfolio despite government housing stimulus falling away in Q3.

Project construction continues in all four states in which the Company operates, with significant stages completed in the quarter.

Cedar Woods' Managing Director, Nathan Blackburne, said success in generating presales, coupled with a national pipeline of more than 8,400 dwellings and lots, positions the Company well for the future.

"Our high performing projects across four states are trading strongly, presales are at record levels and the business remains well-placed to grow earnings," Mr Blackburne said.

"With our strong balance sheet and ongoing support from financiers, we are able to make strategic acquisitions and continue to assess opportunities in a number of markets.

"We expect the improved buyer confidence and low interest environment which have underpinned our performance to endure for some time," he said.

29 April 2021

Cedar Woods Properties Limited

ASX Code: CWP

Key Points

- Full year forecast NPAT upgraded to approximately \$32 million, with a dividend payout ratio of between 60 & 75 percent, subject to market conditions
- Record presales of \$426 million, up 17 per cent on prior corresponding period
- Strong balance sheet, low debt, and over \$94 million in undrawn finance facilities at quarter end, available to fund operations and acquisitions

For further information

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Portfolio Highlights

The Company's medium density residential projects have been performing well with much activity during the quarter. Builders were appointed to several new townhouse projects including Incontro in Subiaco, Western Australia; Greville in Woolloowin, Queensland; new stages at Glenside, South Australia; and St A, Victoria. New apartment stages also commenced construction at Williams Landing and Jackson Green in Victoria, while several new land subdivision stages are progressing in Perth.

Cedar Woods' surge in new construction activity is driven by the strong pre-sales the Company has achieved throughout the year to date and will be completed progressively over the next 18 months.

The Company recently contracted to acquire a 40.7 hectare site in South Maclean, south west of Brisbane. With approvals already in place, the land will accommodate 500 residential lots plus a childcare centre and is expected to contribute to earnings over the medium term.

In Western Australia, the State Government confirmed that Cedar Woods would have "first mover" advantage in a process to select a developer for a best practice, transit-oriented development on land around the train station in Swanbourne, a premium Perth suburb. The concept was conceived by Cedar Woods and put to the State under its Market-led Proposal policy.

Market Conditions

The residential property market remained buoyant in Q3 despite the reduction in government housing stimulus for the period. Market conditions were positively impacted by an improving economic environment, enhanced employment prospects, increasing confidence in Australia's handling of the pandemic and growing confidence in the global vaccine roll out.

The RBA's strong statements about enduring low interest rates also gave prospective buyers the confidence to make purchase decisions to safeguard against rapidly increasing house prices.

The Company anticipates that market conditions may soften slightly in the short term as government stimulus measures end, before recovering to more normal levels later this year. With rising rents and falling vacancy rates in most capital cities, the Company anticipates that investor sales will increase through the remainder of 2021.

Financial Strength

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

The Company's corporate finance facility provides security of funding with tenure to 30 January 2024 (for approximately 80 per cent of the \$205 million limit) and 30 January 2026 (for the balance). At the end of the third quarter, the corporate finance facility offered more than \$94 million in undrawn capacity.

Board Succession

The Board recently announced the appointment of Mr Paul Say as an independent Non-Executive Director, effective Monday, 3 May 2021. With over 40 years of experience in the commercial and residential property sector, Mr Say brings strong corporate finance, capital allocation and investment management capability to the Cedar Woods Board.

Located in NSW, Mr Say holds strong networks across the property and finance sectors. The creation of this new role will support Cedar Woods' growth ambitions at a time when the Company is well placed for expansion, backed by a strong balance sheet and ample funding capacity to make strategic acquisitions.

Mr Say will also join the Audit & Risk Management Committee and the Remuneration & Nominations Committee.

Company Outlook

Cedar Woods has upgraded its forecast full year FY21 NPAT to approximately \$32 million, subject to market conditions.

Backed by presales of \$426 million, and a pipeline of more than 8,400 lots/units across four states, the Company expects to be able to grow earnings strongly over the medium term with supportive market conditions.

The Company continues to assess potential acquisitions that can support the portfolio in future years.

Authorised by: Cedar Woods Board of Directors

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