



First quarter FY22 Operational Update

Cedar Woods Properties Limited (ASX: CWP) ('Cedar Woods' or 'the Company') provides the following operational update for the first quarter of Financial Year 2022 (Q1 FY22).

The Company has delivered a strong first quarter of sales and settlements across the portfolio.

Pre-sale contracts at the end of Q1 totalled \$460 million, which is up 39% on the \$332 million achieved at the same time last year. Approximately 45% of pre-sales are expected to settle in FY22 with the balance contributing to earnings in FY23 and FY24.

Project construction continues in all four states in which the Company operates, with significant stages expected to be completed and settled throughout the financial year.

Supply constraints and cost pressures are becoming widespread across the industry, however cost increases have mainly been offset by price rises to date, with residential property markets remaining buoyant. Some project stages in Victoria experienced delays due to COVID-19 restrictions but are now back to full construction capacity.

Cedar Woods' Managing Director, Nathan Blackburne, said success in contracting pre-sales, coupled with a national pipeline of more than 9,500¹ dwellings, offices and lots, positions the Company well for the future.

"Our high performing projects across four states are trading really well, pre-sales are at high levels and the business remains well placed to grow earnings strongly in FY22," Mr Blackburne said.

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

"We expect the sector fundamentals of low unemployment, buyer confidence and low interest rates to endure for some time," he said.

1 November 2021

Cedar Woods Properties Limited

ASX Code: CWP

Key Points

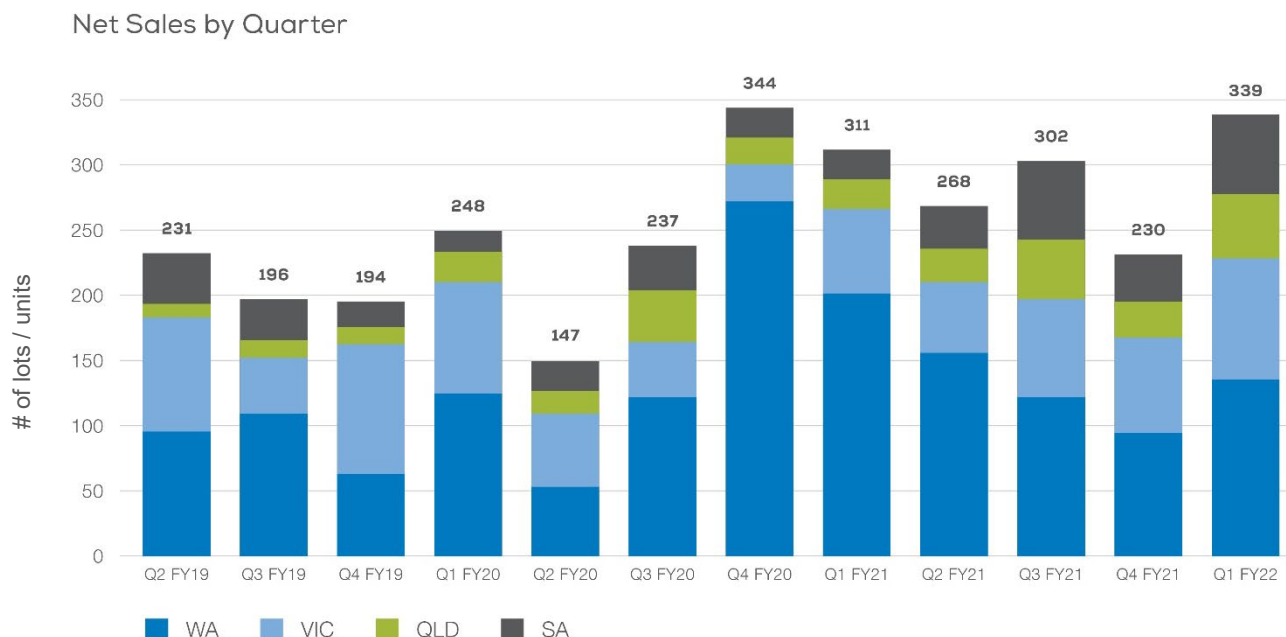
- Presales of \$460m, up 39% on prior corresponding period
- Strong balance sheet, low debt, and over \$84 million in undrawn finance facilities at quarter end, available to fund operations and acquisitions
- Expecting strong growth in earnings in FY22 subject to market conditions, and well placed to continue to grow earnings over the medium term

For further information

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Portfolio Performance



The Company's projects experienced strong selling conditions through the first quarter with solid sales rates and price growth recorded across many projects in all four states. Lot and unit sales were up 9% on Q1FY21, as the Company delivered the highest quarterly sales result since Q4 FY20 and the second highest quarterly result in the last three years.

Notable portfolio highlights include Monarch apartments at Glenside in South Australia which recorded strong sales, allowing construction to be brought forward by five months and Boston Commons strata offices at Williams Landing in Victoria that achieved over 30% of offices sold within weeks of launch in September 2021. In Queensland, the Company's Ellendale project has seen an average price increase of 25% in the past 12 months.

The Company reached a significant milestone of planting the 500,000th tree at Bushmead, Western Australia as part of its commitment to rehabilitate land that was formerly degraded. Cedar Woods' environmental credentials were further highlighted with the Ellendale project receiving a national industry award for land management.

Market Conditions

Market conditions for the new housing sector are strong, and supported by solid fundamentals of low unemployment, buyer confidence, low interest rates, supply limitations and pent-up demand. Accordingly house price growth for new and established housing has been strong but is expected to taper to more sustainable growth levels.

The Federal Government has announced that Australia's border will progressively open for certain categories of travellers in November, paving the way for immigration to resume in 2022. The Federal Government expects net overseas migration to build over the following three years resulting in population growth recovering to around 1.4% in FY25 which will drive housing demand.

The skills shortage being experienced across the country is acute and a multi-year, significant migration program is needed to address this. The new housing sector would be a major beneficiary of this.

Recently APRA raised the loan servicing buffer by 50 basis points, leading to a 5% decrease in borrowing capacity for a typical \$600,000 loan according to BIS Oxford economics. Cedar Woods does not expect a material impact on sales given the diversity of its customer profiles, products and price points.

The new housing market is still working through a peak of activity that has resulted in supply constraints and cost increases. The Company is managing these issues with its builders and in most instances has been able to increase prices to offset additional costs.

Cedar Woods has been experiencing strong sales and price growth across nearly all jurisdictions and product types, inclusive of strata offices, and favourable conditions are expected to persist into the medium term.

Financial Strength

The Company's balance sheet remains healthy 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% of the \$205 million limit) and 30 January 2026 (for the balance). At the end of the first quarter, the corporate finance facility offered more than \$84 million in undrawn capacity.

Company Outlook

Cedar Woods remains in a strong position with favourable market conditions across all jurisdictions and \$460 million in presales expected to settle over FY22, FY23 and FY24.

The Company is expecting strong growth in earnings in FY22 and is well placed to continue to grow earnings over the medium term, with a pipeline of more than 9,500¹ undeveloped lots/dwellings across four states.

The Company's outlook is subject to COVID-19 impacts and general economic conditions, with social restrictions, vaccination rates and construction costs being key factors.

A number of new projects are expected to contribute to earnings from FY23, including Mason Quarter, Fraser Rise and Aster apartments in Victoria, Monarch apartments in South Australia, Incontro in Western Australia, and Burpengary in Queensland. Further acquisitions are anticipated to supplement the Company's portfolio in future years.

Authorised by: Cedar Woods Board of Directors

1. Includes previously announced conditional acquisitions.

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