

ASX Announcement and Media Release

21 October 2015

Cedar Woods Properties Limited

ASX Code: CWP

- Pre-sales (including lots settled in the first quarter) increased to \$184 million from \$153 million as reported at FY2015 results
- Queensland Government approves initial stages of Upper Kedron Development
- Acquisition of 51 hectares at North Baldivis, south of Perth
- Selected by South Australian Government as preferred proponent for the Glenside Hospital site
- Appointed Independent Non-Executive Director Valerie Davies
- FY2016 earnings expected to be relatively even across both half-years
- FY2016 profit expected to be similar to FY2015 record NPAT of \$42.6m

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Cedar Woods



First Quarter FY2016 Operational Update

Cedar Woods Properties Limited (ASX: CWP) ('Cedar Woods') has made a positive start to the 2016 financial year, making a strategic acquisition in Western Australia, receiving approval for the first stage of its Queensland project and entering the South Australia market.

Pre-sales (including lots settled in the first quarter) increased to \$184 million compared with \$170 million at the same time last year and \$153 million reported at the FY2015 full year financial results, with the majority of these expected to settle in the current financial year. The increase was underpinned by strong sales activity in Victoria.

Assuming the continuation of current market conditions, Cedar Woods anticipates reporting a net profit after tax similar to FY2015's record result of \$42.6 million.

Western Australian Projects

While the property market in Western Australia has continued to ease from cyclical highs, Cedar Woods achieved a number of project milestones during the quarter.

Cedar Woods' landmark project Mariners Cove is nearing completion. Construction of the final 12 canal lots and a premium waterfront group dwelling site has commenced and is on schedule for completion prior to Christmas in 2015. The 12 canal lots have been released to the market and settlements should commence from February 2016.



Following the strong sales response to the release of the 99 lot first stage of the Ariella Estate in Brabham, earlier in the year, construction of the 94-lot second stage commenced in September 2015 with settlements expected in the second half of the current financial year.

Construction of stage 7A at Byford on the Scarp has been completed and settlements are pending the issue of titles in November 2015. Settlements for stage 7B are also expected from November after practical completion of the stage was achieved in August 2015. The project represents the premium estate in this location and continues to achieve steady sales. At the nearby The Brook at Byford, stage 1 has been completed and stage 2 is underway and scheduled for completion in March 2016.

The Rivergums is a mature housing estate in Baldivis WA, with sales and settlements for stages 10A and 10B ongoing. The Local Structure Plan and Subdivision approvals are in place for stages 11 and 12 and early earthworks for stage 11 have been completed. At nearby Emerald Park in Wellard, construction of the sixth stage is underway and on schedule for November completion, with settlements from this stage expected to follow soon after. A child care site has been sold by tender and will settle in January 2016. Sales rates have eased at projects in this corridor where a number of estates are competing for customers.

The Elements development in South Hedland is complete with a small number of lots remaining for sale. The project won two prestigious awards at the recently held 2015 UDIA WA Awards for Excellence program, including the Russel Perry Award for Urban Development Excellence.

Stage 5 of 38 lots is under construction at the Harrisdale Green development, with completion expected in November this year and the sales release anticipated in early 2016. Settlements are anticipated in the second half.

In August 2015, Cedar Woods acquired 51 hectares of land in North Baldivis. The land, zoned 'Urban' under the Metropolitan Region Scheme and 'Development' under the City of Rockingham Scheme, adjoins an existing 68 hectare landholding already owned by the company. The combined landholding will have a total yield of approximately 1500 lots with development scheduled to commence in calendar 2016. A local structure plan for North Baldivis has been lodged with approval expected in the current financial year, to allow construction and lot sales to commence.

The Local Structure Plan for the Bushmead project was approved by the City of Swan in September 2015 and a stage 1 subdivision plan has been lodged with the state's

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planning department. The Federal environmental assessment has been completed and final determination is due in December 2015. Construction of stage 1 is expected to commence in the second half of FY2016 with the first settlements in FY2017.

At Mangles Bay, following state and federal government environmental approvals, an extensive stakeholder and community education program is underway ahead of full planning approvals anticipated for November 2016. Development is scheduled to commence in the first half of calendar 2017.

Victorian Projects

The property market remains strong in Victoria and the company experienced a solid first quarter.

At Williams Landing, demand remains strong and prices have continued to increase over recent releases. During the first quarter sales and settlements from previously released stages continued, with only a handful of titled lots remaining for sale. Planning approval was achieved for the first half of a new residential neighbourhood, to be known as Addison, located at the south-east of the site. A planning application to cover the second half of Addison has been submitted and first sales in Addison are expected to commence in the second half of FY2016. Planning applications have also been submitted for Newton Apartments in the Town Centre and for an extension to the Williams Landing Shopping Centre which will comprise a childcare centre and new retail tenancies, following strong leasing of the stage 1 retail and office components.

At Banbury Village, the 101 Botanica Apartments have sold out and construction is now well under way with completion due in mid 2016. Two stages of Banbury Village townhouses are expected to settle over the second and third quarters of the current financial year.

Cedar Woods successfully launched its Jackson Green project in Clayton South with 20 of the 21 homes in the first stage sold. Strong price points were achieved with townhouse prices averaging 20% above the suburb's median house price. Cedar Woods has had planning permits for the first five stages approved, and the second stage is anticipated to be released shortly.

At Carlingford, stage 11 was released to strong demand, with only 6 of the 25 lots remaining and an average price increase of 10% compared with the previous stage. Construction has now commenced on stage 11 with completion expected in the second half of FY2016.

At Clara, a 40 lot boutique subdivision north of the Williams Landing estate, all of the lots

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were sold in FY2015 and 39 of these settled in the first quarter of FY2016.

Queensland Project

At the end of July 2015, the Queensland Government announced it had approved an initial 480 lots on 67 hectares of the 227 hectare project at Upper Kedron. Brisbane City Council has been directed to amend its planning scheme to reflect the development potential for the remaining 160 hectares of the site. Cedar Woods has lodged detailed designs for stage 1 of the project, now branded 'Ellendale' with Brisbane City Council and is targeting first construction in early calendar 2016 following approval of those designs. Construction of the sales centre has commenced on site.

South Australian Project

On 16 September 2015, Cedar Woods was named as the preferred proponent by Renewal SA, a South Australian Government Agency, to negotiate the acquisition of the Glenside redevelopment site, approximately 2 kilometres south-east of the Adelaide CBD. Cedar Woods will work with Renewal SA, in consultation with the local community, over the next six months to develop a master plan for the 16.5 hectare site. Cedar Woods expects to enter into a contract of sale to purchase the site in H2 FY2016 with settlement following rezoning of the site in early FY2017.

Cedar Woods will open an office in Adelaide to manage the project and to investigate and evaluate further opportunities in South Australia.

Balance Sheet Strength

Cedar Woods maintains a strong balance sheet with net debt/equity currently at approximately 25%, at the lower end of the company's target range of 20 - 75%. This provides capacity to fund the Glenside acquisition and continued development of the company's existing portfolio.

Corporate Activity

The company appointed Ms Valerie Davies as an independent Non-Executive Director with effect from 21 September 2015. Ms Davies is a director of Amalgamated Holdings Ltd, HBF Health Fund and Tourism Western Australia and a previous winner of the Telstra Businesswoman of the Year (WA) Award. She is a Fellow of the Australian Institute of Company Directors. Ms Davies brings more than 20 years of experience working with Boards of listed companies and providing high level communication advice to numerous blue chip companies and government trading enterprises.

On 29 September 2015, the Board of Cedar Woods announced it would suspend the Dividend Reinvestment Plan and Bonus Share Plan for the forthcoming final dividend,



having regard to the company's strong balance sheet as well as current market volatility and its impact on the company's share price. As such, the final dividend to be paid on 30 October 2015 will be paid in cash.

Outlook

The dwelling sector across Australia continues to be supported by historically low interest rates, strong inbound migration and a general shortage of supply. The HIA economics group predicts solid demand for dwellings in FY2016, although it suggests that FY2015 was the peak year of the current cycle.

In Western Australia, sales activity at Cedar Woods' estates is moderating from highs seen in recent years, and prices have eased in some locations. Cedar Woods' projects in Victoria are benefiting from continued strong demand and resulting price growth. The company is well placed to manage the market cycles in each region, with a diversified portfolio of projects located in key growth corridors across four states.

As advised at the FY2015 results announcement, assuming current market conditions continue Cedar Woods anticipates that its FY2016 profit will be similar to last year's record net profit of \$42.6 million. It is expected that earnings will be split relatively evenly between each half year, and hence an improved first half result is expected compared to the prior year.

Cedar Woods has a positive medium term growth outlook, underpinned by a number of projects planned to proceed to development in the next twelve months, including Jackson Green and St Albans in Victoria, Bushmead, North Baldivis and Mangles Bay in Western Australia and Ellendale (Upper Kedron) in Queensland.

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