

ASX Announcement

30 April 2014



Cedar Woods Properties Limited

ASX Code: CWP

Cedar Woods' 3Q FY2014 summary:

- Company confirms FY2014 NPAT guidance of approximately \$40 million
- Outlook remains strong, backed by \$75 million in high margin pre-sales for FY2015 and new sales releases imminent
- Corporate finance facility increased by \$25 million to fund existing development pipeline and build capacity for growth

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Third Quarter FY2014 Operational Update

Cedar Woods Properties Limited (ASX: CWP) ('Cedar Woods' or 'the company') confirms FY2014 net profit after tax (NPAT) guidance of approximately \$40 million, based on the consistent performance of the company's established residential estates in Perth and Melbourne during the third quarter of the 2014 financial year (3Q FY2014).

Cedar Woods Managing Director, Paul Sadleir, said: "We are confident in delivering a record profit result in FY2014 based on the consistent demand we've seen across the portfolio during the third quarter.

"The sales and development activities are almost complete and now the focus is on completing the remaining settlements programmed for this financial year.

"Pre-sales for FY2015 are building and now stand at \$75 million. This is particularly encouraging given that we have achieved a larger proportion of higher-margin land pre-sales when compared to this time last year.

Further stage releases are due to be made at a number of projects in Perth and Melbourne in the next quarter, with sales from these releases expected to further supplement the land bank of presales for FY2015.

"We remain active in assessing opportunities to extend and diversify our portfolio. In doing so, we continue to adopt a disciplined and patient approach to selecting high quality projects which fit into Cedar Woods' overall development pipeline and enhance our ability to deliver consistent earnings growth." said Mr. Sadleir.



Western Australia Project Highlights

The Western Australian residential property market remained strong during 3Q FY2014, particularly in the Perth metropolitan area, and this was reflected at Cedar Woods' projects where consistent sales activity and modest prices rises were achieved.

Construction advanced at Cedar Woods' The Brook at Byford project during the quarter and this spurred pre-sales activity, which is progressing well. Settlements from stage 1 are expected to start in the first quarter of FY2015, with the project expected to continue generating revenue until FY2018.

At Carine Rise, a co-development between Cedar Woods, the St Ives Group and LandCorp in Perth's middle-northern suburb of Carine, construction was completed in early March and project landscaping is now underway. All stages have now been released and settlements are set to occur before the end of the financial year. The majority of residential and commercial lots have now been presold.

Two new stages at Emerald Park (3C and 2B) received strong buyer interest during the quarter, with heightened demand for land in the area driving increased sales prices. Only a small number of lots are currently available for sale, with construction of further stages to follow.

At Mariners Cove, Cedar Woods' waterfront land project in Mandurah, sales rates continued to benefit from increased buyer demand for 'lifestyle' product during the quarter.

Cedar Woods' Elements project in South Hedland delivered steady sales during the quarter. The project is expected to reach practical completion in the fourth quarter and settlements will also commence prior to the end of the financial year.

Planning and feasibility studies for the Western Edge project in South Hedland are continuing, with this project to be developed in stages. Western Edge will be jointly developed with the West Australian Government's development agency Landcorp, which will release land over time to meet market demand.



Victorian Project Highlights

Cedar Woods continued to experience positive buyer sentiment across its Victorian portfolio during the third quarter, recording strong sales volumes and steady price increases.

General market conditions have improved in Victoria's residential property sector, evidenced by higher dwelling starts, strong growth in housing finance and a steady lift in auction clearance rates. Population growth and low interest rates continue to drive these positive market conditions.

At Cedar Woods' Williams Landing project, the company has seen increasingly strong demand for residential lots and price growth was achieved during the third quarter. Construction on the final stage for FY14 is nearing completion, with settlements to commence prior to the end of the financial year. Interest in Williams Landing's residential neighbourhoods continues to benefit from the project's position as a transport hub and increased activity in the Town Centre.

At the Williams Landing Town Centre, construction of additional road infrastructure began during the quarter and is now nearing completion. Planning also commenced for other commercial, residential and mixed use developments within the Town Centre for release in future years.

Construction at the Williams Landing Shopping Centre, which is anchored by a Woolworths supermarket, commenced during the quarter and interest in the specialty shop leasing program has been strong. Cedar Woods is now reviewing inquiries to select the best mix of tenants for the Centre. On completion, the Williams Landing Shopping Centre will be managed by an external retail centre management specialist.

Cedar Woods has procured from Australia and New Zealand Banking Group Limited a \$23 million project specific financing facility to fund construction of the Shopping Centre. This facility is separate from the company's corporate finance facility.

Several stages are under construction and progressing well at the company's built-form project at Banbury Village in Footscray. Demand for stages released during the quarter was strong and modest price growth was achieved. A 38-unit apartment building, which was successfully launched during the first half with all units presold, is now under construction.

Project Acquisition Program

Cedar Woods continues to evaluate project acquisition targets, in order to replenish its inventory and add to its portfolio to provide future growth. The company applies a disciplined and rigorous approach to this assessment process, focusing on land holdings that offer medium-to-long term development prospects with potential to add value through rezoning and approvals.



Corporate

Cedar Woods has secured a \$25 million increase to its three-year corporate finance facility limit, bringing the facility to a total of \$135 million.

The facility is provided by Australia and New Zealand Banking Group Limited and Bank of Western Australia (Bankwest), a division of Commonwealth Bank of Australia, on a joint basis. Cedar Woods had maintained its finance facility limit at a constant level of \$110 million for the previous five years. During this time, the company's portfolio has grown significantly and, as a result, the \$25 million extension enhances the ability to develop existing projects, as well as providing additional capacity for future growth.

The facility is able to be extended for an additional year on each 30 November, refreshing the three year term, subject to consent by the lenders. The facility was refreshed in November 2013, with a three year term to 30 November 2016.

Cedar Woods maintains a modestly geared balance sheet, with net debt to equity at 32% at the end of the third quarter, which is at the lower end of its target range of 20-75%.

Outlook

With a number of project stages moving into the settlement phase, Cedar Woods remains on track to deliver a record net profit after tax in FY2014 of approximately \$40 million, compared to \$36.3 million in FY2013.

The company has \$75 million in pre-sales for FY2015 in place, with a larger proportion of higher-margin land pre-sales than the previous corresponding period, which included a greater number of built-form pre-sales, predominantly at the Realm project in Camberwell. Further stage releases of higher margin product are due to be made at a number of projects in Perth and Melbourne in the next quarter, with sales from these releases expected to further supplement the presales for FY2015, consistent with the company's objective of continued profit and dividend growth.

Cedar Woods is well placed to benefit from current positive market conditions which are underpinned by robust population growth and low interest rates. Assuming these conditions continue, the company anticipates further profit growth in FY2015.

The company has a strong balance sheet with low debt and funding in place for the ongoing development of its portfolio. Cedar Woods is also well positioned to pursue acquisition opportunities to extend its portfolio and build future earnings.

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