Cedar Woods Properties Limited

1H2017 Financial Results

22 February 2017

Cedar Woods’ strategy

To grow and develop our national project portfolio, diversified by:

- *geography*
- *product type*
- *price point*

so that it continues to hold broad customer appeal and performs well in a range of market conditions.

Geography

- Established in 4 states
- Good geographic spread, well located projects

Product Type

- First apartments at Williams Landing sold out
- Introducing medium density at Wooloowin & Glenside and townhouse product at Port Adelaide

Price Point

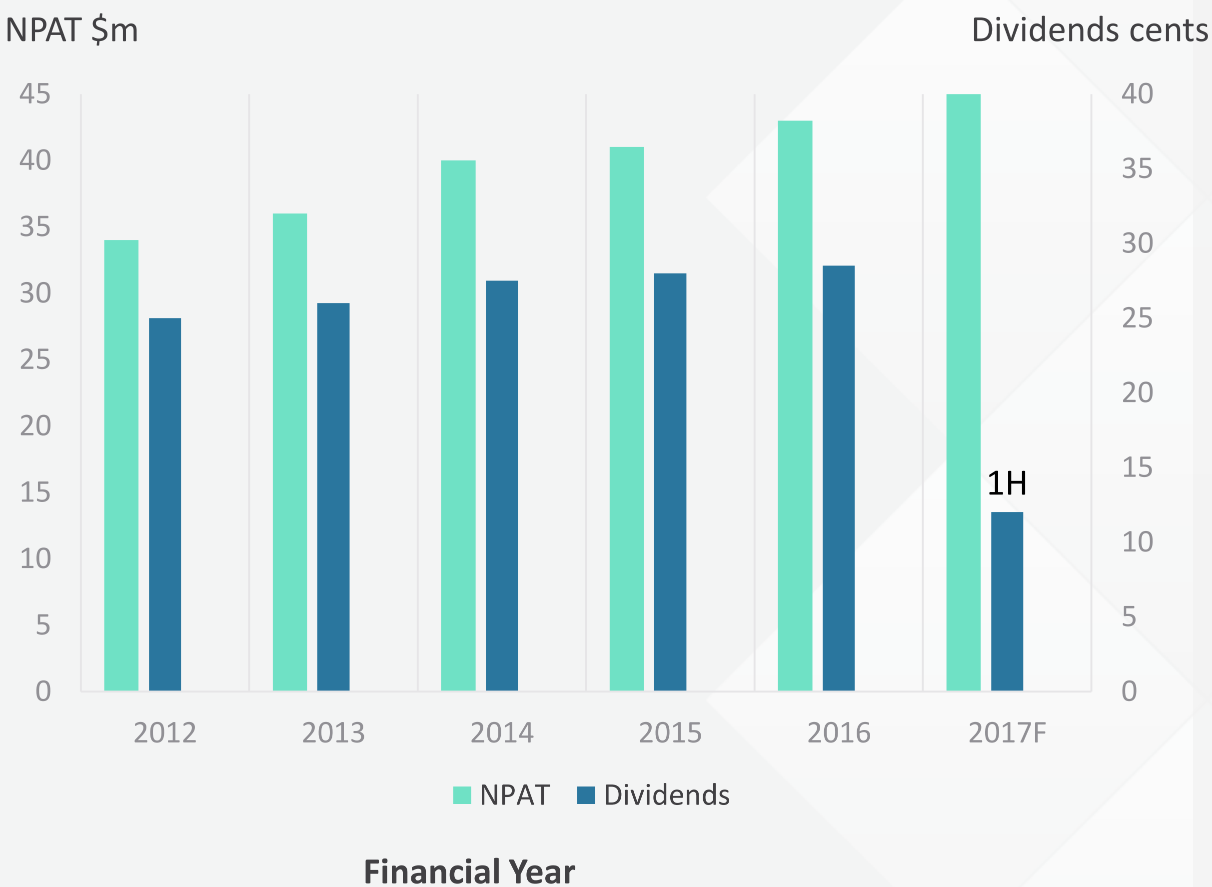
- First homebuyer, upgrader, investor all catered for
- Brisbane, Perth and Adelaide markets offer excellent affordability

On track for record year

	1H17	1H16	Change (1H17 vs 1H16)	FY17 Guidance
Net Profit after tax	$3.0m	$18.1m	(83.4)%	$45m
Earnings per share	3.8 cents	23.0 cents	(83.5)%	57.0 cents
Dividends per share	12.0 cents	12.0 cents	-	

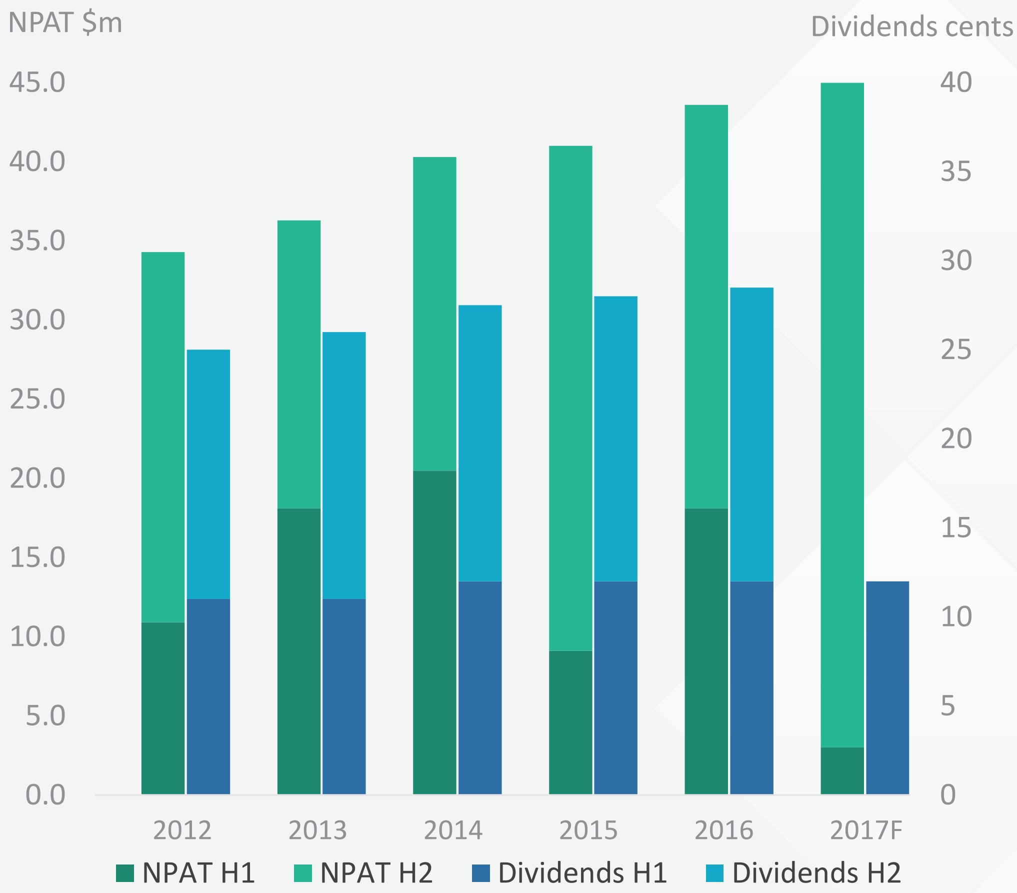
- First half consistent with expectation
- 1H17 characterised by intense development activity across four states
- Significantly stronger second half expected with contributions from three states
- Record pre-sales of $274 million with majority settling in 2H17
- Management focus remains on year on year growth in profits and dividends

Strategy delivering strong performance



- 6 consecutive years of NPAT growth
- Forecast FY17 NPAT approximately $45 million
- Strong and consistent dividend payments
- FY12-16 ROE average: 16%

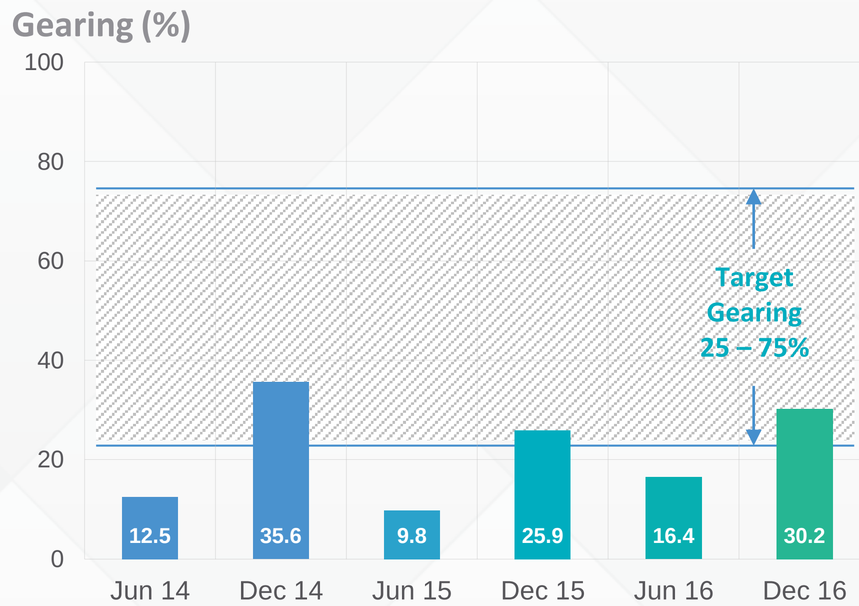
Full year focus and consistent dividend policy



- Dividend policy – consistent payout ratio of 50% of full year NPAT
- Cedar Woods has a history of uneven half year financial results due to the timing of project releases and various seasonal factors
- Management remains focused on driving full-year performance
- Cedar Woods has increased its full year earnings guidance for FY2017 to a record NPAT of approximately $45 million

Balance sheet strength and access to funding

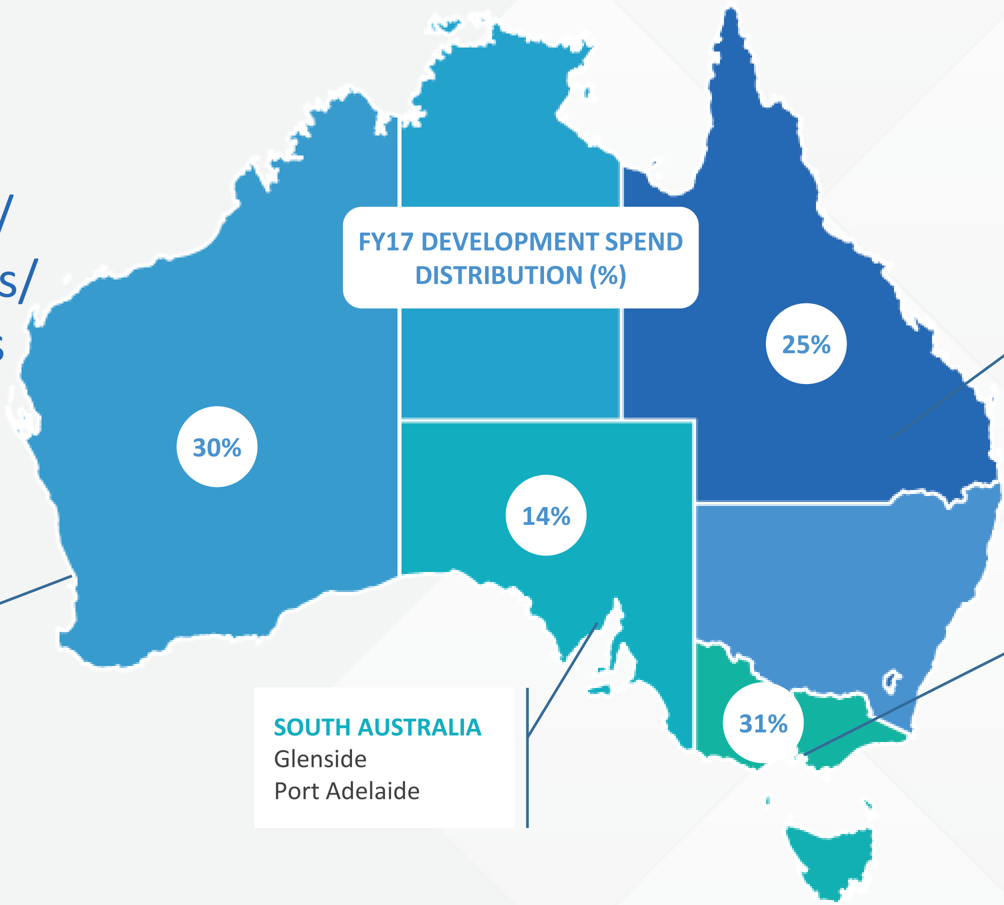
	31 Dec 2016 $m	30 June 2016 $m
Total assets (book value)	484.3	452.7
Net bank debt	89.9	50.3
Net assets (equity)	297.3	307.2
Net bank debt to equity	30.2%	16.4%
Finance facilities	205	165
Finance facility headroom	115.1	98.5
Interest cover	3.1x	16.6x



- Net bank debt to equity at 30.2%, to continue well within target range for remainder of FY17
- $205 million in finance facilities, significant headroom at 31 December 2016, facility extended to November 2019
- Interest cover is forecast to be significantly stronger for the full year

Balanced national portfolio

- 4 states
- 24 projects
- 10,000 lots/ townhouses/ apartments



WESTERN AUSTRALIA
Major Projects
Ariella
Bushmead
Harrisdale Green
Mangles Bay Marina
The Rivergums
Millars Landing
Byford Brook & Scarp

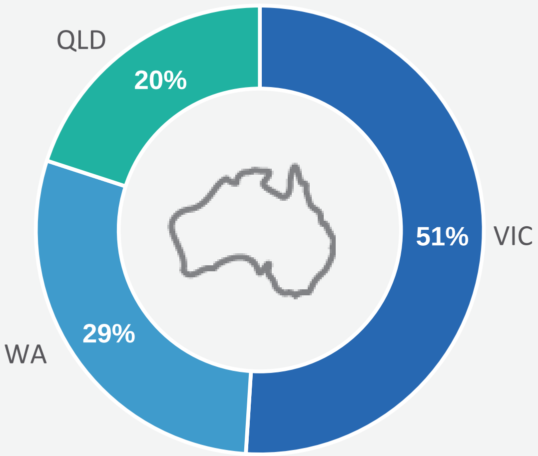
SOUTH AUSTRALIA
Glenside
Port Adelaide

QUEENSLAND
Ellendale
Wooloowin

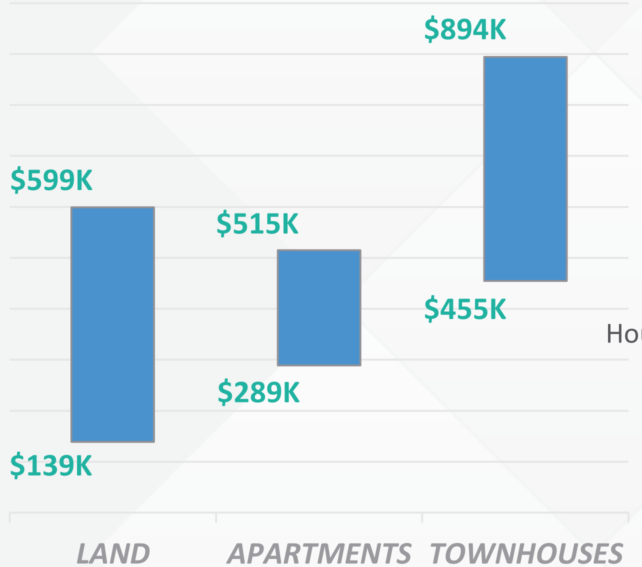
VICTORIA
Williams Landing
Oxford Apartments
St. A
Banbury Village
Carlingford
Jackson Green
Wattle Apartments

Diversified portfolio

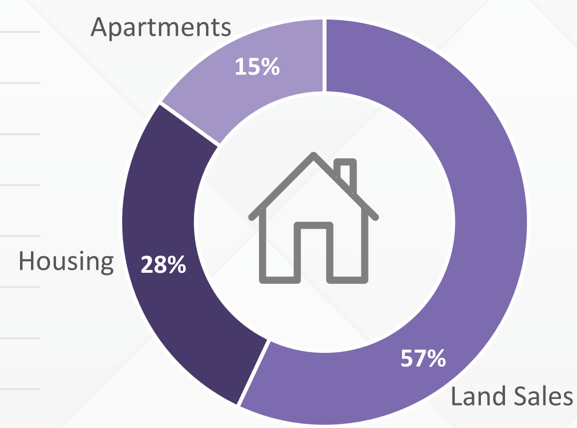
State
Presales revenue



Price Point
Current price list



Product
Presales – # lots/apartments



- Pre sales across three states
- Wide range of price points
- Focus on land and housing, with niche apartment product

Positioned for continued growth

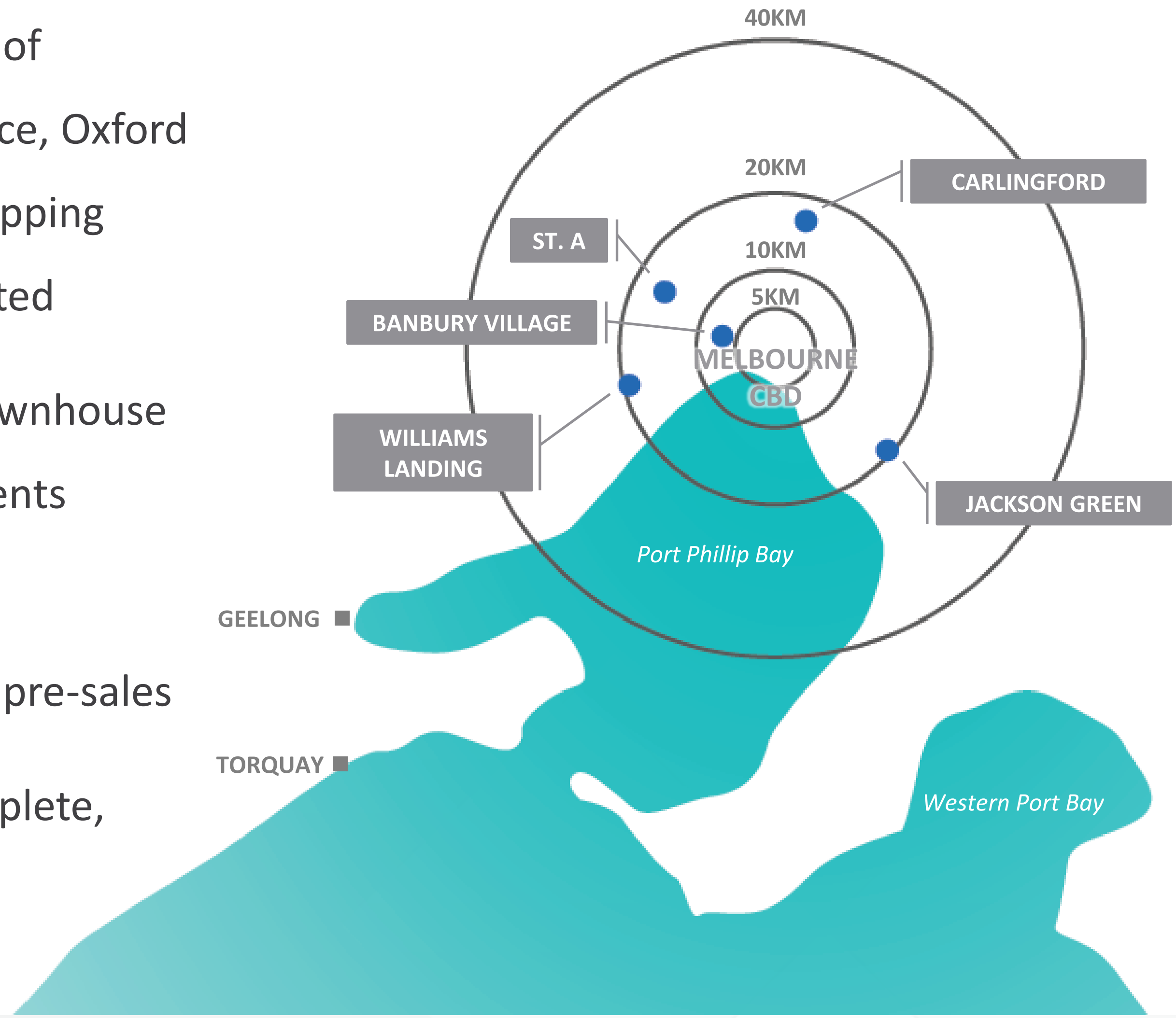
New projects contributing to revenue in coming years

Project	State	Project Life (Years)	Status
Ellendale (1)	QLD	10	Stage 1 approaching completion
Wooloowin	QLD	6	Planning underway
Jackson Green	VIC	5	Townhouse releases sold out
St. A	VIC	4	Townhouse releases sold out
Oxford Apartments	VIC	1	Strong presales
North Baldivis	WA	10+	Earthworks underway
Bushmead	WA	8	Stage 1 approaching completion
Mangles Bay Marina	WA	10	Rezoning continuing
Glenside	SA	5-10	Site works commencing 2Q C17
Port Adelaide (2)	SA	7	Due diligence successfully completed

(1) Initial approval for 480 lots. It is anticipated that further stages will be approved in due course.
(2) Cedar Woods selected as preferred proponent by Renewal SA

VIC portfolio update

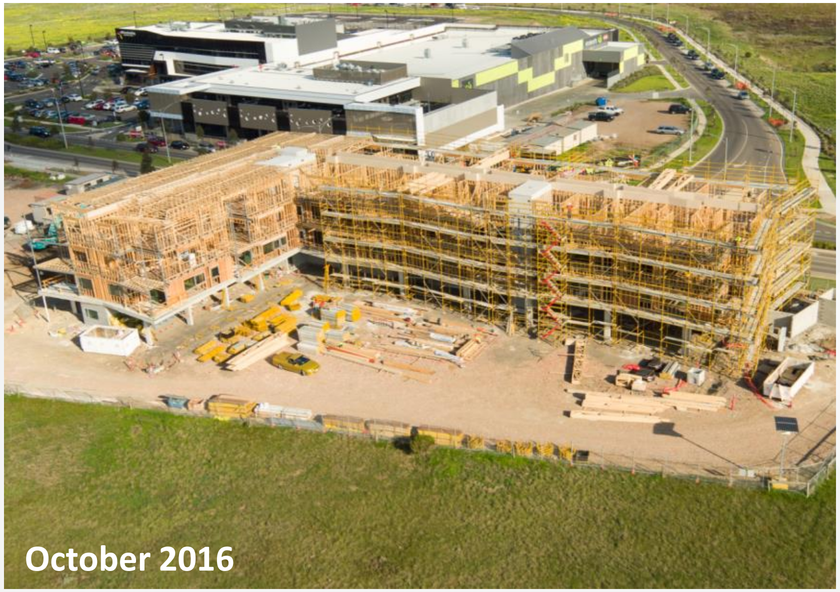
- Williams Landing - Heads of Agreement for Target office, Oxford apartments released, shopping centre expansion completed
- Jackson Green - strong townhouse pre-sales, Wattle apartments released
- St. A – strong townhouse pre-sales
- Banbury Village now complete, UDIA Awards Finalist



JACKSON GREEN

- Masterplan includes 151 townhouses, approximately 200 apartments
- Stage 2-5 civil works due for completion in March 2017
- Stage 1 townhouse construction commenced January 2017
- Sales to the end of January 2017:
  - 102 townhouses
  - 35 apartments

NEWTON APARTMENTS



October 2016

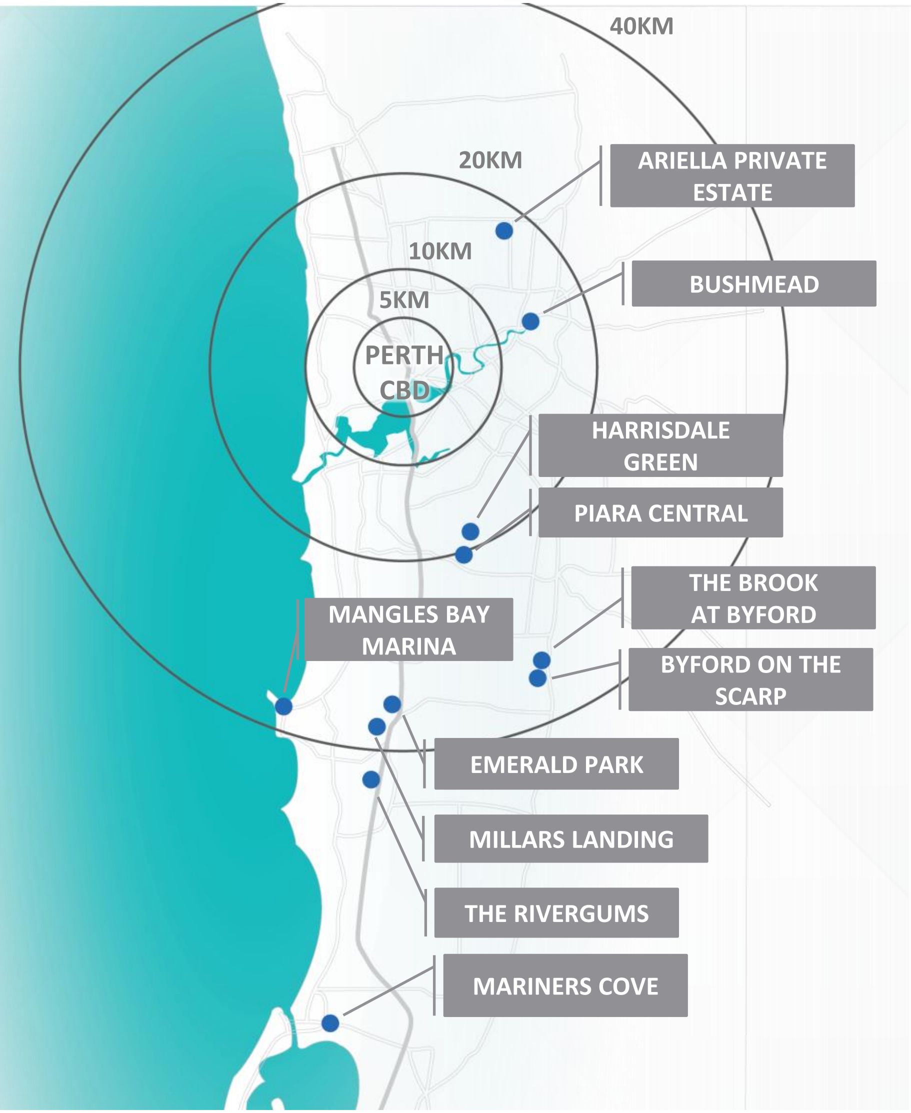
January 2017

CAD image

- 57 apartments over 4 levels
- 1 bedroom, 2+1 bed/bathroom and 2+2 bed/bathroom typologies
- 100% sold
- Construction commenced April 2016
- Settlement anticipated May 2017

WA portfolio update

- Successful launch of Bushmead, approaching stage 1 completion
- Ariella sales momentum continuing, stage 3 commenced ahead of schedule
- Construction of new stages at several established projects continuing
- Sales at Baldivis and Byford projects remain subdued



BUSHMEAD

October 2013

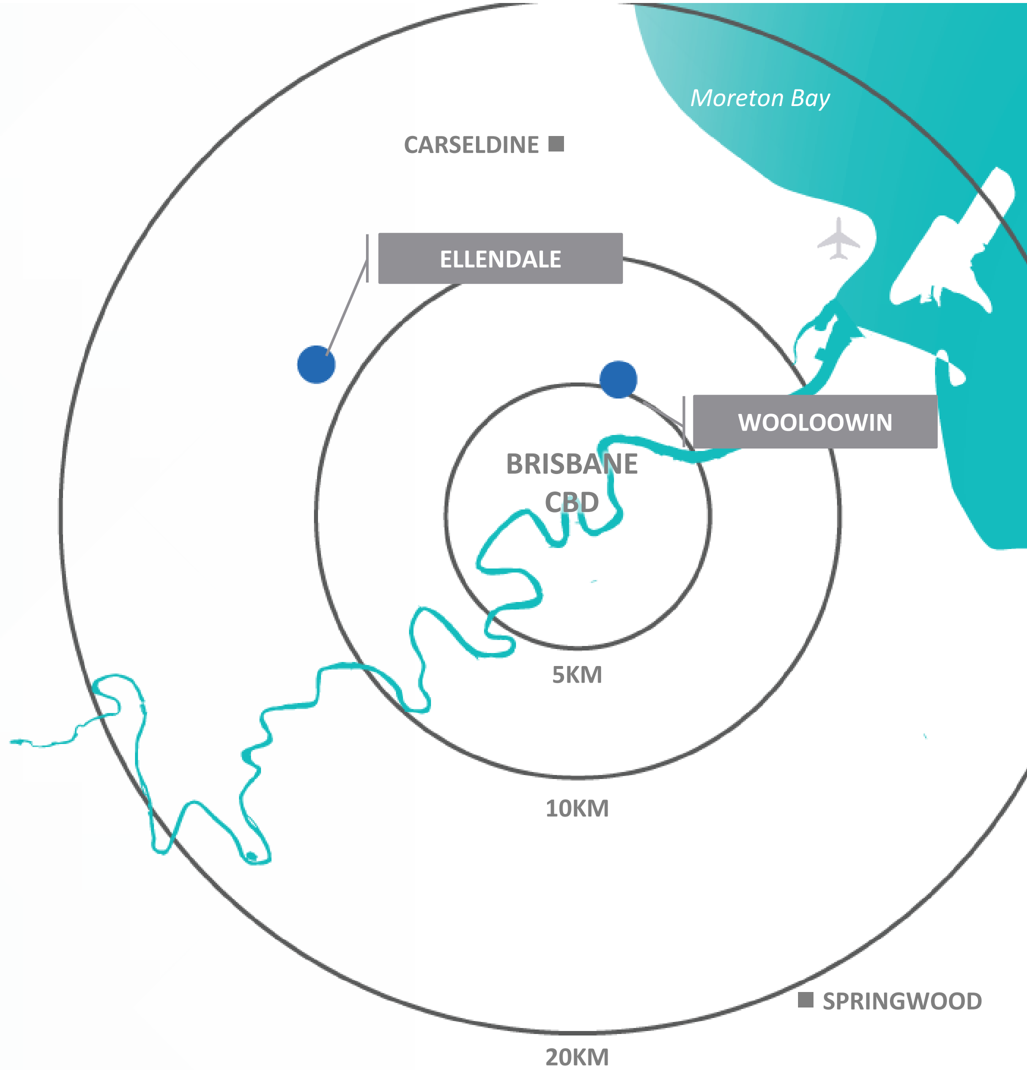
QLD portfolio update

ELLENDALE

- Stage 1 has 142 lots with 117 sales
- 480 lots already approved on 67 ha on the 227 ha site
- Rezoning of the balance 160 ha underway and anticipated to be completed in C2017

WOOLOOWIN

- Planning application lodged
- Approvals expected in C2017
- Mix of town houses and apartments
- Close to 2 train stations and shops

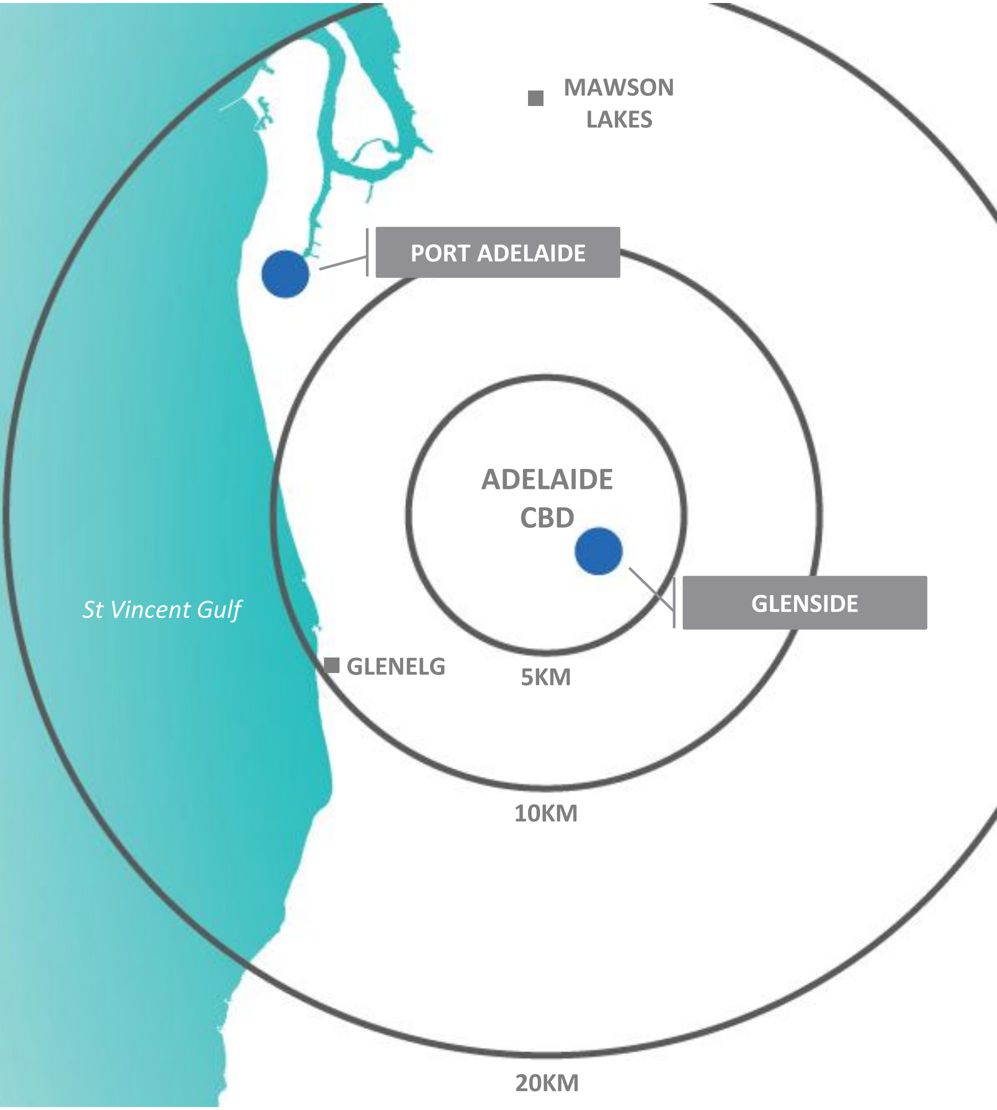


- 13km west of Brisbane CBD
- Stage 1 nearing completion
- Stage 2 construction commenced in December 2016
- Builders’ display village construction to commence shortly

ELLENDALE

SA portfolio update

- Glenside rezoning approved December 2016
- Port Adelaide due diligence successfully completed
- Both sites have strong locational attributes and cater to different markets
- Adelaide office well established



Market conditions

Historically low interest rates and continued population growth supporting solid state fundamentals.

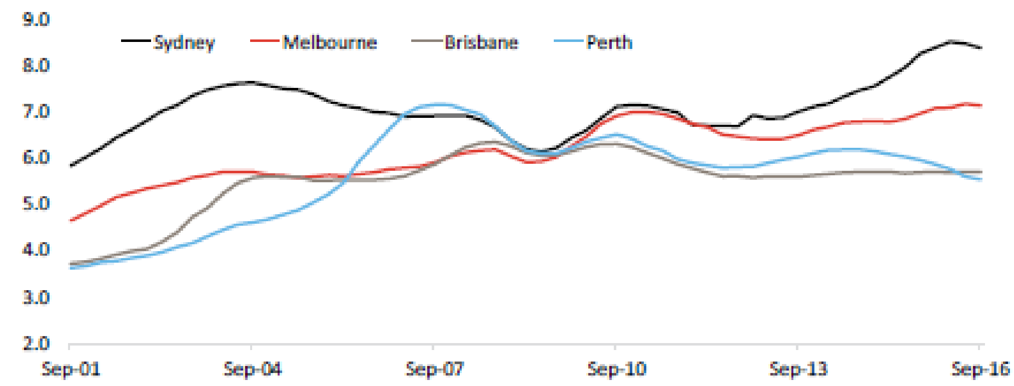
	Population growth continuing [1]	GDP growth robust[2]	Employment stable[3]	Demographics driving strong capital city growth[4]	
VIC	2.1%	3.0%	6.0%	2.0%	– Solid sales volumes, price growth easing
QLD	1.4%	4.5%	6.2%	2.1%	– Solid sales volumes, modest house price growth, apartments prices easing
WA	1.0%	1.3%	6.6%	2.9%	– State Gov't increases in FHOG to lift first home buyers, house prices risen 2.1% in the last 3 months
SA	0.5%	1.8%	6.8%	1.2%	– Steady market conditions

Notes: (1) ABS – growth in year to June 2016; (2) GSP growth forecast for FY17;
(3) Unemployment as at December 2016; (4) Forecast annual growth in capital city households
Source: ABS, State Treasuries

Cedar Woods operating in affordable markets

- Rapid growth in Sydney and to a lesser extent Melbourne has impacted housing affordability
- Brisbane, Perth and Adelaide remain affordable markets
- Three months price growth to 31 January 2017 positive across all capital cities

Housing affordability – price to income ratio



Source: CoreLogic, ANU

	Median prices – Jan 17	Annual growth	3 month growth to 31 Jan 17
Sydney	$850,000	16.0%	2.7%
Melbourne	$640,000	11.8%	2.4%
Brisbane	$490,000	4.4%	1.1%
Perth	$480,000	-3.2%	2.1%
Adelaide	$426,000	4.8%	1.4%

Source: CoreLogic

Diversification strategy underpinning results

Manage our portfolio with the aim of delivering consistent annual growth in profits and dividends

Grow and develop our national project portfolio…

…diversified by geography, product type and price point…

…so that it continues to appeal and performs well in a range of market conditions

- Positive outlook underpinned by strong pre-sales of $274 million, up 56% on last year
- Development program is on track, backed by continued strong pre-sales and disciplined project execution and delivery
- Landmark projects in Queensland, Victoria and Western Australia underway, placing the company in a strong position for FY17
- Assuming current market conditions continue, the company anticipates exceeding FY16's record profit, with an NPAT of approximately $45 million
- Well positioned for FY2018 with several landmark projects on track to provide first contributions, with pre sales of over $100 million

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Appendices

Company highlights

- ASX 300 company with a proven track record of consistent earnings growth
- Attractive, fully franked yield
- Attractive valuation metrics
- Balanced, national portfolio, diversified by product type, price point and geography
- Strong balance sheet and capacity to fund growth
- Experienced and proven management team

Cedar Woods' charter

PURPOSE	*"To create long term value for our shareholders through the disciplined acquisition, development and marketing of properties that meet the needs of our customers."*
OBJECTIVE	*"To manage our portfolio with the aim of delivering consistent annual growth in profits and dividends."*
STRATEGY	*"To grow and develop our national project portfolio, diversified by geography, product type and price point, so that it continues to hold broad customer appeal and performs well in a range of market conditions."*
VALUES	*Integrity* · *Performance* · *Innovation* · *People and Environment*

Profit & loss statement

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Half-year 2016 $'000	2015 $'000
Revenue from operations		
Sale of land and buildings	51,833	74,198
Services	2,236	279
Rent from properties	2,034	1,862
Interest revenue	465	709
	56,568	77,048
Other income	40	71
Expenses		
Cost of sales of land and buildings	(31,461)	(33,896)
Cost of providing services	(1,624)	(60)
Other expenses from ordinary activities:		
Project operating costs	(8,619)	(7,329)
Occupancy	(331)	(296)
Administration	(8,002)	(7,576)
Other	(1,336)	(328)
Finance costs	(1,152)	(1,816)
Share of net profit of joint ventures accounted for using the equity method	153	50
Profit before income tax	**4,236**	**25,868**
Income tax expense	(1,213)	(7,755)
Profit for the half-year	**3,023**	**18,113**
Total comprehensive income for the half-year	**3,023**	**18,113**
Total comprehensive income attributable to members of Cedar Woods Properties Limited	**3,023**	**18,113**

	Half-year 2016 Cents	2015 Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:		
Basic and diluted earnings per share	3.8	23.0

Balance sheet

ASSETS	NOTE	31 December 2016 $'000	30 June 2016 $'000
Current assets			
Cash and cash equivalents		1,469	1,697
Trade and other receivables		9,537	8,374
Inventories		77,222	55,644
Deferred development costs		6,334	6,535
Current tax assets		3,604	-
Total current assets		**98,166**	**72,250**
Non-current assets			
Receivables		8,224	6,890
Inventories		311,946	311,542
Deferred development costs		12,759	11,836
Investments accounted for using the equity method		4,170	4,016
Property, plant and equipment		4,273	4,080
Investment properties		43,908	41,542
Lease incentives		849	573
Total non-current assets		**386,129**	**380,479**
Total assets		**484,295**	**452,729**
LIABILITIES			
Current liabilities			
Trade and other payables		17,715	13,494
Other financial liabilities		31,167	27,446
Current tax liabilities		-	6,070
Provisions		5,794	7,128
Total current liabilities		**54,676**	**54,138**
Non-current liabilities			
Borrowings		91,398	52,041
Other financial liabilities		35,122	34,086
Deferred tax liabilities		5,397	4,277
Provisions		78	271
Derivative financial instruments		339	728
Total non-current liabilities		**132,334**	**91,403**
Total liabilities		**187,010**	**145,541**
Net assets		**297,285**	**307,188**
EQUITY			
Contributed equity		119,525	119,525
Reserves		244	159
Retained profits		177,516	187,504
Total equity		**297,285**	**307,188**

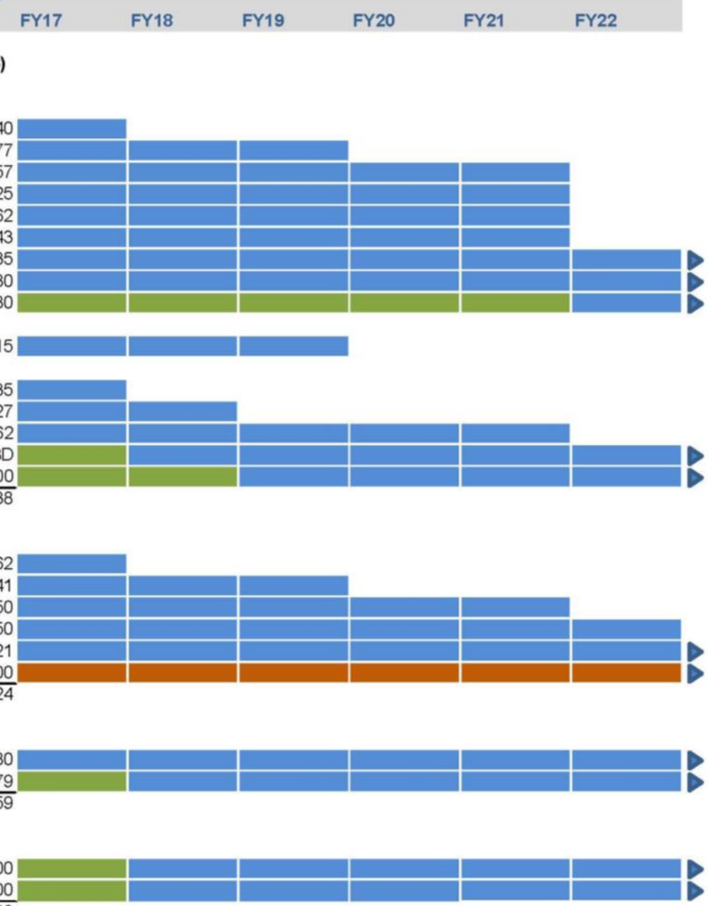
Cash flow

	Half-year 2016 $'000	Half-year 2015 $'000
Cash flows from operating activities		
Receipts from customers (incl. GST)	60,614	84,184
Payments to suppliers and employees (incl. GST)	(28,647)	(26,852)
Payments for land and development	(42,200)	(76,897)
Interest received	184	292
Borrowing costs paid	(1,740)	(1,897)
Income taxes paid	(9,767)	(12,928)
Net cash outflows from operating activities	(21,556)	(34,098)
Cash flows from investing activities		
Repayment of loans by joint ventures	-	1,108
Payments for investment properties	(4,332)	(356)
Payments for property, plant and equipment	(611)	(1,315)
Net cash outflows from investing activities	(4,943)	(563)
Cash flows from financing activities		
Proceeds from borrowings	39,285	48,772
Dividends paid	(13,014)	(12,619)
Net cash inflows from financing activities	26,271	36,153
Net (decrease) increase in cash and cash equivalents	(228)	1,492
Cash and cash equivalents at the beginning of the half-year	1,697	1,886
Cash and cash equivalents at the end of the half-year	**1,469**	**3,378**

Project pipeline – as at 1 July 2016

Planning, Design & Rezoning | Development & Sales | Leasing, Development & Sales

PROJECT NAME	CORRIDOR/LOCATION	PROJECT TYPE	LOT/UNITS PROJECT	LOT/UNITS REMAIN (as at 1/7/16)
WESTERN AUSTRALIA				
Perth				
Mariners Cove	South	Canal lots	984	40
The Brook at Byford	South East	Residential Land	405	277
Rivergums Baldivis	South	Residential Land	1413	457
Ariella	North East	Residential Land	480	425
Byford on the Scarp	South East	Residential Land	324	262
Piara Waters / Forrestdale	South East	Residential Land	443	443
Bushmead	East	Residential Land	935	935
North Baldivis	South	Residential Land	1580	1580
Pinjarra	South	Residential Land	1080	1080
Regional				
Elements South Hedland	Pilbara	Residential Land	136	15
WA "JV" projects				
Cedar Woods Wellard (Emerald Park)	South	Residential Land	665	135
Batavia Coast Marina Apartments	Mid-West	Apartments	54	27
Harrisdale Green	South East	Residential Land	427	262
Mangles Bay	South	Mixed use	TBD	TBD
Western Edge	Pilbara	Residential Land	600	600
				6538
VICTORIA				
Melbourne				
Banbury Village	Inner West	Houses and Apartments	430	62
Carlingford	North	Residential Land	650	141
St Albans	North West	Houses and Apartments	250	250
Jackson Green	South East	Houses and Apartments	350	350
Williams Landing Residential	West	Residential Land	2385	721
Williams Landing Town Centre	West	Retail, Mixed Use, Apartments	600	600
				2124
QUEENSLAND				
Brisbane				
Ellendale	North West	Residential Land	480	480
Wooloowin	Inner North	Houses and Apartments	279	279
				759
SOUTH AUSTRALIA				
Adelaide				
Glenside (proposed)	Inner South East	Houses and Apartments	1000	1000
Port Adelaide (proposed)	North West	Houses and Apartments	500	500
				1500



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