Barrenjoey Emerging Property Companies Day

1 May 2025

Ariella Private Estate, Henley Brook, WA

CEDAR WOODS
DEVELOPING TOMORROW TODAY


Bushmead Estate, Bushmead, WA

COMPANY OVERVIEW

- Property development company with 35+ year track record of delivering earnings for shareholders
- Portfolio of 37 quality projects & a pipeline of over 9,700 lots/units to support future earnings
- Product diversification – mix of projects delivering apartments, townhouses, master-planned communities & commercial.
- Proven & stable management team
- Favourable time in cycle for the business with supportive macro environment & a significant, nationwide housing shortage
- Favourable state & federal policy environment
- Sticking to proven strategy, & disciplined execution.

CEDAR WOODS

STRATEGY

To grow our national project portfolio, diversified by geography, product type & price point, so that it continues to hold broad customer appeal & performs well in a range of market conditions

Geography

Good geographic spread of well-located projects in four states

Product Type

Range of housing lots, townhouses, apartments & commercial

Price Point

Wide range of price points offered throughout the portfolio

EXAMPLE PROJECT
Glenside, SA

- 17 Ha, 3km from Adelaide CBD
- 1,000+ townhouses & apartments
- 3 apartment projects under construction & mostly presold
- Recent launch of Elegan apartments with 88% sold
- Bloom retirement product meeting strong demand
- Significant price growth achieved
- Shortage of housing in SA
- Buyer profiles – professional singles & couples; empty nesters & retirees

Glenside, SA

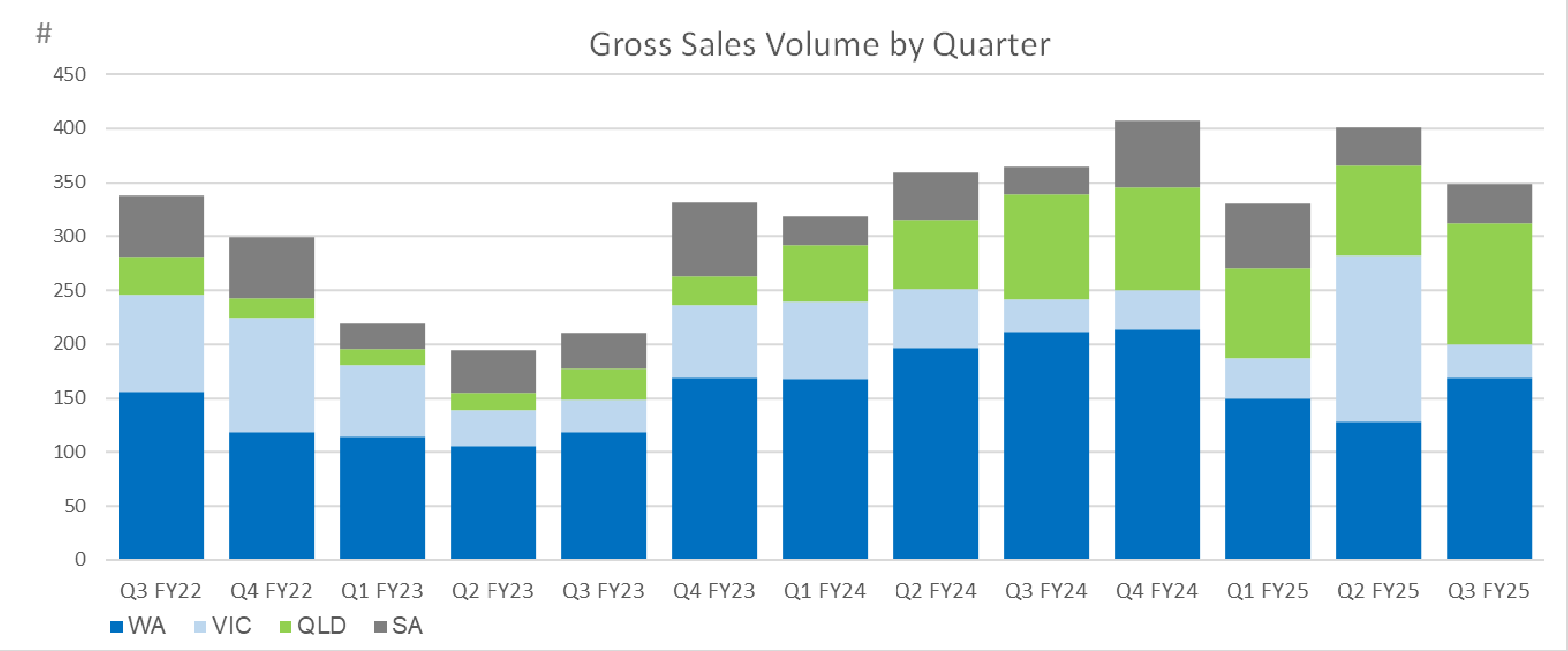
EXAMPLE PROJECT
Eglinton, WA

- Total yield 1,270 lots
- 500m from new train station
- 200 lots either completed / under construction
- First settlements occurred in FY24
- Over 1,000 lots left to sell & 10 years project life remaining
- Current average lot size & price – 375sqm; $330,000, up more than 30% during FY24
- Microgrid with rooftop solar offering energy cost savings to homebuyers
- Buyer profiles: First home buyers, local & interstate investors, upgraders & downsizers

THIRD QUARTER UPDATE

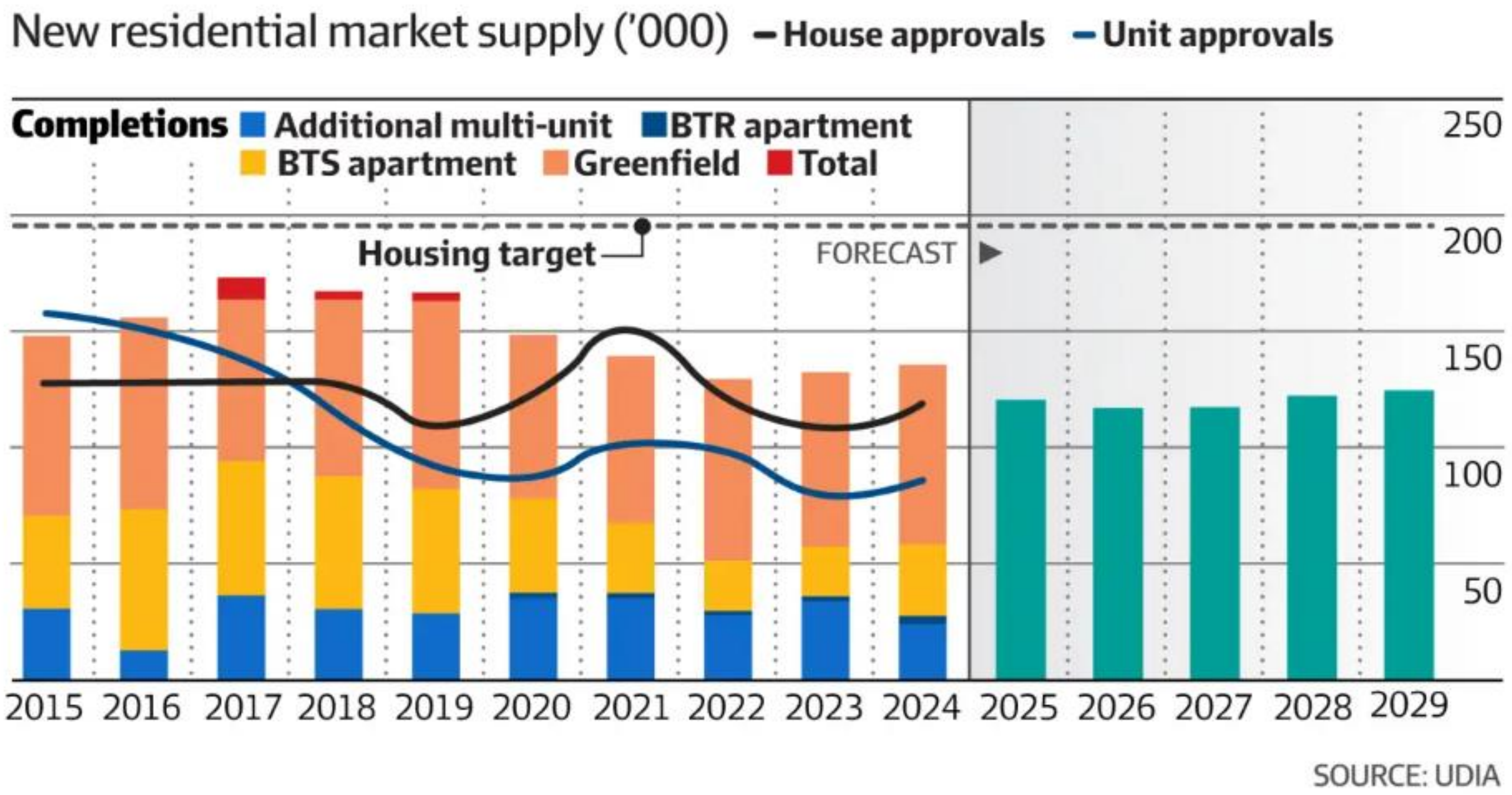
Released 30 April 2025

- On track for strong profit in H2
- Upgraded target guidance of approximately 15% NPAT growth for FY25
- Presales of more than $700m at the end of Q3 ($570m pcp), up 23%
- Sales volumes occurring at good levels, especially in QLD & for more affordable product nationally
- Solid balance sheet with liquidity of over $90m (undrawn finance facilities + cash)
- Confirmed expectation of further strong growth in NPAT in FY26 with significant presales for that year already secured.
- Favourable state & federal policy environment



CHRONIC SHORTFALL OF HOUSING

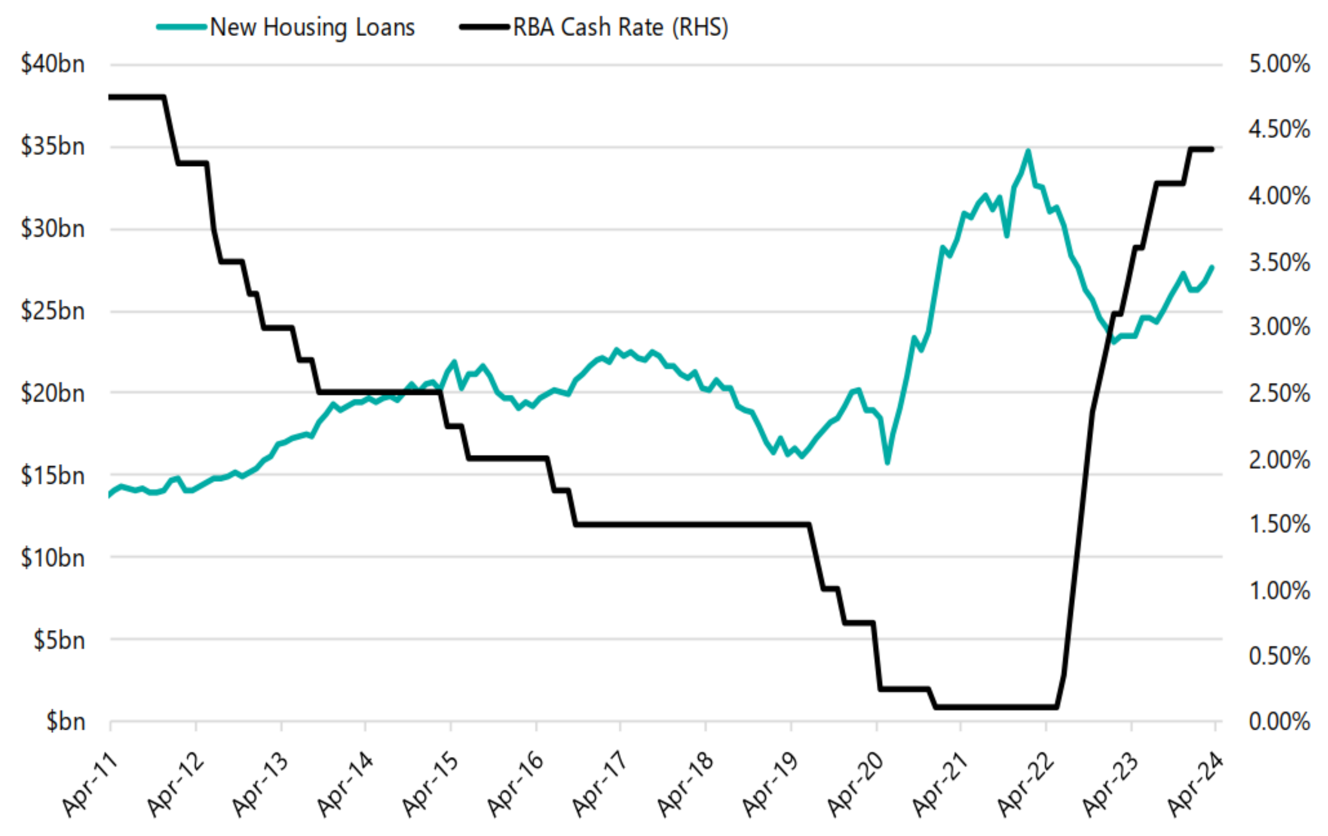
- Housing supply shortfalls are set to continue – at least 5 years needed to provide meaningful levels of supply
- Housing completions to fall short of Govt target by 393,000 for the combined capital cities alone by 2029
- Population continuing to grow
- Shortfalls will underpin pricing levels and sales volumes for medium term
- Cedar Woods has 37 projects and a total of 9700 dwellings to supply into these conditions



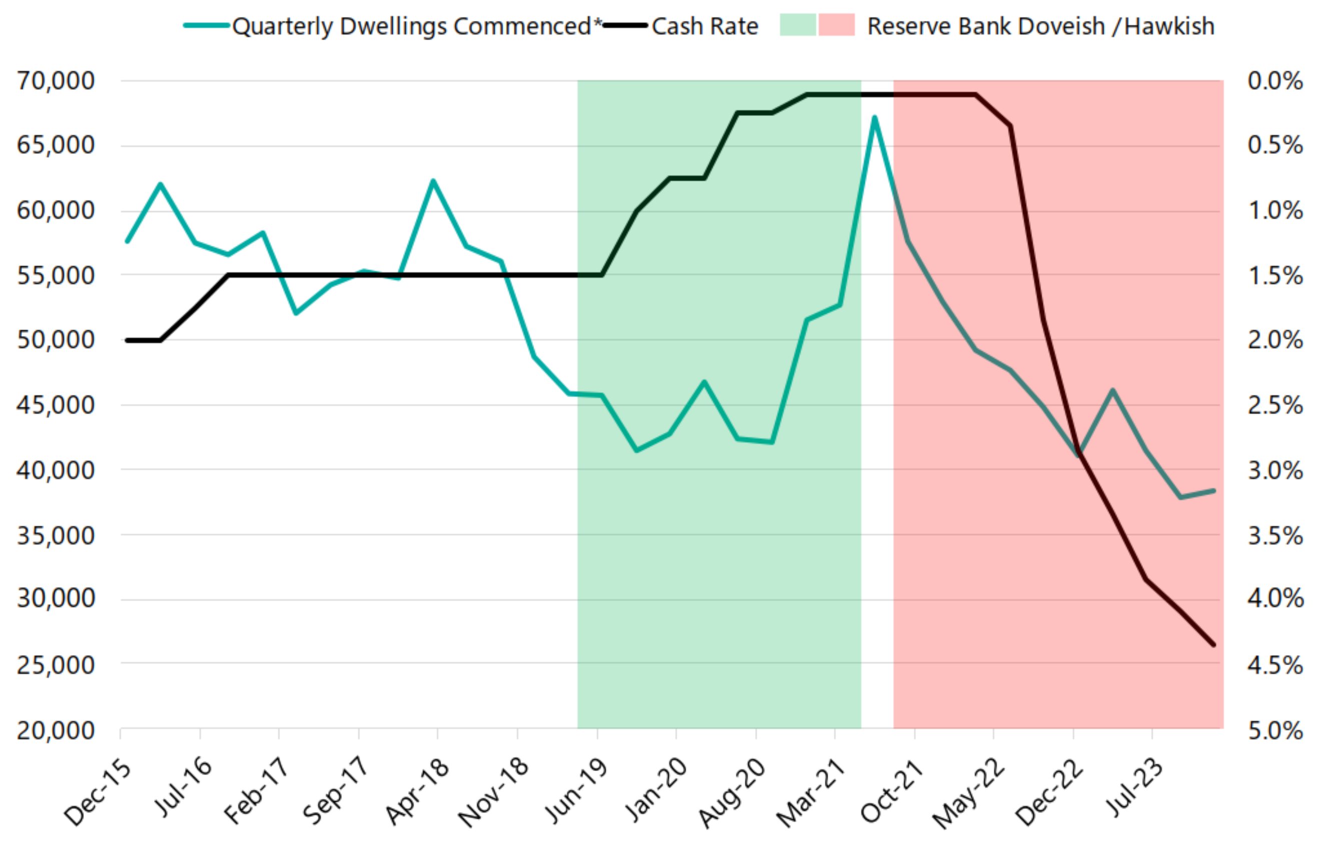
INTEREST RATES

- 0.25% interest rate reduction announced & further easing expected over 2025
- Affordability & interest rates hold back some buyers – reduced interest rates will help sustain or propel demand for housing
- Rate cutting cycles historically have seen material surges in sales volumes. Looking at prior cycles, volumes generally rise ~26% over the cycle
- This would support both owner occupier & investor demand across our products, but especially the first home buyer, to which many of our projects appeal

Demand strongly correlated (negatively) to rates



Dwelling commencements (cash rate inverted)



Source: Bell Potter

FAVOURABLE POLICY ENVIRONMENT

- The housing shortfall is a key Federal election issue with both major parties offering solutions & significant funding
- State Governments are seeking to fast track planning & environmental approvals
- Various incentives in place to stimulate supply & demand sides:
  - Stamp duty relief
  - First home-owner grants
  - Incentives for ‘Off the plan’ purchases
  - Infrastructure grants
- Federal policies enacted post election (May 25) will further support the new housing sector
- Initiatives supporting new supply & first home buyers
- $10b in funding being offered by both major parties
- Most of Cedar Woods projects have product catering for first home buyers

Greville, QLD

PARTNERSHIPS

- Some future acquisitions to be undertaken in partnerships
- Scale up business & earnings – Partnerships leverage the existing skill base, allow operations to be expanded & further diversified, generate recurring fee income & diversify funding sources
- Two major partnering arrangements in place – QIC & Tokyo Gas Real Estate (TGRE)
- QIC
  - QIC is an owner of major shopping centres around Australia
  - QIC & CWP are in a JV to develop land adjacent to Robina in QLD – 400+ dwellings
  - QIC & CWP are exploring opportunities to expand relationship beyond Robina
- TGRE
  - TGRE & CWP are working in partnership to jointly develop projects around Australia
  - TGRE has announced that it plans to deploy $600m into property globally, particularly Australia
  - Three joint ventures – with one just successfully completed at Glenside; additional projects being explored

Banksia, SA

Incontro, WA

OUTLOOK

- Favourable conditions for the sector: low supply, low rental vacancy, strong population growth, low unemployment
- Easing interest rates & supportive policy environment
- New record presales of $700 million at 31 March 2025
- Solid balance sheet with liquidity of over $90m (undrawn finance facilities + cash)
- Accelerating acquisitions efforts / boosting acquisitions resources
- Partnerships with QIC & TGRE progressing, with first TGRE project completed
- Guiding full year NPAT growth of approximately 15% for FY25
- Strong profit growth also anticipated in FY26

INVESTMENT SUMMARY

1. **Positive residential market conditions**
   - Significant housing shortage
   - Favourable government policies
   - Reducing interest rates
2. **High quality portfolio**
   - 37 projects with over 9,700 lots diversified across states and product
3. **Strong growth outlook**
   - FY25 NPAT guidance of 15% growth on FY24
   - Strong profit growth expected in FY26, underpinned by record presales
4. **Compelling long term track record**
   - Consistently delivering profits and dividends
   - Prudent balance sheet and cost management
   - Stable leadership team
5. **Attractive value proposition**
   - Trading at 7% discount to book NTA (with assets recorded largely at historical cost rather than market value)[1]
   - PE ratio 9.2x[2]
   - Fully franked dividend yield of 5.5%[3]

[1] Share Price at 28 April 2025, book NTA at 31 December 2024
[2] Share Price at 28 April 2025, forecast FY25 earnings (~15% growth on FY24 NPAT of $40.5m)
[3] Share Price at 28 April 2025, FY25 dividend based on 50% payout ratio of forecast FY25 NPAT

Fletcher's Slip, SA

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