

Half Year FY21 Financial Results

17 February 2021

ersons



About Cedar Woods: Company Overview



- ▶ S&P ASX 300 property company; market capitalisation of ~\$550m
- ▶ Products: land estates, townhouses, apartments & commercial
- ▶ 8,400+ lots in pipeline; 30 projects across VIC, SA, WA, QLD
- ▶ Quality projects with many in high amenity locations; often next to train stations
- ▶ Stable Board & Management with strong governance structures & corporate reputation
- ▶ Outlook supported by considerable presales & improving market conditions
- ▶ Demonstrated ability to outperform peers

About Cedar Woods: Strategy

To grow 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



Geography

Good geographic spread of well-located projects in 4 states



Product Type

Range of housing lots, townhouses, apartments and commercial



Price Point

Wide range of price points offered throughout the portfolio

Financial: FY21 H1 Summary

Net Profit after tax

\$22.4m

Up 120% on pcp



Total Revenue

\$169.2m

Up 31% on pcp



Earnings Per Share

27.9c

Up 120% on pcp



Interim Dividends

13.0c

Up 4% on pcp



Presales Contracts

\$380m

Up \$40m or 12% on pcp



Share Price

Up 19%

30 Jun 2020 to 31 Dec 2020



Settlements

582 lots

Lots / homes / offices settled in H1



Net Bank Debt to Equity

36%

At the low end of target range

Financial: Balance sheet strength & access to funding

	31 Dec 2020	30 Jun 2020
Total assets (book value)	\$631.1m	\$646.7m
Net assets (equity)	\$397.9m	\$378.7m
Net tangible assets per share (book value not market value)	\$4.89	\$4.67
Net bank debt	\$142.6m	\$142.7m
Net bank debt to equity	35.8%	37.7%
Net bank debt to total tangible assets (less cash)	22.9%	22.3%
Finance facilities	\$235.0m	\$235.0m
Finance facilities headroom	\$62.3m *	\$68.7m
Interest cover (annual)	10.6 x	6.9 x

* Increased to over \$79m at 31 January 2021.

Market Conditions: Property Sector

- ▶ Economic conditions improving with unemployment & GDP growth all showing a faster recovery and serving to instil confidence in buyers of new housing
- ▶ Government stimulus progressively being wound back, but enquiry and sales remain good across most projects
- ▶ Rents are increasing & vacancies are dropping, which is resulting in increased activity from investors, especially in WA, SA & Queensland
- ▶ Residential property values have been gradually improving in most markets
- ▶ The reopening of the national border to new migrants will be needed to sustain demand, with population growth expected to return to normal levels after vaccine rollout.
- ▶ Several factors will continue to underpin demand for new housing nationally:
 - Low levels of supply delivered in recent years
 - Low interest rates
 - Return of investors in some markets
 - Pent up demand in some markets

Market Conditions: By State

Market Outlook

Melbourne

- COVID-19 restrictions eased, economy rebounding
- Conditions positively impacted by improving sentiment, continuing Federal Government stimulus and State stamp duty concessions
- Housing market strong but apartment market remains impacted by overseas student and temporary resident restrictions
- Dwelling commencements forecast by HIA to decline in FY21 and FY22
- Softer conditions expected in 2H as stimulus ends

Brisbane

- Land sales currently strong as supported by Federal Government stimulus; Townhouse and apartment sales improving
- Mining sector & relative affordability will continue to support this market
- Housing commencements forecast to increase in FY21 with growth in FY22 dependent partly upon immigration returning.
- Apartment commencements forecast to decline in FY21 before increasing in FY22
- Softer conditions expected in 2H as stimulus ends

Perth

- Land sales volumes have moderated from peaks of 1H FY21, but remain at reasonable levels.
- Relative affordability & strength of the local economy will continue to support this market
- Sharp decline in rental vacancy rates and increasing rents resulting from lack of new supply, returning expats & interstate migration
- Dwelling commencements forecast to increase sharply in FY21 before declining in FY22
- Softer though moderate conditions expected in 2H as stimulus ends

Adelaide

- Mature & relatively stable market with lower volatility than other state capitals
- Submarine & shipbuilding is expected to support economy from 2023
- Land sales relatively strong as supported by Federal Government stimulus
- Relative affordability will support this market
- Dwelling commencements forecast to increase in FY21 before declining in FY22
- Relatively strong owner occupier buyer activity

Cedar Woods' Experience

Melbourne

- Enquiry & sales improved late in Q2 FY21 due to stimulus
- Land, townhouse and strata office sales near normal levels
- Apartment sales remain slow with limited investor enquiry
- Forecast FY21 settlements presold
- Sales strategies implemented have resulted in solid sales at some projects in recent months
- Sales fallover rate slightly elevated only but still at insignificant levels.

Brisbane

- Enquiry & sales improved in FY21 due to stimulus
- Land estate pricing marginally improved
- Mix of first home buyers and upgraders are active with investor activity expected to increase
- Expecting softer 2H due to bring forward of demand and ending of stimulus
- Sales fallover rate slightly elevated but still at insignificant levels

Perth

- Most estates performing well with residual stock absorbed and new stages released to meet demand
- Expecting softer 2H, constraints include capacity of builders & lenders to deal with surge in demand before stimulus ends
- First home buyers are most active buyer type
- Net pricing improved due to strength of demand
- Forecast FY21 settlements largely presold
- Sales fallover rate has reduced significantly

Adelaide

- Townhouse and apartment enquiry and sales were steady in H1 but have increased markedly as new stages were released in February.
- Prices being increased at both projects.
- Forecast FY21 settlements already achieved
- Small delay to delivery program due to previous COVID-19 restrictions
- Sales fallover rate slightly elevated, but at insignificant levels

Our Portfolio: Summary

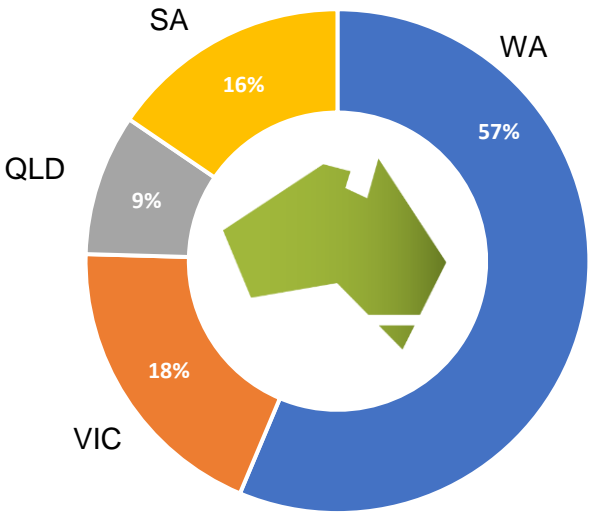


- ▶ 8,400+ lots/dwellings/units
- ▶ 30 projects across 4 states -VIC, WA, SA, QLD
- ▶ Land estates, townhouses, apartments & commercial projects
- ▶ High amenity locations & often located adjacent to train stations.
- ▶ Projects positioned as quality developments within their respective markets

Our Portfolio: Diversified by product & location

Location

lots/homes/offices



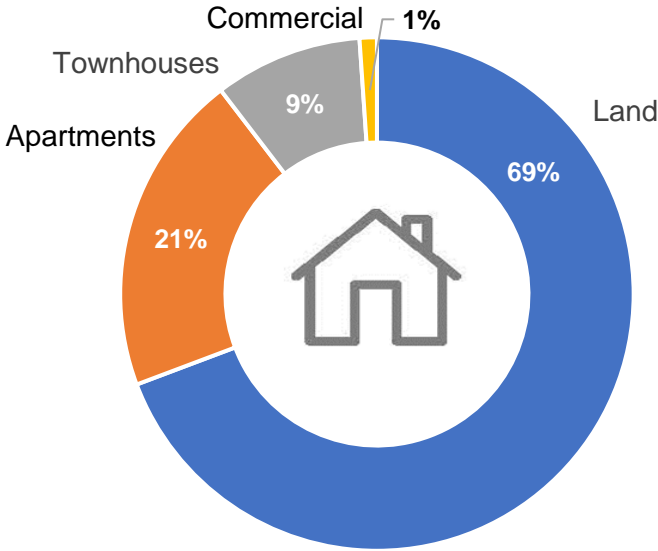
State	Lots/units	%
SA	1,364	16%
QLD ²	771	9%
VIC ^{1, 2}	1,532	18%
WA ²	4,768	57%
Total	8,435	100%

¹ Excludes additional 17ha land in Williams Landing for future projects.

² Excludes conditional acquisitions and FY21 H2 acquisitions.

Product Type

lots/homes/offices

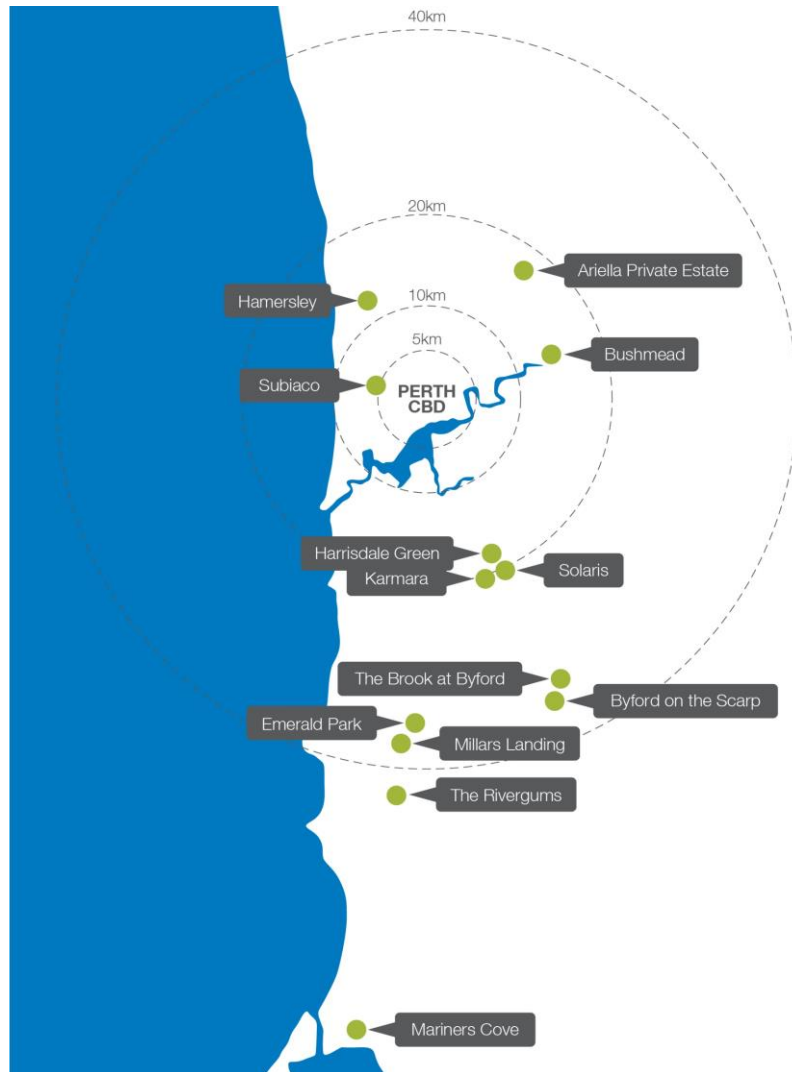


Product	Lots/units	%
Commercial ¹	79	1%
Townhouses	764	9%
Apartments	1,801	21%
Land ²	5,791	69%
Total	8,435	100%

¹ Excludes additional 17ha land in Williams Landing for future projects.

² Excludes conditional acquisitions and FY21 H2 acquisitions.

Our Projects: Western Australia



- ▶ 14 projects, more than 4,700 lots / dwellings
- ▶ Projects catering for a range of buyer types
- ▶ Land subdivision, townhouses & apartments
- ▶ 2 new developments delivering first contributions in FY21, Solaris and Ariella (northern precinct)
- ▶ FY21 H1 strong sales resulting from stimulus
- ▶ Settlement program continuing in H2

Our Projects: Western Australia



Byford on the Scarp

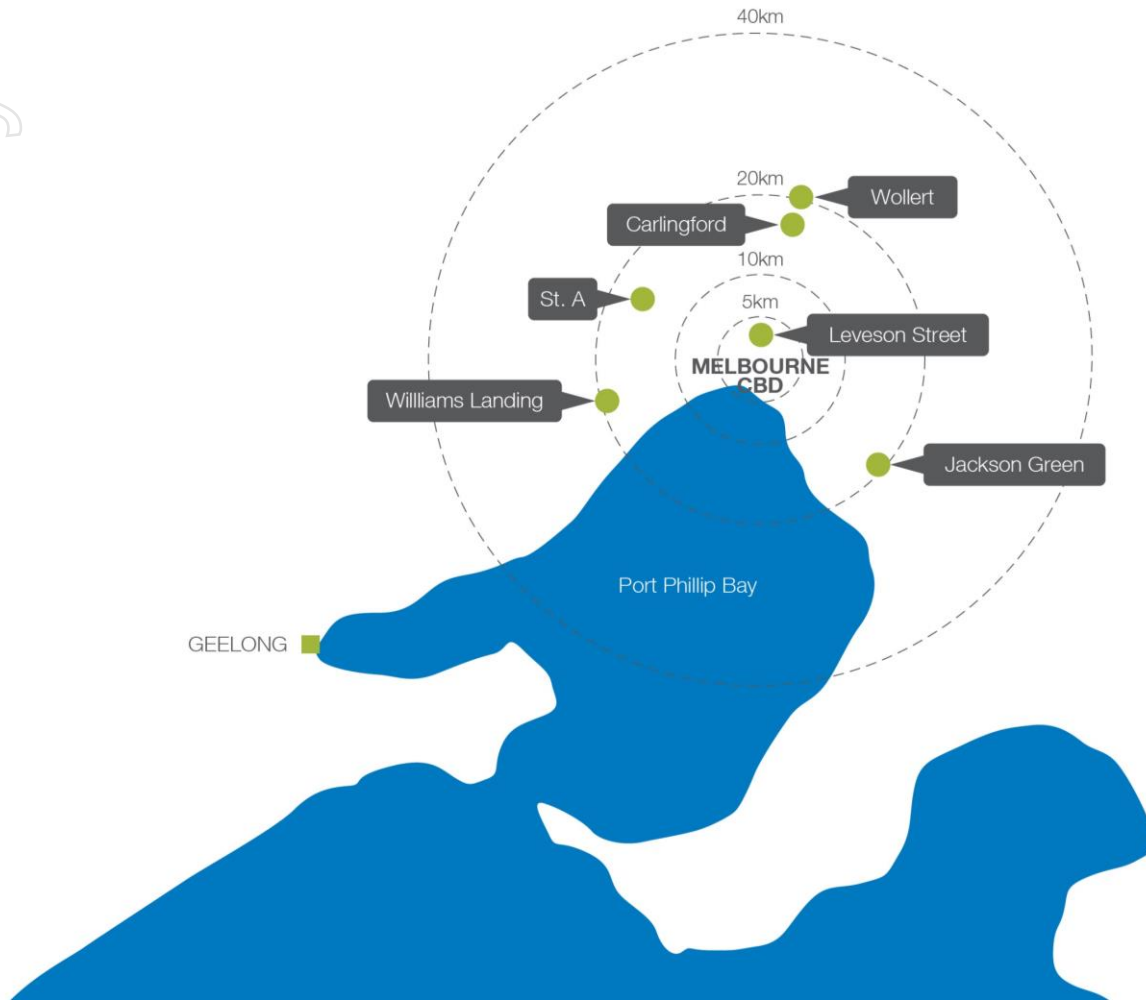
- ▶ Located in Perth foothills 40 km's south east of CBD
- ▶ Total of over 270 lots with mix of product sizes
- ▶ Predominantly first home buyer profiles
- ▶ Premium offering in Byford with city views & strong environmental credentials which is achieving a 12% premium to competing projects



Incontro Subiaco

- ▶ 1.44 ha site, close to Perth CBD
- ▶ Sought after inner suburb with strong relative performance
- ▶ Mix of townhouses & apartments approved
- ▶ Demolition commenced and builder appointed
- ▶ Sales launched in Nov 2020, releases 1 & 2 largely sold out & prices being increased

Our Projects: Victoria



- ▶ 10 projects (4 currently at Williams Landing)
- ▶ More than 1,500 lots / dwellings / offices plus 17 hectares of commercial / apartment sites
- ▶ Land subdivision, townhouses, apartments & commercial projects
- ▶ Well located sites with good proximity to amenity and train stations

Our Projects: Victoria



Williams Landing

- ▶ Mixed use, masterplanned community with up to 10 years remaining project life
- ▶ Diverse mix of land, townhouses, apartments & commercial developments
- ▶ Numerous projects underway (apartments, commercial & residential lots)



Aster Apartments (Jackson Green)

- ▶ 128 Apartments, ~40% sold
- ▶ Construction expected to commence H2 FY21
- ▶ Apartment price range \$386,800 - \$878,000
- ▶ Includes disability housing

Our Projects: Victoria



Mason Quarter

- ▶ Located in Melbourne's northern growth corridor at Wollert
- ▶ Recently acquired 21.7 ha parcel to boost yield to estimated 800 lots and provide scale benefits
- ▶ First release in November 20 with of 23 lots now sold
- ▶ First settlements by FY23

Our Projects: Queensland



Ellendale (Upper Kedron)

- ▶ 228 ha site, 12km west of Brisbane CBD
- ▶ 900 lots approved, 410 lots now settled
- ▶ Price range \$266,000 – \$559,000
- ▶ Several stages settling in FY21
- ▶ Solid enquiries & sales



Greville (Woolloowin)

- ▶ 3.7 ha site, 6km north of Brisbane CBD
- ▶ Mix of townhouses & apartments
- ▶ Close to two train stations, schools & shops
- ▶ Townhouses priced from \$775,000 - \$845,000
- ▶ Apartment sales launch proposed for H2 FY21

Our Projects: Queensland



Burpengary

- ▶ 28.5ha site, 35km north of Brisbane CBD
- ▶ Located in high growth Moreton Bay
- ▶ Conditional acquisition, subject to planning approval
- ▶ Planning application lodged for over 300 lots
- ▶ Approx. 9ha proposed for parks & environmental areas
- ▶ Lot sizes expected to range between 225sqm & 1,020sqm

Our Projects: South Australia



Glenside

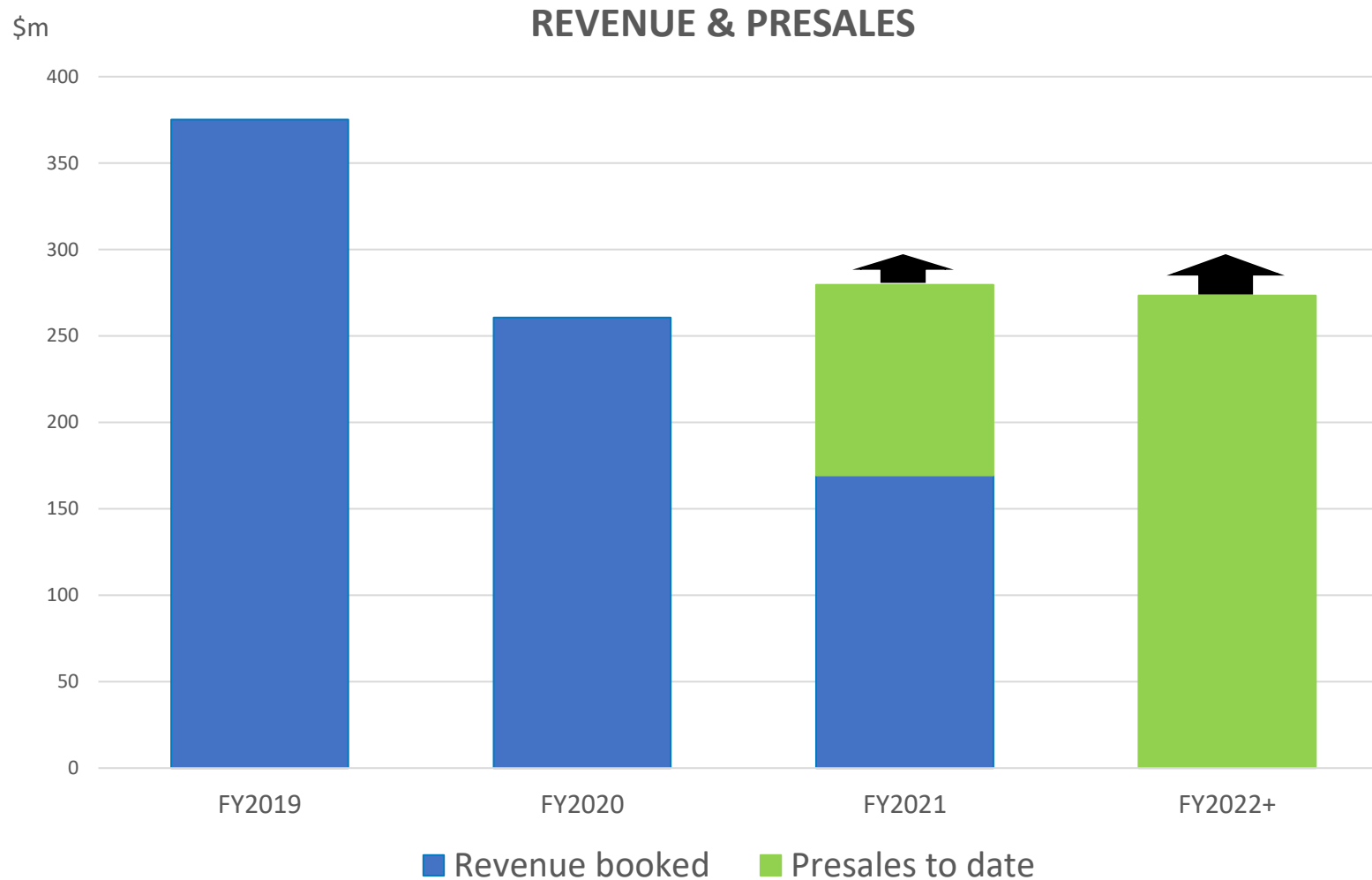
- ▶ 17ha, 3km from Adelaide CBD
- ▶ Around 1,000 dwellings - townhouses & apartments
- ▶ 8-10 year project duration
- ▶ Over 60 townhouses settled, first apartment building 90% settled
- ▶ Second apartment building under construction with settlements in FY22



Fletcher's Slip (Port Adelaide)

- ▶ 14km north west of the CBD
- ▶ Around 500 dwellings, mostly townhouses
- ▶ Adjacent to train station, close to submarine building precinct
- ▶ 72 townhouse presales
- ▶ Stage 1 subdivision works commencement imminent

Earnings Growth: Underpinned by presales on hand



- ▶ Portfolio of over 8,400 lots / units
- ▶ Settle ~ 1,000 lots / units p.a.

Earnings Growth: New project launches & acquisitions

▶ 4 new project launches in H1 FY21:

- Mason Quarter, Wollert, Victoria – 800 lot masterplanned community
- Aster Apartments, Clayton South, Victoria – 128 apartments
- Incontro, Subiaco, WA – 111 townhouse and apartments
- Greville, Woolloowin, Queensland – 281 townhouse and apartments

▶ 2 acquisitions in past year:

- Wollert, Victoria
- Burpengary, Queensland – conditional acquisition

▶ Considerable acquisition related activity underway in all states but with emphasis on Qld, Vic & WA.

▶ Internal resources have been refocussed towards growth activities

Outlook

Government stimulus, low interest rates & general economic recovery are supporting new housing

Stimulus being wound back but property markets generally performing well & with a positive outlook

Forecasting approximately \$29m NPAT for FY21 subject to market conditions

Outlook underpinned by pre-sales of \$380m, with approximately 30 per cent to settle in H2 FY21, with forecast FY21 settlements mostly presold

Cedar Woods is well placed to grow earnings strongly over medium term

Long pipeline of quality projects, many in high demand locations with low competition

Favourable acquisitions environment, with numerous projects being assessed

The Cedar Woods investment proposition

- ✓ Stable & experienced Board & Management
- ✓ Track record of profits & fully franked dividends
- ✓ Benefitting strongly from stimulus & general rebound of housing markets
- ✓ Portfolio diversified across geographies, product type & price point
- ✓ CWP's TSR significantly outperformed direct peers & relevant indices over the last 1, 3 and 5 financial years (measured at 30 June 2020)



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Appendix 1: Project pipeline

PROJECT NAME	CORRIDOR / LOCATION	PROJECT TYPE	LOT/UNITS PROJECT	LOTS/UNITS REMAIN	FY21	FY22	FY23	FY24	FY25	FY26
WESTERN AUSTRALIA - PERTH										
Mariners Cove, Mandurah	South	Residential Land and Townhouses	982	7						
Ariella, Brabham	North East	Residential Land	877	376						
The Brook at Byford	South East	Residential Land	428	182						
Rivergums, Baldivis	South	Residential Land	1,411	310						
Byford on the Scarp	South East	Residential Land	276	111						
Kamara, Piara Waters	South East	Residential Land	153	4						
Solaris, Forrestdale	South East	Residential Land	310	283						
Bushmead	East	Residential Land	946	593						
Millars Landing, North Baldivis	South	Residential Land	1,553	1,460						
Pinjarra	South	Residential Land	1,080	1,080						
Incontro, Subiaco	Inner East	Townhouses and Apartments	111	111						
WESTERN AUSTRALIA - "JV" PROJECTS										
Cedar Woods Wellard (Emerald Park)	South	Residential Land	665	27						
Batavia Coast Marina Apartments	Mid-West	Apartments	54	2						
Harrisdale Green	South East	Residential Land and Townhouses	465	222						
				4,768						
VICTORIA - MELBOURNE										
Carlingford, Lalor	North	Residential Land	580	27						
St A, St Albans	North West	Townhouses	254	126						
Jackson Green, Clayton South	South East	Townhouses and Apartments	413	128						
Jackson Green, Clayton South	South East	Huntington Apartments	165	165						
North Melbourne	North West of CBD	Townhouses	15	15						
Mason Quarter, Wollert	North	Residential Land	543	543						
Williams Landing	West	Residential Land, Townhouses, Apartments	2,344	178						
Williams Landing	West	Lincoln Apartments	69	69						
Williams Landing	West	101 Overton Road Strata Offices	74	18						
Williams Landing	West	Future Apartments / Offices / Townhouses	263	263						
Williams Landing	West	Commercial (17 hectares)		-						
				1,532						
QUEENSLAND - BRISBANE										
Greville, Woolloowin	Inner North	Townhouses and Apartments	281	281						
Ellendale, Upper Kedron	North West	Residential Land	900	490						
				771						
SOUTH AUSTRALIA - ADELAIDE										
Glenside	Inner South East	Townhouses and Apartments	877	816						
Botanica apartments, Glenside	Inner South East	Apartments	77	7						
Grace apartments Glenside	Inner South East	Apartments	44	44						
Fletcher's Slip, Port Adelaide	North West	Townhouses and Apartments	497	497						
				1,364						
				8,435						
TOTAL GROUP										

Lots/units Remain relates to unsettled lots/units.

Project pipeline at 31 December 2020, excludes conditional acquisitions and January 2021 acquisition of 2nd land parcel at Wollert, Victoria.

Planning, Design & Rezoning

Development & Sales

Leasing, Development & Sales