



Third Quarter FY20 Operational Update

Cedar Woods Properties Limited (ASX: CWP) ('Cedar Woods' or 'the Company') provides the following operational update.

As stated in its announcement of 20 March 2020, the Company is well placed to weather the impacts of the COVID-19 pandemic and has taken proactive measures to safeguard staff, customers and projects, to adapt marketing and sales functions and to reinforce disciplined cost and balance sheet management.

Factors that may impact the Company's performance include pandemic-led weaker consumer sentiment and social distancing practices at construction sites to the extent that project completions are affected.

While sales centres remain open, social restrictions and weak buyer demand have impacted enquiry and sales. Pre-sales at the end of March 2020 stood at \$363 million (\$380 million in the previous corresponding period) and are expected to settle over the balance of FY20, FY21 and FY22.

The federal and state governments have recognised the importance of the property and housing sectors to the economy and issued social distancing guidelines for the industry to follow in the operation of construction sites. These are slowing the rate of construction and are expected to impact development completions, which will delay the Company's settlement program.

During the third quarter of FY20 construction of a number of projects and stages were completed by the Company.

"It has been pleasing that we have completed a number of important stages in the third quarter, although now we are seeing impacts of COVID-19 on our development timetables and this is expected to delay some FY20 settlements, pushing them into FY21." said Managing Director, Nathan Blackburne.

22 April 2020

Cedar Woods Properties Limited

ASX Code: CWP

Highlights:

- Presales of \$363m, down 4 per cent on pcp
- Delays will cause some settlements previously expected in FY20 to fall into FY21
- Well placed to endure COVID-19 and recover in the medium term

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“Our strategy of diversification by geography, product type and price point continues to serve us well in these challenging conditions and for a recovery when pandemic conditions ease.”

“Our strong balance sheet, low gearing and strong support from our financiers also positions us well to endure the current downturn and capitalise on opportunities that may arise during the recovery phase.”

Portfolio Highlights

In March 2020 the Company announced the \$25.93 million settlement of the Emergency Communications Facility at Williams Landing, Victoria, which contributes to FY20 earnings. The completion of this building increased employment at Williams Landing to more than 2,000 jobs supporting the vibrancy of Williams Landing.

The Grace apartments at Glenside in South Australia achieved 25 per cent pre-sales in the first week after launch. Sales included a record \$2.725 million penthouse apartment.

Several stages at the Company’s projects in Western Australia, Victoria and Queensland are nearing completion and due to settle from Q4 FY20.

Market Conditions

Housing conditions are currently very challenging, with enquiry and sales at low levels relative to market norms. Buyers remain cautious and housing finance continues to be difficult to secure for some buyer segments. Job losses and the uncertainty of ongoing employment has caused customers to defer buying decisions and the Company is expecting an increase in fallovers of existing sales contracts.

Federal and state governments are expected to announce targeted stimulus for the housing sector which, like the stimulus provided after the global financial crisis in 2009, will significantly boost sales.

In addition, the Reserve Bank of Australia recently lowered the cash rate to a record 0.25 per cent and mortgage rates in Australia are at record low levels which will assist mortgagors and home buyers.

Financial Strength

The Company’s balance sheet remains strong with low gearing and sufficient capacity to fund the ongoing requirements of the business.

The Company’s corporate finance facility provides security of funding with tenure to 30 January 2023 (for approximately 80 per cent of the \$205 million limit) and 30 January 2025 (for the balance) respectively.

Company Outlook

Conditions for housing are expected to remain difficult in the short term with uncertainty over the depth and duration of the economic downturn due to COVID-19.

As announced on 20 March 2020 the Company has withdrawn guidance for FY20 due to the ongoing uncertainty caused by the COVID-19 pandemic. It is expected that social restrictions will create ongoing disruption to construction and potentially cause a significant proportion of settlements, previously anticipated in June 2020, to flow into early FY21.

A number of new projects are expected to contribute to earnings in future years including Huntington Apartments and Wollert in Victoria, Ariella (adjoining parcel), Solaris and Subiaco in Western Australia, Fletcher's Slip in South Australia and Woolloowin in Queensland, positioning the Company well for the medium term.

The Company is well placed to take advantage of likely favourable conditions for acquisitions as the economy recovers.

Authorised by:
Cedar Woods Board of Directors

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