

EUROZ HARTLEYS PROPERTY CONFERENCE

10 November 2020



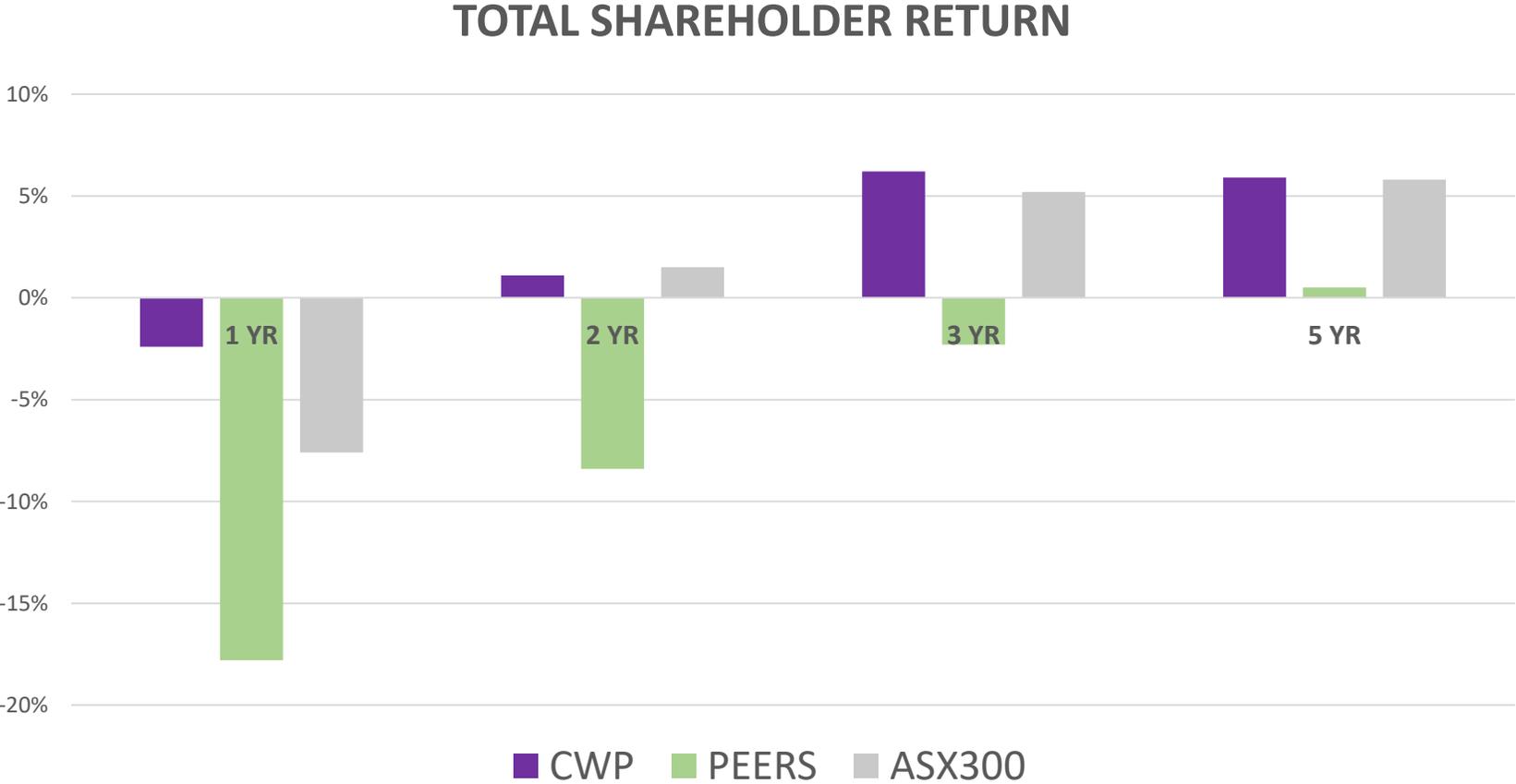
About Cedar Woods: Company Overview



- ▶ S&P ASX 300 property company; market capitalisation of ~\$450m
- ▶ Products: land estates, townhouses, apartments & commercial
- ▶ 30 projects across VIC, SA, WA, QLD
- ▶ 8600+ lots in pipeline
- ▶ High amenity locations; often next to train stations
- ▶ Stable and experienced Board and Management
- ▶ Track record of profits and fully franked dividends



About Cedar Woods: History of Outperformance



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

Project Example 1: Williams Landing



- ▶ 275 ha infill site
- ▶ Train station, bus terminal and freeway interchange
- ▶ 2500 dwellings in neighbourhoods
- ▶ Over 20 commercial / mixed use sites
- ▶ 10+ years remaining

Project Example 1: Williams Landing



- ▶ New town is taking shape
- ▶ Numerous office, retail & residential projects completed
- ▶ Several apartments buildings complete
- ▶ 2 strata office developments complete
- ▶ Two single tenant office buildings complete (Target & Victorian Government)
- ▶ Bidding activity underway to secure major, future tenants

Project Example 2: Incontro, Subiaco, WA



- ▶ 41 townhouses & 98 apartments
- ▶ Sales launch Nov 20
- ▶ Strong enquiry
- ▶ Construction Start Q3 FY21

Project Example 2: Incontro, Subiaco, WA



Market Conditions: Property Sector

- ▶ Demand impacted by social distancing, low buyer confidence & economic conditions, immigration.
- ▶ Impact on housing has not been as much as expected with median house price drops modest thus far.
- ▶ New supply has been limited in recent years and this has supported pricing.
- ▶ Federal & State Government stimulus has significantly supported the housing sector, & in turn the broader economy.
- ▶ WA stimulus effective - period of very strong sales from June-August 2020. Victorian housing stimulus awaited.
- ▶ Major infrastructure projects also supporting demand.
- ▶ Sales fallovers are slightly elevated.
- ▶ Low interest rates will continue to support demand.

Market Conditions: By State

Market Outlook

Melbourne

- Conditions currently subdued due to COVID-19 & social restrictions. But these are easing & conditions expected to improve
- State Government stimulus for housing expected
- Once international & national movement restrictions are eased, Melbourne will continue to be a popular destination for migrants & students.
- Dwelling commencements forecast to drop in FY21 & FY22

Brisbane

- Qld is potentially the best placed state in the east to come out of COVID-19 strongly
- Land sales currently strong as supported by stimulus
- Mining sector & relative affordability will continue to support this market
- Dwelling commencements forecast to drop in FY21 but grow in FY22
- Softer conditions likely in 2H as stimulus ends

Perth

- Land sales strong in early FY21 as supported by stimulus
- Relative affordability & strength of the local economy will continue to support this market
- Strength of mining sector helping employment & overall confidence
- Dwelling commencements forecast by HIA to grow in FY21 but fall in FY22
- Softer 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 2021
- Conditions currently subdued due to COVID-19 though land sales relatively strong due to stimulus
- Relative affordability will support this market
- Dwelling commencements forecast by HIA to fall in FY21 & stable in FY22
- Relatively strong non-first home buyer activity

Cedar Woods' Experience

Melbourne

- Forecast FY21 settlements largely presold
- Restrictions have delayed programs by around 2 months
- Sales generally slow but sales strategies implemented have seen good sales at some projects
- Sales fallover rate slightly elevated

Brisbane

- Enquiry & sales improved late in FY20 Q4 due to stimulus
- Pricing marginally improved
- Sales fallover rate slightly elevated
- Good mix of first home buyers, upgraders & investors
- Expecting softer 2H due to bring forward of demand and ending of stimulus

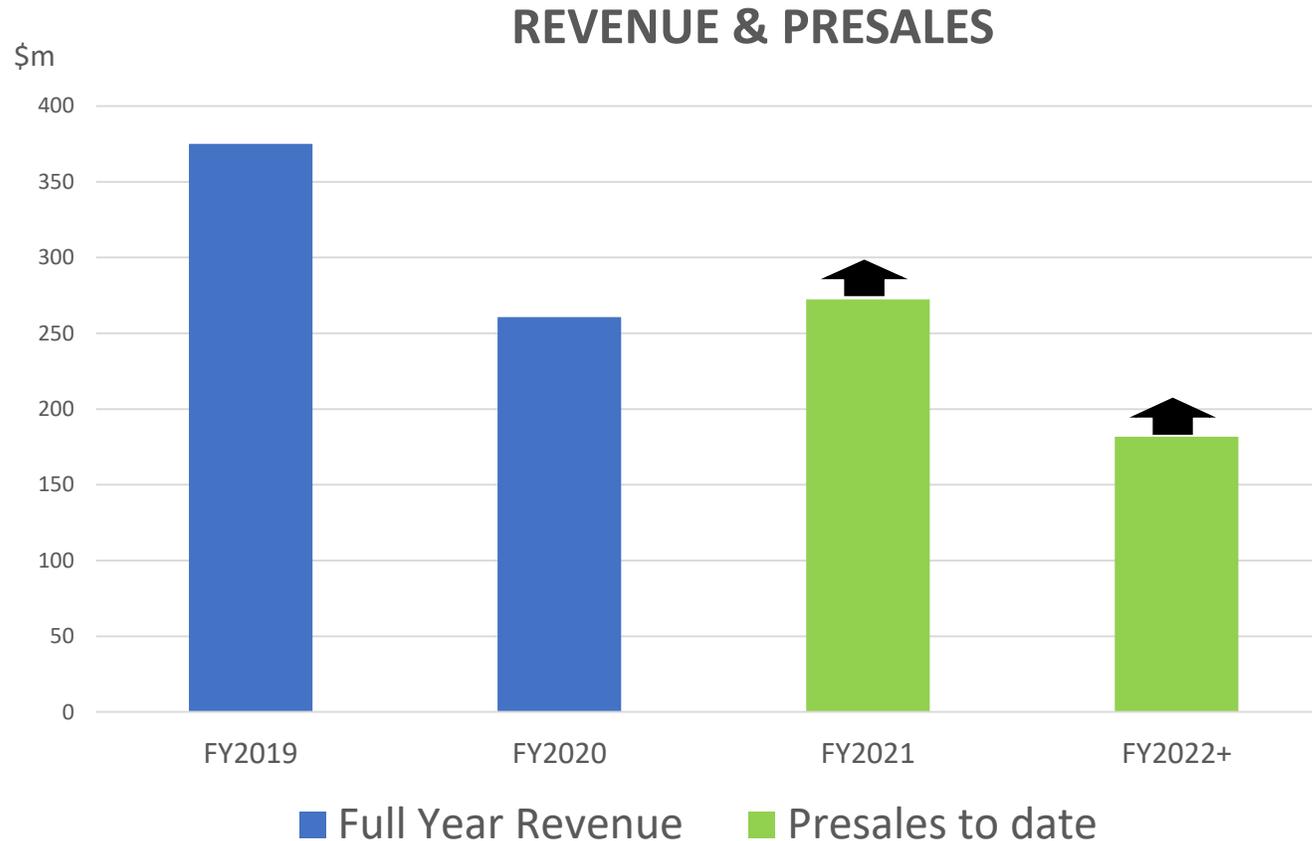
Perth

- Forecast FY21 settlements largely presold
- Most estates performing strongly with residual stock absorbed quickly over June & July
- New stages released to meet of demand
- Constraints include capacity of builders & lenders to process surge in demand
- Expecting softer 2H due to bring forward of demand
- First home buyers are the most active segment
- Net pricing improved due to strength of demand
- Sales fallover rate expected to reduce due to stimulus and buyer quality.

Adelaide

- Forecast FY21 settlements largely presold
- Fletcher's Slip townhouse sales occurring at steady rate & in line with pre-COVID rates
- Glenside apartment sales occurring at steady rates
- New launch of townhouses selling very well.
- Social restrictions causing slight delays to delivery programs
- Sales fallover rate slightly elevated

Outlook: Earnings Growth underpinned by Presales



- ▶ Portfolio of over 8,600 lots / units
- ▶ Settle ~1,000 lots / units p.a.

Outlook

Sector drivers of population growth, economic growth and unemployment are currently weak

Government stimulus is underpinning demand for housing however COVID-19 is expected to impact sales and potentially delivery programs over FY21

WA portfolio benefitting from significant stimulus and relative economic strength

Strong earnings growth over the FY20 result targeted for FY21

Outlook underpinned by pre-sales (including Q1 settlements) of \$454m, with about 60% to settle in FY21. Forecast FY21 settlements largely presold

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

Favourable acquisitions environment, with numerous projects being assessed



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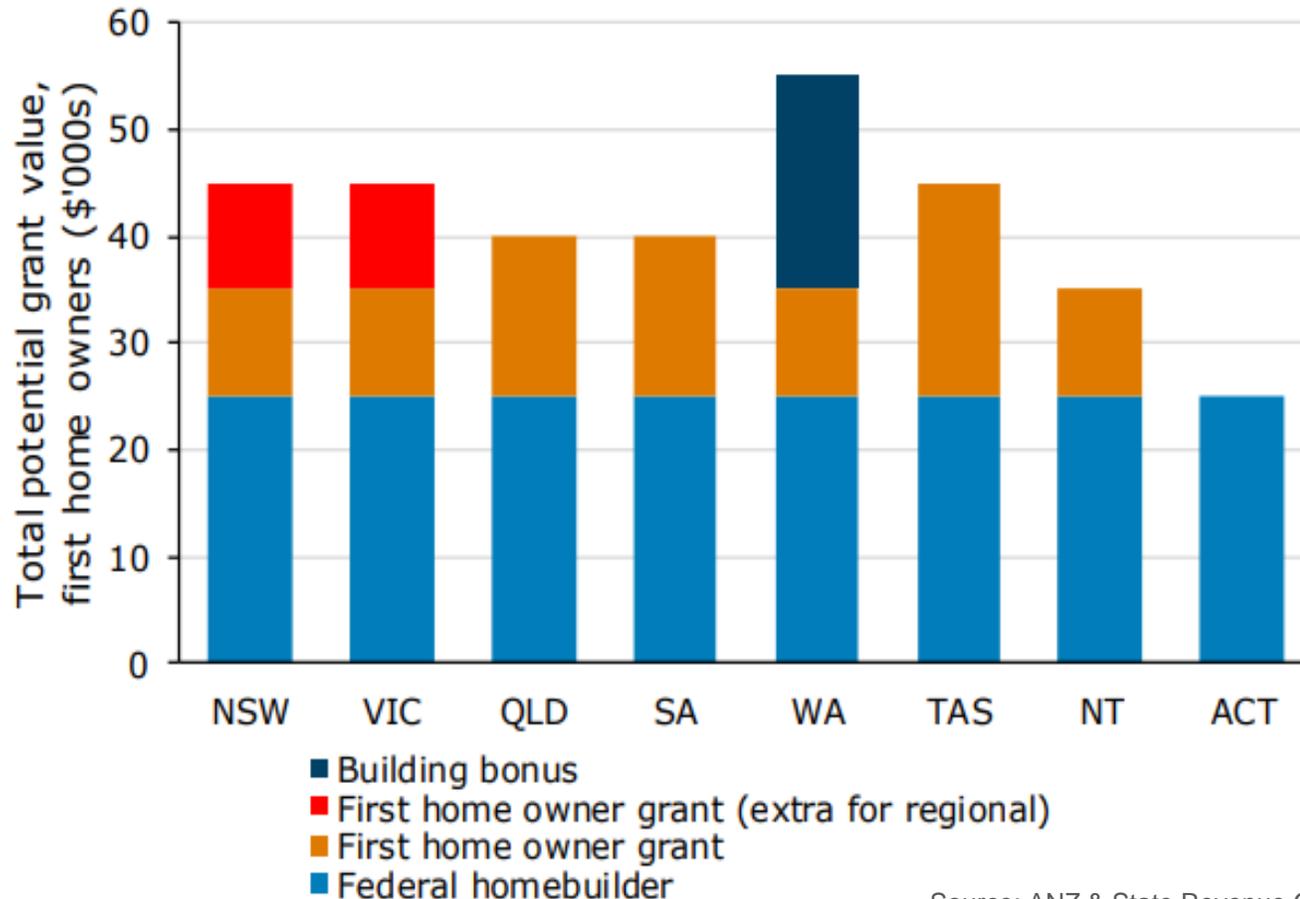
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Appendix 1: Government Stimulus

Potential first home owner grants available, by state

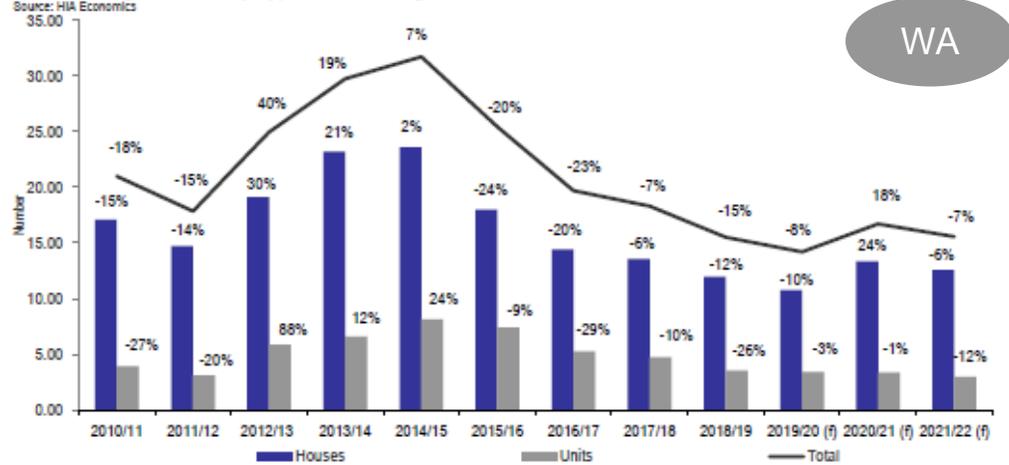


HomeBuilder grant driving sales

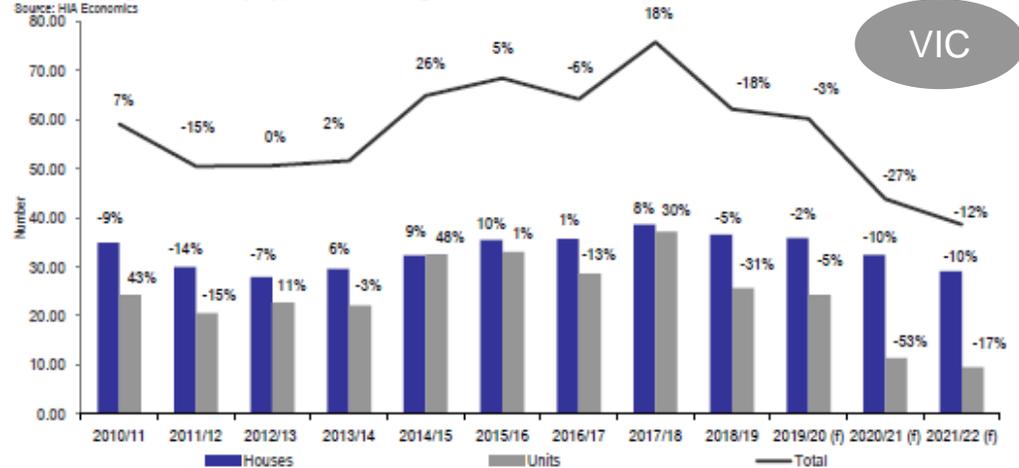
- ▶ Contracts to be signed by 31 December
- ▶ Construction to start within 3 months of contract (6 months in Victoria)
- ▶ New property value up to \$750,000
- ▶ Income eligibility \$125,000 individual, \$200,000 couple
- ▶ Increases affordability of CWP product at all estates in WA and a number of other projects in other states
- ▶ WA building bonus further stimulating sales in WA (no property value or income tests)

Appendix 2: HIA's Outlook for Dwelling Starts (August 2020)

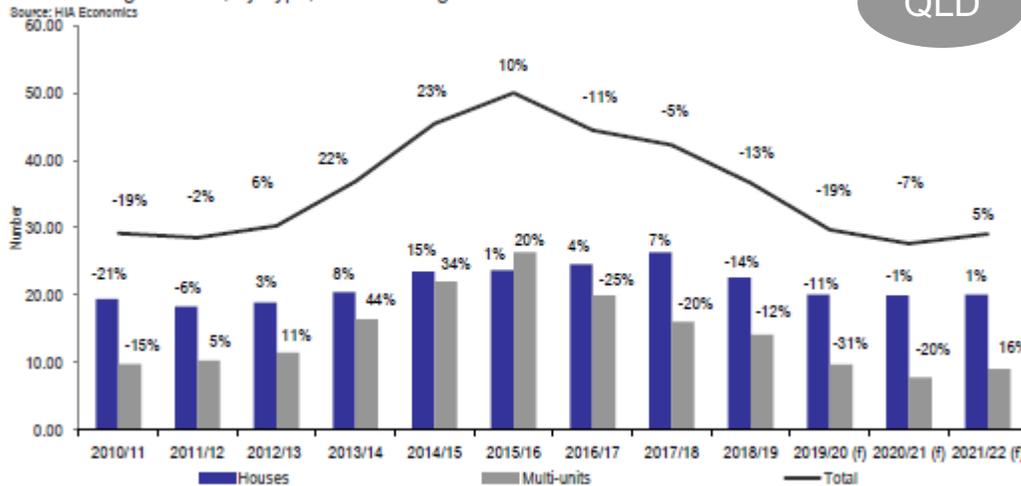
New Housing Forecast, by Type, WA Dwelling Starts



New Housing Forecast, by Type, VIC Dwelling Starts



New Housing Forecast, by Type, QLD Dwelling Starts



New Housing Forecast, by Type, SA Dwelling Starts

