

FIRST QUARTER UPDATE

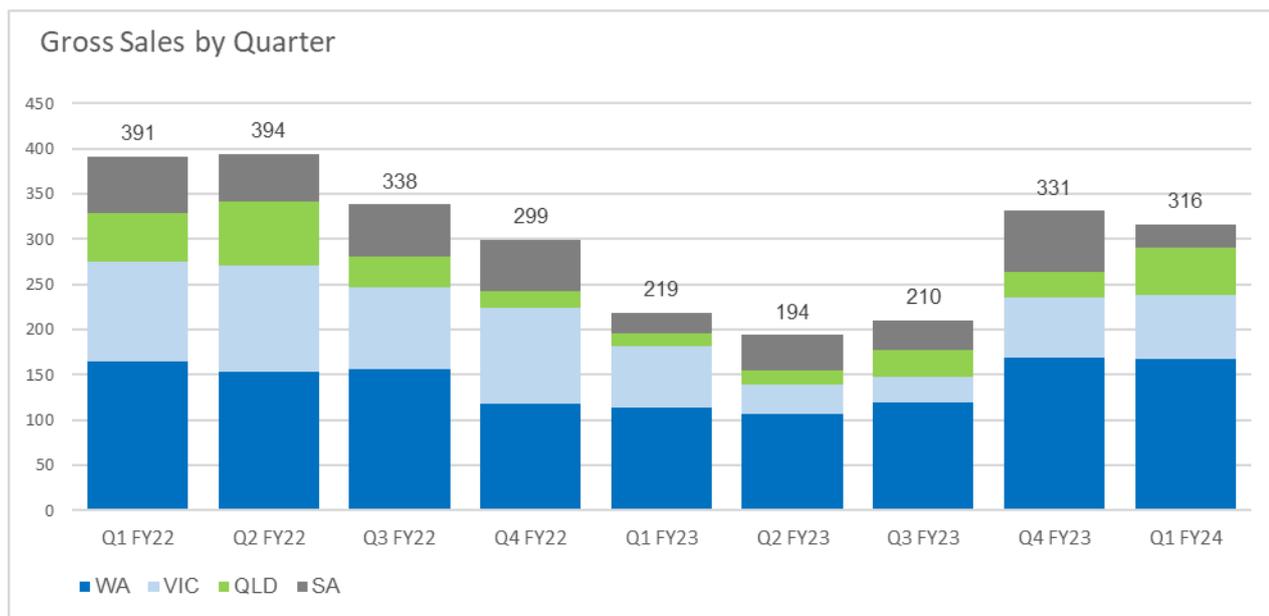
31 OCTOBER 2023

Cedar Woods Properties Limited (ASX: CWP) ('Cedar Woods' or 'the Company') provides the following first quarter update for FY24.

KEY POINTS

- Sales momentum continued in the first quarter
- Presales of more than \$500 million at the end of Q1 (\$514 million pcq), representing a strong number for the business
- Williams Landing Shopping Centre sale process ongoing
- Maintaining a solid balance sheet with sufficient undrawn finance facilities

MARKET CONDITIONS AND PORTFOLIO PERFORMANCE



Demand for housing is being assisted by strong inbound migration, low vacancies in rental markets and significant housing supply shortages. With interest rates believed to be near the peak, these factors have overcome cost of living pressures and weak consumer confidence resulting in a capital city median house price increase of 2.2% for the September quarter.¹

Across the Company's portfolio, enquiry levels and sales momentum experienced in Q4 FY23 has generally been maintained in Q1 FY24. While quarterly sales were marginally below those of the strong previous quarter, sales results were significantly improved on Q1 FY23 and the two quarters that followed. Sales are being driven by investors, downsizers and upgraders, but with first home buyer sales remaining subdued. Sales are most buoyant in WA where the economy is strong and property is affordable.

The Company expects the positive market fundamentals to continue to support the improved sales momentum but for sales to continue to be impacted over FY24 as the first home buyer cohort remain cautious.

The construction sector continues to experience challenges with high work volumes and labour shortages, though improvement in these conditions is progressively occurring. Margins continue to be impacted by the rise in construction costs experienced over the last two years. While costs are stabilising, improvement in margins is expected to be gradual, with some modest price growth having been achieved across the Company's portfolio in recent weeks.

Portfolio highlights in Q1 FY24 include the receipt of regulatory approval for the Company's innovative community energy sharing network at Eglinton Village in Western Australia, branded "Eve". Eve collects and stores energy from rooftop solar panels in community batteries, providing 20% energy savings at no cost to residents.

In South Australia, Grace apartments at Glenside won the Urban Development Institute's Medium Density Development Award, while Banksia apartments also at Glenside, sold out with construction due to complete in FY25.

Consistent with Cedar Woods' strategy to pursue further opportunities with Tokyo Gas Real Estate Australia Pty Ltd (TGRE), the parties have entered into an agreement to develop Bloom 1 Apartments, the fifth apartment stage at Glenside. Bloom 1 Apartments is designed as a prestigious over-55's community with the building comprising 59 apartments over 8 levels, having now commenced construction and due for completion in late FY25. Bloom 1 is almost entirely presold. Cedar Woods and TGRE intend to pursue further development opportunities as they arise.

In Queensland, the Company awarded the initial construction contract at its South Maclean project known as Flourish. Flourish is a new 500 lot masterplanned community, 45km south of Brisbane with sales due to commence in Q2 FY24.

In Victoria, the Company's Boston Commons strata office project achieved good construction progress and is on track for completion and settlements in Q4 FY24. Boston Commons is 100% sold and the Company is capitalising on strong demand for suburban offices with a pipeline of strata office projects pre-selling and in planning.

On 1 November 2022 and in subsequent market updates, the Company advised of the intended sale of the Williams Landing Shopping Centre (WLSC). The sale process is ongoing, with a number of parties having provided offers for consideration. The Company is targeting the sale to be completed prior to 30 June 2024, however notes there is no certainty a sale will proceed.

The Company settled the previously announced \$26 million South Bank, Victoria acquisition in the first quarter, and extended the settlement date of the \$40 million final tranche of the Mason Quarter, Victoria acquisition from November 2023 to September 2024, facilitating the resident landowner's occupation of the property to the extended settlement date.

As announced on 13 September 2023, South Australian builder Qattro Built Pty Ltd (Qattro) has been placed into liquidation. Qattro was building townhouses and apartments in the Company's Fletcher's Slip development in South Australia. The Company continues to liaise with buyers as it seeks to expedite the appointment of new builder(s) to complete the townhouses commenced by Qattro, which are covered by builder indemnity insurance. The apartment stage had only just commenced construction and talks are underway with replacements builders. Other stages under construction at Fletcher's Slip are continuing with other builders and civil contractors. The Company regularly reviews its suppliers and is not aware of any other builder partners that are not expected to be able to complete projects.

FINANCIAL POSITION

The Company retains a solid balance sheet with corporate finance facilities of \$330 million with maturity terms of 3 years (\$264 million) and 5 years (\$66 million), with tenure extended annually.

Corporate facility utilisation will be higher in the first half, before significant lot settlements in the second half reduce debt. Facility headroom of \$80 million to \$100 million is anticipated at 30 June 2024.

COMPANY OUTLOOK

As noted in the Company's recent full year results announcement on 22 August, full year earnings guidance will be provided when there is greater clarity on sales volumes, the company wide delivery program and the sale of the Williams Landing Shopping Centre. The Company continues to implement a number of strategies to optimise FY24 NPAT. The Company expects full year FY24 earnings to be substantially skewed to the second half, with lower earnings in the first half than in the prior year.

Limited housing supply, the surge in migration and a pipeline of approximately 10,000 undeveloped lots/dwellings across four states positions the Company well in the medium term.

¹ Core Logic Australia

Authorised by: Cedar Woods Board of Directors

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