

# 2010

ANNUAL REPORT

Cedar  Woods



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2010



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Harrisdale Green, Harrisdale

## CEDAR WOODS' OBJECTIVE

Cedar Woods' primary objective is to create value for shareholders through growth in earnings.



## CEDAR WOODS' OBJECTIVE

In meeting our primary objective we seek to:

- communicate the company's progress to shareholders and the investment community;
- satisfy customers' expectations through excellence in property development;
- align the interests of the company and its employees and provide employees with the opportunity of growth and development;
- have our citizenship recognised by the communities in which we operate and be recognised as environmentally responsible; and
- maintain the highest ethical standards.

## ABOUT CEDAR WOODS

Cedar Woods has been creating dynamic residential communities for Western Australians for more than 20 years and is one of the State's most reputable land developers. Established in 1987 and listed on the Australian Stock Exchange since 1994, the company has 25 projects completed or in progress across Western Australia and Victoria.

Cedar Woods' commitment to quality, affordability and sustainability is present in everything it creates.

Regardless of the location, the landscape or the product, quality is a universal theme for Cedar Woods. More than 14 national awards evidence a dedication to excellence at every stage of each project. Be it development, design, environmental preservation or community engagement,

residents can rest assured they have made a blue chip investment in creating the perfect lifestyle.

Cedar Woods also recognizes the community's wide ranging aspirations for a perfect living environment. In this sense, diversity is a key component in the company's projects. Great value lots that give young buyers a helping hand; stylish built form for the discerning investor; spacious park side land for the burgeoning family – Cedar Woods innovatively caters to a diversity of lifestyles.

Cedar Woods is also committed to affordable housing and continues to work on an array of initiatives to achieve affordability. Developments that cater to all walks of life are more equitable, dynamic and vibrant, and create a richer, more sustainable social fabric.

Social sustainability means creating communities that have available local infrastructure and facilities, various transport options, nearby employment opportunities and leisure pursuits. Cedar Woods develops with these elements at the fore, ensuring social connectedness for all residents.

Clean, healthy environments are also a feature of Cedar Woods' projects. Creating an environment that is better than it was found is an important part of the company's ethos.

All developments benefit from efficient use of water and urban water renewal programs, green building principles and ongoing commitment to environmental conservation and rehabilitation.

Developing homes for people is all about creating the best possible lifestyles and healthy, flourishing communities. Cedar Woods recognises the importance of a holistic approach to all of its projects and works hard to deliver an exceptional life for all its residents.



The Rivergums, Baldivis

# 2010 HIGHLIGHTS



## 2010 HIGHLIGHTS

- net profit of \$17.2m, up 86%;
- earnings per share of 29.0 cents, up 79%;
- significant reduction in debt;
- new \$110m, 3-year bank facility;
- over \$100m in pre sales in place for FY2011; and
- 28% earnings growth expected for FY2011.

## 2010 FINANCIAL RESULTS SUMMARY

Year ended 30 June		2010	2009	Change
Revenue	\$m	108.4	107.1	1.3%
Net profit after tax	\$m	17.2	9.3	86.1%
Total assets	\$m	205.7	162.7	26.4%
Net bank debt	\$m	39.7	47.9	(17.1)%
Net bank debt to equity – 30 June	%	36.5	51.4	(14.9)%
Interest cover	x	6.4	2.2	4.2

## KEY SHAREHOLDER INFORMATION

Year ended 30 June		2010	2009	% Change
Basic earnings per share	¢	29.0	16.2	79.0
Dividends per share – fully franked	¢	13.0	7.0	85.7
Total shareholder return (1 year)	%	81.0	(44.7)	125.7
Net asset backing per share - historical cost	\$	1.80	1.60	12.5
Shares on issue – end of year	m	60.6	58.2	4.1
Shareholders' equity	\$m	108.8	93.3	16.6
Stock market capitalisation at 30 June	\$m	148.4	82.6	79.7
Share price at 30 June	\$	2.45	1.42	72.5
Return on equity	%	15.8	9.9	59.6
Return on capital	%	18.0	11.7	53.8

Reference should be made to the financial performance summary on page 19 of this annual report which tables the financial performance of the company over the last 5 financial years.

# REPORT TO SHAREHOLDERS

2010





## 2010 ANNUAL RESULT

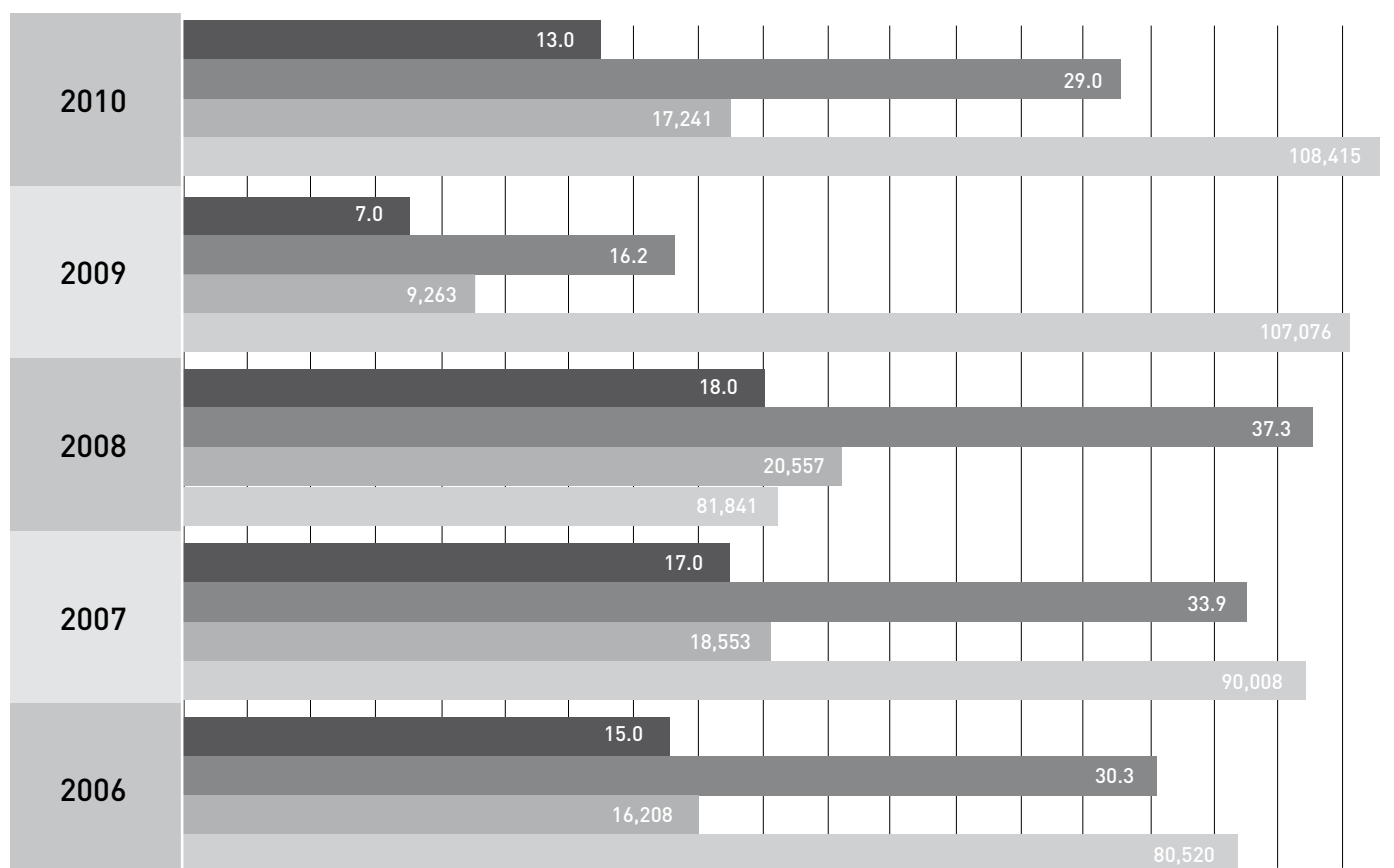
**In 2010 Cedar Woods delivered an 86% increase in net profit and 79% increase in earnings per share.**

In 2010 your company achieved a net profit of \$17.2m (2009 - \$9.3m), equating to earnings per share of 29.0 cents (2009 - 16.2 cents).

The result was achieved against the backdrop of financial and property markets recovering from the global financial crisis. The company share price rebounded strongly from its low at the start of the year, posting an annual increase of 72.5% and contributing to a 1 year total annual return for shareholders of 81%.

Although the share price rose strongly, your board remains confident that the underlying market value of the company's assets is significantly higher than that reflected in the current share price.

Gearing (net bank debt to equity) at 30 June 2010 was 36.5%, within the lower half of the preferred range of 20 - 75% and down from 51% in 2009, as the company enjoyed strong positive operating cash flows, in particular from its Melbourne projects. Interest cover was 6.4, up from 2.2 in 2009 and above the minimum target of 5. Interest cover is anticipated to continue above the company's minimum target next year as earnings improve and interest rates remain at historically low levels.



■ Dividend per share (cents)

■ Net profit after tax (\$'000)

■ Earnings per share (cents)

■ Revenue from ordinary activities (\$'000)

REPORT TO  
SHAREHOLDERS



## CAPITAL MANAGEMENT AND THE 2010 DIVIDEND

In accordance with the dividend policy, your board has declared a fully franked final dividend of 8 cents per share (2009 – 7 cents). The final dividend will be paid on 29 October 2010. This brings the full year payout to 13 cents per share, providing an attractive yield based on the current share price, and 85.7% higher than last year.

The dividend reinvestment plan (DRP) will be available for the final dividend.

## THE ECONOMY AND THE PROPERTY MARKET

The national economy has rebounded significantly over the last 12 months, with economic growth expected to be around 3% for 2010, as Australia continues its recovery from the global economic downturn. Consumer and hence homebuyer confidence lifted during the first six months of FY2010 as fears of a prolonged downturn subsided and fiscal stimulus packages supported consumer spending. Confidence moderated however as The Reserve Bank lifted interest rates in the second half and the impact of the fiscal stimulus subsided. The outlook for interest rates is expected to be flatter over the next year, as the Reserve Bank appears to have done 'most of the job' in returning interest rates to normal levels.

Western Australia's economy has continued to outperform the nation as a whole in the last 12 months, driven by the activity in the commodities sector. The Western Australian residential market bottomed during 2009 and prices have been increasing moderately over 2010 in most areas. Given the strong inbound migration into the state, the flat outlook for home starts indicates that there may well be a pronounced housing shortage in WA within a few years.

In Victoria, demand for residential property rose strongly over the last year, supported by robust population growth, with the state experiencing house price growth above 20% per annum. Demand has recently started to moderate and we anticipate the market's growth will ease over FY2011.

## PROJECTS

As market conditions improved in WA, the company's major residential projects responded in delivering increased sales volumes and moderate price growth. Two of the company's projects, being The Kestrels in Tapping and Cambridge Waters in Canning Vale saw the last stages of these successful projects completed and sold, with the last lots remaining to be settled in early FY2011.

During the year the company commenced development at two new projects. Development commenced at the Harrisdale Green project in the second half and the first lots in this project are expected to be delivered in FY2011. The company also launched 'The Jetty' a new apartment project at Palm

Beach, following our previous success with similar projects on the Rockingham foreshore. The Jetty is 65% pre-sold with development under way and completion expected in FY2012.

In Melbourne, after successfully developing the initial stages of Williams Landing and Carlingford in 2009, further stages were developed and sold in FY2010. Lots in future stages have been keenly sought and the Melbourne projects have substantial presales in place for the stages scheduled to be delivered in FY2011. The recent announcements by the state government of the funding of the Williams Landing railway station and freeway overpass will provide a catalyst to the future development of the Williams Landing Town Centre.

The company's Footscray development, 'Banbury Village', was launched late in FY2009. The first eight stages have now been successfully released, comprising 92 homes, now 100% sold. The first stages of these homes have already been delivered in the first quarter of FY2011 with subsequent stages to be delivered during the year. The next exciting phase is a stage of heritage apartments which are to be built incorporating existing, heritage listed art-deco buildings. Plans to develop the company's newly acquired land at Camberwell were advanced in the year and the first launch of lots from this new estate are expected in FY2012.

Details of progress at the projects commence on page 11.

## CORPORATE OBJECTIVES AND STRATEGY

The Corporate Plan guides the management team's activities and provides a five year outlook for the company, projecting earnings growth and other key performance indicators under various scenarios.

Consistent delivery of 10% pa growth in earnings per share places a company in the upper half of listed industrial companies, and whilst earnings growth has been much higher than target this year, the board considers that this target remains appropriate as the company's primary objective.

In pursuit of this objective, there are a number of key action items in the Corporate Plan that are adopted as performance targets by senior executives, sales managers and other employees.

Twice yearly our audit and risk management committee assesses risk factors that may affect the company. In addition to specific risks affecting individual projects, there are general risks affecting our business sector:

- changes in the level of demand in the property market;
- increases in interest rates;
- change in government support for the housing sector;
- increased construction costs for both land subdivision and buildings; and
- increased competition and reducing affordability.

The company's strategies are directed at delivery of earnings growth and in particular addressing key risk factors as follows:

■ **Ongoing development of existing projects**

The company's core competency is in property development and the company continues to ensure design, delivery and marketing maximise the return the company receives.

■ **Diversification of the property portfolio**

The company sometimes utilises options or similar agreements as a way of securing new projects whilst progressing necessary approvals. This is part of a strategy to diversify and grow the portfolio.

■ **Identification and acquisition of new projects**

In the last year the company has supplemented its land bank with key acquisitions in Western Australia and Victoria. These additions will contribute to earnings growth over the medium term.

The focus remains on medium to long term prospects that provide the potential to add greater value through rezoning and approvals than projects purchased for immediate development.

■ **Using joint ventures, syndicates and co-development arrangements to leverage the company's skill base**

The company has undertaken a joint venture at the Mandurah Country Club and has also established its first syndicate company in Perth, Cedar Woods

Wellard Limited, which realised its first revenues in FY2010. The company has also established important co-developments with state government entities which will contribute to earnings over the medium term.

■ **Retaining ownership of income producing assets**

The company has started to build up a portfolio of income producing assets that will provide a recurring income stream. This portfolio is likely to be expanded with assets that the company will develop at Williams Landing and at other estates where sites are designated for commercial or retail use.

## SUSTAINABILITY REPORTING

Our environmental and community development report and overview of research and innovation is available as a separate web based Sustainability Report. This has been posted on our website, [www.cedarwoods.com.au](http://www.cedarwoods.com.au)

## PEOPLE

The company's management team has been expanded to provide a platform for future growth in the Perth and Melbourne offices.

The company supports various industry groups, such as the Property Education Foundation of WA which focuses on improving the skill base of property professionals on which the company relies. The company helps the Foundation in attracting graduate level candidates to the development industry by participating in various promotional activities.



The Landings at Mariners Cove, Mandurah

## BOARD MATTERS

The board is conscious of its duty to ensure the company meets its performance objectives. During the year the board and its committees reviewed their respective charters and performance to ensure they were properly discharging their responsibilities.

For more details of the corporate governance framework please refer to the 'Investor relations' page of the company's website and the corporate governance statement in the 2010 financial report.

## OUTLOOK

With growth in the economy picking up, strong inbound migration and an increasing shortage of housing stock, the longer term prospects remain positive for the residential property sector.

In FY2011, Cedar Woods will continue to develop and sell product at its residential estates located in Perth's major growth corridors and will also achieve revenues from the new project at Harrisdale Green. The Mandurah market is expected to recover slowly during FY2011.

In Melbourne, the housing market remains amongst the strongest of the capital cities. The company has already pre-sold most of the lots budgeted to sell in FY2011 and is now focusing on construction and the advancement of sales into FY2012. The public response to newly released stages of Williams Landing, Carlingford and Banbury Village has been very strong. The first settlements from Banbury Village were achieved in August 2010.

Work continues in planning the future town centre component of the Williams Landing project. This will comprise over 50 hectares of retail, bulky goods, commercial and high density residential development. The construction of the Williams Landing commuter rail station is due to commence in 2010. The Williams Landing Town Centre provides an exciting medium term development opportunity for the company and the value of this project has increased substantially in the last two years.

Engagement with investors and the broking community will be enhanced during FY2011 to promote the company's prospects. The company has a very strong portfolio, with current asset values substantially above both book value and that reflected in the current share price.

We would like to thank our fellow directors, the management team and staff for their dedication over the past year, and all shareholders for their support.



**W G Hames – Chairman**



**P S Sadleir – Managing Director**



The Kestrels, Tapping

# OVERVIEW OF PROJECTS

## WESTERN AUSTRALIA – LAND DEVELOPMENT

Project Description
<p><b>Cambridge Waters, Canning Vale</b> – Purchased in 2005, 15ha, remaining project life of 1 year. In an inner southern suburb only 20 minutes from the Perth CBD, this medium density residential project provides a wide choice of housing and lifestyle options for the growing Canning Vale community. The development is opposite a regional shopping centre and is set amongst attractively landscaped parklands and lakes with stunning water features.</p>
<p><b>Carine</b> – Project agreement finalised, 8ha, project life of 4 years. The planned redevelopment of the former TAFE site in Perth's northern suburb of Carine is the company's first project to be conducted in cooperation with the Western Australian state government (LandCorp). Cedar Woods and the St Ives Group were selected through a highly competitive tender process as the preferred proponents. The redevelopment will include residential aged care, a retirement village, mixed use development and residential townhouses and apartments. The St Ives Group is one of the state's leading providers of aged care and retirement housing.</p>
<p><b>Emerald Park, Wellard</b> – Syndicate established in 2006, 47ha, remaining project life of 6 years. Cedar Woods Wellard Limited, an investment syndicate managed by the company, owns this exciting residential estate that will ultimately comprise over 600 homesites, a school site and sports ground. Its location in Perth's southern suburbs, some 33km from the CBD, adjacent to the Kwinana Freeway and close to the Perth – Mandurah rail line, will bring enormous accessibility benefits to future residents.</p>
<p><b>Forrestdale</b> – Purchased in 2005, 15ha, project life of 2 years. The company's landholding in Forrestdale is a medium term project with the potential to yield 146 residential lots, including 3 unit sites. Located in Perth's south-eastern corridor, the site forms part of a larger new urban precinct which includes new retail commercial centres and schools. This new urban area is close to the Armadale Regional Centre and with the extension of the nearby Tonkin Highway, benefits from good access to surrounding employment centres.</p>
<p><b>Harrisdale Green</b> – Project agreement finalised 2010, 30ha, project life of 5 years. This is a joint venture project with the Department of Housing that was awarded to Cedar Woods by competitive tender in 2008. The company's focus on affordability and sustainability set it apart from its competitors. The project is strategically placed between the established suburb of Canning Vale and the Armadale Regional Centre within Perth's south-eastern urban corridor and has easy access to Roe, Tonkin and Kwinana Freeways. It lies adjacent to the Harrisdale Conservation Reserve and the Southern River local centre and schools and recreation facilities are nearby. On completion the project will include an exciting mix of local shops, offices and showrooms and over 450 new homes, townhouses and apartments built around several public open space areas. Social affordable housing will be integrated sensitively throughout the estate.</p>
<p><b>Hazelmere</b> – Purchased by Cedar Woods via a public tender process, settlement in July 2010, 273 ha, project life of 12 years. The former Bushmead Rifle Range site was sold by the Department of Defence on behalf of the Commonwealth of Australia. The land is located 16 kilometres north east of the Perth CBD within the suburb of Hazelmere and adjacent to Cedar Woods' Helena Valley Private Estate. Given its proximity to the Perth CBD, Perth airport, Midland regional centre and strong connectivity via regional road networks, the site is in a prime location for future redevelopment. The site is a long term project for the company and expected to yield between 600 and 900 residential lots, depending on lot sizes and planning outcomes.</p>

	Recent achievements and status
	Most lots in this estate have now been sold with the last handful of lots expected to be fully sold in the first half of FY2011.
	The project agreement with LandCorp has been finalised. The demolition of existing improvements was completed in early 2010, with planning continuing, and expected to be completed by late 2010.
	Construction of the first stage was completed in the first half of FY2010 and settlements have commenced. Stage One incorporates a display village and significant areas of parkland. The second stage is now under construction and significant pre-sales have been achieved.
	This company's land is part of a larger urban precinct which is expected to be developed in the medium term. The company continues to progress plans for subdivision in the future.
	A project agreement with the WA State Government (Department of Housing) has been finalised and construction of the first stage commenced in 2010. Sales release of the first stage was held in September 2010. A display village in this first stage will also be constructed to demonstrate the housing options and sustainability features of the project.
	Cedar Woods was announced as successful in its bid for purchase in May 2010. Settlement occurred in July 2010. The company will now progress planning on the site and rezoning applications.



<p><b>The Kestrels, Tapping</b> – Purchased in 2003, 50ha, remaining project life of 1 year. As the name suggests, The Kestrels residential estate in Perth’s northern suburbs has focused on maintaining habitat and attracting prominent local bird species by maximising parkland and tree planting, and undertaking other revegetation initiatives. The Kestrels is another Housing Industry Association (WA) GreenSmart estate and won the 2006 City of Wanneroo Environmental Excellence Award. The estate will ultimately comprise over 500 dwellings.</p>	
<p><b>Mangles Bay, Rockingham</b> – Project agreement being finalised, 75ha, project life of 8 years. This Marina-Based Tourism Precinct is a joint venture with Landcorp, working with the Rockingham Kwinana Development Office and the City of Rockingham. Cedar Woods was announced as the successful proponent in April 2010 after a competitive EOI process. The company will manage all rezoning / environmental approvals and the construction phase. The development will complement the existing Rockingham waterfront to make it a sought-after coastal destination with improved public waterfront, marina, better family beaches, affordable family accommodation, retail and commercial areas, education centre and housing.</p>	
<p><b>Mariners Cove, Mandurah</b> – Purchased in 1993, 196ha, remaining project life of 6 years. A unique waterfront development close to the Mandurah town centre, comprising a mix of waterfront lots, waterfront townhouses, parkland lots and estuary view lots, Mariners Cove boasts a spectacular 230 acre wildlife reserve complete with raised board walks, two bird hides and an interpretive centre. The reserve protects the Creery Wetlands, an internationally recognised waterbird habitat that is home to migratory birds from around the world. Mariners Cove won the State and National Urban Development Institute of Australia Environmental Excellence Awards in 2002 and 2003, respectively. It has also won the State and National UDIA awards for Best Residential Development (250 or more lots) in 2004 and 2005 respectively.</p>	
<p><b>The Rivergums, Baldvis</b> – Purchased in 2001, 139ha, remaining project life of 8 years. Located in Perth’s southern suburbs and only minutes from the Perth – Mandurah rail line and the Rockingham beaches, The Rivergums residential estate will ultimately provide around 1,200 dwellings plus primary and secondary schools. The estate boasts a network of lakes, wetlands, and beautifully landscaped parks. Environmental initiatives included restoration of a degraded wetland, conservation of the local frog population and the revegetation of the adjoining Tramway reserve. The Rivergums was also one of the first Housing Industry Association (WA) ‘GreenSmart’ developments, promoting efficient energy and water use.</p>	
<p><b>South Hedland</b> – Contracted in 2010, 11ha, project life of 3 years. Located within the growing north-west region, Cedar Woods, together with Foundation Housing, BGC Modular, IBN Corporation and Gumala Aboriginal Corporation, is providing a balanced mix of residential, affordable, key worker, social and indigenous housing options to the region.</p>	



	<p>The Kestrels has continued to be very popular with buyers. The final stage is almost complete, bringing to a close the company's development, with the last lots due to settle in late 2010.</p>
	<p>Planning and environmental investigations have commenced to obtain project approval in 2012. Works would commence in 2013 subject to obtaining the necessary environmental and planning approvals.</p>
	<p>Marketing continues on the remaining lots in Stage 5CA, with a view to releasing the next stage of lots during FY2011.</p>
	<p>With most of the lots in recent stages now sold, the company is turning its focus to the prime land that surrounds the central lake and the land to the north of the estate which will offer views across attractive public open space.</p>
	<p>Cedar Woods was announced as the successful partner in July 2010. Planning investigations have commenced, with a view to obtaining necessary approvals in 2011.</p>



## WESTERN AUSTRALIA – BUILT FORM

Project Description	
<p><b>The Fairways, Mandurah Country Club</b> – Joint venture established in 2004, 0.9ha, project now complete. In a joint venture with the Mandurah Country Club, the company has developed 25 prestigious townhouses with spectacular views overlooking the 8th green and 9th tee at The Mandurah Country Club golf course in Halls Head. These homes have been architecturally designed to blend in with the surrounding natural environment and to provide an exclusive address and unique lifestyle. Retention of significant trees and vegetation while optimising opportunities for views was of paramount importance in the design.</p>	
<p><b>The Jetty, Palm Beach Rockingham</b> – Purchased in 2006, 0.2ha, remaining project life of 2 years. The company has commenced this 4 storey beachfront development opposite the landmark Palm Beach jetty in Rockingham. The Jetty comprises 15 luxury two and three bedroom, two bathroom apartments, all with spectacular ocean views and high quality fit-out. A ground floor beachfront café is also planned.</p>	
<p><b>The Landings</b> – Purchased in 1993, 0.82ha, remaining project life of 1 year. The Landings are located within the award-winning Mariners Cove development and are a series of luxury waterfront townhouses being developed within the waterfront zone. Stage1, comprising eight townhouses, was completed in April 2009, with a further six townhouses in Stage 2, completed in December 2009. The Landings was named a finalist for Medium Density Development in the 2010 UDIA Awards for Excellence.</p>	
<p><b>Sutton Heritage Site, Mandurah</b> – Purchased in 1990, 2.24ha. Part of the company’s award winning Port Mandurah canal estate, the company plans to redevelop the historic Sutton farm site for medium density waterfront apartments with private jetties. The heritage farm buildings have been restored with the cooperation of the Heritage Council of Western Australia and will be retained as part of the redevelopment in a parkland setting, together with a heritage listed Norfolk pine tree, which is a local landmark.</p>	
<p><b>Waterline Apartments, Mandurah</b> – Purchased in 2005, 0.45ha, remaining project life of 3 years. The Waterline Apartments occupy a prime beachfront location, directly opposite Doddi’s Beach in Halls Head, Mandurah. Stage 1 of this beachside development comprises 15 two and three bedroom luxury ocean view apartments and 3 luxury penthouses. Retail space on the ground floor now incorporates a popular ‘Dome’ cafe. The balance of the site will comprise a Stage 2 development for which planning is underway.</p>	

	<b>Recent achievements and status</b>
	23 of the townhouses at The Fairways have been sold with the remaining homes expected to be sold in the first half of FY2011.
	Keen interest has already been shown for this prestigious apartment development, which launched in late 2009. All pre-sales targets were achieved with construction commenced in January 2010 and due for completion in July 2011.
	The seven homes remaining are expected to be sold during FY2011.
	Structure Plan approval is currently being negotiated through a public consultation and assessment process.
	Construction of the Stage 1 ocean front apartments and commercial tenancy was completed in 2008 and the last remaining apartments are currently being marketed. The company is now progressing development options for Stage 2.



## VICTORIA – LAND DEVELOPMENT AND BUILT FORM

Project Description	
<p><b>Banbury Village, Footscray</b> – Purchased in 2006, 9ha, remaining project life of 5 years. Banbury Village is a significant urban renewal project with impressive green credentials. Located just 6.5kms from Melbourne’s CBD, residents enjoy the finest of contemporary urban living. When complete, Banbury Village will provide over 350 immaculately designed houses, townhouses and apartments all conveniently located within walking distance of the iconic Beaurepaire Reserve. This landmark development will preserve the art deco façade of Sir Frank Beaurepaire’s original 1930s Olympic Tyre &amp; Rubber Co, breathing new life into this historic precinct.</p>	
<p><b>Camberwell</b> – Purchased in 2009, 2.55ha, project life of 2 years. Cedar Woods will soon offer a prestigious new residential development in one of Melbourne’s premier and established suburbs, Camberwell. The residential development will offer 78 architecturally designed houses and townhouses providing a unique opportunity for high quality modern living in an established and regarded suburb. Life here will be surrounded by leafy tree lined streets, a short walk to parks, gardens, transport and close to established public and private schools.</p>	
<p><b>Carlingford Estate, Lalor</b> – Purchased in 2006, 56ha, remaining project life of 4 years. Carlingford estate is the first major residential development of its kind in Lalor for over a decade. Located just 17kms north of Melbourne’s CBD, residents enjoy easy access to established amenities and services including a commuter rail station, bus interchange, schools, shopping precincts and regional parks. Meticulously master planned, Carlingford will provide approximately 600 homes upon completion with over 9 hectares of carefully designed landscaped parklands and conservation areas.</p>	
<p><b>Williams Landing, Vic</b> – Purchased in 1998, 275ha (220ha developable), remaining project life of 14 years. The \$1.5 billion Williams Landing development is one of Melbourne’s premier master planned communities setting a new benchmark in design excellence and livability. Located just 19kms from Melbourne’s CBD, Williams Landing will accommodate 2500 homes, a major town centre, railway station, regional bus interchange and offer direct freeway access. The town centre will be a mixed use development accommodating retail, bulky goods, entertainment, business and living opportunities. Upon completion over 7000 residents will call Williams Landing home.</p>	

	<b>Recent achievements and status</b>
	<p>Ninety two homes in five releases have been sold at Banbury Village since launching the project in early 2009. Stage 1 of the estate has now settled and residents have moved in. Seven further stages are under construction with Stage 2, 3 and 5 due to settle soon. Beaurepaire Reserve, which will be a focal point for the project, is on track to be complete in October 2010 and will be landscaped to a high standard.</p>
	<p>Concept design work for the project has been completed and the planning has been progressed. The project includes 78 homes with a mix of houses and townhouses. Planning approval is expected this financial year and when achieved, marketing of the development will commence. Site works will commence in mid 2011 subject to obtaining the necessary approvals.</p>
	<p>Since the launch in 2008 Carlingford has achieved over 330 sales. The major entry park has been completed and many homes now occupied at the estate. Construction of respective stages continues and we are continuing to progressively release and sell land.</p>
	<p>Williams Landing stages 1 - 9 have now been sold. The estate has achieved over 630 sales as of August 2010. The Kingwell Neighbourhood will be launched with Stage 1 scheduled for an October 2010 release. The Development Plan has been lodged for the Town Centre component with process to secure Anchor Tenants for Stage 1 well underway. The State Government has committed to funding for the Williams Landing Train Station and Palmers Road Freeway Overpass.</p>



# INVESTOR SUMMARY

All figures in \$'000 unless shown otherwise.

FINANCIAL YEAR	2010	2009	2008	2007	2006
<b>Financial Performance</b>					
Revenue from ordinary activities	108,415	107,076	81,941	90,008	80,520
Earnings before interest and tax	26,771	16,961	31,245	31,304	25,864
Finance costs	2,036	3,441	2,230	4,515	2,750
Operating profit before tax	24,735	13,520	29,015	26,789	23,114
Income tax expense	7,494	4,257	8,458	8,236	6,906
Net profit after tax	17,241	9,263	20,557	18,553	16,208
Realised reserve	26	83	179	271	404
Net profit after tax plus realised reserve	17,267	9,346	20,736	18,824	16,612
<b>Financial Position</b>					
Total assets	205,657	162,720	185,019	155,561	196,365
Total liabilities	96,867	69,442	101,073	83,918	127,917
Shareholders' equity	108,790	93,278	83,946	71,643	68,448
Number of shares on issue - end of year ('000)	60,565	58,163	55,138	54,824	54,536
<b>Key Performance Measures</b>					
Earnings per share (cents)	29.0	16.2	37.3	33.9	30.3
Dividend per share (fully franked)	13.0	7.0	18.0	17.0	15.0
EBIT Margin	24.7%	15.5%	38.1%	34.8%	32.1%
Interest cover (times)	6.4	2.2	4.2	5.8	7.9
Return on Equity	15.8%	9.9%	24.5%	25.9%	23.7%
Investment in inventory during year	56,338	45,312	46,002	73,799	52,952
Net tangible assets backing per share (cents)	1.80	1.60	1.52	1.31	1.11
Net bank debt	39,716	47,913	80,633	63,735	28,974
Net bank debt to equity	36.5%	51.4%	96.1%	89.0%	42.3%
Share price - end of year (\$)	2.45	1.42	2.75	5.22	4.48
Stock Market capitalisation at 30 June	148,383	82,592	151,630	286,181	244,321
<b>Additional Metrics</b>					
Equity	108,790	93,278	83,946	71,643	68,448
Net Bank Debt	39,716	47,913	80,633	63,735	28,974
Capital	148,506	141,191	164,579	135,378	97,422
EBIT	26,771	16,567	31,245	31,304	25,864
Return on Capital	18.0%	11.7%	19.0%	23.1%	26.5%

# CORPORATE DIRECTORY

## Directors

William George Hames, BArch (Hons) MCU (Harvard) LFRAIA, MPIA, FAPI (Econ) – Chairman

Robert Stanley Brown, MAICD, AIFS – Deputy Chairman

Ronald Packer, BCom (UWA), AAPI, FAICD, Solicitor Supreme Court of England & Wales

Paul Stephen Sadleir, BE, MBA, AAPI, FAICD, FRICS – Managing Director

Timothy Robert Brown, BA, LLB, M.Fin, Post Grad Dip (Phil) (Alternate for R S Brown)

## Company Secretary

Paul Samuel Freedman, BSc, CA, GAICD

## Registered office and principal place of business

Level 4, 66 Kings Park Road

WEST PERTH WA 6005

Postal address: P.O. Box 788 West Perth WA 6872

Phone: (08) 9480 1500 Fax: (08) 9480 1599

Email: [email@cedarwoods.com.au](mailto:email@cedarwoods.com.au)

Website: [www.cedarwoods.com.au](http://www.cedarwoods.com.au)

## Share registry

Computershare Investor Services Pty Ltd

Level 2, Reserve Bank Building

45 St Georges Terrace

PERTH WA 6000

## Auditor

PricewaterhouseCoopers

QV1

250 St Georges Terrace

PERTH WA 6000

## Securities exchange listing

Cedar Woods Properties Limited shares are listed on the Australian Securities Exchange Limited

## ASX code

CWP

## Annual general meeting

Venue: Kings Park Function Centre

Time: 10.00am

Date: 5 November 2010

Cedar  Woods

[cedarwoods.com.au](http://cedarwoods.com.au)