Annual General Meeting 2010

Presentation Outline

- Current environment
- 2010 results
- Property portfolio
- Residential market
- Outlook
- Investment case for CWP

During our presentation today I will comment upon the current economic environment before reviewing the highlights and financial results of the company for the previous financial year.

I will then hand proceedings to Paul Sadleir who will provide insight into our property portfolio, the residential market in general and finally some comments on our outlook.

I am pleased to report that your company had a much improved financial year in 2010 which was reflected in an 86% increase in net profit and a similar increase in distributions to shareholders.

Moreover your Board advises that the company is now strongly positioned for further earnings growth, having emerged from the global financial crisis with a strong, conservatively geared balance sheet and an exciting portfolio of development projects in place.

The economy is recovering well from the impact of the GFC and residential property markets have experienced an upswing, although this upswing has moderated recently as monetary and fiscal policy settings adjust to the post GFC environment. The economic fundamentals, which Paul will touch on later, support a positive outlook for our residential property markets.

However, despite the recent market improvements and Cedar Woods' strong growth outlook, the company's share price, whilst improving, has continued to trade at a discount to its underlying value since the GFC. Recently, the company made an announcement that the true underlying value of the company, otherwise known as the net tangible asset backing, equates to around $6 per share, before tax on property gains.

Current Environment

- Financial markets have stabilised
- A strong balance sheet and low gearing remains important
- Property markets have improved and continue to adjust to post-GFC environment
- CWP anticipating strong growth in earnings per share and distributions to shareholders

Your Board chose to make this announcement because the company's shares have for some time been trading at a significant discount to the net tangible asset value. The calculation of $6 is based predominantly upon independent property valuations conducted during the 2010 financial year. It is much higher than the NTA you would calculate based on our reported balance sheet, because the accounting standards require that properties are stated at the lower of historical cost and net realisable value, not their current market values.

A number of our projects have experienced significant upwards increases in value over the last 12-18 months, a reflection of management's success in the planning, development and marketing of those projects over the last few years. Our successes are starting to bear fruit for our shareholders and we are highly optimistic about the company's future prospects. We are therefore working hard to improve the share price, so that it more closely reflects the underlying value of the property portfolio.

FY2010 Results

FY2010 Results

- FY2010 net profit $17.2m, up 86%
- Final dividend 8 cents fully franked, full year payout up 86%
- Low net bank debt/equity of 36%
- New 3 year $110m bank finance facility
- $115m in presales for FY2011
- Forecast FY2011 NPAT approximately $24m

I will now give a brief overview of our financial position.

We achieved a net profit of $17.2m in 2010, which represented an 86% increase on the previous year and allowed us to increase the dividend payout by a similar percentage.

Importantly, we again lowered our gearing , which has positioned the company strongly.

We recently established a new $110m corporate bank facility, with ANZ , with a 3 year term, which will provide us ample long term funding for our acquisition and development program.

We have already achieved over $115m in presales for the 2011 financial year, having sales contracts in place representing some 85% of the 2011 sales budget for the company.

This allows us to be confident of achieving strong profit growth in 2011, and we will provide more details on our outlook later in this presentation.

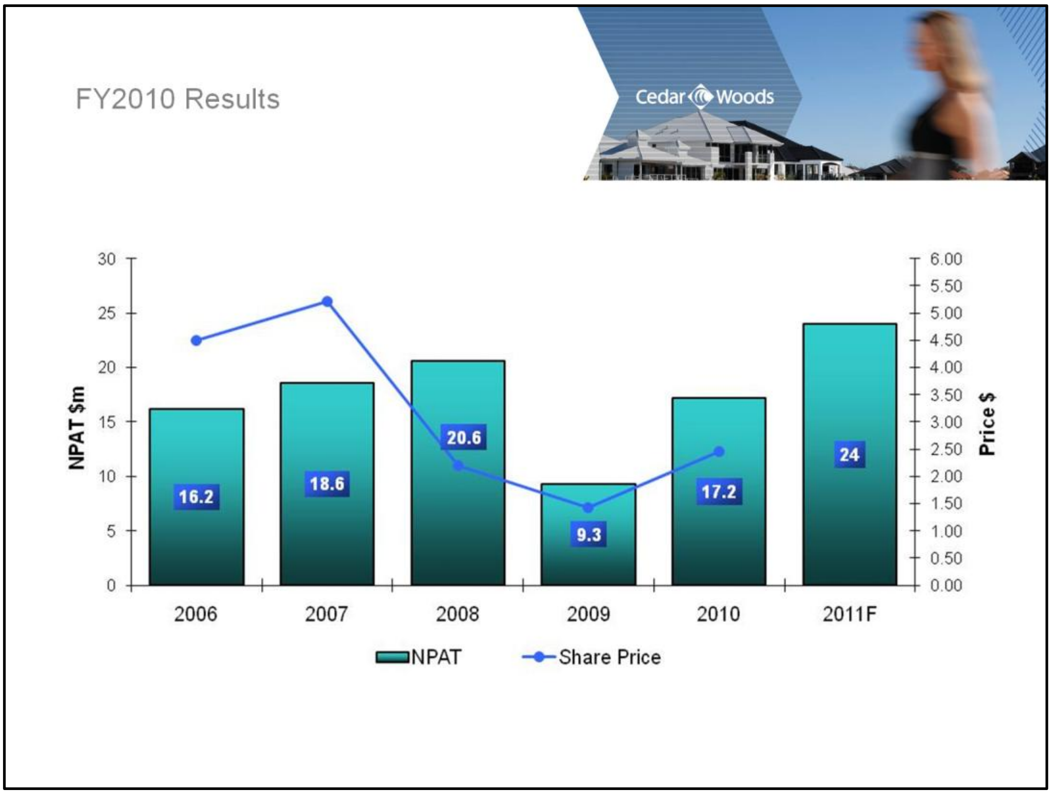
The Board is currently forecasting full year net profit after tax of $24m for FY2011, underpinned by $115m of pre-sales to date. With our strong portfolio of projects, and assuming reasonable market conditions continue, we also believe the company is well placed to exceed its 10% pa growth target in the coming years.

FY2010 Results

	FY2010 $m	FY2009 $m	
Revenue	108.4	107.1	▲1.3%
Profit before income tax expense	24.7	13.5	▲83%
Net profit after tax	17.2	9.3	▲86%
Earnings per share	29.0 cents	16.2 cents	▲79%
Dividend per share	13 cents	7 cents	▲86%

In 2010, revenue increased marginally but our net profit was up by 86% as a result of improved margins, lower operating costs and lower impairment charges.

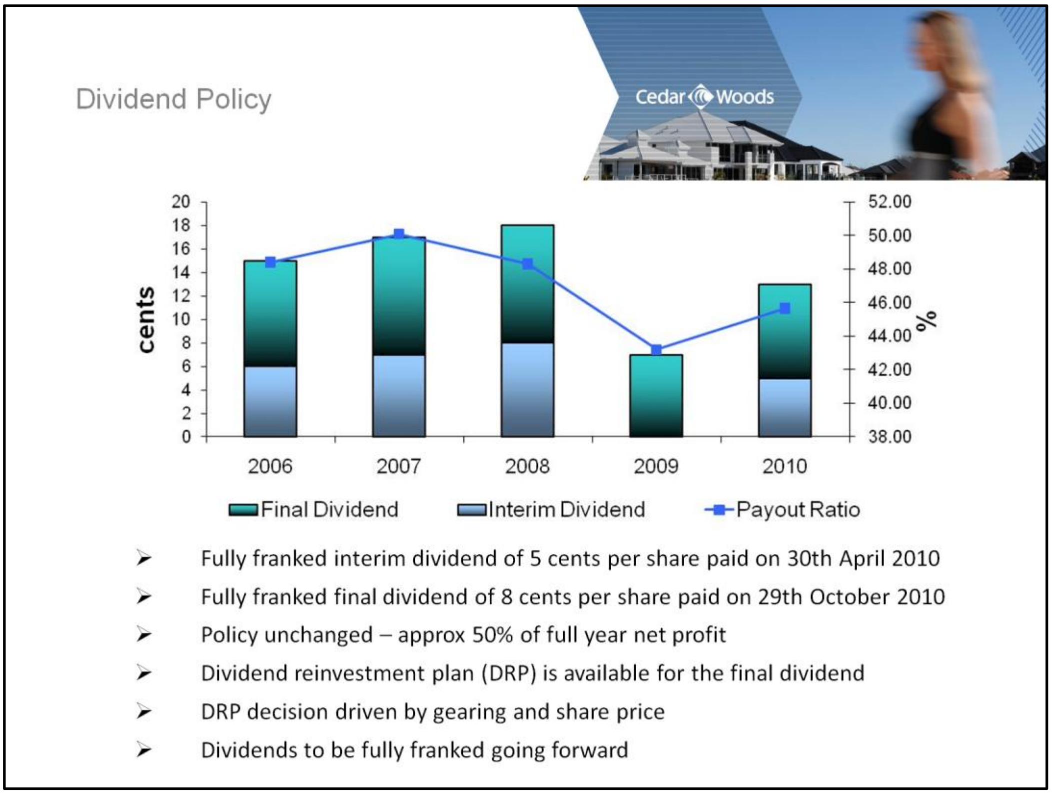
As a result earnings per share was up 79% and dividends to shareholders were up 86% as we resumed the interim dividend.



This slide shows the history of our net profits over the last 5 years, the impact of the tough economic conditions during 2009 and the progress of our recovery going into 2011.

We have been working hard to rebuild profitability and we are anticipating a record profit in 2011 . Our portfolio of projects is sufficient to enable us to deliver earnings growth in accordance with our targets for the next 5 years, without adding new projects to the portfolio, although we are in fact adding projects for the medium term.

As you can see, the pattern of our dividends follows a similar trend to the operating profits, as a result of our dividend policy, demonstrated on the next slide.



Our policy is to distribute approximately 50% of the annual net profit after tax to shareholders.

This policy has served us well during the last five years and provides a good balance between rewarding shareholders and retaining cash to fund future growth.

The interim dividend was suspended in 2009, but we reintroduced, as promised, the interim dividend in 2010 and we anticipate further growth in dividends as we move forward.

Utilisation of the dividend reinvestment plan is driven largely by our gearing level and our share price.

We have ample franking credits in place to ensure dividends will be 100% franked for the foreseeable future.

Financial Highlights

		FY2010	FY2009
Total assets	$m	205.7	162.7
Net bank debt	$m	39.7	47.9
Shareholders' equity	$m	108.8	93.3
Net bank debt to equity	(%)	36.5	51.4
Interest cover	(x)	6.4	2.2
Debt hedged	%	75	61

Lets have a quick look at the balance sheet highlights.

There was a significant increase in our total assets this year after a small dip in our total assets last year . We prudently did not add any significant projects to our portfolio last year, but in 2010 we made a number of new acquisitions.

Probably the most important feature of our balance sheet is the low gearing, or net bank debt to equity, which we reduced from 51% to 36% during the year, providing us with a very conservative level of gearing going forward, and we continue to operate at a low level.

Our interest cover improved last year, mainly in response to improved profits, and is well above our bank facility requirements.

We address our exposure to long term interest rate increases by fixing our interest rates by using swaps or other products. At 30 June more than 75% of our debt was subjected to swaps , protecting us against future interest rate rises.

Cedar Woods raised only a low level of additional equity over the duration of the financial crisis, by way of the dividend reinvestment plan. While a small amount of additional equity was considered to be necessary and in the best interest of shareholders, we were able to rely on our strong operational cash flows to see us through the GFC.

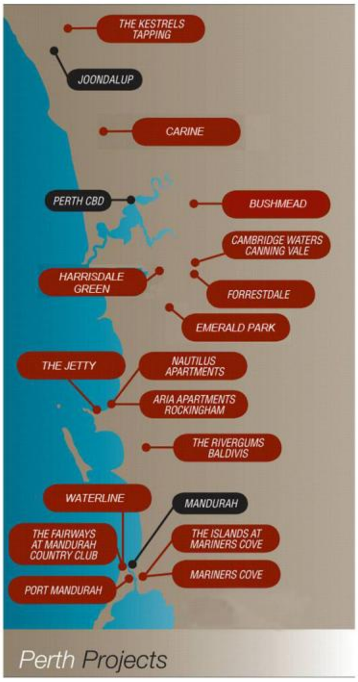
As a result, your company not only has a strong balance sheet, with low levels of debt, but it has achieved this without significant shareholder dilution. This positions the company to achieve strong earnings per share growth going forward and is good news for our loyal shareholders.

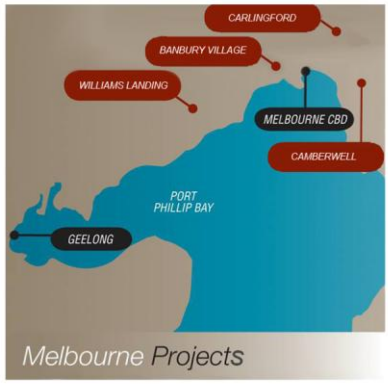
You will have also seen during the year that the company has made a number of new acquisitions in Perth and Melbourne, was the successful bidder for land to be acquired in the Pilbara and was announced as Landcorp's project partner for the Mangles Bay redevelopment. These new projects are expected to supplement earnings for shareholders in the medium term.

During the year the Board has conducted a number of meetings where we have reviewed our strategy and recently we held a strategic planning session with a special focus on Williams Landing, in particular the town centre component, which is a very significant development for the company.

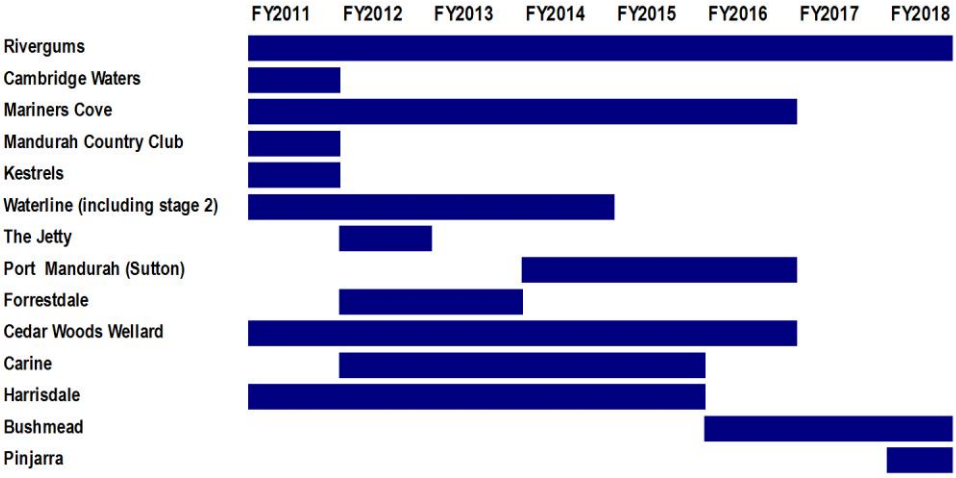
With those introductory comments, I now handover to Paul to give a brief review of our portfolio and outlook.

Property Portfolio





Project Life – Perth



Residential – Built Form

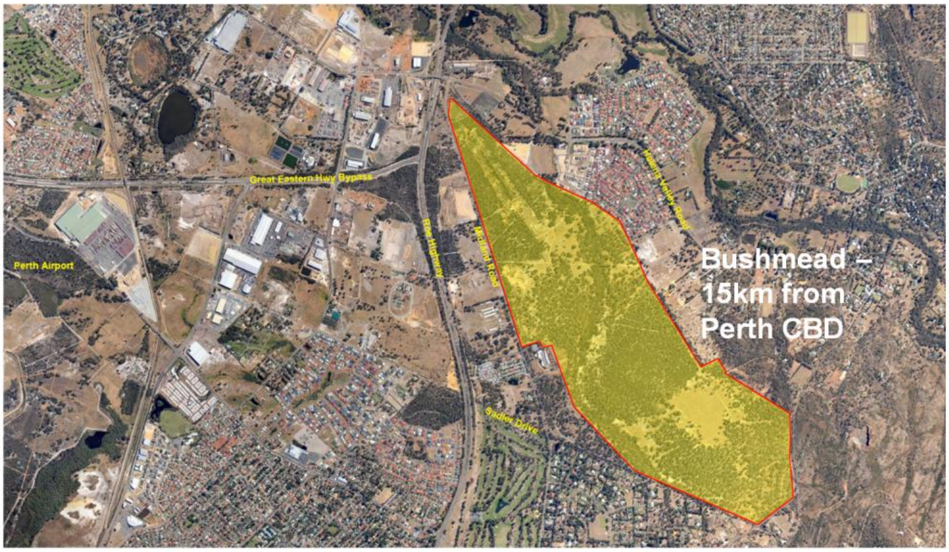

Residential – Built Form
Cedar Woods
THE fairways
LANDINGS

Residential

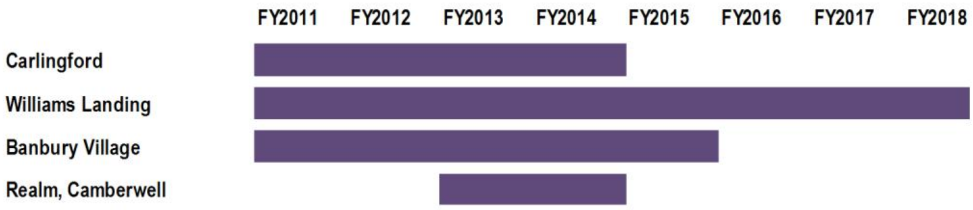
Residential

NEW PROJECTS - PERTH

NEW PROJECTS – PERTH



Project Life – Melbourne



Banbury Village

Banbury village

Carlingford

Carlingford

We see great opportunities arising from the Williams Landing project. Our intention is to develop and retain significant precincts within the town centre which will comprise retail, bulky goods, commercial and residential components. This will add significant assets to the company's portfolio and provide a recurrent income stream through property rentals, underpinning future earnings.

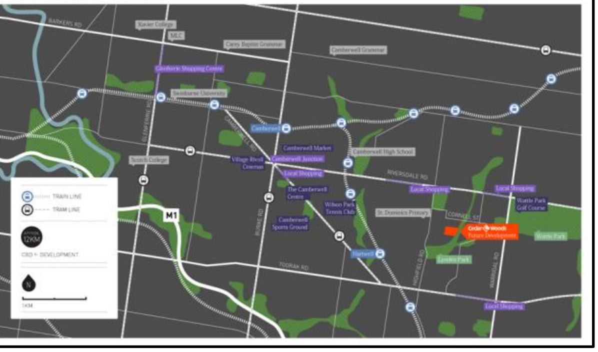
Planning is under way for the retail centre and negotiations have already commenced with a number of major retailers who have indicated a desire to anchor the centre.

The Victorian State Government has now commenced construction of its $100m infrastructure project at Williams Landing including the train station, bus interchange, freeway interchange and 500 bay commuter car park. This infrastructure has been designed to integrate directly with the project's town centre and it is our desire to see the completion of the first stage of the town centre development coincide with the opening of the train station and busport.

In short, in our view the Williams Landing town centre development has the potential, over time, to grow into a very significant centre serving Melbourne's west. The opportunity to be part of a development of this scale does not come along very often and the Board believes the market is only just becoming aware of the potential of the project to drive strong earnings growth for the company into the future.

NEW PROJECTS – MELBOURNE

Camberwell



Residential Market Drivers

- Population growth – long term driver
- Housing supply – under supply set to continue
- Confidence
- Employment
- Availability of finance
- Incentives
- Affordability (prices, interest rates)
- Rental alternative

Population Growth

Market Conditions

Victoria

- sound fundamentals, continued state stimulus
- strong first and second home buyer sales
- population growth/lack of rentals
- strong price growth, now easing

WA

- resource projects continuing – new Port Hedland project
- population growth to continue
- land supply remains an issue

Outlook

Company Outlook

- $115m pre sales in place for FY2011
- Strong first half in FY2011
- Strong demand continuing in Melbourne
- Ample bank funding available, 3 year facility
- NPAT forecast $24m for FY2011 (up 39%)
- Forecast FY11 EPS approx 39 cents (up 35%)
- Well placed to exceed 10% pa growth target in coming years

In summary then, we have substantial presales in place and well on the way to meeting our sales targets for the year. We expect a strong first half.

Strong demand continues at our projects and we are already focusing on presales for FY2012.

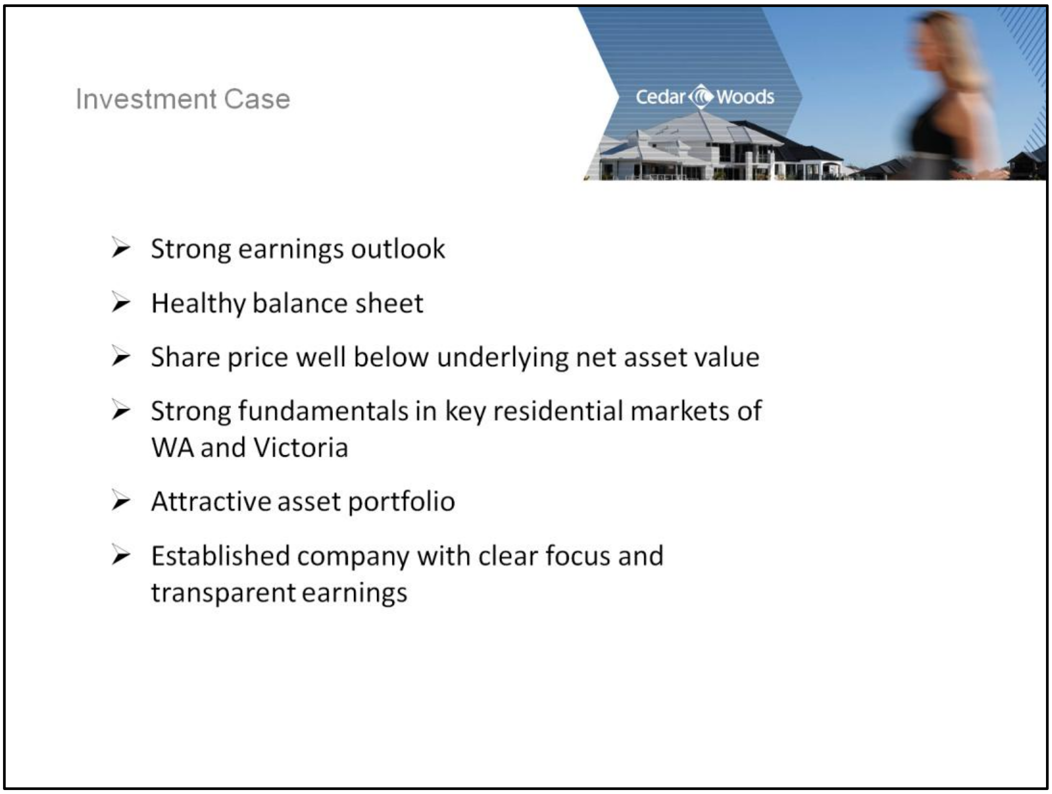
Our new 3 year $110m corporate bank facility provides us long term funding for our acquisition and development program

We are forecasting a net profit of approximately $24m for FY2011 which will be a record profit up 39% on 2010.

This will translate to an increase in earnings per share of approximately 35%.

We are well placed to generate above 10% earnings growth in FY12 and FY13.

Investment Case for CWP



Investment case:

Well established, stable board and management

Clear focus on EPS, ROC and gearing targets, proven profitable business

Strong profit growth expected, record FY11 profit

Property portfolio in growth states and major projects derisked and mature

Company growing and making acquisitions – Bushmead, Camberwell, Forresdale, Mangles Bay in last 12 months

Strong economies in WA and VIC

Share price still significantly below NTA

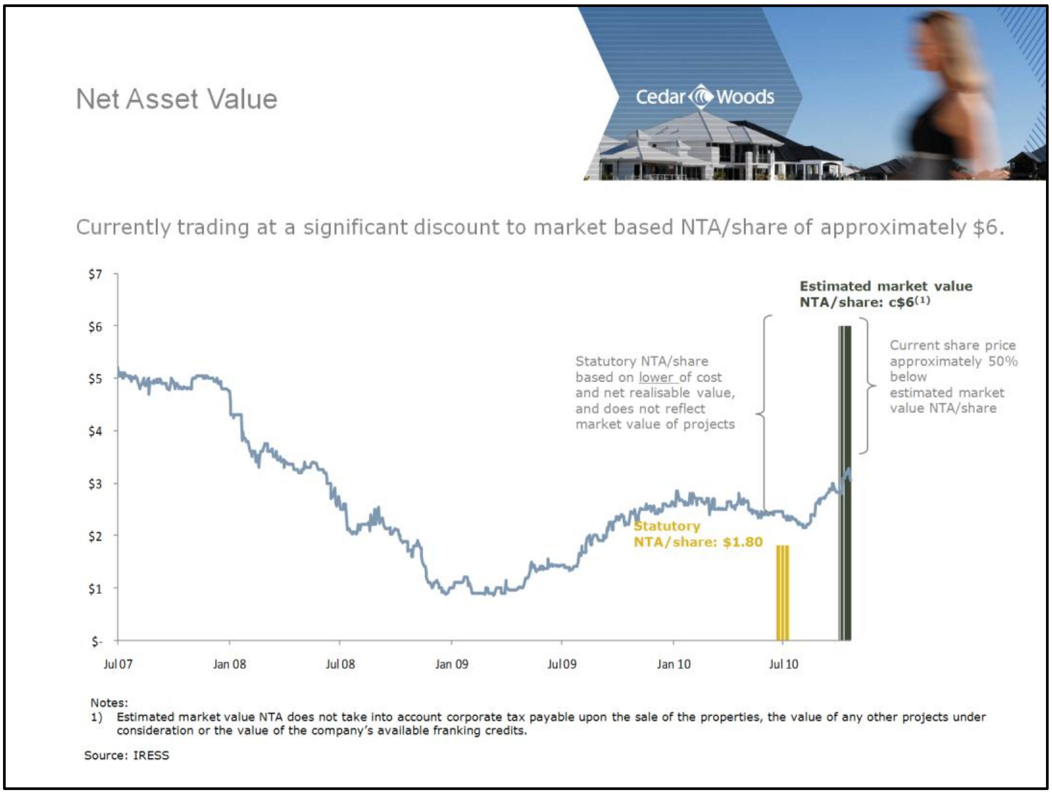
Asset Values

- Major assets acquired before property boom
- Projects de-risked, under development
- Share price significantly understates underlying value of portfolio
- Underlying value of around $6 per share, pre-tax

Many of our major assets were acquired well before the property boom. The bulk of our portfolio has been de-risked from an approvals point of view and most of the valuable projects are under development.

Consequently , the current share price , around $3 is well below the underlying value of our shares, estimated to be around $6 on a pre-tax basis.

The high underlying value of the property portfolio reflects the strong potential of these projects, which are expected to drive future earnings growth.

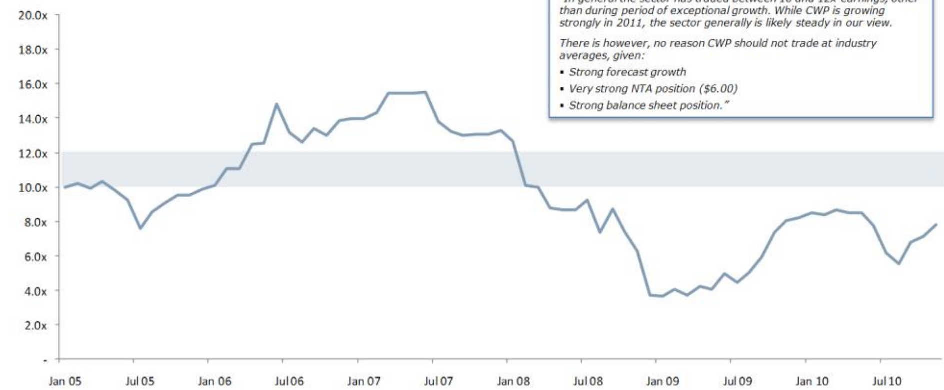


We anticipate that the higher earnings growth will translate to share price growth and improved distributions to shareholders.

Earnings

PE multiple below long term average despite robust earnings outlook.

Cedar Woods – 1 Year Forward PE Multiple



Euroz Research (11 October 2010)

"In general the sector has traded between 10 and 12x earnings, other than during period of exceptional growth. While CWP is growing strongly in 2011, the sector generally is likely steady in our view.

There is however, no reason CWP should not trade at industry averages, given:

- *Strong forecast growth*
- *Very strong NTA position ($6.00)*
- *Strong balance sheet position."*

Notes:

- PE multiple calculated using monthly data and reported NPAT for the relevant current financial year at each point in time.
- FY09 and FY10 earnings have been adjusted to exclude asset impairments.
- FY11 earnings assumes current NPAT guidance of $24m.

Source: CapitalIQ

We are currently trading below the PE ratio of our peer group, hence there is an opportunity for a share price re-rating.

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