

2 November 2012

Australian Securities Exchange Limited  
Exchange Centre  
Level 4  
20 Bridge Street  
Sydney NSW 2000

Dear Sir / Madam

**2012 AGM CHAIRMAN'S ADDRESS AND PRESENTATION SLIDES**

Please find attached the Chairman's address and the presentation slides for today's Annual General Meeting.

Yours faithfully



**Paul Freedman**  
**COMPANY SECRETARY**

**Cedar Woods Properties  
2012 Annual General Meeting  
Chairman's Address**

Welcome everyone and thank you for joining us for the Cedar Woods Properties 2012 Annual General Meeting. My name is William Hames and I am the Chairman of Cedar Woods.

**FY2012 Highlights**

Allow me to begin my Chairman's Address today by running through some of the company's highlights for 2012.

As many of you will be aware, Cedar Woods has been creating dynamic residential communities for almost 25 years. We retain our focus on quality, affordability and sustainability across our portfolio of strategically-located projects in urban in-fill and regional growth areas in Victoria and Western Australia.

Financial Highlights

For the 2012 financial year, Cedar Woods delivered a record profit of \$34.25 million. Net profit increased 22 per cent and earnings per share increased 16 per cent to 53 cents per share – an impressive performance and a significant achievement against a backdrop of a mixed operating environment for many residential property developers. In recognition of this strong financial result, and in accordance with the company's dividend policy, your Board declared a fully franked final dividend of 14 cents per share, bringing total dividends for the 2012 financial year to a record 25 cents per share.

Capital Management

In April 2012, the company successfully undertook a capital raising, comprising an institutional placement and share purchase plan – both of which were oversubscribed. A total of \$30.5 million was raised to fund working capital requirements and the company's growth initiatives. We believe that to successfully complete the raising at a time when financial markets were volatile demonstrates the confidence that our strong track record has engendered with investors.

Cedar Woods ended the 2012 financial year with a strengthened balance sheet, with a \$110 million debt facility in place until November 2014 and \$98.9 million headroom available. The company remains modestly geared with net bank debt to equity at the 30<sup>th</sup> June 2012 at 2 per cent.

Operational Highlights

On a project level, Cedar Woods' regional expansion commenced. The company entered the major West Australian regional growth centres of Geraldton and South Hedland through the Batavia Coast Marina Apartments and the new Elements project respectively – projects that have been very well received to date.

Also on a project level, Cedar Woods made a strategic and significant acquisition at St Albans in Melbourne's north-west growth corridor, a key acquisition that adds to the company's project pipeline and will contribute to future earnings.

We also witnessed significant progress at the landmark Williams Landing, with the Town Centre progressing well.

Share Price

Since the placement, we have seen the company's share price increase more than 20% from \$3.45 to around \$4.25 per share. While pleasing, the board remains firmly of the view that the share price does not accurately reflect the current market value of the company's projects, as we have pointed out in a number of recent announcements.

## **Track Record of Growth and Balance Sheet Strength**

The company has delivered just over 20 per cent per annum in revenue growth, 13.6 per cent NPAT growth and 9.3% earnings per share growth between 2007 and 2012.

Meanwhile, the company's financial position has also strengthened over that time, with gearing currently sitting at a low level. Importantly, gearing remained at conservative levels throughout the Global Financial Crisis, reflecting management's prudent capital management.

## **Dividend Policy**

In light of Cedar Woods' strong financial result in the 2012 financial year, and in accordance with the company's dividend policy, a fully franked final dividend of 14 cents per share was declared at year's end, bringing the full year payout to a record of 25 cents per share.

This represented an 8.7 per cent increase on 2011's full year dividend.

We have also consistently returned approximately 50 per cent of full year net profit after tax to shareholders through dividend payments over the past five years.

## **Outlook**

Looking forward, your Board is positive about the outlook for Cedar Woods.

The company recently provided the market with its first quarter update for the 2013 financial year, and I am pleased to say, your company remains on track to deliver a net profit after tax of approximately \$34 million, underpinned by total presales of \$162 million, the majority of which are expected to settle in the 2013 financial year.

At Williams Landing, we anticipate the commencement of development in the town centre in 2013, starting with the Masters Home Improvement Store, which is expected to take approximately 15 months to build.

Whilst the retail component of the town centre has taken a little longer to formulate than we originally anticipated, we recently received an important zoning amendment that has removed the specific limit on retail and office floorspace for the development, thereby improving the shopping centre's future potential. We continue to consider development options for the shopping centre, acknowledging that the retail environment remains challenging.

We anticipate that development of the retail and other components of the Williams Landing Town Centre will follow the construction of the Masters store, and we are already receiving significant enquiry from other parties seeking access to sites in this landmark development.

## **Board, Management and Staff, Shareholders**

Cedar Woods' successes are due to the hard work of our management team and staff, I would like to use this opportunity to sincerely thank them for their dedication and their role in Cedar Woods' achievements in 2012.

I also wish to thank my Board colleagues for their continued hard work and commitment throughout the year.

Finally and most importantly, I would like to conclude by thanking our many loyal shareholders for your ongoing support of Cedar Woods.

END

2012

# ANNUAL GENERAL MEETING

2<sup>nd</sup> November 2012

# CHAIRMAN'S ADDRESS



**Chairman**  
**William Hames**

# AGENDA

- ▶ Chairman's Address
- ▶ Managing Director's Review
- ▶ Formal Business
  - Ordinary Business: Consideration of Financial Report
  - Ordinary Resolution 1: Ratification of Share Issue
  - Ordinary Resolution 2: Election of Director
  - Ordinary Resolution 3: Remuneration Report
  - Ordinary Resolution 4: 'Spill Resolution'

# 2012 HIGHLIGHTS

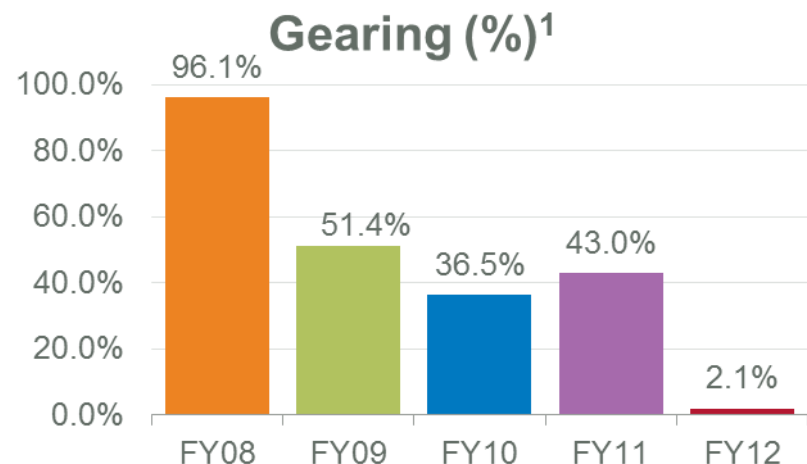
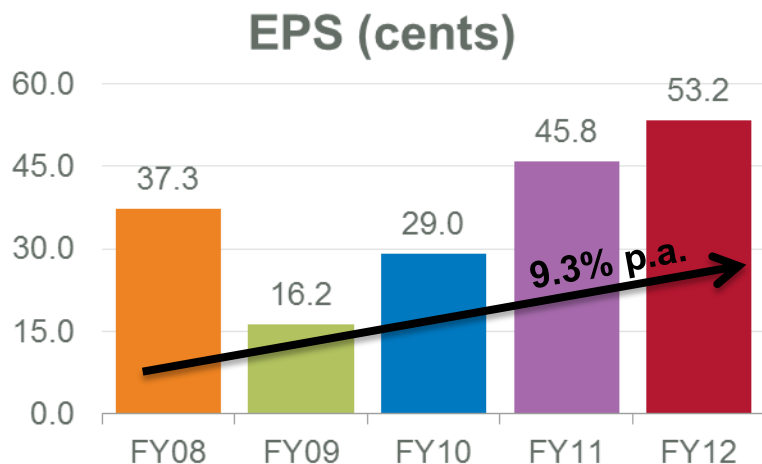
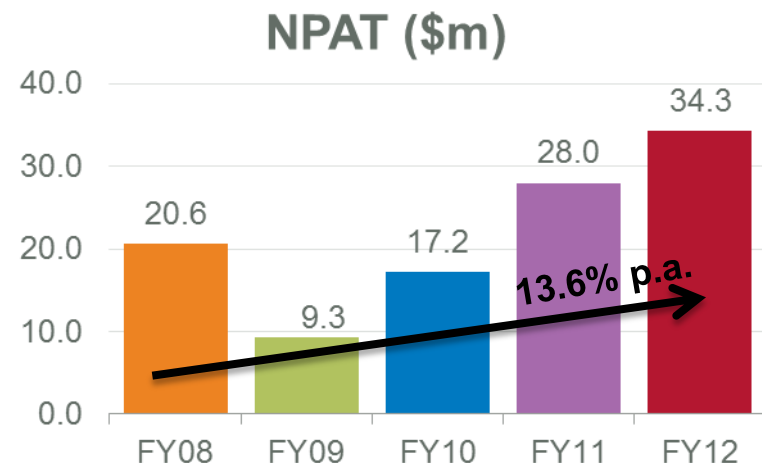
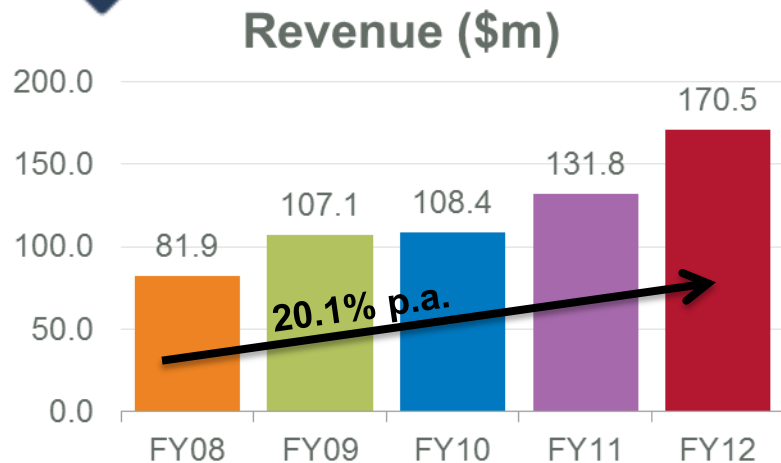
- ▶ Record profit, earnings and dividend
- ▶ Successful placement and share purchase plan
- ▶ Strengthened balance sheet
- ▶ Regional expansion commenced
- ▶ Key acquisitions added to project pipeline to drive future earnings
- ▶ Williams Landing Town Centre progressing
- ▶ Recent share price appreciation

# FY2012 FINANCIAL PERFORMANCE

	FY12 (\$m)	FY11 (\$m)	Change (%)
Revenue	170.5	131.8	↑ 29%
Profit before income tax expense	49.3	40.2	↑ 22%
Net profit after tax	34.3	28.0	↑ 22%
Earnings per share	53.2 cents	45.8 cents	↑ 16%
Dividends per share	25.0 cents	23.0 cents	↑ 9%

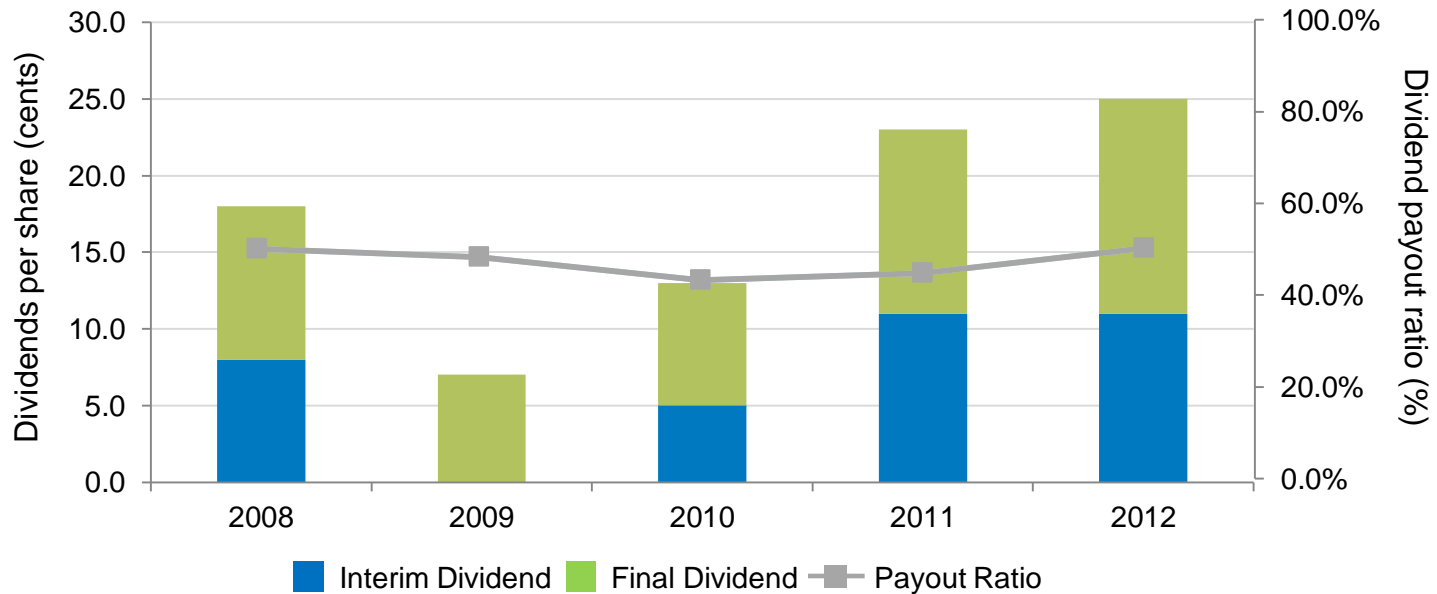


# TRACK RECORD OF GROWTH AND BALANCE SHEET STRENGTH



<sup>1</sup> Gearing defined as net bank debt / book equity

# DIVIDEND POLICY



- ▶ Fully franked interim dividend of 11 cents per share paid on 30th April 2012
- ▶ Fully franked final dividend of 14 cents per share paid on 31<sup>st</sup> October 2012
  - Policy unchanged – approximately 50% of full year net profit
- ▶ Dividend Reinvestment Plan (DRP) and Bonus Share Plan are in operation

# MANAGING DIRECTOR'S REVIEW



**Managing Director  
Paul Sadleir**

# PROJECT LOCATIONS



# VICTORIAN PROJECTS UPDATE

- ▶ Realm Camberwell
  - ▶ 24 of 27 homes presold, civil works are complete
  - ▶ Construction of first homes have commenced, with at least one stage of seven homes expected to settle in FY2013, with the balance in FY2014
- ▶ St Albans
  - ▶ 6.8ha site acquired for \$12m with anticipated yield of 200 townhouses
- ▶ Williams Landing
  - ▶ Significant progress made at Williams Landing Town Centre



# WILLIAMS LANDING VIDEO

To view this video online, please visit:

[http://www.williamslanding.com.au/Williams\\_Landing\\_Flythrough.asp](http://www.williamslanding.com.au/Williams_Landing_Flythrough.asp)



The images used in this production are for illustrative purposes only and are the developer's current vision for Williams Landing on its ultimate completion. All plans are subject to change as a result of market forces, changing design preferences and approval requirements. Public transport services and freeway connection are Government projects. No warranty is given as to the timing of any projects. Images relating to the train station, commuter carpark and freeway interchange are provided courtesy of Public Transport Victoria. Viewers should not rely on this animation as a basis for investment or purchase of real estate.

# WILLIAMS LANDING TOWN CENTRE



# VICTORIAN PROJECTS





# WA PROJECTS UPDATE

- ▶ Piara Central
  - ▶ First stage (60 lots) close to completely sold, with settlements due in the second quarter of FY2013
  - ▶ Construction on second stage (62 lots) scheduled for completion in the second half of FY2013
- ▶ Elements, South Hedland
  - ▶ Online registration process for expressions of interest in the first 30 retail lots launched in September 2012 generating strong demand, in excess of the number of lots offered
- ▶ Batavia Coast Marina Apartments
  - ▶ Almost 60% of the apartments currently under contract
  - ▶ Completion expected in mid CY2013



# WA PROJECTS



# COMMUNITY PROGRAMS

- ▶ EcoVision at The Kestrels
  - ▶ Award-winning sustainability initiative
- ▶ Neighbourhood grants
  - ▶ More than \$60,000 awarded to sporting, welfare, cultural and recreation groups
- ▶ Education sponsorships
  - ▶ Sponsorship of the Property Education Foundation and the Murdoch University 'Discover Your Potential' scholarship



*Interior of one of the EcoVision homes at The Kestrels*



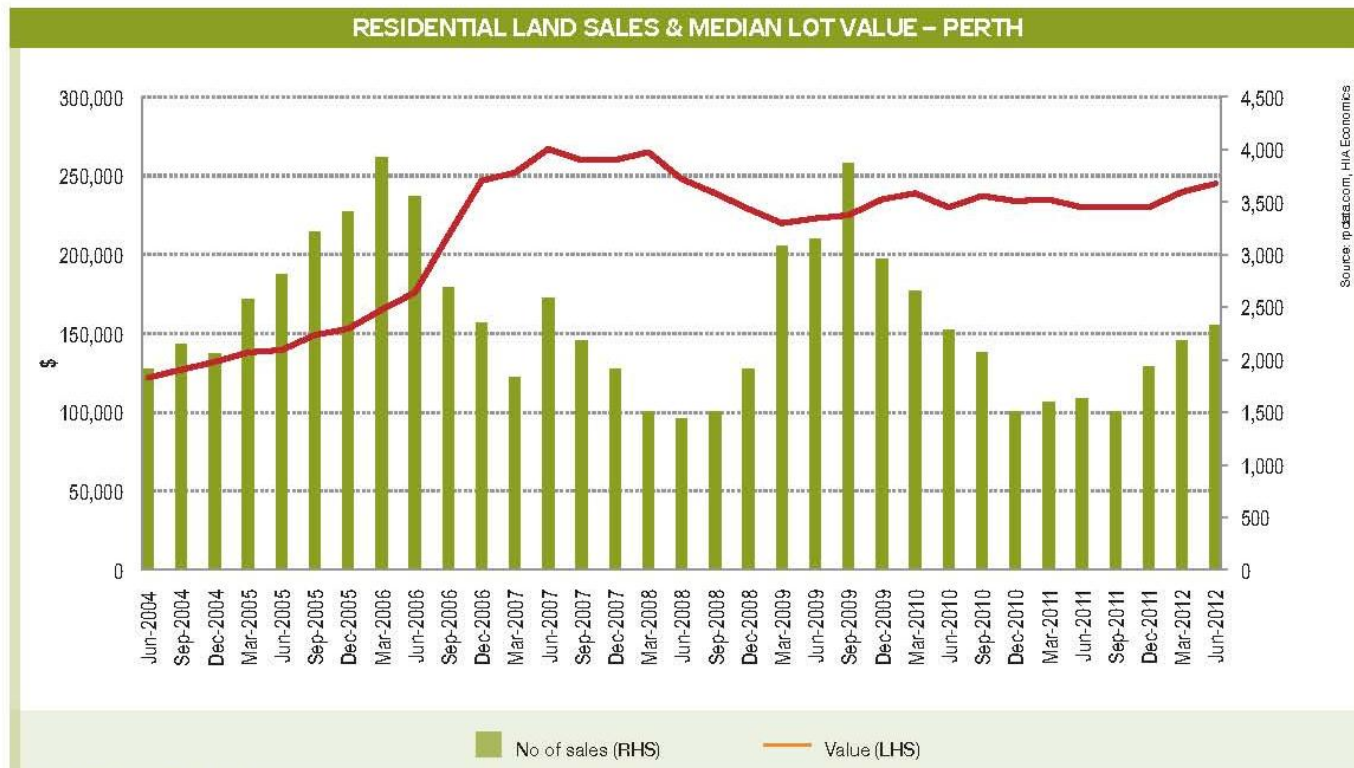
*Community grant presentation at Emerald Park*

# 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

# RESIDENTIAL LAND SALES

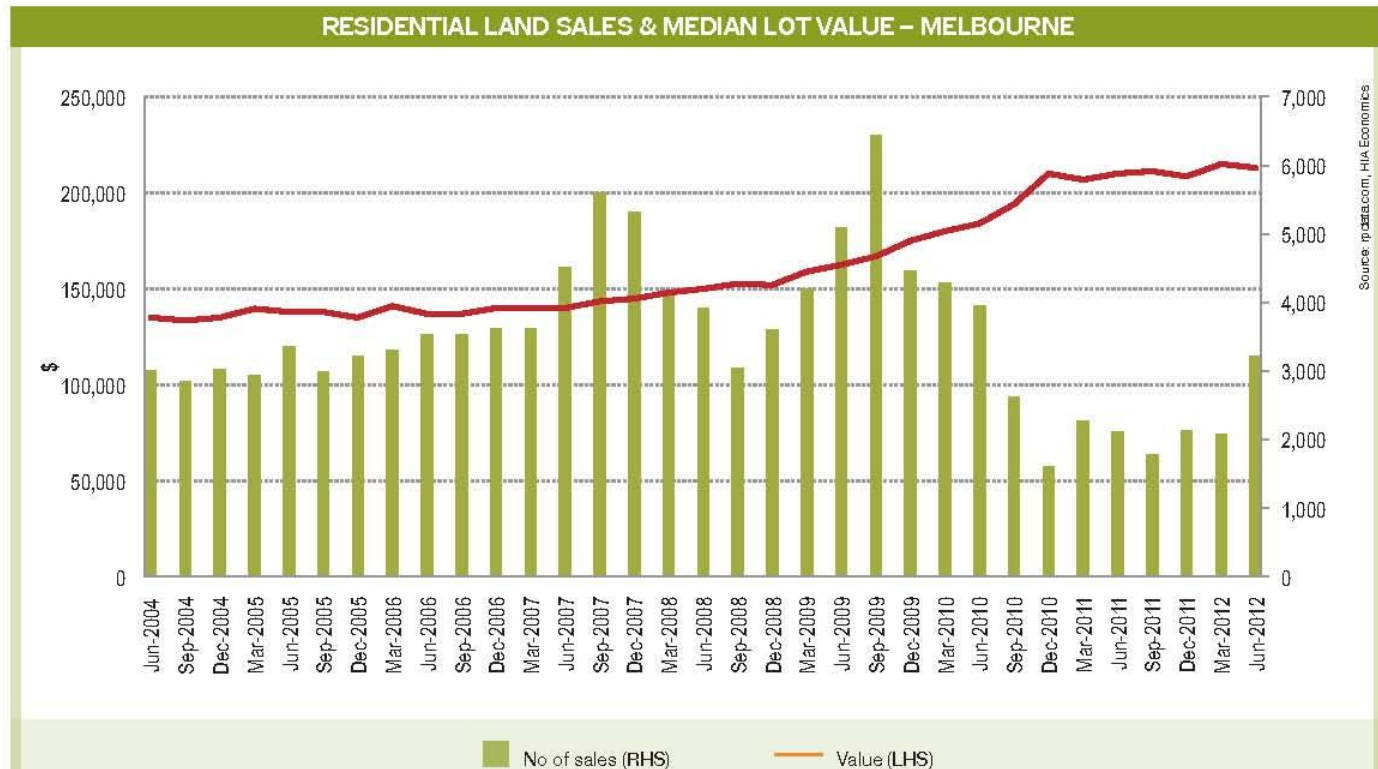
## Perth



Source: HIA-rpdata

# RESIDENTIAL LAND SALES

## Melbourne



Source: HIA-rpdata

# COMPANY OUTLOOK

- ▶ Forecast FY2013 net profit of approximately \$34 million based on sales at current levels
- ▶ More than \$160 million in presales in place (as at 1Q FY2013)
- ▶ Positive outlook, bolstered by continued demand for CWP's projects, strategically located in WA and VIC growth regions and improvement in housing affordability
- ▶ Future revenue stream supported by development of existing land bank
- ▶ Well positioned to leverage an improvement in market conditions and to pursue acquisition opportunities as they arise
- ▶ Strong balance sheet, low gearing

# FORMAL BUSINESS



# ORDINARY BUSINESS

## **Consideration of Financial Report**

To receive and consider the financial report for the year ended 30 June 2012 and the accompanying directors' report, directors' declaration and auditor's report.

# ORDINARY RESOLUTION 1

## Ratification of Share Issue

That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders hereby ratify and authorise the allotment and issue of 7,250,000 fully paid ordinary Shares to institutional investors on the terms and conditions set out in the Explanatory Memorandum which accompanied the Notice of Meeting sent to Shareholders on 28 September 2012.

Summary of 187 proxy votes received totalling 20,418,552 shares

	#	%
For	19,776,758	97.11
Against	61,113	0.30
Open	528,135	2.59
Abstain	52,546	N/A

# ORDINARY RESOLUTION 2



## Re-election of retiring director

That William G Hames, BArch (Hons) MCU Harvard LFRAIA, MPIA, FAPI (Econ), having retired in accordance with the company's constitution and, being eligible, offers himself for re-election, be re-elected as a director of the company

Summary of 203 proxy votes received totalling 43,927,247 shares

	#	%
For	36,577,522	83.35
Against	1,531,090	3.49
Open	5,776,085	13.16
Abstain	42,550	N/A

# ORDINARY RESOLUTION 3

## Remuneration report

That the remuneration report that forms part of the directors' report for the financial year ended 30 June 2012, be adopted.

The remuneration report is set out in the directors' report on pages 8 – 14 of the 2012 financial report. Please note that the vote on this resolution is advisory only and does not bind the directors or the company.

Summary of 192 proxy votes received totalling 33,136,110 shares

	#	%
For	18,143,678	70.36
Against	1,879,224	7.29
Open	5,762,137	22.35
Abstain	1,588,934	N/A

# QUESTIONS



# ORDINARY RESOLUTION 4

If at least 25% of the votes cast on Ordinary Resolution 3 are against that resolution, to consider, and if thought fit, pass the following resolution:

## **Board spill resolution**

That:

- A specially convened general meeting (“the Spill Meeting”) be held within 90 days; and
  - All Directors who:
    - Were directors of the company when the resolution by the Directors to make the Directors’ report considered at this AGM was passed; and
    - Are not a managing director of the company who may continue to hold office indefinitely without being re-elected to the office in accordance with the ASX Listing Rules;
- cease to hold office immediately before the end of the Spill Meeting; and
- Resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting must be put to the vote at the Spill Meeting.

## Summary of 189 proxy votes received totalling 27,373,973 shares

	#	%
For	1,157,934	4.27
Against	20,158,856	74.38
Open	5,787,514	21.35
Abstain	269,669	N/A

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