

10 November 2014

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

Dear Sir / Madam

**2014 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  
2014 Annual General Meeting  
Chairman's Address**

**William Hames**

Good morning and thank you for joining us for the Cedar Woods Properties 2014 Annual General Meeting. My name is William Hames and I am the Chairman of Cedar Woods.

**Twentieth Anniversary**

As many of you know, this year marks the 20<sup>th</sup> year of the company's listing on the ASX in 1994. Since then, the company has grown from the owner of a small portfolio of Mandurah-based projects to an ASX 300 company with significant operations in three states.

Over that time, the company has developed a number of award-winning projects. In doing so we have earned a reputation for quality, affordability, sustainability and – maybe most importantly – for creating communities. We have always been passionate about developing projects where people can interact and enjoy a real sense of community, and this remains a key characteristic of Cedar Woods' projects today.

While the scale and profile of the company has changed over the past twenty years, Cedar Woods is still defined by the same values that it was founded upon: perseverance, vision and commitment. Reflecting on the company's history, I am proud of what has been achieved and look forward to the future with a sense of purpose and confidence.

**FY2014 Overview**

Positive market conditions for residential property continued throughout the 2014 financial year. Cedar Woods witnessed strong buyer demand across its existing portfolio in Western Australia and Victoria and this drove a record net profit after tax of \$40.3 million.

This represented a 10.9 per cent increase on the previous financial year.

The record profit performance allowed the board to declare a fully franked final dividend of 15.5 cents per share, bringing total annual dividends for 2014 to a record of 27.5 cents per share.

**Equity Raising and Upper Kedron Purchase**

One of the most significant events for Cedar Woods in the 2014 financial year was the purchase of a major development site in Brisbane, Upper Kedron. To provide funds for the acquisition and to maintain the company's robust balance sheet, we successfully raised \$25 million via a share placement to institutional and sophisticated investors and raised a further \$5 million through a share purchase plan.

This helped us maintain our strong financial position throughout the year. As at 30 June 2014, net debt stood at \$32.6 million and debt-to-equity was a low 12.5 per cent.

## **Portfolio Growth**

In total, we made acquisitions of more than \$100 million during 2014, while maintaining a strong balance sheet. This robust financial position supports Cedar Woods' ability to pursue growth opportunities through the development of its existing portfolio and through acquisitions.

The company maintains an active acquisitions program to maintain a healthy pipeline of projects. Management will continue to review and select properties through a disciplined and rigorous assessment process.

We have begun the 2015 financial year strongly, increasing presales from \$139 million to \$170 million during the first quarter, including lots settled to date.

## **Dividend Policy**

The record dividend declared for 2014 was consistent with the Board's policy of distributing approximately 50 per cent of full year net profit.

The current dividend policy provides a balance between returning funds to shareholders and retaining funds to grow the business, and it has served us well over time.

## **FY2014 Total Shareholder Return**

Cedar Woods delivered a 47 per cent return in 2014 and the company's share price also increased 42 per cent during FY2014.

Over three years, the Total Shareholder Return is 29 per cent annualised, and over five years it is 46 per cent. Annualised profit growth over 5 years is 34%.

And looking even further back, since listing twenty years ago, Cedar Woods' total shareholder return is 20 per cent on an annualised basis – reinforcing our message of consistent performance over time.

## **Outlook**

Looking ahead, Cedar Woods continues to be well placed to deliver consistent shareholder returns through the development of its significant and diversified property portfolio.

The current financial year's performance will be weighted towards the second half of the financial year, due to the timing of the release of project stages. This is not uncommon for Cedar Woods and the company's management remains focused on driving full year performance, rather than managing half-on-half fluctuations.

As a result, we anticipate a significantly lower first half profit result in FY2015 compared to FY2014, and the opposite result in the second half.

The company's financial performance in the second half of the financial year will be closely linked to the successful completion of construction at a number of project stages.

Residential property market conditions in both Western Australia and Victoria are strong and backed by solid fundamentals. Based on those market conditions continuing, we expect to deliver a net profit after tax for FY2015 at least in line with last year's record profit result.

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

On behalf of the Board, I would like to congratulate Cedar Woods' management team and staff for delivering a 2014 performance worthy of the company's twentieth anniversary year. The Board acknowledges their hard work and thanks them for their efforts.

I would personally like to thank my Board colleagues for their continued engagement and enthusiasm over the past year.

Finally, I would like to acknowledge the support of and contribution of the company's shareholders, some of whom have been with the company since listing. I firmly believe that long-term vision is needed to succeed in our industry, and this is a characteristic we share with many of our shareholders. Thank you for your ongoing support.

--- ENDS ---

# 2014 Annual General Meeting

10:00am  
10 November 2014

# Agenda

- |   |  |
|---|--|
| 1 | <b>Chairman's Address</b><br>Mr. William Hames   |
| 2 | <b>Managing Director's Review</b><br>Mr. Paul Sadleir  |
| 3 | <b>Formal Business</b> <ul style="list-style-type: none"><li>• Ordinary Business: Consideration of financial report</li><li>• Ordinary Resolution 1: Re-election of retiring director (Mr. Ronald Packer)</li><li>• Ordinary Resolution 2: Re-election of retiring director (Mr. Stephen Thomas Pearce)</li><li>• Ordinary Resolution 3: Remuneration report</li><li>• Ordinary Resolution 4: Non-executive directors' remuneration</li><li>• Ordinary Resolution 5: Ratification of Share Issue</li></ul> |

# Chairman's Address



Chairman

Mr William Hames



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CELEBRATING 20 YEARS  
AS AN ASX LISTED COMPANY

Cedar  Woods

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

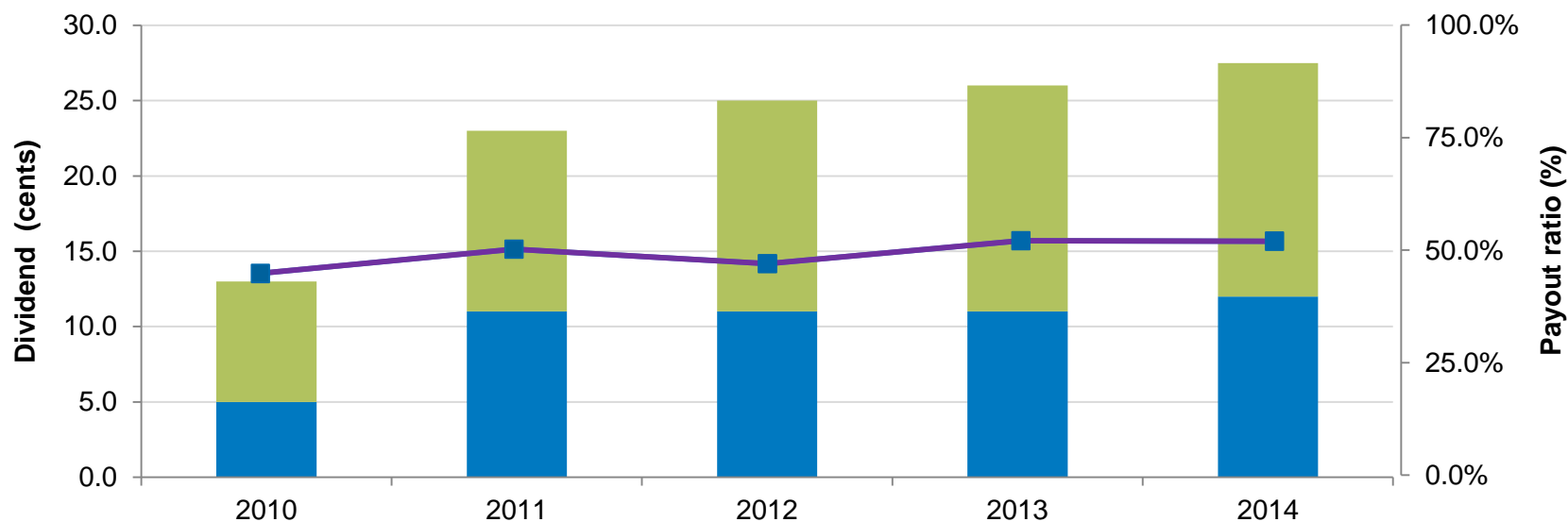


# FY2014 Highlights



- Record full year profit of \$40.3m, up 10.9% from FY2013
- Final fully franked dividend of 15.5 cents declared; record total fully franked dividend of 27.5 cents for FY2014
- Successful growth into Queensland with Upper Kedron acquisition
- Oversubscribed \$30m capital raising
- Strong balance sheet and low debt as at 30 June 2014
- Well placed for FY2015, with \$170m pre sales to date

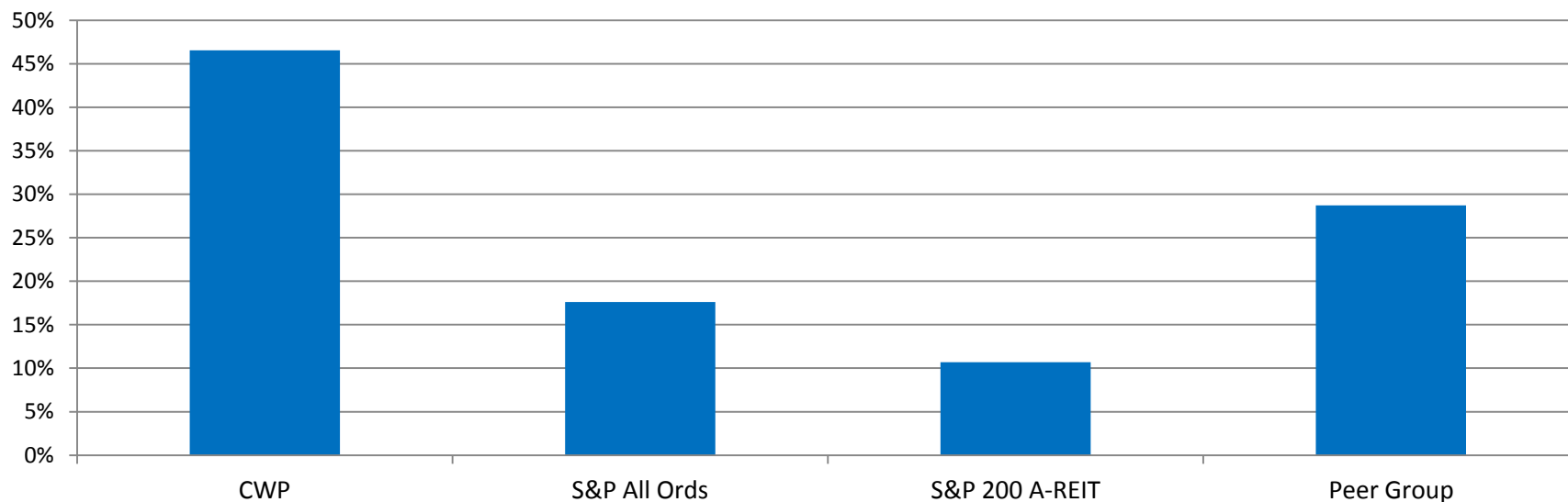
# Dividend Policy



- Fully franked interim dividend of 12 cents per share paid on 30 April 2014
- Fully franked final dividend of 15.5 cents per share paid on 31 October 2014
- Policy unchanged – approximately 50% of full year net profit

# FY2014 Total Shareholder Return

FY2014 Total Shareholder Return



- Total Shareholder Return of 47% over the financial year
- Cedar Woods' share price increased 42% during FY2014

# Outlook



- Well placed for continued growth through the development of diversified landbank
- FY2015 profit to be significantly weighted to the second half
- Likely to result in a significantly lower first half profit result in FY2015 compared to FY2014 and the opposite result in the second half
- 2H performance linked to construction programs at a number of project stages
- The company anticipates delivering a FY2015 net profit at least in line with last year's record profit

# Agenda

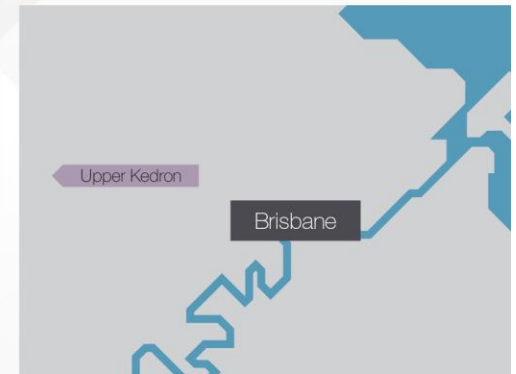
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# Managing Director's Review



Managing Director  
Mr Paul Sadleir

# Strong property portfolio and mature land bank



# FY2014 Financial Performance Summary

	FY14 (\$m)	FY13 (\$m)	Change (%)
Revenue	214.5	172.8	24.1%
Profit before income tax expense	55.6	51.4	8.2%
Net profit after tax	40.3	36.3	10.9%
Earnings per share	54.4 cents	49.9 cents	9.0%
Dividends per share	27.5 cents	26.0 cents	5.8%

- Strong revenue growth boosted by a larger contribution from built-form products at Melbourne projects
- Record net profit result
- Final fully franked dividend of 15.5 cents takes full year payout to a record 27.5 cents



# Portfolio Overview

- Increased demand, price growth across Cedar Woods' portfolio in FY2014
- A number of significant milestones reached at a number of projects
- Growth into Queensland with Upper Kedron acquisition
- Completion of first Pilbara project: Elements in South Hedland
- Mangles Bay Marina granted environmental approval from the Federal Department of Environment; now proceeding to planning phase

Elements, South Hedland



Mangles Bay Marina



# Williams Landing

Masters Home Improvement store



Williams Landing shopping centre \*



- Masters Home Improvement store opened in December 2013
- Williams Landing shopping centre set to open in December 2014
- Leasing activity has progressed in line with internal targets; has continued in FY2015
- Further commercial opportunities to follow

\* Artist impression

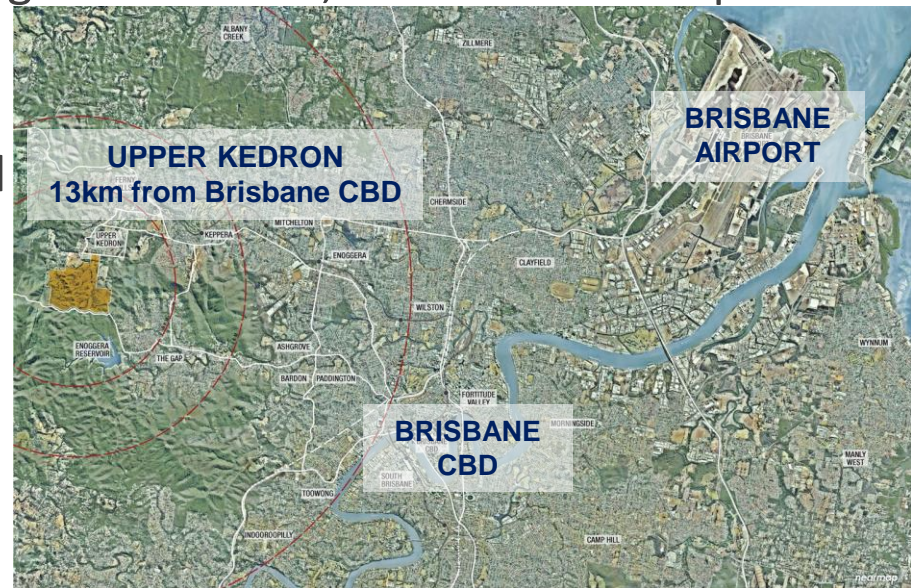
# Williams Landing

- Sustained demand for residential lots, driven by increased activity in the Williams Landing town centre
- Strong levels of FY2015 pre-sales; six stages under development



# Upper Kedron

- \$68 million plus GST to be paid in stages over four and a half years
- Planning application lodged in June 2014 (on program)
- More than 1,000 lots in well regarded suburb, with limited competition
- Brisbane office established
- Upswing in activity is expected over the next three years in Queensland



# Community Programs

Grubby Cubby House Challenge



Foodbank Volunteering



- Neighbourhood Grants Program: \$100,000 awarded since 2009 to 70 community organisations
- Participated in the Cubby House challenge, supporting Kids Under Cover
- Murdoch University 'Discover You Potential' scholarship
- Perth International Arts Festival sponsorship
- Property Industry Foundation
- Staff volunteering at Perth's Foodbank

# FY2015 – the year ahead

- Pre-sales at \$170 million at the end of Q1 (up from \$139 million in August), including lots settled to date
- Set to release new residential projects and stages to contribute to earnings in future years
- Leasing activities at Williams Landing Town Centre to contribute to FY2015 revenue
- Based on positive market conditions continuing, the company anticipates delivering a FY2015 net profit at least in line with last year's record profit
- Further guidance to be provided through the year

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# Ordinary Business

- To receive and consider the financial report for the year ended 30 June 2014 and the accompanying directors' report, directors' declaration and auditor's report.



# Ordinary Resolution 1



## Re-election of retiring director

That Ronald Packer, Bcom (UAW), FAICD, Solicitor Supreme Court of England and Wales, 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 227 proxy votes received totaling 52,609,997 shares

	#	%
For	50,667,408	96.34
Against	1,210,498	2.30
Open	717,061	1.36
Abstain	15,030	-

# Ordinary Resolution 2



## Re-election of retiring director

That Stephen Thomas Pearce, BBus (Acc), Grad Dip (Admin), FCA, AGIA, MAICD, 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 227 proxy votes received totaling 52,609,997 shares

	#	%
For	50,302,972	95.65
Against	1,574,934	2.99
Open	717,061	1.36
Abstain	15,030	-

# Ordinary Resolution 3

## Remuneration Report

That the remuneration report that forms part of the directors' report for the financial year ended 30 June 2014, be adopted.

Summary of 206 proxy votes received totaling 36,701,543 shares

	#	%
For	25,628,245	72.07
Against	9,206,456	25.89
Open	725,426	2.04
Abstain	1,141,416	-

# Ordinary Resolution 4

## Non-executive directors' remuneration

That, for the purposes of ASX Listing Rule 10.17, Cedar Woods Properties Limited's constitution and for all other purposes, the total aggregate amount of directors' fees that may be paid to non-executive directors as a whole be increased from A\$500,000 to A\$750,000 per annum (an increase of A\$250,000), effective from 1 July 2015.

Summary of 210 proxy votes received totaling 36,715,026 shares

	#	%
For	34,177,723	93.25
Against	1,817,160	4.96
Open	657,648	1.79
Abstain	62,495	-

# Ordinary Resolution 5

## 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 issue of 3,680,941 full paid ordinary Shares to institutional investors on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice of Meeting.

Summary of 218 proxy votes received totaling 21,482,524 shares

	#	%
For	20,098,074	93.98
Against	642,787	3.00
Open	646,325	3.02
Abstain	95,338	-

# Questions



# Disclaimer

## Disclaimer of liability

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This presentation is not financial advice or a recommendation to acquire Cedar Woods Properties Limited securities and has been prepared without taking into account the objectives, financial situation or needs of individuals.

# Cedar Woods

PROPERTIES LIMITED

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

On behalf of the Board, I would like to congratulate Cedar Woods' management team and staff for delivering a 2014 performance worthy of the company's twentieth anniversary year. The Board acknowledges their hard work and thanks them for their efforts.

I would personally like to thank my Board colleagues for their continued engagement and enthusiasm over the past year.

Finally, I would like to acknowledge the support of and contribution of the company's shareholders, some of whom have been with the company since listing. I firmly believe that long-term vision is needed to succeed in our industry, and this is a characteristic we share with many of our shareholders. Thank you for your ongoing support.

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