



CEDAR WOODS PROPERTIES LIMITED
Annual General Meeting 3rd November 2021
CHAIRMAN'S ADDRESS AND MANAGING DIRECTOR'S ADDRESS

William Hames, Chairman

Good morning and thank you for joining us for Cedar Woods' 2021 Annual General Meeting. My name is William Hames & I am the Chairman of Cedar Woods.

As it is now after 10.00 am and as a quorum is present, I formally declare the meeting open.

I welcome all our shareholders who are joining us in person today, or through the web platform.

Agenda

Turning to the agenda, I will provide a recap of our performance and highlight some of our other achievements in the 2021 financial year.

We will then hear from our Managing Director, Nathan Blackburne, who will review our property portfolio, provide some insight into the first quarter of FY2022 and discuss our outlook.

Finally, I will return to open the formal proceedings, as set out in the Notice of Meeting.

Voting on all resolutions will be conducted by way of a poll.

Shareholders will be able to submit their questions in writing on the Open Briefing platform at any time until the end of the meeting. If you have questions I encourage you to submit them as early as possible, because we have a moderator in place who will receive the questions and provide them to me. We have a long agenda and limited time, and may not be able to answer all questions. If you do have a question, it will help us if you can note the particular resolution to which it relates, unless it is a general question.

This session is being recorded and a webcast of today's presentation will be available via the ASX and our website after the meeting.

The Notice convening this meeting and related documents have been made available to shareholders on our website. I propose the Notice be taken as read.

The minutes of the previous General Meeting of members have been signed by the Chair in accordance with the Corporations Act, and have been placed in the Shareholders' Minute Book.

Chairman's Address

I would like to welcome my fellow Directors and members of our executive team who are with us today.

Robert Brown, Valerie Davies, Jane Muirsmith, Paul Say and Nathan Blackburne.

Paul Say is our East Coast director and he is unable to be here in person, but is joining the meeting by telephone.

Our strategy

I wanted to talk about our strategy, because it's key to our success and our ability to perform well in various market conditions that we face.

Our strategy is to grow our national portfolio, diversified by geography, product type and price point so that it continues to hold broad customer appeal and we can perform well in a range of market conditions.

This strategy is a key differentiator for our business. We are not exposed to a single market or single product type.

With some of our portfolio aimed at first homebuyers, we were able to benefit from the housing stimulus that was directed to more affordable product during FY21.

However with many of our projects nationally not qualifying for the stimulus, it was the quality and variety of the projects which drove our good financial results.

In line with our strategy, we have a presence in WA, QLD, VIC and SA, with a growing number of well-located projects in each state, and in FY21 we continued to deliver revenues and profits in all 4 states in which we are operating.

We have over 30 projects with over 9,500 lots. Significantly, this provides a substantial pipeline to support future earnings.

We have a clear view to the opportunities of the future, and we are confident in our ability to grasp them. As you have seen recently, we continue to invest with strategic acquisitions, which our Managing Director will tell you more about later.

Social responsibility – ESG (Environment, Social, Governance)

This year we significantly updated our ESG strategy and enhanced our ESG reporting, which has not only provided the Board with greater oversight but has provided greater transparency to you the shareholder.

Through our products and services, our company aims to play an important part in the betterment of people's lives, and more broadly the betterment of community over the long-term.

We know that now through our more structured approach we can make a difference in terms of decarbonising and in making people and families happier.

We have the resources to help do our bit, while also influencing others to do the same.

Our ESG strategy builds on our enviable track record on sustainability and social responsibility.

Our FY21 ESG report sets out what we are doing as a company, especially at our projects in terms of resource water and energy efficiency, minimising emissions and fostering community connection.

Some highlights of our achievements for FY21 include;

- Industry awards for environmental excellence, land management and transit-oriented development across a number of projects in the portfolio
- The establishment of our national partnership with The Smith Family, Australia's leading children's education charity
- Progress in Board succession with the appointment of Paul Say, our new director who is located in Sydney and who has substantial east coast property experience.

Our ESG report also sets out what we want to do in the future, and we've set ourselves an ambitious action plan

Further details are in our ESG report which you can find within our annual report.

FY21 Financial Summary

Let's briefly review the financial highlights for 2021.

As you are aware the company's results were impacted by the global pandemic but the metrics show the sharp rebound from the year prior.

The following outcomes were achieved for the 2021 financial year:

- Net profit after tax of 32.8million up 61% on last year's profit
- Earnings per share of 40.7 cents, up 60%,
- Full Year fully franked dividends of 26.5 cents up 39%; and
- Return on Equity of 8.2%.

Revenue improved, reflecting the ability of our diversified portfolio to respond to improved market conditions & the stimulus.

I am also delighted to report that we have begun the 2022 financial year strongly, converting a significant number of year end presales to settlements and making a significant number of new sales. At the end of the first quarter presale contracts totalled \$460 million, compared to \$332m at the end of the first quarter of FY21. That's an uplift of around 39% year on year. These strong presales provide a strong platform for the financial years ahead.

The company's balance sheet remained strong, with gearing at 28%, at the lower end of our target range of 20 – 75% and has reduced further since the end of the financial year, putting us in an even stronger position.

So, overall, a much better result than last year, and later Nathan will talk to you about our expectations for this year.

Relative Company performance – 1, 2, 3 & 5 years

Let's have a look at the company's performance over the last year 1, 2, 3 and 5 years relative to the ASX 300 index and our peer group, measured by total shareholder return.

Cedar Woods outperformed the ASX300 on all of the time periods measured.

Against the peer group, while we were marginally outperformed in FY21, our performance is superior over a longer time period.

This is something we are proud of and is driven by our strategy, the quality of our portfolio and the job that management is performing.

Accordingly, Cedar Woods has continued to enjoy strong interest from new and long-standing shareholders.

We closed yesterday at \$5.86, on a historical PE ratio of 14, reflecting the buoyancy of housing markets, tempered with the market's expectations of interest rate increases.

Agenda

On behalf of the Board, I would like to congratulate Cedar Woods' management team and all employees for their performance and endeavours in what has been a challenging 2021 and for placing us in a solid position going forward into 2022. 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 thank our shareholders for your ongoing support.

I will now hand over to our Managing Director, Nathan Blackburne

Nathan Blackburne, Managing Director,

Managing Director's Review

Thanks William and good morning everyone.

I'm going to provide an overview of the year's activities, challenges and achievements and then provide some commentary on the outlook.

FY21 Overview

FY21 was an extraordinary year in many respects, one which bred plenty of challenges for our sector but also some incredible opportunities.

I am really pleased in particular that we delivered the result we did, despite the fact that the majority of our projects didn't qualify for government stimulus - mainly because of the status of construction or the price point.

We've also set the business up well for the years ahead and are confident that we can continue to perform well.

The company continues to deliver on its strategic priorities.

Cedar Woods is financially strong with record presales, low gearing and a demonstrated ability to perform through the cycles.

We settled over 1,000 apartments, townhouses, land lots & strata offices in FY21, a record number for the company and demonstrative of the levels of activity we have in the business. We aim to better this number in coming years.

In pursuit of Operational Excellence, and throughout this difficult period, we continued to invest in systems that support the execution of our Strategy. This shows our long term view and this investment is paying off with greater efficiencies, better systems integration, stronger controls and better data to inform our decisions.

Our enhanced ESG strategy is important to me and there is strong ownership of our desired outcomes throughout the business.

We are playing an active role in the communities we operate within & are regarded for what we give back & the environmental credentials of our developments. To reflect this we added a new value to our core values called '*We create community connection*' & established our partnership with The Smith Family.

In terms of our culture, we are a purpose driven, values-based company with a cohesive, high-spirited team. This will continue to be important in the war for talent as the skills shortage takes hold for businesses around the country

Earnings Growth: Acquisitions

Our portfolio now includes a pipeline of over 9,500 lots and dwellings.

To support future earnings, we've maintained a growth mindset acquiring 4 sites across the nation in the last 15 months, with several others under consideration.

With capacity in the portfolio to achieve our short to medium term earnings growth targets, we are now concentrating on acquisition prospects that can deliver sustained growth by adding to earnings from FY25.

To achieve this, we have enhanced our capability by recruiting a National Acquisitions Manager and additional resources in each state.

Projects showcase

Thoughtful and well-designed projects are key to our approach and, to give you some insight to this, I wanted to show three projects we are working on.

Glenside

In South Australia, where we have 2 projects, Glenside is only 3km from the city and will deliver 1000 townhouses and apartments over its 17 hectares. This is a substantial development that is proving successful, it fits with our business model neatly and will continue to generate sales beyond FY27.

This drone shot shows the apartments buildings and townhouse stages that we have delivered to date.

Monarch Apartments

Monarch Apartments, our third apartment building at Glenside, with 61 1, 2 and 3 bedroom apartments.

We released this a couple of months ago and have sold 80% of the project within this timeframe, allowing us to bring forward construction.

The project has excellent sustainability credentials and I wanted to give you a feel for the sorts of initiatives we've embraced at the project.

It has

- 7-Star Energy Rating, which is high
- Double glazed windows
- Automated natural ventilation to corridors
- Solar powered communal areas for energy efficiency and
- Electric car charging facilities

The development achieves high environmental standards and premium pricing, - a price increase of around 5% on the previous apartment project, as these are the features buyers are looking for.

Glenside townhouses

In July 2020 we launched a new stage of townhouses at Glenside, and the sales were excellent. We sold out prior to construction commencing in March 2021. The average price of these was around \$1m, which is double the Adelaide median home price of \$540,000.

These are two level 3 & 4 bedroom townhouses that have been popular with downsizers & families.

Mason Quarter

Mason Quarter is located within the suburb of Wollert 25km north of Melbourne's CBD. Mason Quarter targets young families wanting a block of land, a house and land package or a townhouse.

Mason Quarter

We are also offering fully packaged to customers who don't want to go through the process of building themselves.

The first release of townhouses features a collection of five, 2, 3 & 4 bedroom configurations.

We have achieved our full year sales budgets within 5 months at the project, well exceeding our acquisitions assumptions.

Having added to our landholding through a strategic acquisition adjacent to Mason Quarter we expect to be generating sales at Wollert-located projects well beyond FY27.

Incontro, Subiaco, WA

Our Incontro Subiaco development will deliver a mix of townhouses & apartments on a former TAFE site & it's really smartly designed.

The townhouses are now completely sold and strong price growth was achieved over the 6 month sales period with prices starting at \$850,000 & up to \$1.2m.

Our customers are excited about getting into their new development.

Incontro, Subiaco, WA

Here are some images of the Subiaco townhouses - which are appealing to two buyer profiles - downsizers and young professionals.

First settlements are due in FY23.

Incontro Apartments

In October we achieved planning approval for the 110 apartments at this highly sought after location.

We immediately launched the project and are happy with the sales achieved in the first weeks of the campaign, with strong interest from downsizers, first home buyers and upgraders.

The project has excellent sustainability credentials. It has an average 7.5-Star rating, which is high, solar panels, electric car charging facilities, sustainable fixtures and fittings.

Market Conditions: New Housing Sector

I wanted to provide an overview of market conditions for the new housing sector.

Buyer confidence, low unemployment, low interest rates, limited supply and pent-up demand are the fundamentals supporting the sector.

These factors are resulting in strong enquiry and sales across all four states and across apartments, townhouses, land estates and strata offices.

In recent weeks we have had some incredible success with our latest strata office development in Melbourne, called Boston Common, where we have sold 40% of the development within a month of release.

Price growth is outpacing cost increases in most markets – we continue to actively manage costs with builders and have been able to increase prices to offset additional costs.

Immigration is expected to return and sustain the new housing sector's performance, & there is potential for this to create strong demand.

Demand for new housing is expected to be elevated for at least the medium term, but with some interim volatility due to COVID-19 & variations by location

Outlook

Now to comment on the outlook.

There are solid fundamentals supporting the new housing sector & this is expected to continue for some time.

Our national pipeline of more than 9,500 dwellings, offices and lots, many in high demand locations with low competition, positions the Company well for the future.

Demand is strong across the company's geographies & product types & strong earnings growth is expected for FY22.

Continued growth in earnings is expected into the medium term, underpinned by pre-sales of \$460m & new projects delivering first contributions.

Earnings projections are of course subject to COVID-19 related impacts & general economic conditions, all of which we observe closely and try to stay on the front foot.

And together with recent acquisitions announced, we are currently assessing a number of additional sites to support earnings growth in future years.

I'll now hand back to our Chairman.

Authorised by: Cedar Woods Board of Directors

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