



CEDAR WOODS PROPERTIES LIMITED
Annual General Meeting 6th November 2024
CHAIRMAN'S ADDRESS AND MANAGING DIRECTOR'S ADDRESS

William Hames, Chairman

Good morning and thank you for joining us for Cedar Woods' 2024 Annual General Meeting. My name is William Hames & I am the Chairman of Cedar Woods.

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

I would like to begin by acknowledging that this meeting is being held on the traditional lands of the Noongar People from the Whadjuk region. I would also like to pay my respects to Elders past & present.

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 strategy, discuss our financial performance in FY24 and comment on the share price.

We will then hear from our Managing Director, Nathan Blackburne, who will provide a business update, showcase some of our projects, comment on market conditions and finally comment on our outlook.

Then, 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 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 & 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 and have been placed in the Shareholders' Minute Book.

Chairman's Address

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

Introduce directors –

Nathan Blackburne, Robert Brown, Valerie Davies, Jane Muirsmith, Paul Freedman (Co Sec)

Paul Say is based in Sydney & is joining the meeting by telephone.

Our Strategy

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

This strategy is a key differentiator for our business. The strategy is proving successful with the strong relative financial returns that we've been able to deliver over the longer term.

Cedar Woods has multiple product types in 4 states & different price points appealing to varying buyer profiles.

This is as important as ever, so that we can have product that attracts different buyer profiles & better earnings outcomes.

As noted last year, we have been reshaping our portfolio in the way we grow the land bank.

With capital being precious and the cost of debt remaining elevated we have been progressing our partnering strategy.

We will continue however to acquire & develop our own projects, while a portion of the portfolio is conducted with our valued partners.

Nathan will highlight progress with our partnerships later.

FY24 Financial Summary

Let's briefly review the highlights for last financial year.

In FY24, we delivered a net profit after tax of \$40.5m, up 28%, & revenue of \$386m from 1,140 settlements. This resulted in a return on equity of around 8.8% & earnings per share of 49.2 cents, also up 28%.

The Board declared a final dividend of 17 cents, fully franked, taking full year dividends to 25 cents, up 25%. This reflects a payout ratio of approximately 51% of net profit after tax. We are mindful of the importance of the dividend to our shareholders & have balanced this with our future capital needs, to ensure our balance sheet remains well funded & to support growth opportunities across the business.

Over the year, we contracted sales of 1,201 lots / homes / offices, around double the previous year; & at 30 June we held presale contracts with a value of \$559m. This represents a strong outcome, especially when considered in the context of total revenue for the year & in fact has risen to \$560m at the end of September, as announced in the first quarter update.

These presales will deliver revenue in FY25 & in FY26.

Overall, FY24 was a much-improved year. Later on, Nathan will talk to you about our expectations for this year.

Share Price Performance

On our share price, let's have a look at the performance in the last two financial years and so far in the current year.

We have momentum building in the business with a record number of lots settled in FY24 and this is forecast to be higher in FY25

Recently we have provided guidance to assist in providing confidence for FY25 earnings, our partnering strategy is well under way and has been well received by investors.

History shows there is a negative correlation between interest rate movements & the price of property stocks. Our share price was impacted by the increase in interest rates since April 2022, but more recent stability in rates and the prospect of rate reductions have helped the stock.

Our sector fundamentals remain strong as there is a deepening housing supply shortage, strong employment & a high rate of inbound migration, which will continue to support demand.

Sector tailwinds have strengthened in the last year, backed by government policy towards housing construction, & (as the graph shows) sentiment is starting to return in favour of listed property companies like Cedar Woods.

Nathan Blackburne, Managing Director,

Managing Director's Review

Thanks William and good morning everyone. We appreciate you all joining us today.

I also wanted to acknowledge the Traditional Custodians of the land from which we are presenting to you today, the Noongar People from the Whadjuk region.

I'm going to provide an overview of the year's activities, challenges & achievements, review some of our projects & then talk to the outlook.

FY24 Overview

FY24 was a successful year for Cedar Woods, and the foundation has been laid for an even better FY25.

We now have a portfolio of 40 projects & pipeline of a ~10,000 lots to support future earnings.

We have a record number of lots under production, and in FY24, we generated an NPAT of \$40.5m and good forward presales which will contribute in FY25 and FY26.

Conditions have generally been favourable for our business with good population growth, housing supply shortages and low unemployment underpinning the performance of our sector. Market conditions do vary around the country but overall they have been positive.

With a healthy pipeline of quality projects, we are generally securing the builders we need to complete jobs in each state though there is a shortage of apartment builders in WA and Queensland and that is slowing down the production of apartments for the whole industry.

We have worked hard to create the best working environment we can for our people. Our value proposition for staff is compelling, especially with the opportunity to work on different types of projects, coupled with our strong financial position and appetite for growth. Overwhelmingly staff want to be part of something that's on the move and with credible growth prospects.

We have had a greater focus on career development & upskilling which also helps support our culture and all this has given rise to high staff satisfaction results.

We continue our investment in systems & tech, particularly in cyber security, where we have worked further to minimise the risk of an incident. We also invested further in our sales & marketing systems providing for both better data capture & better lead conversion and are working towards automation of our accounts payable system which will lead to efficiencies in processing and payments.

We have a pipeline of approximately 10,000 lots which, with the limited national supply & strong immigration, will support future earnings.

New Partnerships: QIC & Tokyo Gas Australia

As part of our Strategy we are supplementing our portfolio with projects that are undertaken in partnership.

The Partnering Strategy is a strategic pivot that will see a greater portion of future earnings coming from partnering arrangements.

Partnering allows us to:

- scale up the business in a capital efficient manner,
- amplify return metrics,
- deliver sustainability outcomes,
- leverage the existing skills base,
- further diversify the project portfolio,
- access larger scale sites and
- generate fee income for recurring earnings.

Further diversification & greater scale allows the Company to perform more consistently through the cycles.

So far we have established partnerships with QIC & Tokyo Gas, presenting exciting opportunities for Cedar Woods to participate in projects of scale without committing to the entire capital requirements.

QIC & Tokyo Gas (TG) are both substantial & experienced partners.

The QIC partnership offers us access to well-located sites in major town centres for developing apartments & townhouses at a time when those housing forms are in short supply. Our first JV will be at the Robina Shopping Centre in QLD.

Tokyo Gas has selected Cedar Woods as a national development partner .

We recently announced a 3rd project with TG, being an apartment development in Subiaco which helps fulfill their plans to deploy \$600m into property globally, particularly Australia. The intention with both partnerships is to expand them with more projects & we continue to evaluate opportunities.

ESG

ESG ties in with a number of our key values, one of which is 'we think about tomorrow' which encapsulates the value we place on sustainability & innovation.

This year we achieved good progress in delivering on the ESG strategy, and some of our achievements are shown on the slide.

We continued to work on abating our corporate carbon footprint through adopting green & solar power at our offices and sales centres, resulting in around 40% reduction in Scope 2 emissions across our facilities.

We advanced our program to measure & report on our project emissions in preparation for mandatory climate reporting by FY27.

In FY24 we maintained our strong safety record, recorded an improvement in score in our staff satisfaction survey, & we continue to provide support to the broader community with initiatives such as our ongoing sponsorship of The Smith Family & our community grants program.

We pride ourselves in taking steps to innovate in our products. The Bloom retirement model, which was a concept developed by Cedar Woods has been successfully rolled out in South Australia, with the first stage fully sold and residents expected to be moving into their homes later this financial year.

And in our latest staff survey we achieved an 85% staff satisfaction score, and outstanding result which beat the previous year's score of 81%.

New Housing Sector Conditions

I'll now touch on the market conditions we are experiencing & talk more about our sales.

This graph shows our gross sales by quarter going back to Q1 FY21.

All buyer categories have been active over the last year, with first home buyers & investors well represented and sales up overall by 73%.

Sales have been most buoyant in WA where the economy is strong & property is more affordable, with QLD and SA also performing well. The sales volumes and price growth in QLD more recently have been encouraging.

Sales remain weak in Vic, and I expect that to remain so over FY25. The VIC government has started easing some of the property taxation burdens in recent weeks and with what is now an affordability advantage in VIC, could see conditions improved markedly in FY26.

Pleasingly, our Q1 presales balance is up 12% on the same time last year

Sales growth is a positive forward indicator, as these sales translate to settlements & revenue in future periods.

New Housing Supply Shortages

There is a significant shortfall in the housing across Australia.

Housing demand is currently running @ around 240,000 pa & the government has set a target of 1.2m homes within 5 years.

Housing supply is expected to generate around 175,000 dwellings in 2024 & is expected to average around 180,000 in the out-years which means that the housing supply shortage will continue.

Australia is forecast to have a shortfall of 260,000 new homes by mid-2029.

The supply of housing also affects the rental market. Nationally, the rental market is tight with low vacancy rates in all capitals.

This is going to take many years to fix and positions Cedar Woods well with our significant number of shovel ready projects, long pipeline and our strategic partnerships.

Market Conditions – Price Growth

Australian dwelling values increased on average by 8.0% over FY24.

The persistent growth is despite higher interest rates and affordability challenges and this comes down mainly to the lack of supply, but also the strong employment outcome.

There were significant price growth variations from state to state which you can see from this chart on the left with Perth strongly outperforming all other states, but Brisbane and Adelaide seeing strong growth as well. The Melbourne market is the weakest nationally with no growth in prices experienced there.

This largely echoes the performance of our own portfolio over FY24 but with our own price growth in Perth stronger than the 17.5% shown in this chart.

With a significant Perth portfolio this is helping with the earnings outlook and restoration of margins.

Market Conditions – Interest Rates

Interest rates are widely expected to start reducing in 2025 and with affordability holding back some buyers this is expected to help sustain, or even propel, demand for new housing when it occurs.

The next rate-cutting cycle would further increase the amount that people can borrow for housing and catalyse buyers that are holding out for a rate cut. Rate cutting cycles historically have seen material surges in sales volumes - looking at the last nine cycles, volumes generally rise ~26% over the cycle.

Whilst there are a number of variables to consider, reductions in interest rates should support both owner occupier & investor demand across our products, but especially first home buyers which many of our projects appeal to.

Projects Showcase

Well-designed & sustainable projects are key to our approach and to give you some insight to this, I wanted to show 3 projects we are working on.

Eglinton, WA

The Eglinton project is a major masterplanned community with over 1,200 residential lots, a school & a shopping centre. It is 47 km north of the CBD in a corridor that is performing strongly

The project got off to a good start with sales that contributed to profits in FY24. It is only a recent acquisition but has been our top performing project, out of 40 nationally, over the year.

The estate is located 500 metres from the Eglinton train station which recently opened. We've sold around 200 lots so far with the first settlements occurring in FY24, and there's about 10 years of supply left.

Prices increased around 30% during FY24 due to strong demand, with interest from FHBs investors, upgraders and downsizers.

The estate provides a Community Energy Sharing Network (or microgrid) which consists of a private network, with solar power from rooftop panels linked to a community battery. This will lower energy bills for our customers and most of the buyers so far have opted into this network.

Mason Quarter

Mason Quarter is a good example of one of the company's residential estates.

It comprises 800 dwellings, two schools, community facilities & open space.

The estate is positioned as a premium estate in Melbourne's north attracting first home buyers and second home buyers.

The Mason Quarter estate was one of the highest performing projects in its growth corridor recording over 250 settlements during FY24.

Sales though at this estate were slower over FY24 however due to the generally subdued conditions across Victoria.

Fletcher's Slip, SA

Fletcher's Slip is an waterfront urban renewal project located in Port Adelaide, SA.

It comprises over 400 townhouses and apartments located within a short walk of a train station and many of which have direct frontage to the Port River.

The project caters to a wide range of buyers including downsizers, first home buyers and investors and has townhouses priced between \$700,000 and \$1.1m.

A considerable number of settlements are expected from the project over FY25 and FY26, contributing to earnings in those years.

Outlook

Currently, the conditions for the housing sector are favourable in the states we operate in, except Victoria. I expect Victoria to improve in 2025 given it has now developed an affordability advantage.

Cedar Woods starts FY25 in a strong position with \$560 million in Q1 presales, expected to settle over FY25 and FY26.

The balance sheet is in good shape, with low gearing and significant liquidity to fund our developments and further acquisitions.

We continue to look for new acquisitions, in support of our growth strategy.

The partnership strategy is progressing well, with 3 underway with Tokyo Gas & one underway with QIC, & plans with both partners to expand upon this.

The Company is targeting 10% growth in NPAT for FY25 & is well placed for the medium term with a pipeline of more than 10,000 undeveloped dwellings, lots & offices across four states.

Authorised by: Nathan Blackburne, Managing Director

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