



CEDAR WOODS PROPERTIES LIMITED
2019 Annual General Meeting
Chairman's Address

William Hames

Good morning and thank you for joining us for Cedar Woods' 2019 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.

Agenda

Turning to the agenda, I will provide a recap of our performance and highlight some of our other achievements in the 2019 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 FY2020 and touch on our outlook.

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

This session is being recorded and an audio webcast of today's presentation will be available via the ASX and our website later today.

The Notice convening this meeting has been issued to shareholders. If there are no objections, I propose the notice of meeting 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, which is available for inspection by any member.

Chairman's Address

Before we begin, I would like to introduce my fellow Directors:

- To my right, Nathan Blackburne our Managing Director
- Robert Brown, Deputy Chairman
- Ronald Packer, our lead independent director, who chairs all our board committees
- Valerie Davies, independent director
- Jane Muirsmith, also an independent director
- And Paul Freedman our Company Secretary

Also present is Leon Hanrahan, our Chief Financial Officer and our WA State Manager, Ben Rosser.

Delivering FY2019 results

Let's briefly review the financial highlights for 2019. We were pleased to report a record profit and dividend that were driven by a strong performance across the business:

- Revenue was up 56%, reflecting an improvement in sales and, an increasing contribution from built form projects which include office developments
- We achieved a net profit after tax of \$48.6 million up 14% on last year's profit, with
 - Earnings per share of 60.9 cents, up 13%
 - Full Year fully franked dividends of 31.5 cents, up 5%
 - Improved Return on Equity of 12.9%
 - a Total Shareholder return of 5.3%
- These metrics compare very well to the peer group and show that we are performing well
- Presales stood at \$330m, up \$10m on the prior year.
- I am also delighted to report that we have begun the 2020 financial year strongly, increasing presales to \$409 million at the end of the first quarter. This compares to \$376m at the end of the first quarter of FY19 and provides a strong platform for the financial years ahead.
- And the company's balance sheet remained strong, with gearing at 28%, at the lower end of our target range of 20 – 75%

FY 2019 share price performance

Let's have a look at the company's share price performance over the previous year and for the first few months of this year.

Global and Australian stock markets continue to be volatile and Cedar Woods was impacted by this during FY19 with the share price dipping mid-year in response to sentiment on world markets.

Since then we've seen improving sentiment towards property stocks as the markets anticipate a national recovery in housing stocks and equities in general, as the Reserve Bank has eased interest rates.

Cedar Woods has seen strong interest from new institutional and retail shareholders. This is also in part a result of the solid FY19 performance, our leverage to WA and the strength of our portfolio more generally.

We are now trading around \$7.00 and a historical PE of 11.5 in recognition of the company's strong FY19 result and market expectations of improving property markets.

We continue to implement our growth strategy and are confident in our future. As you have seen recently, we continue to invest in that future with strategic acquisitions, which our Managing Director will tell you more about later

Our strategy

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.

In line with our strategy, we now have a presence in WA, QLD, VIC and SA, with a growing number of well-located projects in each state, and for the very first time we produced revenues and profits in all 4 states in which we are operating.

We have over 30 projects with over 10,000 lots, a substantial pipeline to support future earnings.

We are successfully delivering housing lots, townhouses, apartments and commercial developments.

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

Social responsibility

Cedar Woods plays an active role in both the business community and the residential communities it creates. One example is an initiative we proudly developed in 2009 in Victoria - a Neighbourhood Grants Program where we provide financial support to grass roots community organisations. This has now been rolled out around the country and is making a real difference.

A portion of the price of every lot sold is pooled and then given to community groups like the Mundijong Volunteer Fire Brigade which used funds we gave them to purchase training equipment

Another example is the Mainly Music Group in Brisbane which used the funds we gave them to purchase new music equipment for the children who attend the classes they hold.

We've supported more than 150 community groups across Australia with total grants of over \$500,000.

On behalf of the Board, I would like to congratulate Cedar Woods' management team and all employees for another strong year in 2019 and for placing us in a solid position for 2020. 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.