

Cedar Woods Properties Limited  
A.B.N. 47 009 259 081

# 2012 ANNUAL REPORT



# CONTENTS





Cedar Woods – world class property developer, producing award winning residential communities and apartment projects.

Cedar Woods' Objective	1
About Cedar Woods	2
2012 Highlights	3-4
Report to Shareholders	5-10
Overview of Projects	11-18
Performance Record	19
Corporate Directory	20





# CEDAR WOODS' OBJECTIVE

Our primary objective is to create value for our shareholders through growth in earnings.

Cedar Woods' projects are sensitively developed with consideration for environmental and community interests.

In meeting our primary objective we seek to:

- communicate the company's progress to shareholders and the investment community;
- satisfy customers' expectations through excellence in property development;
- align the interests of the company and its employees and provide employees with the opportunity of growth and development;
- have our citizenship recognised by the communities in which we operate and be recognised as environmentally responsible; and
- maintain the highest ethical standards.

#### ABOUT CEDAR WOODS

Cedar Woods Properties Limited is an Australian property development company. The company was established in 1987 and has been listed on the Australian Securities Exchange since 1994, trading under the security code 'CWP'. Its market capitalisation is approximately \$275m.

The company's principal interests are in urban land subdivision and built form development for residential, commercial and industrial purposes. Its portfolio of assets is located in Western Australia and Victoria.

The board and management of Cedar Woods have extensive experience in the property industry, with particular expertise in adding value to land holdings through the achievement of government and local authority approvals and the planning and design process.

Cedar Woods has consistently generated profits and dividends for shareholders, whilst achieving excellence in product delivery, as recognised by several national awards and many state awards, including the categories "Best Residential Estate" and "Environmental Excellence" and most recently, "Best High Density Development". In the investor relations arena, the company is a past winner of 3 ARA silver awards for its Annual Report.

Cedar Woods' projects are sensitively developed with consideration for environmental and community interests and built to a high quality that is renowned in the marketplace.

Through the rapid expansion of its build form development portfolio, Cedar Woods has earned a reputation of delivering high quality apartments for both the owner-occupier and investor market.

The company has a strong focus on shareholder value and its record in delivering quality developments to the market has produced a strong earnings stream, providing consistently high returns to shareholders.



# 2012 HIGHLIGHTS



In 2012 Cedar Woods' full year profit rose 22% to \$34.25 million.

- Record full year profit of \$34.25m, up 22%
- Earnings per share of 53.2 cents, up 16%
- Full year dividend of 25 cents (fully franked), up 9%; full year payout ratio to remain at 50% of net profit
- \$140m in presales at projects completing in FY2013 & FY2014
- Net debt to equity ratio of 2% at 30 June 2012
- \$110m bank facility in place until November 2014; \$98.9m headroom available
- Four new projects successfully launched; significant pre-sales in place
- Completed major new acquisitions in Western Australia and Victoria

#### 2012 FINANCIAL RESULTS SUMMARY

Year ended 30 June	2012 \$'000	2011 \$'000	Change (%)
Revenue	170,474	131,839	+ 29.3%
Net profit after tax	34,250	28,060	+ 22.1%
Total assets	238,314	233,595	+ 2.0%
Net bank debt	3,822	55,100	(93.1%)
Shareholders' equity	184,626	129,549	+ 42.5%

#### 2012 KEY PERFORMANCE INDICATORS

Year ended 30 June		2012	2011	Change (%)
Basic earnings per share	¢	53.2	45.8	+ 16.1%
Dividends per share – fully franked	¢	25.0	23.0	+ 8.7%
Total shareholder return (1 year)	%	-5.3	71.0	(76.3%)
Net bank debt to equity – 30 June	%	2.1	42.5	(40.4%)
Interest cover	x	8.8	9.1	(3.3%)
Net asset backing per share – historical cost	\$	2.56	2.10	+ 21.9%
Shares on issue – end of year	'000	72,190	61,818	+ 16.7%
Stock market capitalisation at 30 June	\$'000	256,995	247,272	+ 3.9%
Share price at 30 June	\$	3.56	4.00	(11%)
Return on equity	%	18.6	21.7	(3.1%)
Return on capital	%	28.1	22.8	+ 5.3%

Reference should be made to the financial performance summary on page 19 of this Annual Report which tables the financial performance of the company over the last five financial years.



# REPORT TO SHAREHOLDERS





In 2012, Cedar Woods delivered a record profit of \$34.25 million. Net profit increased 22% and earnings per share increased 16%.

## 2012 Financial Result

In 2012, Cedar Woods delivered a record profit of \$34.25 million. Net profit increased 22% and earnings per share increased 16% to 53 cents per share.

Although market conditions continued to be challenging in 2012, Cedar Woods achieved a second consecutive record profit for the year. The robust result reflects the increased profitability of the company's projects particularly in Melbourne and the strength and diversity of Cedar Woods' property portfolio.

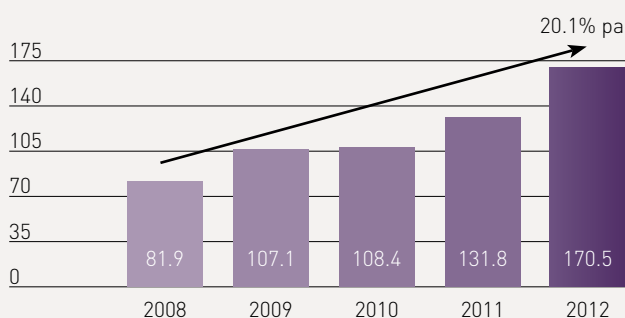
Cedar Woods remains in a strong financial position with a \$110 million debt facility in place until November 2014 and \$98.9m headroom available. The company remains modestly geared with net bank debt to equity at 30 June 2012 at 2%. Interest cover is comfortable at nine times, similar to FY2011.

Cash flows from operations improved significantly during the year as a number of apartments and house and land products settled, releasing capital invested in previous years.

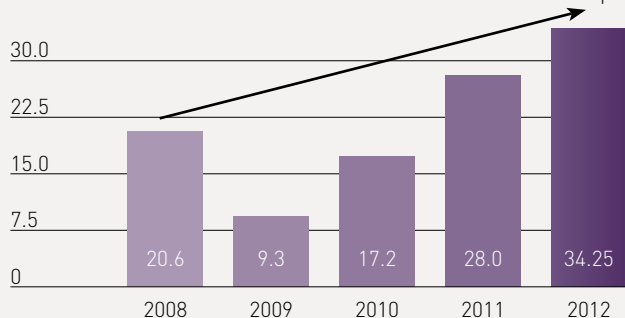
The company has been selective in its acquisitions in FY2012, boosting its land bank with the \$12m purchase of land at St Albans in Melbourne, the \$22m investment in land at Baldvins North in WA and a \$6m investment in the Batavia Marina Apartments project in Geraldton, WA.

Despite the company's record profit, strong balance sheet and positive outlook, the company's share price dropped over the financial year from \$4.00 per share at 30 June 2011 to \$3.56 at 30 June 2012, reflecting the weak sentiment in global stock markets and the Australian listed property sector in particular. However this was offset by a fully franked full year dividend of 25 cents per share, up 8.7%, providing solid returns to shareholders.

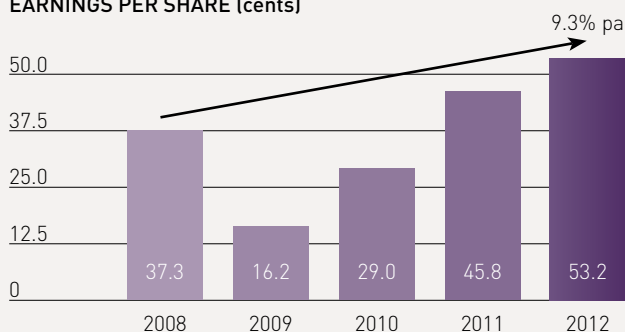
### REVENUE (\$m)



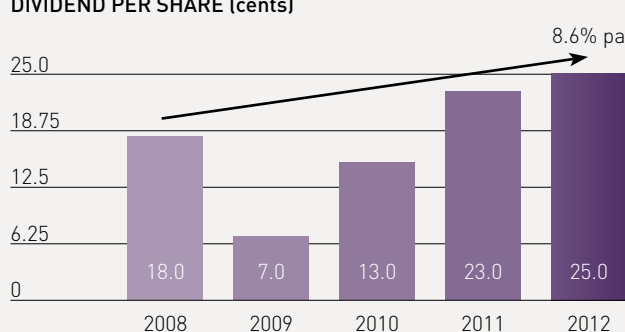
### NET PROFIT (\$m)



### EARNINGS PER SHARE (cents)



### DIVIDEND PER SHARE (cents)



# REPORT TO SHAREHOLDERS



## Net Tangible Asset Value

To satisfy ongoing bank financing requirements, the company recently received independent valuations over all of the major projects in the portfolio.

Based on these independent valuations and an internal assessment of the remaining properties in the portfolio, on a market value basis the company estimates that its net tangible assets (NTA) per share is approximately \$5.35. This figure does not take into account corporate tax payable upon the sale of the properties, the value of any other projects under consideration or the value of the company's available franking credits which are currently approximately \$32m.

The NTA calculated from the company's audited accounts is based on values of properties representing the lower of cost and net realisable value. The NTA on a market value basis assumes the orderly disposal of the properties and is based on current market conditions.

The excess of market value based NTA over reported NTA has been driven by the strong performance of a number of key projects, together with the fact that many of the company's properties were acquired some time ago at much lower values than those now prevailing.

The market value based NTA is influenced by a number of factors including changes in the economic environment, prevailing property market conditions in the sectors in which the company

operates and the company's capital management initiatives. Since the last market based valuation of approximately \$6 per share was disclosed on 7 October 2010, the company has paid fully franked dividends of 42 cents per share and issued 11,540,105 new ordinary shares, including shares issued under the company's dividend reinvestment plan and the recent placement and share purchase plan.

Based on the above valuation analysis, the Board remains firmly of the view that the current market value of the company's projects is substantially above the value reflected in its share price.

## Capital Management and the 2012 Dividend

In April 2012 Cedar Woods conducted a successful equity raising, comprising an institutional placement and a share purchase plan. The board was delighted with the support for the raising, with both the placement and share purchase plan oversubscribed. A total of \$30.5m was raised to fund working capital and the company's growth initiatives.

In light of Cedar Woods' strong financial result, and in accordance with the company's dividend policy, your board has declared a fully franked final dividend of 14 cents per share. This brings the full year payout to a record 25 cents per share (23 cents per share in 2011), providing an attractive yield based on the current share price, and representing an 8.7% increase on last year's full year dividend. The final dividend will be paid on 31 October 2012.



## Cedar Woods' strong financial result for 2012 saw a 8.7% increase on the previous year's full year dividend.

The dividend reinvestment plan (DRP) will be available for the final dividend and shares under the DRP and Bonus Share Plan (BSP) will be offered at a 2.5% discount to the weighted average market price for the 10 days to 12 October 2012.

### Economy and the Property Market

While the Australian economy has been faring well overall, conditions remain mixed across the economy. National economic growth is expected to be approximately 3.5% for 2012 and 3% for 2013<sup>1</sup>, with most of the growth driven by the resources sector. Unemployment remains at low levels however, (5.2% nationally) and annual weekly wages have continued to rise. The Reserve Bank of Australia has reduced interest rates during 2012, with most of the reductions passed on by banks to homebuyers. As a consequence, falling property prices, higher wages and lower interest rates have improved affordability for home buyers.

The Western Australian economy has continued to outperform the national economy over the past financial year, with economic growth for 2012 expected to be 6% and forecast to grow by 4.75% in 2013<sup>2</sup>. Low consumer confidence, impacted by events in overseas markets, remains the obstacle to improved sentiment in the WA property market. Strong in-bound migration supported by the resource based economy, coupled with low unemployment, provides the underlying fundamentals to support growing demand for residential property in the future.

Following a period of strong growth in the residential property market in Victoria, demand has moderated over the past 18 months with property prices declining slightly during the last financial year. Forecast population growth, low unemployment and increased affordability provides the platform for increased demand in the medium term.

### Projects

In FY2012, there were 14 projects under development in Cedar Woods' portfolio across Western Australia and Victoria.

#### WESTERN AUSTRALIA

Lot sales remained steady at the company's current Western Australian land estates, with price levels broadly maintained.

During the year the company invested in an exciting new development at the Batavia Coast Marina Apartments, on the waterfront in Geraldton, in the state's mid-west. These luxury apartments are already more than 50% pre-sold with construction well advanced. This project is expected to be completed in the second half of FY2013 or early FY2014.

Elements at South Hedland is Cedar Woods' first project in the burgeoning Pilbara region and will consist of 130 lots on 10 hectares. Working with project partners, mining companies, builders and, importantly, local residents and businesses, Cedar Woods expects to deliver lots in mid 2013 to satisfy the significant housing demand in the area. Already a significant number of lots have been pre-sold to a major resource company, with the public release due soon.

Piara Central, in the growing south east corridor of Perth, launched in May 2012. The estate will be home to more than 150 families upon completion, with the central parkland providing a community focal point. Strong sales have been achieved since the launch in May, with settlements commencing in the first half of FY2013.

#### VICTORIA

The company's major residential projects in Victoria performed well during the year, continuing to record strong pre-sales and good levels of enquiries. At Cedar Woods' flagship Williams Landing development in Melbourne's west, the company recorded approximately 200 settlements in the year and has pre-sold 56% of its targeted settlements for FY2013. At the end of the year the company committed to proceed with the new Masters store in the Williams Landing Town Centre, which is expected to be delivered in FY2014, subject to approvals.

During the year, several stages at Banbury Village in Footscray and Carlingford at Lalor were completed and settled and civil works were well progressed at the Realm, Camberwell project with construction of the first houses in this 78-home project now underway.

Details of progress at the projects commences on page 11.

<sup>1</sup> Reserve Bank of Australia - August 2012 economic outlook  
<sup>2</sup> WA Treasury forecasts

# REPORT TO SHAREHOLDERS

## Corporate Objectives and Strategy

Cedar Woods' Corporate Plan guides management's activities and provides a five year outlook for the company, projecting earnings and other key performance indicators.

Cedar Woods' primary objective is to create value for shareholders through earnings growth and it has consistently delivered strong year on year growth in net profit and earnings per share. This puts the company in the top half of all listed industrial companies based on financial performance. This year, the company reported full year earnings per share growth of 16%.

The Corporate Plan sets out a number of key action items and strategies focused on achieving delivery of earnings growth and addressing key risk factors. These key actions are implemented as performance targets by senior executives, sales managers and other employees.

In addition, twice each year our Audit and Risk Management Committee assesses risk factors that may affect the company including specific risks affecting individual projects and more general risks affecting our business sector.

The company's strategies, as set out in the Corporate Plan are:

- **Ongoing development of existing projects**

Cedar Woods' core competency is in property development and the company continues to achieve industry-leading design, delivery and marketing of projects to maximise returns.

- **Diversification of the property portfolio**

The company has a strategically located and diverse residential portfolio in urban and regional growth areas in Victoria and WA, offering a wide spectrum of dwelling product and price points to consumers. The company's offerings include small affordable housing lots at its residential estates through to million-dollar plus luxury apartments at boutique waterfront developments.

- **Focus on the project pipeline**

In the last year the company bolstered its land bank by completing key acquisitions in Western Australia and Victoria. During the second half of the financial year the company made two strategic acquisitions, in St Albans in Melbourne's north-west growth corridor and an investment in the Batavia Coast Marina Apartments in Geraldton. The company

continues to assess new opportunities with the objective of supporting earnings growth over the medium term.

The focus of future acquisitions remains on medium to long term prospects that provide the potential to add greater value through rezoning and approvals rather than projects purchased for immediate development.

- **Using joint ventures, syndicates and co-development arrangements to leverage the company's skill base**

Cedar Woods utilises joint ventures, syndicates and co-development arrangements to diversify the company's revenue streams and efficiently manage its capital. This year, the company has continued the development of lots at the Harrisdale Green project, an important co-development with the Department of Housing and has progressed its syndicate company, Cedar Woods Wellard Limited, which generates ongoing revenue by way of management and selling fees.

- **Retaining ownership of income producing assets**

The company will build a limited number of commercial and retail property assets at Williams Landing and at other estates, where the development of those buildings is consistent with estate master plan objectives. Retail assets developed in apartment projects are likely to be sold as part of those developments.

## Sustainability Reporting

Our environmental and community development report and overview of research and innovation is available as a separate web-based Sustainability Report. The Report is available on our website, [www.cedarwoods.com.au](http://www.cedarwoods.com.au).

## People

Our management team continues to grow to support the growth in the business.

In accordance with recommendations of the ASX Corporate Governance Council, this year the company reports on the implementation of its new diversity policy, introduced in 2011. The policy reflects Cedar Woods' commitment to an inclusive



# Cedar Woods enters FY2013 with low debt, a strong balance sheet and a diverse portfolio of projects in major growth regions in Western Australia and Victoria.

workplace that embraces and promotes diversity. The policy sets out a framework for the company's new and existing diversity-related initiatives, strategies and programs and commentary is provided in the Corporate Governance Statement in the Financial Report.

The company has continued to actively support a range of industry groups including the Property Education Foundation of WA which focuses on improving property professionals' skills. In 2012, Cedar Woods participated in promotional activities with the Foundation to help attract graduates to the development industry.

## Board Matters

The board is conscious of its duty to ensure the company meets its performance objectives. During the year the board and its committees reviewed their respective charters and performance to ensure they were properly discharging their responsibilities.

Further details of Cedar Woods' corporate governance framework are available on the company's website and in the Corporate Governance Statement in the 2012 Financial Report.

A comprehensive review of all charters and policies has commenced and an update of these is expected to be released on the company's website during FY2013.

## Outlook

Although business and consumer confidence continues to be subdued, the underlying fundamentals of the economy and the property market remain solid, particularly in Western Australia and Victoria where the company's portfolio is located. With strong levels of inbound migration, low levels of unemployment, historically low interest rates and improving affordability, the medium-to-long term prospects of Australia's residential property sector remain positive. The Western Australian economy is forecast to grow at 4.75% with unemployment well below the national average. Victoria's economy is expected to grow steadily in 2012 (forecast 1.75%) and population growth of 1.6%<sup>3</sup> is forecast.

Cedar Woods enters FY2013 with low debt, a strong balance sheet and a diverse portfolio in major growth regions in Western

Australia and Victoria. Demand remains strong across Cedar Woods' portfolio of strategically located projects in Victoria and Western Australia's urban growth corridors. The company has secured approximately \$140 million in pre-sales at projects, the majority of which will settle during the 2013 financial year. Assuming the current level of sales activity continues, the company anticipates delivering a net profit after tax at least in line with last year's record profit.

In FY2012, we have continued to actively engage with the investment and broking community to raise Cedar Woods' profile and build awareness of the strength of the company's portfolio. We were particularly pleased with the support for our institutional placement and share purchase plan which introduced new shareholders onto our register and enabled us to raise \$30.5m, further strengthening our balance sheet and providing funding for the company's new projects and other growth initiatives.

As previously referred, based on recent valuation analysis the Board remains confident that the market value-based Net Tangible Assets (NTA) per share is substantially above the current share price and book value per share as at 30 June 2012.

We look forward to further building on the strength and diversity of our portfolio of projects and our land bank in the year ahead.

On behalf of the board, we would like to thank our dedicated team at Cedar Woods for the results achieved in 2012, together with our consultants, contractors and State Government joint venture agencies. Thanks also go to our shareholders for their ongoing support of Cedar Woods.



**William Hames**  
CHAIRMAN



**Paul Sadleir**  
MANAGING DIRECTOR

September 2012

<sup>3</sup> Vic Treasury mid year review

# OVERVIEW OF PROJECTS



## Bushmead

Purchased in July 2010, 273 ha, project life of 11 years. The former Bushmead Rifle Range site was sold by the Department of Defence on behalf of the Commonwealth of Australia. The land is located 16 kilometres north east of the Perth CBD within the suburb of Hazelmere and adjacent to Cedar Woods' Helena Valley Private Estate. Given its proximity to the Perth CBD, Perth airport, Midland regional centre and strong connectivity via regional road networks, the site is in a prime location for future redevelopment. The site is a long term project for the company and expected to yield between 600 and 900 residential lots, depending on lot sizes and planning outcomes.

### RECENT ACHIEVEMENTS AND STATUS

The company is now progressing the planning on the site and rezoning applications.



## Carine

Development agreement signed 2010, 8ha, project life of 3 years. The planned redevelopment of a former TAFE site in Perth's middle northern suburb of Carine is the company's first project to be conducted in cooperation with the Western Australian state government (LandCorp). Cedar Woods and the St Ives Group were selected through a highly competitive tender process as the preferred project partners. The redevelopment will include residential aged care, a retirement village, mixed use development and residential townhouses and apartments. The St Ives Group is one of the state's leading providers of aged care and retirement housing.

### RECENT ACHIEVEMENTS AND STATUS

The local structure plan was approved in 2012 and detailed planning and subdivision approvals have commenced to deliver the project.



## Emerald Park, Wellard

Syndicate established in 2006, 47ha, remaining project life of 5 years. Cedar Woods Wellard Limited, an investment syndicate managed by the company, owns this exciting residential estate to ultimately comprise over 620 home sites, a school site and sports ground. Its location in Perth's southern suburbs, some 33km from the CBD, adjacent to the Kwinana Freeway and close to the Perth - Mandurah rail line, bring convenient accessibility benefits to residents.

### RECENT ACHIEVEMENTS AND STATUS

The first four stages have now been completed and the estate is now entering a mature phase. The initial stages incorporate a display village and significant areas of established parkland.



With the success of Stage 2 at Harrisdale Green in 2012, Stage 3 is now under construction.



## The Kestrels, Tapping

Purchased in 2003, 50ha, the project is now complete. As the name suggests, The Kestrels residential estate in Perth's northern suburbs has focused on maintaining habitat and attracting prominent local bird species by maximising parkland and tree planting, and undertaking other revegetation initiatives. The Kestrels is another Housing Industry Association (WA) GreenSmart estate and won the 2006 City of Wanneroo Environmental Excellence Award. The estate will ultimately comprise over 520 dwellings.

### RECENT ACHIEVEMENTS AND STATUS

The Kestrels has continued to be very popular with buyers. The final lots have now been sold, bringing to a close the company's development.

## Mangles Bay

Development Agreement, 80ha, project life of 15 years. In April 2010, LandCorp appointed Cedar Woods to develop the Mangles Bay Marina Based Tourist Precinct. The project area is nearly 80ha of beachfront land which will include a 400-500 pen marina, waterfront commercial and up to 800 dwellings across a range of types from apartments to traditional residential lots. The project is currently undergoing environmental and planning approvals with construction commencement planned for 2014.

### RECENT ACHIEVEMENTS AND STATUS

The company is progressing the environmental approvals on the site and rezoning applications.

## Harrisdale Green

Development agreement signed 2010, 30ha, project life of 4-6 years. Following on from Carine, Cedar Woods was awarded its second land development to be conducted with the Western Australian state government, in this case with the Department of Housing. The Harrisdale Green project is located within Perth's south-eastern urban corridor and will comprise 640 homes and up to 40 businesses. Won as a result of a tender, it was the company's focus on affordability and sustainability that set it apart from its competitors.

### RECENT ACHIEVEMENTS AND STATUS

The second stage was released and developed in FY2012 with all but a few lots now sold. The third stage is now under construction.

# OVERVIEW OF PROJECTS



## Mariners Cove, Mandurah

Purchased in 1993, 196ha, remaining project life of 6 years. A unique waterfront development close to the Mandurah town centre, comprising a mix of canal lots, The Landings waterfront townhouses, parkland lots and estuary view lots, Mariners Cove boasts a spectacular 93 hectares wildlife reserve complete with raised board walks, bird hides and an interpretive centre. The reserve protects the Creery Wetlands, an internationally recognised waterbird habitat that is home to migratory birds from around the world. Mariners Cove won the State and National Urban Development Institute of Australia Environmental Excellence Awards. It has also won the State and National UDIA awards for Best Residential Development (250 or more lots).

### RECENT ACHIEVEMENTS AND STATUS

Marketing continues on the remaining canal lots in stage 6CA and the last few remaining The Landings waterfront townhouses.



## North Baldivis

Purchased in 2011, 68 ha, project life 9 years. The land abuts the Kwinana Freeway and Mundijong Road which affords excellent exposure. Whilst the land is currently zoned Rural under the local planning scheme and Urban Deferred under the Metropolitan Region Scheme, the planned connection to waste and water services by the Water Corporation in 2015/16 will see the land rezoned as Urban in a relatively straightforward process that has already been initiated by the surrounding landowners. The project will yield some 800 lots and is a neat strategic fit with the expected completion of Cedar Woods' estates at Baldivis (The Rivergums) and Wellard (Emerald Park).

### RECENT ACHIEVEMENTS AND STATUS

The company is now progressing the planning on the site and rezoning applications.



## Piara Waters

Purchased in 2005 and 2010, 30ha, project life of 4 years. The company's landholding in Piara has the potential to yield 300 residential lots, including 3 unit sites. Located in Perth's south-eastern corridor, the company's two sites on Nicholson Road form part of a larger new urban precinct which includes new retail and commercial centres and schools. This new urban area is close to the Armadale Regional Centre and with the extension of the nearby Tonkin Highway, benefits from good access to surrounding employment centres.

### RECENT ACHIEVEMENTS AND STATUS

Development of the first site commenced in FY2012 with the first lots available for settlement in FY2013. Known as Piara Central, the first release in May 2012 has been well received by the market.



Cedar Woods was the successful proponent for the new South Hedland residential development opportunity.



### The Rivergums, Baldivis

Purchased in 2001, 139ha, remaining project life of 8 years. Located in Perth's southern suburbs and only minutes from the Perth - Mandurah rail line and the Rockingham beaches, The Rivergums residential estate will ultimately provide around 1,300 dwellings plus primary and secondary schools. The estate boasts a network of lakes, wetlands, and beautifully landscaped parks. Environmental initiatives included restoration of a degraded wetland, conservation of the local frog population and the revegetation of the adjoining Tramway reserve. The Rivergums was also one of the first Housing Industry Association (WA) 'GreenSmart' developments, promoting efficient energy and water use.

#### RECENT ACHIEVEMENTS AND STATUS

With most of the lots in previous stages now sold, the company has released prime land that surrounds the central lake and the land to the north of the estate which will offer views across significant public open space. Construction is well advanced on the Baldivis Secondary College, located to the east of the lakefront lots, due to take enrolments for the 2013 school year.

### South Hedland

Contracted in 2011, 11ha, project life of 2-3 years. Located within the growing north-west region, Cedar Woods was announced as the successful proponent by the Department of Regional Development & Lands in July 2010, and has collaborated with Foundation Housing, IBN Corporation and Gumala Aboriginal Corporation in planning a balanced mix of residential, affordable, key worker, social and indigenous housing options to the region.

#### RECENT ACHIEVEMENTS AND STATUS

Planning approvals were secured in FY2012 and construction is planned for FY2013.

# OVERVIEW OF PROJECTS



## Ecovision Homes, The Kestrels, Wanneroo

Commenced in 2009, project is now complete. A joint venture between the company and the City of Wanneroo, the Ecovision demonstration homes showcase the best innovations in affordable and sustainable living including practical ideas to save energy, use water efficiently and minimise impacts on the environment. The 8-star energy rated homes feature a state of the art energy monitoring system, photovoltaic solar cells, energy efficient lighting, appliances and ceiling fans throughout, insulated roof and walls, cross ventilation and integrated north facing indoor and outdoor living areas with blinds, shade sail and solar pergola for maximum comfort and temperature control.

### RECENT ACHIEVEMENTS AND STATUS

The project is now complete and was recently awarded the National Townhouse / Villa Development of the Year at the 2012 HIA Greensmart Awards.



## The Jetty, Palm Beach, Rockingham

Purchased in 2006, 0.2ha, project completed. The company has completed this 4 storey beachfront development, opposite the recently refurbished landmark Palm Beach Z Force Jetty in Rockingham. The Jetty comprises 15 luxury three bedroom, two bathroom apartments, all with spectacular ocean views and the very best quality fit-out. A ground floor beachfront café is also planned.

### RECENT ACHIEVEMENTS AND STATUS

The project is now complete.



Construction of Batavia Marina Apartments is well advanced with 50% of the project pre-sold.



### Waterline Apartments, Mandurah

Purchased in 2005, 0.45ha, the project is now complete. The Waterline Apartments occupy a prime beachfront location, directly opposite Doddi's Beach in Halls Head, Mandurah. Stage 1 of this beachside development comprises 15 two and three bedroom luxury ocean view apartments and 3 luxury penthouses. Retail space on the ground floor now incorporates a popular 'Dome' cafe. The balance of the site will comprise a Stage 2 development for which planning is underway.

#### RECENT ACHIEVEMENTS AND STATUS

Stage 1 of the project is now complete. The company is now exploring development options for Stage 2.



### Batavia Marina Apartments, Geraldton

A collaboration with local investors established in 2012, 0.2ha, project life of 2 years. The construction of this 4 and 5 storey luxury beachfront development, is well advanced and due for completion in 2013. The project comprises 50 luxury three bedroom, two bathroom apartments, mostly with spectacular marina and ocean views and a high quality fit-out. The ground floor includes 4 retail/commercial tenancies.

#### RECENT ACHIEVEMENTS AND STATUS

Construction is well advanced for completion in 2013 and over 50% of the project has been presold.

# OVERVIEW OF PROJECTS



## Banbury Village, Footscray

Purchased in 2006, 9ha, remaining project life of 4 years. Banbury Village is a substantial urban renewal project comprising more than 420 houses, townhouses and apartments. The project is a premium housing development for the inner west suburb of Footscray, some 6km from the Melbourne CBD. The design outcome for completed stages has set a new benchmark for integrated housing developments.

### RECENT ACHIEVEMENTS AND STATUS

The first 12 stages have been constructed and all homes have been pre-sold including both stages of the heritage apartments. Work is underway on several presold stages and an active release program is in place.



## Carlingford, Lalor

Purchased in 2006, 56ha, remaining project life of 4 years. An infill project in Melbourne's northern suburb of Lalor, Carlingford is the first residential estate launched in the area in over a decade. Ultimately comprising 600 housing lots, its location boasts excellent transport links to Melbourne CBD and is within easy reach of shopping, schools and the train network.

### RECENT ACHIEVEMENTS AND STATUS

Ten stages have been completed and sold. Planning approvals are being sought for the next stages and discussions are underway with government regarding rezoning of a portion of the site. Interest remains strong from buyers in the local area.



## Realm, Camberwell

Purchased in 2010, 2.55ha, remaining project life of 2 years. An infill project in one of Melbourne's prestigious eastern suburbs that will accommodate 78 premium homes. A mix of product has been designed for the site including terraces, duplexes and detached homes.

### RECENT ACHIEVEMENTS AND STATUS

37 homes have been sold and construction of the first stage of homes is underway. The civil works were completed in mid 2012.



The recent acquisition of the St Albans site will see an exciting development of 200 dwellings.



## St Albans

Purchased in 2012, 6.8ha, project life of 3 years. An infill site located close to the St Albans train station, which will soon be upgraded by the State Government. The site will accommodate around 200 dwellings with a mix of terraces, duplexes and detached homes.

### RECENT ACHIEVEMENTS AND STATUS

The process to achieve rezoning has commenced. The first revenues from this project are expected in four year's time.

## Williams Landing

Purchased in 1997, 275 ha (220ha developable), remaining project life of 12 years. A premium masterplanned community development is being delivered on the former RAAF Williams airfield, comprising 4 neighbourhoods with over 2,500 dwellings and a future major town centre. Significant State Government infrastructure is being constructed on the site including a new freeway interchange and rail station and which will be complete in early 2013. The new town centre will integrate directly with these transit facilities to create a showcase transit-oriented development.

### RECENT ACHIEVEMENTS AND STATUS

With zoning and masterplan approvals in place and the first 13 residential stages completed, the company is moving forward with construction of further stages. The company is also progressing with the detailed planning of future neighbourhoods and the town centre component. Planning approvals for the first stage of the town centre, the Masters store, are well advanced and construction is anticipated to start towards the end of 2012.

# PERFORMANCE RECORD

## 5 year financial performance summary

All figures in \$'000 except where stated

FINANCIAL YEAR	2012	2011	2010	2009	2008
<b>FINANCIAL PERFORMANCE</b>					
Revenue from ordinary activities	170,474	131,839	108,415	107,076	81,941
Earnings before interest and tax	53,092	42,106	26,771	16,961	31,245
Finance costs	3,819	1,866	2,036	3,441	2,230
Operating profit before tax	49,273	40,240	24,735	13,520	29,015
Income tax expense	15,023	12,180	7,494	4,257	8,458
Net profit after tax	34,250	28,060	17,241	9,263	20,557
<b>FINANCIAL POSITION</b>					
Total assets	238,314	233,595	205,657	162,720	185,019
Total liabilities	53,688	104,046	96,867	69,442	101,073
Shareholders' equity	184,626	129,549	108,790	93,278	83,946
Number of shares on issue - end of year ('000)	72,190	61,818	60,565	58,163	55,138
<b>KEY PERFORMANCE MEASURES</b>					
Earnings per share (cents)	53.2	45.8	29.0	16.2	37.3
Dividend per share fully franked (cents)	25.0	23.0	13.0	7.0	18.0
EBIT margin (%)	31.1%	31.9%	24.7%	15.8%	38.1%
Interest cover (times)	8.8	9.1	6.4	2.2	4.2
Return on equity (%)	18.6%	21.7%	15.8%	9.9%	24.5%
Investment in inventory during year	97,401	102,348	56,338	45,312	46,002
Net tangible assets backing per share - historical cost (\$)	2.56	2.10	1.80	1.60	1.52
Net bank debt	3,822	55,100	39,716	47,913	80,633
Net bank debt to equity (%)	2.1%	42.5%	36.5%	51.4%	96.1%
Share price - end of year (\$)	3.56	4.00	2.45	1.42	2.75
Stock market capitalisation at 30 June	256,995	247,272	148,383	82,592	151,630
Number of employees at 30 June	48	41	35	30	33
<b>RETURNS TO SHAREHOLDERS OVER 1, 3 &amp; 5 YEARS</b>			<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>
Earnings growth %			16	49	9
Share price growth %			-11	36	-7
Dividend growth % (paid dividend)			9	53	8
Total shareholder return %			-5	43	-2

# CORPORATE DIRECTORY

A.B.N. 47 009 259 081

## **DIRECTORS**

William George Hames, BArch (Hons) MCU (Harvard) LFRAIA, MPIA, FAPI (Econ) – Chairman

Robert Stanley Brown, MAICD, AIFS – Deputy Chairman

Ronald Packer, BCom (UWA), FAICD, Solicitor Supreme Court of England & Wales

Paul Stephen Sadleir, BE, MBA, AAPI, FAICD, FRICS – Managing Director

Timothy Robert Brown, BA, LLB, M.Fin, Post Grad Dip (Phil) (Alternate for R S Brown)

## **COMPANY SECRETARY**

Paul Samuel Freedman, BSc, CA, GAICD

## **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

Level 1, 50 Colin Street, WEST PERTH WA 6005

Postal address : P.O. Box 788, WEST PERTH WA 6872

Phone: (08) 9480 1500 Fax: (08) 9480 1599

Email: [email@cedarwoods.com.au](mailto:email@cedarwoods.com.au)

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

## **SHARE REGISTRY**

Computershare Investor Services Pty Ltd

Level 2, Reserve Bank Building

45 St George's Terrace, PERTH WA 6000

## **AUDITOR**

PricewaterhouseCoopers

QV1

250 St George's Terrace, PERTH WA 6000

## **SECURITIES EXCHANGE LISTING**

Cedar Woods Properties Limited shares are listed on the Australian Securities Exchange Limited.

ASX Code : CWP

## **ANNUAL GENERAL MEETING**

Venue : Kings Park Function Centre, Fraser Terrace, West Perth

Time : 11.00am

Date : Friday, 2 November 2012



