2018 Annual Report

Cedar Woods Properties Limited ABN 47 009 259 081

CEDAR WOODS
DEVELOPING TOMORROW TODAY

About Cedar Woods

Cedar Woods Properties Limited ("Cedar Woods") is a national developer of residential communities and commercial properties. Established in 1987, Cedar Woods has grown to become one of the country's leading developers.

The company has established a reputation for delivering long-term shareholder value underpinned by its disciplined approach to acquisitions, the rigour and thoughtfulness of its designs, and the creation of dynamic communities that meet the evolving needs of its customers.

Cedar Woods' diversified product mix ranges from land subdivisions in emerging residential communities, medium and high-density apartments and townhouses in vibrant inner-city neighbourhoods and supporting retail and commercial developments. Cedar Woods' developments epitomise the company's long-standing commitment to quality.

The successful delivery of Cedar Woods' strategy to grow its portfolio by geography, product type and price point, is driven by the company's Board and management team, led by Chairman and co-founder, William Hames and Managing Director, Nathan Blackburne. Cedar Woods' approach to investments, ability to unlock value across all product types and its long-term vision for the business has enabled the company to navigate changing market dynamics and deliver consistent earnings for shareholders.

Cedar Woods' track record of earnings growth has delivered shareholders a consistent fully franked dividend yield, while its strong balance sheet has placed the company in a sound position to fund future growth.

Cover - Wattle Apartments, Jackson Green, Victoria

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Ellendale
Upper Kedron, Queensland

Letter from the Chairman

Since co-founding Cedar Woods more than 30 years ago, I continue to take enormous pride in the company, our achievements and the calibre of people who have joined me on a truly remarkable journey.

We've grown from a Western Australian-focused company, to one that has a substantial presence across the country. Our business is supported by dedicated teams who are committed to creating communities that offer our customers a unique lifestyle, from tranquil neighbourhoods to high density, inner city living.

The focus of the Board is to continue leading and empowering our people to grow the business and deliver superior returns to our shareholders. Our FY2018 net profit of $42.6 million, total dividends of 30 cents, which represent a 5 per cent yield at year end, and the strong position with which we enter FY2019, is testament to our capability and disciplined approach to our investments.

During the year, we made a significant change to our management team following the retirement of our longstanding Managing Director, Paul Sadleir. Paul led Cedar Woods for 14 years and oversaw our growth into a national, diversified property company. On behalf of the Board I thank Paul for his tremendous contribution to Cedar Woods and take this opportunity to acknowledge our new Managing Director, Nathan Blackburne.

Nathan stepped into the role after 15 years with the Company, and in his first 12 months as Managing Director, has proven himself to be an extremely capable leader, committed to executing our proven strategy of growing our national portfolio by product mix, price point and geography.

At a Board level we were delighted to welcome Mrs Jane Muirsmith as a Non-Executive Director in October 2017, bringing with her significant experience in digital technologies and transformation, marketing and communications.

We enter FY2019 with a housing sector that continues to be supported by a low interest rate environment and population growth in each of our key markets. But as you know, conditions vary from state-to-state. It's our diversified strategy that sets Cedar Woods apart from its peers and helps insulate our business from exposure to a single property cycle.

Our strategy is certainly proving effective, with all four states in which we have a presence, expected to contribute to revenue for the first time in FY2019.

On behalf of the Board, I would like to thank Nathan and the whole Cedar Woods team for their contributions to the company. With a strong pipeline of projects in front of us, the Board is confident Cedar Woods will continue to generate outstanding returns for its shareholders.

William Hames
Chairman

Cedar Woods has grown to become a leading national property company with a proven, strategy of diversification that sets us apart from our peers.

Oxford Apartments
Williams Landing, Victoria

Letter from the Managing Director

The past 12 months marked my first year as Managing Director of Cedar Woods, a position that I am very proud to hold and one that I am enjoying immensely. We have a great company, a talented team, a robust strategy and a strong pipeline of projects.

We can all be proud of our performance in FY2018. Our proven strategy of growing our national portfolio by price point, geography and product type is certainly proving successful. We delivered a solid net profit of $42.6 million for the 2018 financial year and generated earnings per share of 53.9 cents.

Our performance demonstrates the advantages of our diversified offering. Our products continue to appeal to a wide-range of customers and our presence across four states ensures we are not exposed to a single property cycle.

We are well regarded among our shareholders for disciplined growth, and we have been living up to our reputation by diligently buying and delivering new projects in Perth, Adelaide, Melbourne and Brisbane. This heightened level of activity is already bearing fruit, with Cedar Woods entering FY2019 with presales of $320 million at 30 June 2018, a 23 per cent increase over the previous year.

This exceptional result excludes the $58 million presale of the Target Headquarters in Williams Landing, Victoria, which is also due to settle in FY2019, and positions Cedar Woods for solid growth.

We are working to four Strategic Priorities aimed at ensuring Cedar Woods will continue to deliver strong shareholder returns:

- **High Performance Culture**: Foster a progressive, high-spirited work environment where employees are empowered, collaboration is encouraged, and performance is rewarded.
- **Operational Excellence**: Being operationally strong and safe through renewed and integrated systems and technologies, a strong corporate brand and quality projects.
- **Financial Strength**: Optimise performance through disciplined capital management, a commercial focus, attention to costs and a strong balance sheet.
- **Earnings Growth**: Pursue earnings growth to achieve our purpose of creating long term value for our shareholders.

As we entered FY2019, we felt it was vital that our brand captured the essence of who we are and the energy and passion that we bring to our developments. It's why we introduced a refreshed corporate brand and launched a new website, which presents the company in a more contemporary light.

In making our culture as strong as possible, we have refreshed the values that guide our behaviour internally and our relationships with our partners, customers and investors. You can read about these on page 15. We have also introduced new Human Resources systems to help drive strong performance and improve accountability.

Cedar Woods is entering an exciting period of growth, driven by a record level of presales that have raised expectations of a strong increase in earnings in FY2019.

To support our growth ambitions, we have commenced a process of renewing our core technologies and systems. This will give us a business that is more easily scalable, creates efficiencies, reduces costs, improves collaboration and delivers a superior customer experience. During the year we implemented a new customer relationship management system which has already improved our lead generation, sales, data analysis and customer management.

Cedar Woods has a long history of disciplined capital management. Our strong balance sheet, supported by our heightened focus on costs, corporate governance and risk management, is why we have long-held the trust of our financiers and investors.

The pursuit of earnings growth is a key driver in our business and consistent with our purpose of generating long term value for shareholders. We continue to assess new opportunities and we have the ability to move quickly if needed. Importantly we don't need to make further acquisitions to achieve earnings growth in FY2019 and FY2020.

We move into FY2019 with a positive outlook for our business, buoyed by a record level of presales and a number of exciting new projects, such as Glenside in Adelaide and Wooloowin in Queensland, which will be strong contributors to growth in coming years.

I would like to take this opportunity to thank our Board and Management team, with particular thanks to Paul Freedman who stepped down from the position as Chief Financial Officer in June 2018 after 20 years in the role and into a dedicated Company Secretary role. We welcome Leon Hanrahan as our new CFO.

I would also like to thank our outstanding employees for their ongoing commitment to Cedar Woods and their contribution to another successful year.

Nathan Blackburne
Managing Director


Artist Impression

Cedar Woods' positive outlook is buoyed by a record level of presales and a number of exciting new projects, including Glenside, Adelaide (pictured).


HARRIET LUCY R
MULBERRY

Cedar Woods builds communities from the ground up, creating strong foundations for life.

Mariners Cove, Mandurah, Western Australia


BOAT HIRE 9535 5877

Performance Highlights

Net Profit

$42.6m

Net profit of $42,603,000
Down 6.3 per cent

Total Revenue

$239.7m

Up 7.8 per cent

Full Year Dividends

30.0¢

Full year dividends of 30.0 cents per share
In line with previous year

Earnings Per Share

53.9¢

Earnings per share of 53.9 cents
Down 6.4 per cent

Return on Equity

12.1%

Return on equity above company benchmark

Total Shareholder Return

16.5%

Strong total shareholder return

Net Bank Debt to Equity

30.9%

Net bank debt to equity at lower end of target range

Presales

$320m

Up 23 per cent

Oxford Apartments
Williams Landing, Victoria

Our Business

a) Our History

Today, Cedar Woods is a national developer of residential communities and commercial properties and has grown to become one of Australia's leading property companies.

Cedar Woods was established in 1987 and listed on the Australian Securities Exchange (ASX: CWP) in 1994.

The company expanded beyond Western Australia in 1997 when it made its first acquisition in Victoria. Cedar Woods' successful acquisition of Williams Landing led to the establishment of a Melbourne office in 2002.

The company's growing portfolio, steady growth in earnings and strong balance sheet culminated in its inclusion in the ASX 300 in 2013.

Cedar Woods' experience, and considerable success, in Western Australia and Victoria positioned the company well for further growth and geographical expansion.

Adhering to its strategy of developing its national portfolio, diversified by geography, product mix and price point, Cedar Woods capitalised on opportunities in South East Queensland with the purchase of a major development site in Brisbane in 2014.

Cedar Woods continued to grow its national presence with an expansion into the Adelaide property market in 2016.

b) Our Purpose, Vision & Values

Our Purpose, Vision and Values inform every decision we make, guide our conduct internally and our relationships with partners, customers and investors. We revisited our values in FY2018 to ensure they reflect who we are and what we stand for.

We are proud to be a leading national property developer, and with an ongoing commitment to our strategy and our values, we look forward to fulfilling our vision of becoming the best Australian property company, renowned for performance and quality.

Purpose

Our purpose is to create long term value for shareholders through the development of vibrant communities.

Vision

Our vision is to be the best Australian property company renowned for performance and quality.

Values

- **We do what we say we'll do –** *We deliver what we say we will for all our stakeholders.*
- **We think about tomorrow –** *We take a long-term view of our performance and the product we deliver.*
- **We are people developers –** *We are committed to developing our people so that they thrive in their careers.*
- **We strive to succeed –** *We are driven to succeed in all aspects of our business.*

c) Our Strategy

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

Our diversity sets us apart from our peers, with our developments ranging from urban land subdivisions in residential growth areas, medium density apartments, town houses in vibrant established suburbs, and commercial and retail properties.

An ongoing focus on operational excellence and a commitment to quality, ensures our developments are sought after by customers, and in turn creates long-term value for our shareholders.

Geography

Good geographic spread of well located projects in 4 states.

Product Type

Range of housing lots, townhouses, apartments and office products.

Price Point

Wide range of price points offered with Western Australia, South Australia and Queensland offering good affordability.

d) Value Creation Model

We deliver on our strategy via our value creation model.

We have an appetite for growth but rigorously assess all acquisitions.

Our contracts are structured in a way that minimise risk and optimise returns.

As we move into development, considerable care goes into design and planning. We have a clear understanding of our customers and ensure our projects optimise quality, functionality, sustainability and returns.

Marketing and sales is a vital step in this process. Our projects are positioned to maximise demand and are generally pre-sold to help underwrite developments.

Property Acquisitions

Disciplined approach to acquisitions

- Tactical and research based decisions to identify projects
- Rigorous assessment and conservative assumptions
- Structure contracts to minimise risks and optimise returns

Development

Research, design, planning and delivery

- Sustainable designs that optimise quality, functionality, environmental outcomes and returns
- Collaborative approach with community and authorities
- Negotiate deliverable and speedy approvals
- Structure contracts to minimise risks
- Manage construction closely

Marketing & Sales

Integrated approach to optimise results

- Positioning projects to maximise demand
- Pre-sell to underwrite projects
- Quality brands and marketing material
- Lead generation and sales conversion
- Customer nurturing and referrals

e) Strategic Priorities

We optimise business performance through a focus on four strategic priorities.

High Performance Culture

Creating a progressive, high-spirited work environment with strong staff alignment to values and objectives, where top talent work collaboratively and high performance is rewarded.

Operational Excellence

Being operationally strong and safe through renewed and integrated systems and technologies, and having a strong corporate brand with quality projects.

Financial Strength

Optimising performance through disciplined capital management, a commercial focus, cost minimisation and maintaining a strong balance sheet.

Earnings Growth

Pursuit of earnings growth is the key metric to achieve our primary objective of creating long-term value for our shareholders. This may be achieved organically, by mergers and acquisitions or through new business areas.

Strategic actions have been determined under each of these priority areas and are currently being implemented throughout the business.

f) Governance

The Board of Cedar Woods is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders.

Cedar Woods has taken the opportunity to publish the Corporate Governance statement on its website rather than include in the annual report. A copy of the Corporate Governance statement and related documents can be downloaded from the ‘Our Company’ section of the website. www.cedarwoods.com.au

Other information available under the Governance section of the website includes:

- Board Committee Charters
- Risk Management Policy and Internal Compliance and Control System
- Investor Communications Policy
- Continuous Disclosure Policy
- Performance Evaluation Policy
- Privacy Policy
- Primary Objectives and Company Code of Conduct
- Securities Trading Policy
- Diversity Policy

Glenside, South Australia

Oxford Apartments, Williams Landing, Victoria

Cedar Woods is focused on growth driven by leadership and long-term vision.

Artist Impression
Glenside, South Australia

Financial and Operating Review

On behalf of the Board, we are pleased to present the financial and operating review of Cedar Woods to shareholders.

Financial Review

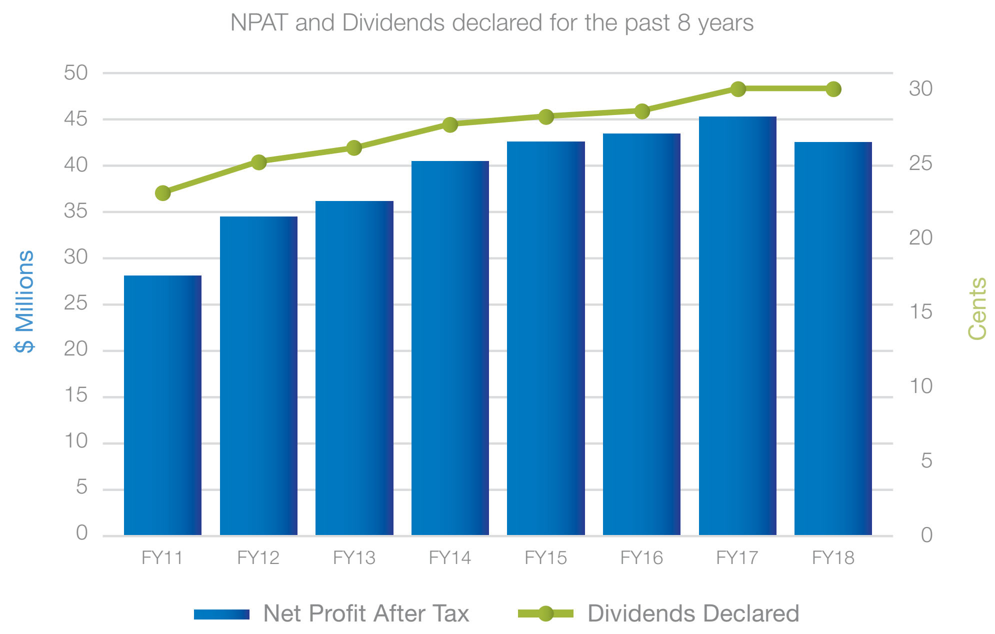
The following summarises the results of operations during the year and the financial position of the consolidated entity at 30 June 2018:

a) 2018 financial highlights

- **Strong net profit of $42,603,000, although down 6.3 per cent on the prior year**
- **Total dividends of 30.0 cents per share, in line with last year, generating a fully franked yield of 5.2 per cent**
- **Strong earnings per share of 53.9 cents, down 6.4 per cent on the prior year**
- **Low level of bank debt and strong interest cover**
- **Share price growth of 10.6 per cent**
- **Total shareholder return of 16.5 per cent.**

b) Net Profit After Tax (NPAT) and Dividends paid

In FY2018, the company delivered a profit of $42.6 million, a decrease of 6.3 per cent from the prior year. This was following seven years of consecutive profit growth for the company, with net profit after tax increasing from $28.1 million in FY2011 to $45.4 million in FY2017 and dividends declared growing from 23 cents to 30 cents per share over the same period.



c) 2018 Financial Results Summary

Year ended 30 June	2018 $'000	2017 $'000	% Change
Revenue	239,661	222,269	7.8%
Net profit after tax	42,603	45,445	(6.3%)
Total assets	601,516	505,624	19.0%
Net bank debt	109,134	78,940	38.3%
Shareholders' equity	353,186	330,234	7.0%

d) Key Performance Indicators

Year ended 30 June		2018	2017	% Change
Basic earnings per share	¢	53.9	57.6	(6.4)
Diluted earnings per share	¢	53.7	57.4	(6.4)
Dividends per share – fully franked	¢	30.0	30.0	0.0
Return on equity	%	12.1	13.8	(1.70)
Return on capital	%	14.1	16.5	(2.40)
Total shareholder return (1 year)	%	16.5	29.7	(13.2)
Net bank debt to equity – 30 June	%	30.9	23.9	7.0
Net bank debt to total tangible assets (less cash)	%	18.9	15.9	3.0
Interest cover	x	8.5	13.9	(5.4)
Net asset backing per share – historical cost	$	4.44	4.19	6.0
Shares on issue – end of year	'000	79,517	78,892	0.8
Stock market capitalisation at 30 June	$'000	458,015	411,026	11.4
Share price at 30 June	$	5.76	5.21	10.6

e) Financial Year Overview

During FY2018, buoyant conditions continued in the Victorian, Queensland and South Australian property markets, while in Western Australia the market stabilised and is now showing signs of a modest recovery. The company completed acquisitions at Bonnie Brook and North Melbourne in Victoria. The Bonnie Brook property was subsequently sold in May 2018 for $8.3 million generating a profit contribution from this site of $3.5 million before tax.

Revenue was 8 per cent higher than the prior year due to a two per cent increase in product settled and a higher proportion of apartments and townhouses, which have a higher price point than land lots. Gross margin reduced by 4 per cent to 41 per cent reflecting the changing product mix, Western Australian market conditions and the commencement of new projects, which typically have lower margins in the initial stages and improve over time. Consequently, there was a 6.3 per cent decrease in NPAT for the year.

At 30 June 2018, net bank debt stood at a conservative $109 million. Net bank debt-to-equity at 30 June was 31 per cent, with interest cover at 8.5 times for the year. During the year the corporate bank facility was increased by $65 million to $240 million to accommodate increased needs and growth ambition.

The year closed with a full year net profit of $42.6 million and basic earnings per share of 53.9 cents, a decrease of 6.4 per cent on the previous year. The Board has declared a full year dividend of 30.0 cents per share. This is consistent with the Board's policy of distributing approximately 50 per cent of full year net profit to shareholders, providing a high-yield return of approximately five per cent at year end.

Return on equity of 12.1 per cent and return on capital of 14.1 per cent were above the company's benchmarks of 10 per cent and 12 per cent respectively.

The one-year total shareholder return was 16.5% per cent, with the company's share price improving strongly.

f) Capital Management

The company reviewed its credit facilities during the year, increasing the corporate bank facility limit from $175 million to $240 million, and extending the tenure by a further year to November 2020. The increase in the facility limit provides funding for the ongoing growth of the company, its expansion into South Australia as well as the completion of the Target Headquarters at Williams Landing in Victoria. The company also established a new $27 million project facility late in the year to fund the development of its 111 Overton road strata office and apartment development. In addition, the company has a facility of $30 million in place for the Williams Landing Shopping Centre, expiring in June 2021. Together with stand-alone facilities for the Williams Landing Shopping Centre and the 111 Overton Road project, finance facilities available to the Company stand at $297 million.

The year concluded with a net debt to equity of 30.9 per cent at year end, within the company's target debt to equity range of 20-75 per cent. Net debt to total tangible assets less cash was 18.9 per cent at year end and interest cover was at a favourable 8.5 times.

The dividend reinvestment and bonus share plans were in reintroduced for the FY2018 interim dividend paid during the year.

Operational Review

g) Operating Conditions

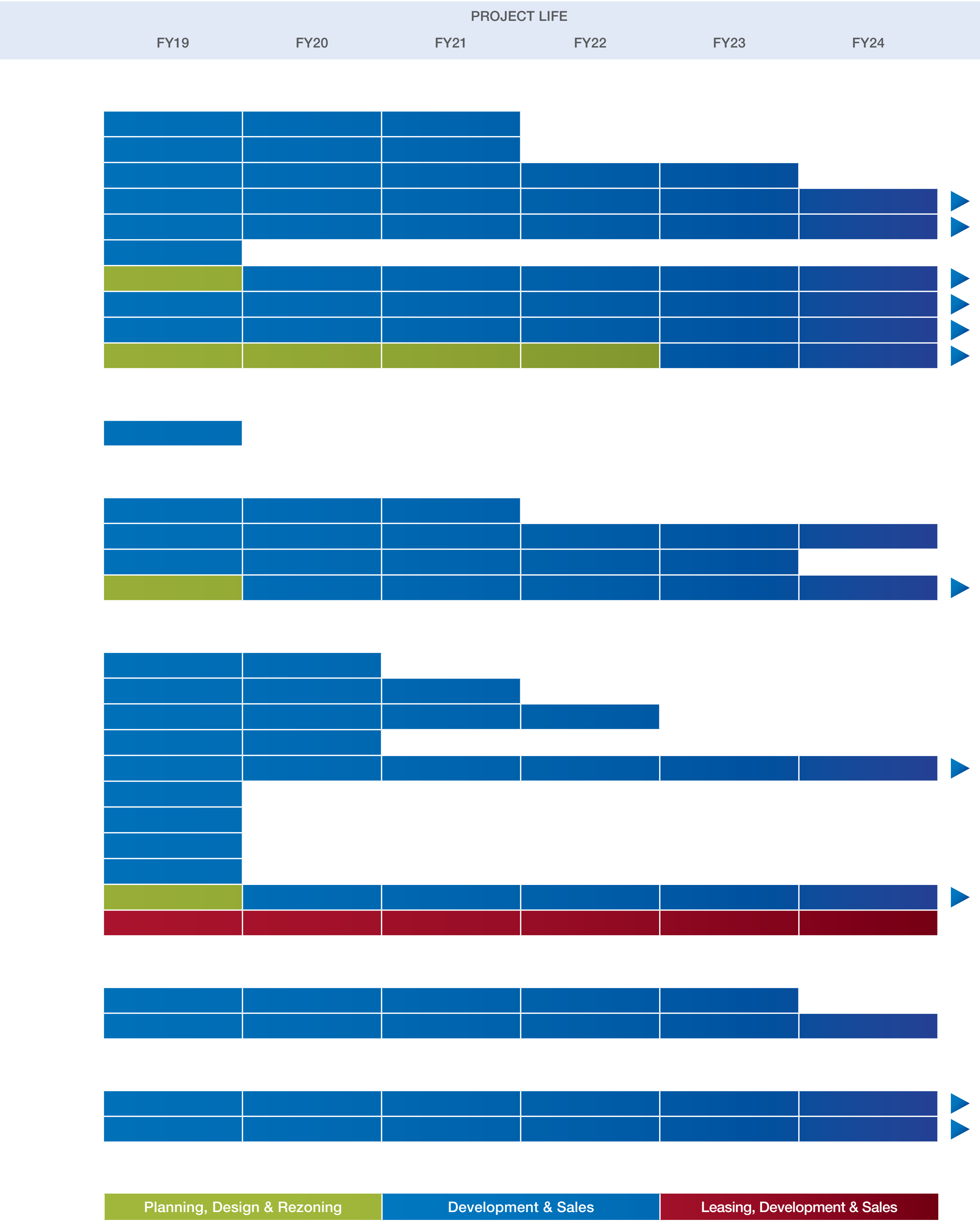
The Australian housing sector continues to be supported by a low interest rate environment and population growth in each of the company's key markets.

Conditions are positive in Queensland and South Australia where strong demand has been experienced for active projects. Western Australia remains subdued with further improvement expected over FY2019. Market conditions in Victoria remain strong but have moderated with a reduction in investors and foreign buyers particularly evident.

Cedar Woods' projects in Victoria are predominantly moderately priced new housing product in high amenity locations. These projects are located in established suburbs that have limited competition and strong appeal to owner occupiers. The Company expects the Victorian projects will continue to trade relatively well.

h) Project pipeline chart as at 30 June 2018

PROJECT NAME	CORRIDOR / LOCATION	PROJECT TYPE	LOTS / UNITS PROJECT	LOTS / UNITS REMAIN
				(As of 1/7/18)
WESTERN AUSTRALIA - PERTH				
Mariners Cove, Mandurah	South	Residential Land	982	25
Ariella, Brabham	North East	Residential Land	492	229
The Brook at Byford	South East	Residential Land	423	241
Rivergums, Baldivis	South	Residential Land	1,414	380
Byford on the Scarp	South East	Residential Land	312	227
Karmara, Piara Waters	South East	Residential Land	128	88
Forrestdale	South East	Residential Land	295	295
Bushmead	East	Residential Land	954	817
Millars Landing, North Baldivis	South	Residential Land	1,610	1,582
Pinjarra	South	Residential Land	1,080	1,080
WESTERN AUSTRALIA - REGIONAL				
Elements South Hedland	Pilbara	Residential Land	136	14
WESTERN AUSTRALIA - "JV" PROJECTS				
Cedar Woods Wellard (Emerald Park)	South	Residential Land	665	82
Batavia Coast Marina Apartments	Mid-West	Apartments	54	25
Harrisdale Green	South East	Residential Land and Townhouses	482	280
Western Edge, South Hedland	Pilbara	Residential Land	600	600
				5,965
VICTORIA - MELBOURNE				
Carlingford, Lalor	North	Residential Land	580	67
St A, St Albans	North West	Townhouses	268	268
Jackson Green, Clayton South	South East	Townhouses and Apartments	513	432
North Melbourne	North West	Townhouses	15	15
Williams Landing	West	Residential Land, Townhouses, Apartments	2,269	265
Williams Landing	West	Target Head Office (12,919m^2)	1	1
Williams Landing	West	Oxford Apartments	103	57
Williams Landing	West	Lancaster Apartments	42	42
Williams Landing	West	111 Overton Road Strata Offices	47	47
Williams Landing	West	Apartments	382	325
Williams Landing	West	Commercial (20 hectares)		
				1,519
QUEENSLAND - BRISBANE				
Bexley, Wooloowin	Inner North	Townhouses and Apartments	279	279
Ellendale, Upper Kedron	North West	Residential Land	480	255
				534
SOUTH AUSTRALIA - ADELAIDE				
Glenside	Inner South East	Townhouses and Apartments	1,018	1,018
Port Adelaide (proposed)	North West	Townhouses and Apartments	502	502
				1,520
TOTAL GROUP				**9,538**


PROJECT LIFE
FY19
FY20
FY21
FY22
FY23
FY24
Planning, Design & Rezoning
Development & Sales
Leasing, Development & Sales

i) Review of Developments

i. Victoria

The Victoria portfolio includes 11 projects (7 currently at *Williams Landing*) and approximately 1,500 lots, dwellings and strata offices, comprising land subdivision, townhouses, apartments and commercial projects.

The Victorian projects continued to record strong sales and settlement results, underpinned by continuing strong population growth within the State. The buoyant Victorian market has resulted in a peak of construction activity and placed pressure on some of the project delivery programs. Prices grew strongly in the first half with price growth exceeding cost increases across the Victorian portfolio.

Jackson Green's first townhouses stages and first apartment building was completed and settled during FY2018. Several new stages of townhouses and the second apartment building are now under construction with further settlements expected during FY2019. Settlements are set to continue over the next few years.

St A's first townhouse stage construction is well advanced with settlements set to occur in Q1 of FY2019. Settlements at St A will continue over the next two years.

Williams Landing is continuing to deliver on the company's long-term vision with several new projects of scale advancing within the town centre precinct and the last residential neighbourhood taking shape.

Jackson Green

- Located in the eastern suburb of Clayton South, 20 kilometres from Melbourne's CBD
- A 6.5 hectare site set to deliver 150 new town houses and 300 apartments
- Features include a central park and nearby retail, public transport, employment and education opportunities

Artist Impression

St. A

- A masterplanned estate 16 kilometres from Melbourne's CBD
- Architecturally designed homes and town houses
- A proposed landscaped park includes children's playground, BBQ shelter and open grassed areas
- Walking distance to schools, parks, Victoria University, public transport and the vibrant local village

Artist Impression - 107 Overton Road, Williams Landing, Victoria

Williams Landing

- A 275 hectare estate 20 kilometres from Melbourne's CBD
- Comprises four residential neighbourhoods and a network of parks
- A dynamic commercial and retail hub, and its own transport hub
- 50 hectare state-of-the-art Town Centre
- Major shopping centre at the heart of the development

ii. Western Australia

The Western Australia portfolio consists of 15 projects and approximately 6,000 lots, comprising land subdivision and townhouses. Several major new developments are starting to contribute.

Sales activity within the Western Australian portfolio has seen encouraging growth over the last year, this being against a backdrop of soft market and economic conditions within the State.

The new estates of *Karmara*, within the inner south-east suburb of Piara, and *Millars Landing*, within the highly competitive southern suburb of Baldivis have both achieved encouraging first year settlements. *Karmara*, comprising 128 lots is expected to be fully sold over the course of FY2019 and *Millars Landing*, comprising 1,610 lots is expected to contribute over a 10-15 year timeframe.

Cedar Woods' involvement in the *Mangles Bay* marina project in Rockingham came to an end in April following the Minister for Planning's refusal of the Metropolitan Regional Scheme (MRS) amendment. The *Mangles Bay* project was being managed by Cedar Woods through a co-development arrangement with the WA Government's land development agency, LandCorp. The company expects to make a full recovery of its costs.

Artist Impression

Karmara

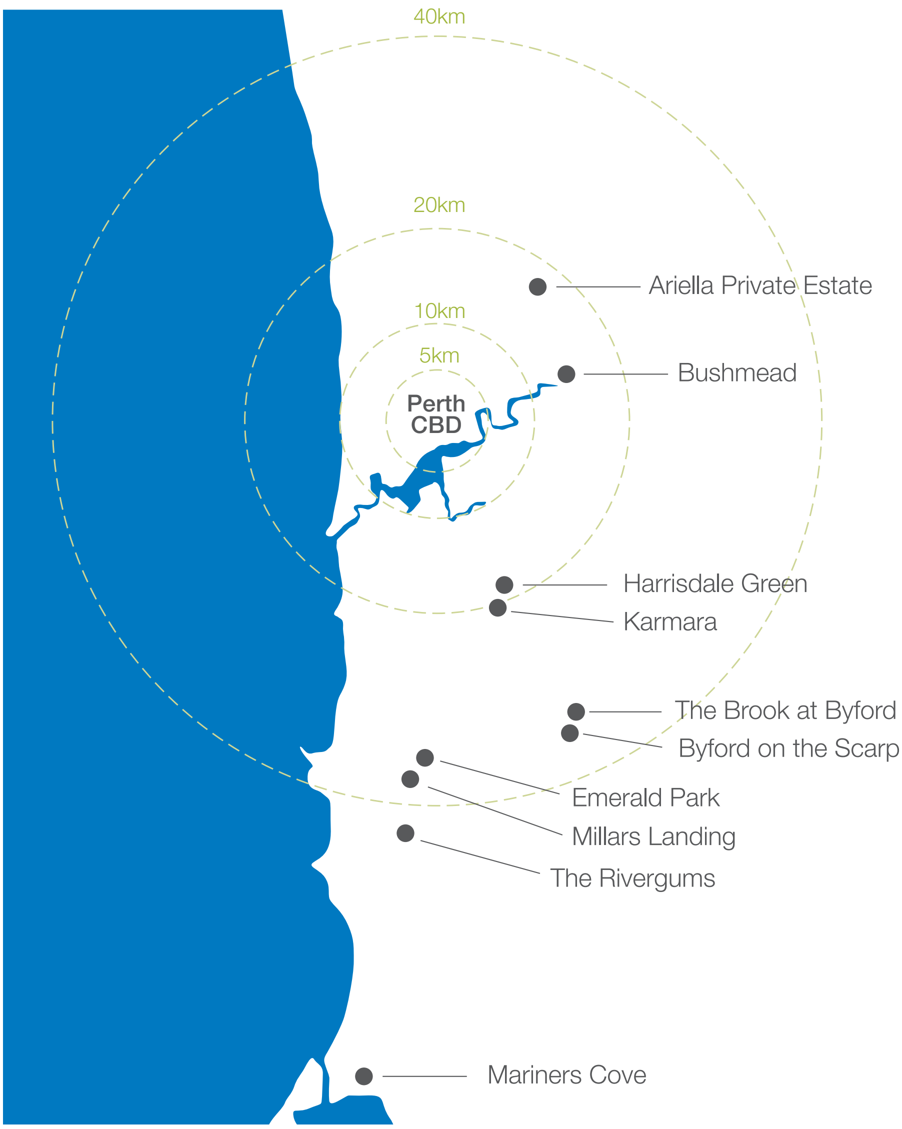
- Boutique community in Piara Waters, 30 kilometres from Perth's CBD
- Unique residential offering situated next door to Piara Nature Reserve, with retail, public transport and education infrastructure just around the corner
- A range of block sizes available for a first home buyer or investment property


Artist Impression

Millars Landing

- North Baldivis location, a short drive to the Rockingham foreshore, south of Perth
- Large blocks, parks and family friendly design
- Central to two town centres and nearby transport options
- Land-only and house and land packages, and lease-back lots available

Karmara, Piara Waters, Western Australia



Artist Impression - Bexley, Wooloowin, Queensland

iii. Queensland

The *Ellendale* project in Upper Kedron is continuing to progress well with the project showing strong sales results and price growth through FY2018. Construction is well underway with several stages and the project's major park nearing completion. The project is expected to be a steady contributor to company earnings over the medium term. The planning process for the balance of the site is well progressed and the company is confident of achieving a positive outcome.

The company's first Queensland medium density development known as *Bexley* has recently received a planning permit for the development of 279 medium-density residential dwellings. The project is in the inner ring suburb of Wooloowin in a sought-after location close to two train stations, shopping centres, schools and parks. The first release of boutique townhouses is set to occur in Q1 FY2019 and construction is due to commence during FY2019.

Ellendale

- A new masterplanned community just 12 kilometres from Brisbane's CBD
- Backs onto the South D'Aguilar National Upper Kedron
- Comprises 91 hectares of natural corridors and recreation space, providing a spectacular backdrop to the emerging community
- Unique address offers a range of house and land lots

Glenside Sales Office, South Australia

iv. South Australia

The company's first South Australian project, *Glenside* was launched in H2 FY2018 and has been met with strong demand. The first stages of townhouses sold quickly and achieved record pricing for a medium density project in Adelaide. The 16-hectare site is well located, three kilometres south east of the Adelaide CBD, and is expected to deliver around 1,000 apartments and townhouses. Construction of the initial stages of townhouses is underway with the first settlements expected in late FY2019.

Planning for the *Port Adelaide* project is well underway with the first sales release and construction commencement anticipated in FY2019. The site is 14 kilometres north-west of the Adelaide CBD, seven kilometres south of Adelaide's new submarine and frigate building precinct and only 1.5 kilometres from Semaphore Beach. The site is expected to yield around 500 dwellings with the majority being two and three storey townhouses.

Glenside

- A prestigious new address in the heart of Adelaide's east
- Adjacent to the Adelaide Park Lands and minutes from the CBD
- Comprises luxurious town houses and beautifully appointed apartments
- Offers a rare opportunity to secure a new home or investment property in one of Adelaide's most sought-after locations

Artist Impression

Pavillion at The Brook at Byford, Byford, Western Australia

j) Sustainability and Social Responsibility

At Cedar Woods, we do more than create vibrant communities. We are proud of our reputation for being an environmentally and socially responsible developer and we continue to look for opportunities to reduce our ecological footprint, save on energy and create safe and healthy lifestyles for our customers.

Our commitment to sustainability, social outcomes and stakeholder partnerships underlines our development approach, in recognition of the direct impact our actions have on environmental, economic and social outcomes.

Cedar Woods' projects make a significant contribution to the delivery of: affordable land supply; urban renewal and revitalisation; environmental enhancement; optimised use of state infrastructure; support to local economies and job creation; diverse and vibrant communities; and lifestyle enhancement for those who choose to buy in a Cedar Woods estate.

This section summarises our performance over FY2018. It provides updates and progress against targets and outcomes identified in the company's balanced scorecard reporting and allows us to communicate our sustainability achievements to our business, industry and stakeholder partners.

Sustainability and Social Objectives

Cedar Woods seeks to integrate sustainability and social considerations into all levels of decision making and project outcomes.

Environment & Climate Change:
Enhance and rehabilitate environmental assets; remediate contamination as an integral part of project delivery; promote total water cycle management; and promote energy efficiency.

Cedar Woods continued to build on its track record of being an environmentally responsible developer by minimising the impact on the natural environment across all projects. All projects with identified conservation values adopted measures to protect those values.

Highlights and Achievements

- *Bushmead* is Cedar Woods' first project to achieve the highest level '6 Leaf' accreditation under the Urban Institute of Australia's EnviroDevelopment accreditation tool. Initiatives include providing 187 hectares for conservation, revegetation of 38 hectares of formerly cleared or degraded land; and significant tree retention in the approved urban area. *Bushmead* was awarded the 2018 UDIA EnviroDevelopment Chairman's Choice Award for WA, in recognition of Cedar Woods' outstanding environmental initiatives, designed to reduce our environmental footprint.
- The *Ellendale* masterplan dedicates 40 per cent (90 hectares) of the site as a green-space corridor. The project will result in overall environment enhancement, including restored habitat linkages through significant revegetation works being undertaken, and improved wildlife movement networks, including fauna underpasses, squirrel glider poles and nesting boxes and ecological buffers. Significant environmental enhancement continued throughout the year on stages 1 and 2 of the development.
- *Jackson Green* townhouses incorporate many significant energy, water and conservation measures. Many of the homes exceed a 6.5-star energy rating, all homes incorporate "kill switches" and energy usage display units, and the majority of construction material (by weight) is recycled.

Artist Impression

Optimising Land Use:
Deliver the best use of land by optimising land use mix and product yield in the context of high quality urban places that deliver safe and healthy lifestyles.

By the nature of our business, a key outcome of our project delivery is to assist with the residential and commercial land supply in line with the Perth, Melbourne, Brisbane and Adelaide strategic planning frameworks. The company has developed a proven model for delivering quality, medium-density projects in middle and inner suburbs.

Projects are strategically located near amenity and infrastructure, with some 9,500+ lots / dwellings in the pipeline, across 30 projects.

Highlights and Achievements

- Many of Cedar Woods' projects transform urban spaces into vibrant communities, focusing on urban regeneration and strategic infill development. *Williams Landing* continues to develop as a major commercial centre serving Melbourne's western corridor. The high-quality amenities, including the shopping centre, train station and direct freeway access offer an affordable office precinct with high accessibility and convenience. This year, Cedar Woods secured a long-term lease with the Victorian State Government within the town centre. More than 20 additional mixed use / commercial sites remain at *Williams Landing*.
- *Ellendale* transforms underutilised rural land and provides residential housing supply that complements an established residential area, capitalising on existing transport and service infrastructure.
- *Bexley* is close to two train stations and the future northern bikeway extension, in keeping with Cedar Woods' history of delivering medium density housing projects in locations that are proximate to transport infrastructure.

Housing Diversity & Affordability:
Promote equality of access to housing for all sectors of the community.

Highlights and Achievements

- Tailored affordable housing initiatives are included in partnership projects such as *Harrisdale Green* (WA) and *Glenside* (SA). The *Glenside* project includes a requirement for 15 per cent affordable housing.
- *Williams Landing* continues to provide housing diversity, with Lancaster Apartments, offering 42 one and two-bedroom apartments over 7 levels. Presales of 100 per cent have been achieved and construction is underway. Sales prices provided affordable product in Melbourne's buoyant market.


Artist Impression


Artist Impression

Heritage:
Recognising indigenous and cultural heritage.

Cedar Woods has continued to respect indigenous and European cultural heritage across all of its project sites.

Highlights and Achievements

- A highlight for this financial year is the advancement of Cedar Woods' *Bexley* project, proposing 279 apartments and terrace homes. The site contains two historic heritage-listed buildings:
    - The former Holy Cross Convent building was built in 1889 and is Queensland's oldest recognisable institutional laundry. The single-story brick and timber building provides rare surviving evidence of the workhouse tradition.
    - The Holy Cross Laundry was built in 1912 and is listed on the Brisbane City Council heritage register and will also be preserved.
- Cedar Woods will protect the heritage significance of the site and plans to convert the convent and laundry building to residential uses as part of the master-planned development. A detailed heritage impact assessment has been undertaken by an award-winning heritage architect and all the original heritage elements will be carefully retained and preserved. In recognition of indigenous heritage in the area, Cedar Woods will include a heritage interpretation trail using signage within the development.

Stakeholder Engagement:
Maintain Cedar Woods' position as a competent and trustworthy company and joint venture partner and a valuable contributor to the property industry; and engage with key stakeholders throughout project delivery.

Highlights and Achievements

- Cedar Woods has established itself as a valued and trusted joint venture partner. The company's corporate objective is to reinforce these partnerships with 'professionalism, transparency and quality outcomes'. Current partnership projects include: *Harrisdale Green*, (WA Department of Communities); and *Glenside* (Renewal SA).
- Cedar Woods has remained committed to collaborating with all levels of government, industry and local community, customers and stakeholders to achieve positive outcomes across its projects. Active engagement strategies were undertaken for planning at *Ellendale* and *Wooloowin* with the advancement of planning approvals. At *Glenside* and *Port Adelaide* in South Australia, Cedar Woods undertook extensive community consultation in conjunction with Renewal SA to inform and help shape the projects' masterplans.
- Cedar Woods maintains membership and participation with key industry advocacy groups.

Community Investment, Development and Integration:
Create vibrant communities by investing in their wellbeing, nurturing a strong 'sense of community' and maximising social connectivity.

Highlights and Achievements

- Cedar Woods has donated close to $500,000 to more than 150 community groups nationally through its Neighbourhood Grants Program, since its inception in 2009. These grants assist with a wide range of local community projects, including new equipment, uniforms, community events, wildlife protection and environmental improvement.
- Cedar Woods Neighbourhood Cinemas were once again held across several of our communities. *The Brook at Byford*, *Byford on the Scarp* and *The Rivergums* enjoyed family and neighbours coming together. The movie events were well attended, and feedback was very positive.
- *Williams Landing* continues to support the local business community through its primary sponsorship of the Wyndham Business Awards. The City of Wyndham has the highest incidence of business registrations of any Victorian municipality, which bodes well for the future of *Williams Landing* town centre.

Occupational Health & Safety:
Providing a safe working environment for staff and stakeholders.

Highlights and Achievements

- Cedar Woods is committed to providing a safe workplace for staff and other stakeholders. The company has adopted a new Work Health & Safety System (WHS) to prepare for the introduction of the Model Work Health and Safety Act as it is enacted across Australia to harmonise workplace Health and Safety law.
- All staff have been inducted and undergo training.
- WHS plans are prepared for all construction projects, which are subject to independent audit.
- In FY2018, there was one WHS incident on a Cedar Woods construction site.
- The WHS system continues to be refined to improve the management of construction sites by Cedar Woods' contractors and consultants.

k) Corporate Objectives and Progress on 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 as it aims to deliver consistent year on year growth in net profit and earnings per share and put the company in the top half of all listed industrial companies based on financial performance. This year, the company reported a full year net profit after tax of $42.6 million and total fully franked dividends of 30.0 cents for FY2018.

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

The overarching strategic objective, as illustrated on page 11, is to grow and develop our national project portfolio, diversified by geography, product type and price point, so that it continues to hold broad customer appeal and performs well in a range of market conditions.

The company's strategy is delivered through operation of our value creation model, as illustrated on page 17, and discussed further below.

i. Acquisition of properties

The focus on the project pipeline guides management's activities by ensuring there is sufficient diversity by geography and product to meet the company's ongoing earnings objectives in the years ahead and influences the company's acquisition strategy. Consequently, in FY2018 the company continued to evaluate opportunities across the country and with regard to a variety of housing types.

During the year the company completed the acquisition of two new projects. The first was an 11 hectare land acquisition at Bonnie Brook, Victoria for a price of $4.2 million plus GST. The Bonnie Brook property was subsequently sold in May 2018 for $8.25 million.

The second was an infill development site in North Melbourne acquired for $9.8 million on a GST exempt basis. This site is approximately 1,390m^2 and located two kilometres north of the Melbourne CBD. Both commercial and residential designs are being explored for the project.

A summary of the project pipeline can be found at section h) on page 26.

ii. Development

The company has a strategically located and diverse residential portfolio in urban and regional growth areas in Western Australia, Victoria, Queensland and South Australia 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 luxury apartments at boutique waterfront developments.

Cedar Woods utilises joint ventures and co-development arrangements to diversify the company's revenue streams and efficiently manage its capital. This year, the company continued to manage development at *Emerald Park* on behalf of Cedar Woods Wellard Limited, which generates ongoing revenue by way of management and selling fees. In addition, the company continued development at *Harrisdale Green*, a co-development residential project with the WA Department of Communities.

Cedar Woods will build a number of commercial and retail property assets at *Williams Landing* and at other estates, where the development of those buildings is consistent with the estates' master plan objectives. The long-term ownership of those assets will be balanced against the company's capital management objectives and acquisition opportunities. Developments may be sold once they have achieved the amenity objectives and their valuations have matured, with disposals likely to become a regular component of the company's future revenue stream. During the year the company signed an agreement to sell a third office building in *Williams Landing*, Victoria, the 107 Overton Road office development. The building has been fully leased to the Victorian State Government for 15-years with two five-year options and settlement of the completed project expected in FY2020.

iii. Marketing and sales

The company continually assesses the markets in which it operates in order to ensure it has a wide offering of product to meet customer demand. Achieving sufficient pre-sales underwrites each development and is an important performance indicator for management. The company successfully launched and sold the first stages at *Karmara*, within the inner south-east suburb of Piara, and *Millars Landing*, within the highly competitive southern suburb of Baldivis, during the year and progressed approvals for a number of other projects across its portfolio that will contribute in future years.

l) Risks

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 general risks to company performance include those relevant to the property market, including government policy in relation to immigration and support for the housing industry generally, the environmental policy framework, monetary policy set by the Reserve Bank of Australia, the stance of other regulatory bodies such as APRA, the strength of the labour market and consumer confidence.

The company is also exposed to the property cycles in the markets in which it operates, i.e. Western Australia (regional and metropolitan), Victoria (metropolitan), Queensland (metropolitan) and South Australia (metropolitan). The fluctuations in demand in these markets represent a risk to achieving the company's financial objectives. The company aims to mitigate this risk by operating in diverse geographical markets and offering a wide range of products and price points to various consumer segments.

Whilst house and land prices fluctuate, underlying demand will be driven by population growth and changing demographics. In the past, the company has achieved its profit objective by managing both prices and volumes through the property cycle.

Individual projects are exposed to a number of risks including those related to obtaining the necessary approvals for development, construction risks and delays, pricing risks and competition. The company aims to balance its portfolio at any time in favour of mature projects where the project risks are generally diminished.

m) People and Culture

We see our culture as a significant source of business advantage, and one that is inherently hard to copy. We view our people as a strategic asset of the business and have created a positive, high-spirited work environment. Throughout FY2017 and FY2018 significant activities have been undertaken to refine our business culture and Human Resources (HR) practices. In refining our high-performance culture much work has been done in the following areas:

- Improving recruitment practices to ensure we secure top talent that fit with our culture;
- Refining accountability and delegation systems;
- Staff communications;
- People management training;
- Career development;
- Restructured reward systems;
- Implemented a range of HR policies including for parental leave and workplace flexibility; and
- Staff training.

We have a strong culture and HR systems that are working well in fulfilling our Vision and Purpose.

n) 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. The charters were updated during the year as required and are published on the company's website.

Following the resignation of independent director Mr Stephen Pearce in the prior year due to relocation to London, the Nominations Committee reviewed the composition of the Board having regard to the skills, experience and diversity of Board members.

Taking this into account and following an extensive search, in August 2017, the Board announced the appointment of Mrs Jane Muirsmith, independent director, to the Board effective 2 October 2017. This appointment restores to parity the number of independent and non-independent directors on the Board and provides 33 per cent female representation, which satisfies the company's diversity objective in that regard.

Mrs Muirsmith brings a range of skills and experience to the board, notably as a Fellow of Chartered Accountants in Australia and New Zealand with an audit and accounting background together with deep expertise in digital transformation.

In July 2017 the Board announced the retirement of long standing Managing Director Mr Paul Sadleir who stepped down in September and has been replaced by former Chief Operating Officer (COO) Mr Nathan Blackburne. Succession planning had been underway for some time and the Board was pleased to be able to recruit from within.

Mr Blackburne is well-known to our shareholders and business partners and, through the national COO role, is very familiar with all our projects. Mr Blackburne brings consistency to the position, as well as a fresh perspective with a strong focus on workplace culture, operations and performance.

Further details of the Board and governance changes are contained in this Annual Report and the Corporate Governance Statement which is available on the company's website and also on the ASX website.

o) Outlook

Cedar Woods is well positioned moving into FY2019 with strong pre-sales, low debt, substantial funding capacity and a diverse portfolio of well-located developments in Melbourne, Brisbane, Perth and Adelaide.

A number of new projects are expected to contribute to earnings in FY2019, including the Target Headquarters office at Williams Landing (Vic), 111 Overton Road and Lancaster Apartments (Vic), St. A (Vic) and Glenside (SA). A number of other projects in the portfolio are expected to contribute earnings for the first time from FY2020. The contributions from new projects and strong presales are expected to drive a strong uplift in net profit for FY2019 and provide a positive medium-term growth outlook for the company.

William Hames
Chairman

Nathan Blackburne
Managing Director

Glenside, South Australia

Directors' Report

Your directors present their report on the consolidated entity consisting of Cedar Woods Properties Limited ('the company' or 'Cedar Woods') and the entities it controlled (together 'the consolidated entity' or 'group') at the end of, or during, the year ended 30 June 2018.

a) Directors

The following persons were directors of Cedar Woods during the whole of the financial year and up to the date of this report, except where stated:

William George Hames (Chairman)

Robert Stanley Brown (Deputy Chairman)

Ronald Packer (Lead Independent Director)

Valerie Anne Davies (Independent Director)

Jane Mary Muirsmith (Independent Director, appointed 2 October 2017)

Nathan John Blackburne (Managing Director, appointed 18 September 2017)

Paul Stephen Sadleir (Managing Director, retired 18 September 2017)

Timothy Robert Brown (Alternate for Robert Stanley Brown, resigned 11 August 2017)

The qualifications, experience and other details of the directors in office at the date of this report appear on page 46 of this report.

L-R: Paul S Freedman, Ronald Packer, Valerie A Davies, Nathan J Blackburne, William G Hames, Robert S Brown and Jane M Muirsmith

b) Principal activities

The principal continuing activities of the consolidated entity in the course of the year ended 30 June 2018 were that of property developer and investor and no significant change in the nature of those activities took place during the year.

c) Dividends

Dividends paid to members during the financial year were as follows:

	2018 $'000	2017 $'000
Final fully franked ordinary dividend for the year ended 30 June 2017 of 18.0 cents (2016 – 16.5 cents) per fully paid share, paid on 27 October 2017 (2016 – 28 October 2016)	14,200	13,017
Interim fully franked ordinary dividend for the year ended 30 June 2018 of 12 cents (2017 – 12.0 cents) per fully paid share, paid on 27 April 2018 (2017 – 28 April 2017)	9,182	9,467
	23,382	**22,484**

Since the end of the financial year the directors have recommended the payment of a final fully franked ordinary dividend of $14,312,982 (18.0 cents per share) to be paid on 26 October 2018 out of retained earnings at 30 June 2018.

d) Financial and operating review

Information on the operations and financial position of the group and its business strategies and prospects is set out in the financial and operating review, commencing on page 23 of this annual report.

e) Business strategies and prospects for future financial years

The consolidated entity will continue property development operations in Western Australia, Victoria, Queensland and South Australia.

Cedar Woods is well positioned moving into FY2019 with strong pre-sales, modest debt, substantial funding capacity and a diverse portfolio of well-located developments in Melbourne, Brisbane, Perth and Adelaide.

f) Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the year.

g) Matters subsequent to the end of the financial year

No matters or circumstances have arisen since 30 June 2018 that have significantly affected or may significantly affect:

a. the consolidated entity's operations in future financial years; or

b. the results of those operations in future financial years; or

c. the consolidated entity's state of affairs in future financial years.

h) Likely developments and expected results of operations

Beyond the comments at items (d) and (e), further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

i) Environmental regulation

To the best of the directors' knowledge, the group complies with the requirements of environmental legislation in respect of its developments and obtains the planning approvals required prior to clearing or development of land under the laws of the relevant states. There have been no instances of non-compliance during the year and up to the date of this report.

j) Information on directors

Mr William G Hames, B Arch (Hons) MCU (Harvard) LFRAIA, MPIA, FAPI (Econ)

- Chairman of the Board of directors, non-executive director

Mr Hames is a co-founder of Cedar Woods. He is an architect and town planner by profession, and received a Masters Degree in City Planning and Urban Design from the Harvard Graduate School of Design, at Harvard University in Boston. He worked in the US property development market before returning to Australia in 1975 and establishing Hames Sharley Australia, an architectural and town planning consulting company. Mr Hames brings substantial property experience to the Board upon which he has served as a director for twenty-eight years.

Other current listed company directorships and former listed company directorships in the last three years:

None.

Mr Robert S Brown, MAICD, AIFS

- Deputy Chairman of the Board of directors, non-executive director
- Member of the Human Resources and Remuneration Committee
- Member of the Nominations Committee

Mr Brown is Executive Chairman of Westland Group Holdings Pty Ltd, with responsibilities in mining, agribusiness, biotechnology and venture capital. He is a past president of the Federation of Building Societies of WA and has participated in and chaired various Western Australian government advisory committees related to the housing industry. Mr Brown brings to the Board his diversified experience as a director of these companies and other listed entities and has served as a director of Cedar Woods for twenty-nine years.

Other current listed company directorships and former listed company directorships in the last three years:

Luiri Gold Limited.

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

- Non-executive director
- Chairman of the Audit and Risk Management Committee
- Chairman of the Human Resources and Remuneration Committee
- Chairman of the Nominations Committee

Mr Packer is the lead independent director of the Board, bringing a wide range of property experience in the public and private arena. He is the former Managing Director of PA Property Management Limited, the responsible entity for the PA Property Trust and is currently the Chairman of Terrace Properties and Investments Pty Ltd. Mr Packer has served as a director for twelve years and chairs all of the Board's committees.

Other current listed company directorships and former listed company directorships in the last three years:

None.

Ms Valerie A Davies, FAICD

- Non-executive director
- Member of the Audit and Risk Management Committee
- Member of the Human Resources and Remuneration Committee
- Member of the Nominations Committee

Ms Davies, a leading communications advisor to numerous individuals and Tier 1 companies via her own consultancy One.2.One Communications Pty Ltd, has in parallel, over the past 20 years established herself as one of Western Australia's most experienced non-executive directors.

She currently serves on the boards of major entertainment, hospitality and leisure operator, Event Hospitality & Entertainment Ltd, as well as Tourism Western Australia.

Previous non-executive roles include HBF, Iluka Resources, ASG, and Integrated Group (now Programmed). She has also held positions on the boards of government trading enterprises such as Tourism Australia, Gold Corporation and the TAB (WA), as well as Screenwest and Fremantle Hospital & Health Service. A member of CEW and a previous winner of the Telstra Businesswoman of the Year Award (WA) she has served as a Councillor and Vice President of the Australian Institute of Company Directors (WA division).

Ms Davies is a non-executive, independent Director and has served on the board for three years.

Other current listed company directorships and former listed company directorships in the last three years:

Event Hospitality & Entertainment Ltd.

Mrs Jane M Muirsmith, B Com (Hons), FCA, MAICD

- Non-executive director
- Member of the Audit and Risk Management Committee

Mrs Muirsmith is an accomplished digital and marketing strategist, having held several executive positions in Sydney, Melbourne, Singapore and New York.

She is Managing Director of Lenox Hill, a digital strategy and advisory firm and is a non-executive director of Australian Finance Group Limited (AFG), Healthdirect Australia and the Telethon Kids Institute.

Mrs Muirsmith is a Graduate of the Australian Institute of Company Directors and a Fellow of Chartered Accountants in Australia and New Zealand, with an audit and accounting background together with deep expertise in digital transformation. Mrs Muirsmith is a member of the Ambassadorial Council UWA Business School and is a former President of the Women's Advisory Council to the WA Government.

Other current listed company directorships and former listed company directorships in the last three years:

Australian Finance Group Limited.

Mr Nathan J Blackburne, BB (Curtin), AMP (Harvard), GAICD

- Managing Director, executive director

Mr Blackburne has 25 years' experience in various sectors of the property industry including valuations, asset management, commercial leasing and property development.

He commenced his career with Cedar Woods in 2002 with the mandate to establish and grow the company in Melbourne. Starting off as State Manager for Victoria, he later led the expansion of the company into Brisbane and Adelaide to become State Manager for Victoria, Queensland and South Australia.

In 2016, Mr Blackburne was appointed as Chief Operating Officer for the company and in September 2017 was appointed to the position of Managing Director.

Mr Blackburne has a Bachelor of Business degree majoring in Valuations and Land Economics and is a Graduate of the Australian Institute of Company Directors. He is also a Graduate of Harvard Business School in Boston having completed their Advanced Management Program.

Other current listed company directorships and former listed company directorships in the last three years:

None.

Company Secretary

The Company Secretary is Mr Paul S Freedman, BSc, CA, GAICD. Mr Freedman was appointed to the position in 1998. He is a member of the Institute of Chartered Accountants in Australia and is a member of the Australian Institute of Company Directors. He brings to the company a background of over twenty years in financial management in the property industry, preceded by employment in senior roles with major accountancy firms.

k) Shares issued on the exercise of options

No share options were in existence during the year and none have been issued up to the date of this report.

l) Directors' interests in shares

Directors' relevant interests in shares of Cedar Woods at the date of this report, as defined by sections 608 and 609 of the *Corporations Act 2001*, are as follows:

Director	Interest in ordinary shares
William G Hames	10,235,920
Robert S Brown	7,982,584
Ronald Packer	167,859
Valerie A Davies	15,297
Jane M Muirsmith	10,198
Nathan J Blackburne	30,226

m) Committees of the Board

As at the date of this report Cedar Woods Properties Limited had the following committees of the Board:

Audit and Risk Management Committee	Human Resources and Remuneration Committee	Nominations Committee
R Packer (Chairman)	R Packer (Chairman)	R Packer (Chairman)
V A Davies	R S Brown	R S Brown
J M Muirsmith	V A Davies	V A Davies

n) Meetings of directors

The following table sets out the numbers of meetings of the company's directors (including meetings of committees of directors) held during the year ended 30 June 2018, and the numbers of meetings attended by each director:

	Board Meetings	Meetings of Committees		
		Audit and Risk Management	Human Resources and Remuneration	Nominations
Number of meetings held:	**10**	**4**	**5**	**4**
W G Hames	10	*	*	*
R S Brown	10	2	5	4
R Packer	10	4	5	4
V A Davies	10	4	5	4
J M Muirsmith	8	2	*	1
P S Sadleir	2	*	*	*
N J Blackburne	8	*	*	*
T Brown (alternate director)	-	-	-	-

* Not a member of this committee.

R S Brown retired from the Audit and Risk Management Committee on 2 October 2017 and has attended all meetings held up to that date.

J M Muirsmith was appointed to the Audit and Risk Management Committee on 2 October 2017 and has attended all meetings held after that date.

P S Sadleir retired on 18 September 2017 and attended all Board meetings held up to that date.

N J Blackburne was promoted to Managing Director on 18 September 2017 and has attended all Board meetings held after that date.

Timothy Robert Brown (Alternate for R S Brown) resigned on 11 August 2017.

Directors' Report:

Chairman of the Human Resources and Remuneration Committee's Letter to Shareholders

Dear Shareholders,

I am pleased to provide this letter setting out the highlights in relation to remuneration matters for FY2018.The Financial and Operating Review notes that Cedar Woods had another strong year, reporting solid profits and achievements across the various areas within the company's operations, as described in our "balanced scorecard" in section r) of this report. The balanced scorecard sets out the company's FY2018 objectives and records performance against targets as assessed by the Board.

On 18 September 2017 our long-standing Managing Director Paul Sadleir stepped down and was replaced by Chief Operating Officer Nathan Blackburne. Key details regarding Mr Blackburne's new remuneration package were included in the 27 July 2017 ASX release.

On 2 October 2017 Mrs Jane Muirsmith joined the Board as an independent non-executive director.

We continue to engage with shareholders and proxy advisors to ensure our policies and practices in relation to remuneration matters are both well described and appropriate for the company and its shareholders.

Review of the executive remuneration framework	In 2015 the company engaged EY to provide advice on Cedar Woods' executive remuneration framework with the objective of improving the link between shareholder returns and executive remuneration as well as a closer alignment of remuneration with the corporate strategy. Aspects of the new executive remuneration framework applied from 1 July 2015 including transitioning to a greater emphasis on variable pay with the introduction of a new long-term incentive program (as outlined below). The Human Resources and Remuneration Committee is currently in the process of a subsequent review of executive remuneration assisted by external consultants.
Fixed remuneration	The company identified where adjustments were appropriate, based on market benchmarking information. For FY2018 the new Managing Director's (MD's) fixed remuneration was limited to 60% of his total package and set at a lower base than the retiring MD. Other executives' in continuing roles had average fixed remuneration increases of 4.5%. Patrick Archer and Leon Hanrahan were promoted during the year and their remuneration packages were aligned with market remuneration levels in both listed and non-listed property companies.
Short-term incentives ("STIs")	To ensure the STI's were appropriately aligned to the corporate strategy, the company continued with its balanced scorecard of measures for determining the STI awards for FY2018. Scorecard sections have been grouped into financial and non-financial categories.

Long-term incentives ("LTIs")	The LTI plan introduced in 2015 continues to operate and has two vesting conditions a) a three year service condition and b) two performance conditions measured over a three year period: 50 per cent of the LTI grant will be tested against a relative total shareholder return ("TSR") hurdle (measured against the S&P / ASX Small Industrials Index) and 50 per cent against earnings per share ("EPS") growth targets, set in the context of the corporate strategy. The relative TSR performance condition was chosen as it offers a means of measuring changes in shareholder value by comparing the company's return to shareholders against the returns of companies of a similar size and investment profile. The EPS performance condition was chosen as it is a primary determinant of shareholder value in a listed company context.
Non Executive Director ("NED") fees	The potential maximum aggregate NED remuneration for FY2018 was $750,000, as approved by shareholders at the company's FY2014 AGM. Chair and NED fees were increased by 2% effective 1 July 2017 to provide an increase in line with CPI. Total NED fees paid for FY2018 were $563,250.
Clawback policy	The company has implemented an incentive clawback policy for executives and other staff that applies for FY2015 onwards. Under the policy, the Board may at its absolute discretion claw back vested and unvested incentives in the case where an "inappropriate benefit" has arisen, as may be the case in a material misstatement of financial results.

The Remuneration Report provides information on non-executive directors and executives and the remuneration outcomes for FY2018.

It was pleasing to note that shareholders voted overwhelmingly in favour of the FY2017 Remuneration Report at the 2017 Annual General Meeting, with 98.9 per cent of votes cast in favour.

I look forward to answering any questions you may have at our 2018 Annual General Meeting in November.

Yours faithfully,

Ronald Packer
Chairman
Human Resources and Remuneration Committee

Directors' Report:
Remuneration Report

The directors present Cedar Woods' FY2018 Remuneration Report which sets out remuneration information for the directors and other key management personnel ("KMP") for the year ended 30 June 2018.

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The Remuneration Report is presented under the following sections:

		Page
o)	Introduction	52
p)	Remuneration governance	53
q)	Executive remuneration policy and framework	54
r)	Executive remuneration outcomes for FY2018 (including link to performance)	60
s)	Executive contracts	66
t)	Non-Executive Director fee arrangements	66
u)	Additional statutory disclosures	68

o) Introduction

The Remuneration Report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the company, directly or indirectly.

The table below outlines the KMP of the company during the financial year ended 30 June 2018. Unless otherwise indicated, the individuals were KMP for the entire financial year. For the purposes of this report, the term "executive" includes the managing director and senior executives of the company.

KMP	Position	Term as KMP
Non-Executive directors ("NEDs")		
W G Hames	Non-Executive Chair	Full year
R S Brown	Non-Executive Deputy Chair	Full year
R Packer	Lead Independent Non-Executive Director	Full year
V A Davies	Independent Non-Executive Director	Full year
J M Muirsmith	Independent Non-Executive Director – appointed 2 October 2017	Part year
Executive directors		
N J Blackburne	Managing Director ("MD") – promoted effective 18 September 2017	Full year
P S Sadleir	Managing Director ("MD") – retired 18 September 2017	Part year
Senior executives		
P Archer	Chief Operating Officer ("COO") – promoted effective 13 November 2017, previously State Manager – Victoria and South Australia	Full year
L M Hanrahan	Chief Financial Officer ("CFO) – promoted effective 1 June 2018	Part year
P S Freedman	Company Secretary (previously also CFO until 31 May 2018)	Full year
B G Rosser	State Manager – Western Australia	Full year

Changes since the end of the reporting period

There were no changes to KMP after the reporting date and before the date the annual report was authorised for issue.

p) Remuneration governance

Role of the Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee is a committee of the Board. It is responsible for making recommendations to the Board on:

- the over-arching executive remuneration framework,
- NED fees,
- operation of incentive plans and key performance hurdles for the executive team, and
- remuneration levels of the MD and other executives.

The Human Resources and Remuneration Committee's objective is to ensure remuneration policies and structures are fair and competitive and aligned with the long-term interests of the company. The Human Resources and Remuneration Committee periodically obtains independent remuneration information to ensure NED fees and executive remuneration packages are appropriate and in line with the market.

The Corporate Governance Statement provides further information on the role of the Human Resource and Remuneration Committee and may be found on the company's website under the Investor Relations link.

Use of remuneration advisors

In FY2015 the Human Resources and Remuneration Committee appointed EY as its external remuneration advisor to assist with the review of the overall executive remuneration framework.

EY's terms of engagement included specific measures designed to protect its independence. The Human Resources and Remuneration Committee recognises that, to effectively perform its role, it is necessary for EY to interact with members of Cedar Woods' management. However, to ensure EY remained independent, members of Cedar Woods' management were precluded from requesting services that would be considered to be a 'remuneration recommendation' as defined by the *Corporations Amendment (improving Accountability on Director and Executive Remuneration) Act 2011*.

No remuneration recommendations were provided to the Human Resources and Remuneration Committee by EY or any other advisor during the reporting period. Following FY2018 year end, the Human Resources and Remuneration Committee has since commenced a process of reviewing the executive remuneration framework assisted by external consultants.

Clawback of remuneration

For FY2015 and subsequent years, vested and unvested STI's & LTI's are subject to potential clawback based on the Board's judgment.

The Board may exercise its judgment in relation to STI or LTI outcomes:

STI at the end of the financial year when assessing performance against scorecard objectives to determine the STI payments, when determining if there are any matters impacting the initial performance assessment.

LTI at any time prior to, or at, the final vesting date of the performance rights and will take account of factors such as any material misstatements of financial results or individual instances of non-compliance with Cedar Woods' policies.

The clawback policy also provides that the Board can recover an STI or LTI award previously paid to an employee.

Remuneration Report approval at FY2017 Annual General Meeting ("AGM")

At the company's 2017 AGM, 98.9 per cent of eligible votes cast were in favour of the Remuneration Report for FY2017.

q) Executive remuneration policy and framework

The information contained within this section outlines the details pertaining to the executive remuneration policy and framework for FY2018.

i. Principles and strategy

Company objective
To create long-term value for shareholders through the development of vibrant communities

Remuneration strategy linkages to company objective	
The Board of directors ensures our approach to executive reward satisfies the following key criteria for good reward governance practices: • Competitiveness and reasonableness • Acceptability to shareholders • Alignment of executive remuneration to company performance • Transparency of the link between performance and reward	Attract, motivate and retain high performing individuals: • The remuneration offering rewards capability and experience • Reflects competitive reward for contribution to growth in shareholder wealth The framework is aligned to shareholders' interests by having: • STIs linked to current year performance and subject to clawback • LTIs linked to both long term external (relative total shareholder return ("TSR")) and internal (earnings per share ("EPS") growth) performance. Unvested LTIs also subject to clawback

	Component	Vehicle	Purpose	Link to performance
Total remuneration ("TR")	Fixed remuneration	Comprises base salary, superannuation and non-monetary benefits	To provide competitive fixed remuneration set with reference to role, market and skills and experience of individuals	Group and individual performance are considered during the annual remuneration review process No guaranteed fixed remuneration increases included in executives' contracts
	STIs	Paid in cash	Rewards executives for their contribution to achievement of company outcomes	Linked to the Corporate Plan and achievement of personal objectives established at the start of the year
	LTIs	Equity based LTI grants awarded in Performance Rights	Rewards executives for their contribution to the creation of shareholder value over the longer term	Vesting of grants is dependent on TSR performance relative to S&P / ASX Small Industrials Index and annual compound growth rate in EPS, both over a three-year period

Performance related outcomes are determined each year following the audit of the annual results. Outcomes may be adjusted up or down in line with over and under achievement against the target performance levels, at the discretion of the Board (based on a recommendation from the Human Resources and Remuneration Committee).

The Human Resources and Remuneration Committee also considers issues of succession planning, career development and staff retention.

ii. Approach to setting remuneration

In FY2018, the executive remuneration framework consisted of fixed remuneration and short and long-term incentives as outlined below.

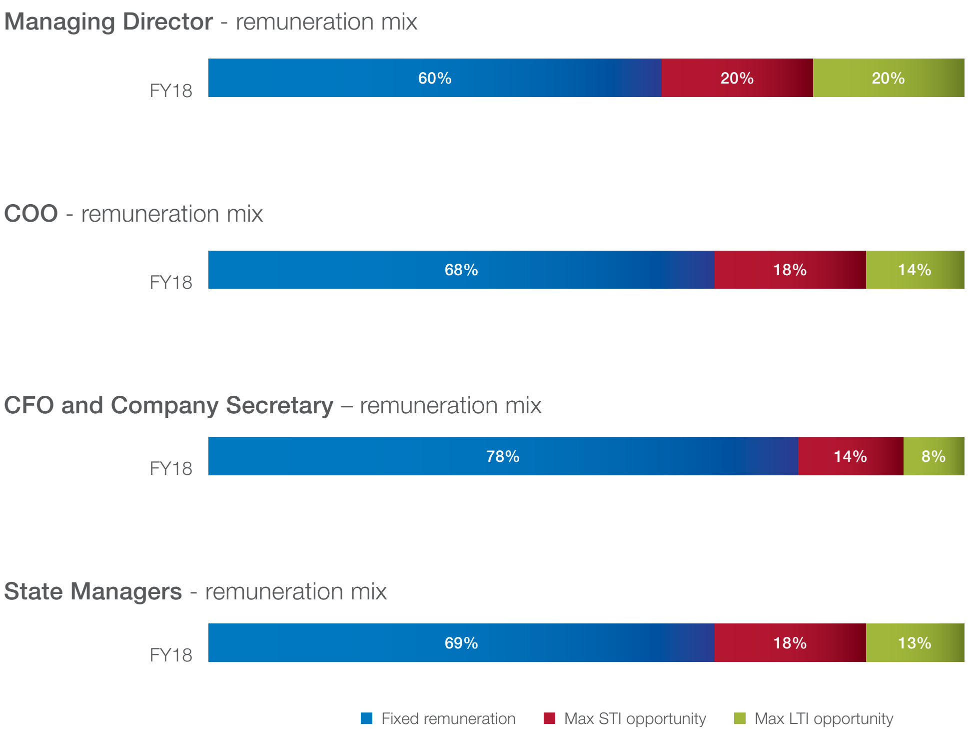
The company aims to reward executives with a level and mix of remuneration appropriate to their position, responsibilities and performance within the organisation and aligned with market practice.

The company's approach is generally to position total remuneration between the median and upper quartile of our direct industry peers, both listed and unlisted, and other Australian listed companies of a similar size and complexity. Based on performance and experience, individuals have the potential to move from median to upper quartile over a period of time.

Remuneration levels are reviewed annually through a process that considers market data, insights into remuneration trends, the performance of the company and the individual, and the broader economic environment.

The "at risk" components (STI's and LTI's) ensure a proportion of remuneration varies with performance of both the individual and the company. In recent years the Board has made gains in restructuring executive remuneration to provide a greater weighting of "at risk" components within the total remuneration opportunity (remuneration mix) particularly for the MD and introduced an equity based LTI plan. In making this transition, the Board endeavoured to keep total remuneration increases at modest levels, with the majority of increases directed into LTI's. Some variations may occur year to year due to influencing factors such as changing market conditions.

The graph below illustrates the remuneration mix for FY2018. The FY2018 bars show the remuneration mix for the individual in the role for the majority of the year.



* The CFO and Company Secretary role was split into two positions from 1 June 2018.

STI and LTI are based on the maximum opportunity when remuneration levels are determined by the HR&R Committee.

iii. Details of incentive plans

Short-term incentives (STI)

STI Plan effective up to and including FY2018

Who participates?	Executives and key staff
How is the STI delivered?	Cash
What is the STI opportunity?	Each executive has a target STI opportunity depending on the accountabilities of the role and impact on organisational performance. The company seeks to deliver steady annual growth and accordingly the maximum STI opportunity is the target opportunity. The maximum STI opportunity for KMP's is detailed in section r) Executive remuneration outcomes.
What are the performance conditions for FY2018?	Actual STI payments to each executive depend on the extent to which specific targets set at the beginning of the financial year are met with regard to both company and individual performance criteria. The weightings that applied in FY2018 to components of the company's business model are set out in the table below:

	Weighting (%)			
	MD	**COO**	**State Managers**	**CFO and Company Secretary**
Financial				
Developments	20%	15%	20%	0%
Sales and customer experience	20%	20%	20%	5%
Financial performance and risk management	20%	20%	15%	40%
Non-financial				
Business development	15%	20%	15%	15%
People and culture	10%	15%	20%	20%
Shareholder engagement and satisfaction	10%	5%	5%	20%
Sustainability	5%	5%	5%	0%

Refer to section r) Executive remuneration outcomes for further details of performance outcomes for FY2018, and STI awards to KMP.

The categories of "Developments" and "Sales and customer experience" involve close monitoring of revenues and financial expenditure and together with "Financial performance and risk management" provide a significant weighting to overall financial performance.

How is performance assessed?	On an annual basis, after consideration of performance against set balanced scorecard objectives, the Chairman and Chair of the Human Resource and Remuneration Committee recommends to the Board the amount of STI to be paid to the MD. For senior executives, the Human Resource and Remuneration Committee will seek recommendations from the MD before making its determination. The Human Resources and Remuneration Committee has the discretion to determine STI outcomes in the light of personal and company performance.
What happens if an Executive leaves Cedar Woods?	Executives who leave prior to the end of the financial year generally forego their entitlement. The Human Resources and Remuneration Committee has discretion in this regard.

STI Plan effective from 1 July 2018

The company introduced a new STI plan, effective 1 July 2018. Key features of the new STI plan are set out below:

<table>
<tr><td>Why have a new STI plan?</td><td>Whilst the current STI Plan has been effective, it could be further refined to reward staff for overachievement, limit the reward payable for underperformance and link better to the annual staff performance review process. Maintaining a high-performance culture is a Strategic Priority and the revised STI plan better serve this.</td></tr>
<tr><td>Who participates?</td><td>Executives and key staff</td></tr>
<tr><td>How is the STI delivered?</td><td>Cash</td></tr>
<tr><td>What STI's are available and what are the performance conditions for FY2019?</td><td>Each executive has a target STI opportunity depending on the accountabilities of the role and impact on organisational performance.
The STI system will be refined as follows:
a) Up to 75% of the bonus based on personal performance, with the actual percentage awarded based on the overall manager rating as determined in the annual performance review and using categories and percentages set out in the table below:
<table>
<tr><th>Overall Rating</th><th>Incentive</th></tr>
<tr><td>5. Exceeded Expectations</td><td>125% - 150%</td></tr>
<tr><td>4. Overly Met Expectations</td><td>100% - 125%</td></tr>
<tr><td>3. Met Expectations</td><td>80% - 100%</td></tr>
<tr><td>2. Nearly Met Expectations</td><td>50% - 80%</td></tr>
<tr><td>1. Below Expectations</td><td>0%</td></tr>
</table>
b) Up to 25% of the cash incentive awarded based on the HR&R Committee's assessment of the company's overall performance using the Balanced Scorecard system.
In essence the personal / company split changes from 50/50 to 75/25.
Actual STI payments to each executive depend on the extent to which specific targets set at the beginning of the financial year are met with regard to both company and individual performance criteria.</td></tr>
<tr><td>How is performance assessed?</td><td>On an annual basis, after consideration of performance against set balanced scorecard objectives, the Chairman and Chair of the Human Resource and Remuneration Committee recommends to the Board the amount of STI to be paid to the MD.
For senior executives, the Human Resource and Remuneration Committee will seek recommendations from the MD before making its determination.
The Human Resources and Remuneration Committee has the discretion to determine STI outcomes in the light of personal and company performance.</td></tr>
<tr><td>What happens if an Executive leaves Cedar Woods?</td><td>Executives who leave prior to the end of the financial year generally forego their entitlement. The Human Resources and Remuneration Committee has discretion in this regard.</td></tr>
</table>

Long-term incentives (LTI)

Previous LTI plan effective up to FY2015

The company operated a long-term incentive plan, which first commenced in FY2012 with the final grants made in FY2015. The incentive was designed as a cash bonus opportunity that vests three years after award, based on company and individual performance criteria assessed in the first year and ongoing employment with the company for the remaining two years. The FY2015 LTI awards were based on the same criteria used for FY2015 STI awards, with KMP amounts detailed in section r) Executive remuneration outcomes.

If the employee left the company before the vesting date no bonus was paid, although the Board may waive this restriction at its discretion, for example when an employee retires. If an employee was made redundant after the award but before the vesting date then the bonus would be paid out. The total awarded under the FY2015 plan which vested on 1 July 2017 was $283,420.

Current LTI plan effective 1 July 2015

The company has introduced a new LTI plan, effective 1 July 2015. Key features of the new LTI plan are as follows:

Why have a LTI plan?	To encourage a greater alignment of the interests of executives and shareholders, focus on sustainable long-term growth and attract and retain key executives.
Who participates?	Executives and key staff. NEDs are not eligible to participate in the LTI plan.
What LTI's are available?	Each executive has a maximum LTI opportunity depending on the accountabilities of the role and impact on organisational performance. The maximum LTI for each KMP is detailed in section r) Executive remuneration outcomes.
How is the LTI delivered	Awards under the LTI plan are made in the form of performance rights, which provide, when vested, one share at nil cost (provided the specified performance hurdle is met). No dividends are paid on unvested LTI awards. A new share will be issued for each vested performance right. At the discretion of the Board the LTI awards may be satisfied in cash rather than shares by payment of the cash equivalent value
How are the number of rights determined for each LTI grant?	The number of performance rights allocated for each executive is calculated by reference to the maximum LTI opportunity outlined in the prior section. Allocations are made based on a face value approach using the Volume Weighted Average Price of Cedar Woods' shares over the first five trading days of the 2018 financial year. This fixes the maximum number of shares and the actual number will vest in accordance with the performance conditions set out below.
When does the LTI vest?	The Board will determine the outcomes at the end of the three-year performance period (1 July 2017 to 30 June 2020), with vesting, if any, occurring once results are released and within a trading window. Once vested, there are no restrictions on trading the shares, subject to the company's Securities Trading Policy.
What happens if an Executive leaves Cedar Woods?	If cessation of employment occurs, the following treatment will apply in respect of unvested rights: • If the participant ceases employment with Cedar Woods on resignation or on termination for cause, unvested rights will normally be forfeited. • If the participant ceases employment in other circumstances (for example, due to illness, total or permanent disablement, retirement, redundancy or other circumstances determined by the Board), unvested rights will stay 'on foot' and may vest at the end of the original performance period to the extent performance conditions are met. The Board may determine in its discretion that the number of rights available to vest will be reduced pro-rata for time at the date employment ceases. The Board will retain discretion to allow for accelerated vesting (pro-rated for performance and/or time) in special circumstances (as opposed to allowing unvested rights to remain 'on foot' on cessation of employment).
What happens in the event of change of control	Unless the Board determines otherwise, a pro-rata number of the participant's unvested rights will vest based on the proportion of the performance period that has passed at the time of the change of control. Vesting will also be subject to the achievement of pro-rata performance conditions at the time of the change of control.
Do participants receive dividends on LTI grants?	Not prior to any vesting.
Can a participant deal with or trade their performance rights before vesting?	A participant cannot enter into any scheme, arrangement or agreement (including options and derivative products) under which the participant may alter the economic benefit to be derived from any unvested rights.
Is performance retested if performance hurdles are not exceeded?	No, there are no further retests of the performance conditions.
Do clawback provisions apply to LTI's?	The company has an incentive claw back policy in place for executives and other staff. Under the policy, the Board may at its absolute discretion claw back vested and unvested incentives in the case of an "inappropriate benefit" arising.

How is performance assessed and rewarded against these hurdles?

The awards are subject to two equally weighted performance conditions which operate independently, so that awards can be made under either or both categories.

Relative TSR hurdle (50%): The relative TSR hurdle provides a comparison of external performance. The ASX Small Industrials Index is comprised of the companies included in the S&P/ASX 300 (excluding companies in the S&P/ASX 100) who have a Global Industry Classification Standard (GICS) classification other than Energy or Metals & Mining, with Cedar Woods ranked approximately 134th of 159 companies in this index at year end. TSR (Total Shareholder Return) measures changes to share price and dividends paid to show the total return and is widely used in the investment community and is an appropriate hurdle it aligns the experience of shareholders and executives.

This index was chosen, rather than a peer group, as there are a limited number of companies with similar operations and in recent years the number of these has reduced even further through takeovers (e.g. Australand & CIC) and changes to business models and operations (e.g. Aveo, Devine & Port Bouvard).

Executives will only derive value from this component of the LTI if the company's TSR performance is greater than the Index. Maximum vesting of the TSR hurdle at or above 15% of the Index recognises significant out-performance of the company over 3 years.

The vesting schedule is as follows:

Relative TSR performance outcome	Percentage of TSR-tested rights vesting
< Index	Nil
At the Index	50%
> Index and up to 15% above the Index	Pro-rata between 50% and 100%
> = 15% above the Index	100%

EPS compound annual growth rate (50%): EPS is a method of calculating the performance of an organisation, capturing information regarding an organisation's earnings in proportion to the total number of shares issued by the organisation. The EPS calculation is:

$$\text{EPS} = \frac{\text{Statutory net profit after tax}}{\text{Weighted number of shares on issue}}$$

Where:

Statutory net profit after tax:	as reported by a company at the most recent financial-year end preceding the calculation date.
Weighted number of shares on issue:	The weighted number of shares on issue for the financial year.

The relevant inputs when setting the EPS target range are generally:

- The earnings and EPS targets contained in the Corporate Plan, particularly with reference to the most recent internal five-year forecasts;
- The level of stretch associated with those Corporate Plan targets;
- Any earnings guidance that has been provided to the market;
- Shareholder and analyst (individual and consensus) expectations.

The vesting schedule for this component of the LTI is as follows:

EPS compound annual growth rate	Percentage of EPS-tested rights vesting
<5%	Nil
5%	50%
Between 5% - 10%	Pro-rata between 50% and 100%
> = 10%	100%

r) Executive remuneration outcomes for FY2018 (including link to performance)

Performance against STI balanced scorecard objectives

The table below outlines FY2018 STI objectives and performance against target outcomes as assessed by the Board. This performance measurement framework provides a close alignment to the company's overriding objective of providing long term value to shareholders and links to our value creation model as described on page 17.

Objectives	Measures	Outcomes	Performance assessment
Business development			
To build and replenish the portfolio by acquiring quality assets	Undertake due diligence investigations for new acquisitions consistent with approved checklist and reporting measures in a thorough and disciplined manner	Detailed assessment of numerous properties across four states. The acquisitions environment continues to be highly competitive in VIC & QLD, and to a lesser extent in WA and SA.	Partially Achieved
	Acquire at least two strong margin projects each year, consistent with the corporate growth strategy	New properties secured in *Port Adelaide* (SA), and *North Melbourne* (VIC). No large projects secured.	Partially Achieved
Pursue joint venture opportunities and business partnerships forged	Deepen relationships with business partners acting with professionalism, transparency and with quality outcomes	Existing joint ventures (or development agreements) in WA with LandCorp (*Western Edge*) and Department of Housing (*Harrisdale*) progressed. *Mangles Bay* cancelled. Builder relationships being created & nurtured.	Achieved
Developments			
Maximise value, minimise risk with project delivery on time and on budget	Planning and engineering approvals achieved in time	Most of the FY2018 delivery projects met budget timelines. Slippage on some projects in WA, VIC, and QLD. Efforts underway to regain program.	Partially Achieved
	Manage expenditure diligently, seeking opportunities to reduce costs and be in line with budget	Development costs predominantly kept within budget. Delayed expenditure at some future projects due to project approvals behind schedule. Significant improvement in forecasting accuracy.	Achieved
Create quality communities which embrace innovation and sustainability	Innovation and quality in projects	Innovation and quality demonstrated in many projects. Projects well regarded in industry.	Achieved
Sales and customer experience			
Position projects to meet market and customer demand	Settlements	Settlements achieved under budget.	Not Achieved
	Sales volumes and revenue	Budgeted sales not achieved, primarily due to weaknesses in the WA market. WA average prices in line with budget, VIC and QLD average prices above budget.	Not Achieved
	Enquiry	Enquiry levels exceeded budget.	Achieved
	Customer satisfaction	Net promoter scores across several projects were received with good results across most projects surveyed.	Partially Achieved

Objectives	Measures	Outcomes	Performance assessment
Financial performance and risk management			
Continued growth in a risk-controlled manner	Growth in NPAT and EPS	No growth in NPAT & EPS in FY2018.	Not Achieved
	Satisfactory ROE and ROC	ROE 12% (vs 10% min) and ROC 14% (vs 12% min), both above company benchmarks.	Achieved
	Gearing (debt/equity)	Gearing at 30 June was 31%, at the lower end of the target range.	Achieved
	Risk management framework in place	Six monthly risk management reviews performed and reported to the Audit & Risk Management Committee in August and February. Only minor exceptions noted.	Achieved
People and culture			
Attract, motivate and retain staff	Be a preferred employer	• Employee satisfaction is high.	Achieved
		• New dress code, flexible working and new maternity leave policy implemented.	Achieved
		• Employee turnover for FY2018 was within the accepted range.	Achieved
	Succession planning and training	• A number of staff were promoted across the Melbourne & Perth offices during the year.	Achieved
		• Staff attended numerous group and individual training courses and industry events in FY2018.	Achieved
		• An internally designed people manager development program was implemented.	Achieved
		• Pro-active efforts and systems are in place to closely manage career development.	
	Staff productivity	Cost levels were consistent with the budget and corporate plan.	Achieved
Shareholder engagement and satisfaction			
Support the company	Participation in share issues	The dividend reinvestment plan and bonus share plan were reactivated in FY2018 and a high level of participation was achieved.	Achieved
	Company investor relations program	Regular roadshows and investor briefings held during the year.	Achieved
	Total Shareholder Return (TSR)	One-year TSR for CWP of 16.5%, while strong was slightly lower than the Small Industrials Index's TSR of 18.4%. The TSR for 3 and 5 years of 29.9% and 43.1% are strong, however under the Small Industrials Index's TSR of 44.0% and 74.4% over the same periods.	Not Achieved
	Support for AGM resolutions	All resolutions were overwhelmingly supported by shareholders at 2017 AGM.	Achieved
	Proxy advisors support Board resolutions	All resolutions were supported by proxy advisors and ASA at 2017 AGM.	Achieved

Objectives	Measures	Outcomes	Performance assessment
Sustainability & WHS			
Environment; Optimising land use; Housing Diversity; Heritage	Rehabilitate contaminated sites and conservation land	Environment assessments are undertaken for all projects. Remediation undertaken at *Glenside* and *St A.* during the year.	Achieved
	Sustainability outcomes across all projects	Strong sustainability outcomes achieved across all projects.	Achieved
	Delivering the best use of land by optimising land use mix and product yield	Appropriate densities embraced across infill developments. Diverse product mix being delivered across the portfolio.	Achieved
	Recognising indigenous and cultural heritage	Heritage assessments undertaken for projects as required. Heritage building adaption promoted at several new projects.	Achieved
Create vibrant communities	Create and support communities	Neighbourhood grants schemes in place across many projects with significant financial contributions. Facilitated many community events across the portfolio.	Achieved
WHS	Providing a safe working environment	New system working well. Some reportable incidents, injuries and near misses, but none involving serious injury.	Achieved

The following table outlines the proportion of maximum STI earned and forfeited in relation to FY2018 and the maximum STI that was available.

	Proportion of maximum STI earned in FY2018				
	MD	COO	CFO	Company Secretary	State Manager WA
Total earned %	85%	85%	82%	81%	82%
Total earned $	$158,860	$88,725	$28,700	$56,350	$65,600
Total forfeited %	15%	15%	18%	19%	18%
Total forfeited $	$29,140	$16,275	$6,300	$13,650	$14,400
Max STI opportunity	$188,000	$105,000	$35,000	$70,000	$80,000

Performance against LTI objectives

The equity based LTI scheme plan has two vesting conditions a) a 3 year service condition and b) two performance conditions measured over a 3 year period: 50 per cent of the LTI grant will be tested against a relative total shareholder return ("TSR") hurdle (measured against the S&P / ASX Small Industrials Index) and 50 per cent against earnings per share ("EPS") growth compared with the Corporate plan targets.

The relative TSR performance condition was chosen as it offers a relevant indicator of measuring changes in shareholder value by comparing the company's return to shareholders against the returns of companies of a similar size and investment profile.

The EPS performance condition was chosen as it is a primary determinant of shareholder value in a listed company context.

The following table outlines the proportion of maximum LTI that were granted to KMP during FY2018.

LTI awards in FY2018					
	MD	COO	CFO	Company Secretary	State Manager WA
Value granted (max LTI opportunity)	$188,000	$85,000	$18,000	$40,000	$55,000

The COO and CFO were promoted to these positions during FY2018 and their LTI awards were set in relation to their previous positions and not subsequently changed. The LTI awards earned vest on 31 August 2020 subject to the two vesting conditions.

Terms and conditions of the share-based payment arrangements

The terms and conditions of each grant of rights affecting remuneration in the current or a future reporting period are as follows:

Incentive Plan	Grant date	Performance period	Vesting date	Value at start of performance period	Performance hurdle	Value per share right at grant date	Performance achieved	% Vested
FY2016 – Award 1 (Employees)	28/08/2015	1/7/15 to 30/6/18	31/08/2018	$5.33	EPS Growth Relative TSR	$4.12 $2.04	No	n/a
FY2016 - Award 2 (MD)	9/11/2015	1/7/15 to 30/6/18	31/08/2018	$5.33	EPS Growth Relative TSR	$3.43 $0.96	No	n/a
FY2017 – Award 1 (Employees)	25/08/2016	1/7/16 to 30/6/19	31/08/2019	$4.35	EPS Growth Relative TSR	$4.29 $2.75	to be determined	n/a
FY2017 - Award 2 (MD)	10/11/2016	1/7/16 to 30/6/19	31/08/2019	$4.35	EPS Growth Relative TSR	$4.15 $2.87	to be determined	n/a
FY2018 – Award 1 (Employees)	25/08/2017	1/7/17 to 30/6/20	31/08/2020	$5.16	EPS Growth Relative TSR	$4.62 $2.68	to be determined	n/a
FY2018 - Award 2 (MD)	9/11/2017	1/7/17 to 30/6/20	31/08/2020	$5.16	EPS Growth Relative TSR	$4.92 $2.81	to be determined	n/a

The number of share rights granted to key management personnel under the LTI scheme during FY2018 is shown in the table below. Rights granted will only vest upon satisfaction of the Performance Conditions which are measured over the Performance Period. The number of rights granted has been determined by dividing the FY2018 LTI grant opportunity by the market value of shares at the beginning of the performance period, which is the volume weighted average price of the company's shares over the first five trading days in FY2018 ($5.16). The market value of the shares is not discounted.

Upon vesting, each right is convertible into one fully paid ordinary share in the company. The executives do not receive any dividends in relation to the rights during the vesting period. If an executive ceases employment before the rights vest, the rights will normally be forfeited, except in limited circumstances that are approved by the Board on a case-by-case basis.

The fair value of the rights has been determined using the amount of the grant date fair value.

Reconciliation of share rights held by KMP

The following table shows how many share rights were granted, vested and forfeited during the year for KMP.

Name & grant dates	Balance at start of year Number	Granted during year Number	Vested Number	Vested %	Forfeited Number	Forfeited %	Balance at end of year (unvested) Number	Maximum value yet to vest *
Executive director								
N J Blackburne								
22 Aug 2017	-	36,434	-	-	-	-	36,434	$127,914
25 Aug 2016	29,885	-	-	-	-	-	29,885	$83,034
28 Aug 2015	15,009	-	-	-	-	-	15,009	$15,309
Senior executives								
P Archer								
22 Aug 2017	-	16,473	-	-	-	-	16,473	$54,648
25 Aug 2016	18,391	-	-	-	-	-	18,391	$51,099
28 Aug 2015	8,443	-	-	-	-	-	8,443	$8,612
L M Hanrahan								
22 Aug 2017	-	3,488	-	-	-	-	3,488	$11,571
25 Aug 2016	2,759	-	-	-	-	-	2,759	$7,666
28 Aug 2015	2,251	-	-	-	-	-	2,251	$2,296
P S Freedman								
22 Aug 2017	-	7,752	-	-	-	-	7,752	$25,717
25 Aug 2016	9,195	-	-	-	-	-	9,195	$25,548
28 Aug 2015	7,505	-	-	-	-	-	7,505	$7,655
B G Rosser								
22 Aug 2017	-	10,659	-	-	-	-	10,659	$35,361
25 Aug 2016	11,494	-	-	-	-	-	11,494	$31,936
28 Aug 2015	9,381	-	-	-	-	-	9,381	$9,569

* The LTI awards granted in FY2018 vest on 31 August 2020 subject to the two vesting conditions. The maximum value of the deferred shares yet to vest has been determined as the amount of the grant date fair value of the rights.

Performance of shareholder return metrics

In FY2018, the company delivered a profit of $42.6 million, a decrease of 6.3 per cent from the prior year. This was following seven years of consecutive record profits for the company.

The returns to shareholders of Cedar Woods over the last 1, 3 and 5 years are detailed in the table below:

Returns to shareholders over 1, 3 and 5 years (%)	1 year	3 years	5 years
EPS growth	(6.4)	(0.2)	1.6
Share price growth	10.6	3.1	2.2
Dividend growth (paid dividend)	5.3	2.9	3.7
CWP TSR (change in share price and dividends)	16.46	29.88	43.05
S&P Small Industrials Index (XSIAI)	18.35	43.97	74.41

The total shareholder return in FY2018 was 16.46 per cent which was similar to the S&P Small Industrials Index total return of 18.35 per cent over the same period. The returns over 3 and 5 years did not compare favourably to the returns of the S&P Small Industrials Index. Management is focused on delivering consistent earnings per share and dividend growth. The company's share price is subject to market factors that are beyond the company's control. The measures of the company's financial performance over the last five years as required by the *Corporations Act 2001* are shown in the table below. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration awarded to KMP, the basis for which is outlined above. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2018	2017	2016	2015	2014
Profit for the year ($'000)	42,603	45,445	43,602	42,585	40,313
Basic earnings per share (cents)	53.9	57.6	55.3	54.3	54.4
Dividends per share (cents)	30.0	30.0	28.5	28.0	27.5
Increase (decrease) in share price (%)	10.6	19.8	(17.3)	(28.0)	41.4

Executive remuneration for the years ended 30 June 2018 and 30 June 2017

Details of the remuneration of each executive of Cedar Woods is set out below.

		Short-term benefits			Post Employment		Long-term benefits			
Name	Financial year	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Share based payment # $	Long-service leave $	Termination Benefit $	Total $	Performance related %
Executive director										
N J Blackburne*	**2018**	**511,680**	**158,860**	**6,643**	**23,974**	**57,953**	**43,614**	**-**	**802,724**	**27%**
	2017	410,384	110,500	6,813	19,616	23,555	11,942	-	582,810	23%
P S Sadleir**	**2018**	**396,502**	**-**	**2,347**	**10,633**	**29,146**	**-**	**74,523**	**513,151**	**6%**
	2017	765,198	346,000	7,151	33,699	17,085	13,338	-	1,182,471	31%
Senior executives										
P Archer ***	**2018**	**369,866**	**88,725**	**7,448**	**20,049**	**32,819**	**13,958**	**-**	**532,865**	**23%**
	2017	345,384	67,600	7,886	19,616	14,685	11,833	-	467,004	18%
L M Hanrahan****	**2018**	**226,514**	**28,700**	**1,507**	**20,049**	**6,205**	**9,794**	**-**	**292,769**	**12%**
P S Freedman	**2018**	**363,700**	**56,350**	**1,141**	**25,000**	**17,068**	**8,957**	**-**	**472,216**	**16%**
	2017	348,520	58,100	1,098	35,000	6,559	8,656	-	457,933	14%
B G Rosser	**2018**	**280,126**	**65,600**	**-**	**20,049**	**22,239**	**3,502**	**-**	**391,516**	**22%**
	2017	260,884	59,625	-	19,616	8,199	1,552	-	349,876	19%
Total	**2018**	**2,148,388**	**398,235**	**19,086**	**119,754**	**165,430**	**79,825**	**74,523**	**3,005,241**	
	2017	2,130,370	641,825	22,948	127,547	70,083	47,321	-	3,040,094	

* N J Blackburne was promoted from Chief Operating Officer to Managing Director effective 18 September 2017.

** P S Sadleir retired from the position of Managing Director on 18 September 2017.

*** P Archer was promoted from the role of State Manager - Victoria and South Australia to Chief Operating Officer effective 13 November 2017. P Archer joined the senior executive group on 1 September 2017 as State Manager - Victoria and South Australia. Amounts shown above include P Archer's total FY2017 remuneration. P Archer's total remuneration of $467,004 disclosed above includes $77,834 relating to the period prior to joining the senior executive group.

**** L M Hanrahan was promoted from the role of Group Financial Controller to Chief Financial Officer effective 1 June 2018 and joined the senior executive group on this date. Amounts shown above include L M Hanrahan's total FY2018 remuneration. L M Hanrahan's total remuneration of $292,769 disclosed above includes $268,371 relating to the period prior to joining the senior executive group.

Equity-settled share-based payments relate to the component of the fair value of awards from the 2016, 2017 and 2018 LTI schemes attributable to the year measured in accordance with AASB 2 Share Based Payments. No awards vested in FY2018. When determining the remuneration mix for executives, the Human Resources and Remuneration committee used the maximum STI and LTI opportunities contained in the tables on page 62, which differ from the amounts calculated in the table above.

s) Executives contracts

Remuneration arrangements and other terms of employment for executives are formalised in employment agreements.

Details of executive service contract for the Managing Director

The Managing Director, Mr N J Blackburne is employed under an ongoing contract.

Mr Blackburne's total remuneration package for FY2018 was as follows:

- Fixed remuneration of $564,000 per annum
- Maximum STI opportunity of 20% of total remuneration
- Maximum LTI opportunity of 20% of total remuneration.

Other executives

The agreements for the executives provide for performance related cash bonuses and other benefits. The agreements are reviewed annually by the Human Resources and Remuneration Committee for each KMP and details are as follows:

	Contract term	Notice required to terminate contract	Termination benefit*
Executive director N J Blackburne	No fixed term	6 months	Either party may terminate with 6 months' notice
Other senior executives	No fixed term	Up to 3 months	Up to 3 months base salary

* For treatment of STI and LTI awards upon cessation of employment please refer to iii. Details of incentive plans section of the Directors Report.

Nathan Blackburne became the company's Managing Director on 18 September 2017. Further details of Mr Blackburne's new remuneration package were included in the ASX release on 27 July 2017.

t) NED fee arrangements

Determination of fees and maximum aggregate NED fee pool

On appointment to the Board, all NEDs enter into a service agreement with the company in the form of a letter of appointment. The letter details the terms, including fees, relevant to the office of the NED. Fees and payments to NEDs reflect the demands which are made on, and the responsibilities of the NEDs.

NEDs' receive an additional fee for chairing committees (no additional fees are paid for committee membership or for memberships of directors on subsidiary Boards). NEDs do not receive performance-based remuneration.

Remuneration of NEDs is determined by the Board, after receiving recommendations from the Human Resources and Remuneration Committee, within the maximum aggregate amount approved by the shareholders from time to time (currently set at $750,000). The total of NED fees paid in FY2018 was $563,250. The Board will not seek any increase for the NED maximum aggregate fee pool at the FY2018 AGM.

Fee policy

NEDs' annual fees were last reviewed from FY2018 (effective date: 1 July 2017).

The annual fees (inclusive of superannuation) for FY2018 and FY2017 are set out in the table below:

	FY2018 $	FY2017 $
Chair	161,000	157,800
Deputy Chair	124,000	121,600
Other NEDs	87,000	85,300
Committee Chair	13,000	12,800
Committee member	Nil	Nil

NED remuneration for the years ended 30 June 2018 and 30 June 2017

The table below outlines fees paid to NEDs for FY2018 and FY2017 in accordance with statutory rules and applicable accounting standards.

		Short-term benefits	Post employment	
		Board and committee fees	Superannuation	Total
Name	Financial year	$	$	$
W G Hames	**2018**	**147,032**	**13,968**	**161,000**
	2017	144,110	13,690	157,800
R S Brown	**2018**	**113,242**	**10,758**	**124,000**
	2017	111,050	10,550	121,600
R Packer	**2018**	**102,301**	**23,699**	**126,000**
	2017	90,002	33,698	123,700
V A Davies	**2018**	**79,452**	**7,548**	**87,000**
	2017	77,900	7,400	85,300
J M Muirsmith *	**2018**	**59,589**	**5,661**	**65,250**
S T Pearce **	2017	43,444	4,127	47,571
Total	**2018**	**501,616**	**61,634**	**563,250**
	2017	466,506	69,465	535,971

* Mrs J M Muirsmith was appointed on 2 October 2017.

** Mr S T Pearce resigned effective 20 January 2017.

u) Additional statutory disclosures

Equity instrument disclosures relating to KMP

The numbers of ordinary shares in the company held during the financial year by each director and other KMP of Cedar Woods, including their personally-related parties, are set out below. There were no shares granted during the period as remuneration.

2018	Number of shares at the start of the year	Other changes during the year	Number of shares at the end of the year
NEDs			
W G Hames†	10,195,091	148,229	10,343,320
R S Brown*	7,985,584	0	7,985,584
R Packer	167,859	0	167,859
V A Davies	15,000	297	15,297
J M Muirsmith	0	10,198	10,198
Executive directors			
N J Blackburne	38,283	4,587	42,870
Senior executives			
P Archer	20,262	15	20,277
L M Hanrahan	11,398	0	11,398
P S Freedman	105,912	1,671	107,583
B G Rosser	0	0	0

2017	Number of shares at the start of the year	Other changes during the year	Number of shares at the end of the year
NEDs			
W G Hames†	10,195,091	0	10,195,091
RS Brown*	7,985,584	0	7,985,584
R Packer	167,859	0	167,859
S T Pearce	20,000	0	20,000
V A Davies	15,000	0	15,000
T S Brown (alternate for R S Brown)*	4,596,980	0	4,596,980
Executive directors			
P S Sadleir	1,091,529	0	1,091,529
Senior executives			
N J Blackburne	38,283	0	38,283
P S Freedman	105,912	0	105,912
P Archer	20,262	0	20,262
B G Rosser	0	0	0

† Includes 2,014,439 (2017 – 2,014,439) shares over which W G Hames has voting rights and a first right of refusal to purchase.

*Interest of T R Brown relates to shares also shown under R S Brown.

The interests shown above comply with AASB124 *Related Party Disclosures* and differ to those shown at item l) of the directors' report which comply with the requirements of sections 608 and 609 of the *Corporations Act 2001*. The table above includes the shares held by related parties of the KMP.

Other transactions with key management personnel

The consolidated entity uses a number of firms for architectural, urban design and planning services, creative design services and settlement services and the use of these services increased in FY2018 as a result of the higher levels of development activity across the group. Accordingly, the company has a high level of knowledge regarding commercial rates for these services.

Where entities related to directors are able to fulfil the requisite criteria to provide the services at competitive rates, they may be engaged by the company to perform the services. Should entities connected with the directors be engaged, the directors declare their interests in those dealings and take no part in decisions relating to them.

During the year planning, architectural and consulting services were provided by Hames Sharley Architects of which Mr W G Hames is a principal. The transactions were performed on normal commercial terms and conditions and fees paid were consistent with market rates. The value of services provided was higher than in the previous year as a result of architectural and design work performed on the *Williams Landing Town Centre* and the *Glenside* project in Adelaide. The *Glenside* project was introduced to the company by Hames Sharley.

During the year creative design services were provided by Axiom Design, an entity associated with the family of Mr W G Hames. Mr Hames has no beneficial interest in Axiom Design. The services were performed on normal commercial terms and conditions and the level of services decreased compared with 2017.

Property settlement charges were paid to Westland Settlement Services Pty Ltd, a company associated with the family of Mr R S Brown. The charges were based on normal commercial terms and conditions. At the estates where Westland Settlement Services was engaged, the number of lots that settled in FY2018 was significantly higher than that of the previous year and as a result the value of transactions with Westland Settlement Services Pty Ltd increased.

Cedar Woods has for many years been a member of the Australian Institute of Company Directors (AICD). During the 2015 year Mr P S Sadleir became a council member of AICD WA. The annual subscriptions paid in 2017 and 2018 were based on normal commercial terms and conditions.

In 2018 a payment was made for sponsorship of the Property Education Foundation Inc. of which Mr R Packer is a trustee with no beneficial interest. The transaction was based on normal commercial terms and conditions.

Aggregate amounts of each of the above types of other transactions with key management personnel of Cedar Woods or their related entities:

	2018 $	2017 $
Amounts recognised as expense		
Creative design services	26,240	31,001
Architectural fees	-	5,000
Settlement fees	181,985	107,450
Subscriptions	10,000	10,000
Sponsorships	3,182	-
	221,407	153,451
Amounts recognised as inventory / investment property		
Architectural fees	578,016	455,468
	578,016	455,468
Total amounts recognised in year	**799,423**	**608,919**
Aggregate amounts of assets at balance date relating to the above types of other transactions with directors of Cedar Woods or their related entities:		
Inventory	571,316	445,668
Investment property	6,700	9,800
	578,016	**455,468**

There are no aggregate amounts payable to directors of Cedar Woods at balance date. There are no amounts payable to related entities at balance date relating to the above types of other transactions.

At 30 June 2018, an amount of $5,365 (2017 - $11,217) was outstanding on a loan to a key management personnel employee issued under the former employee share plan. Under the now discontinued plan, certain employees were granted shares funded by interest free loans from the company and with the loans repaid by dividends. There are no other amounts owing from related entities at balance date.

v) Independent audit of remuneration report

The remuneration report has been audited by PricewaterhouseCoopers (PwC). See page 128 of this annual report for PwC's report on the remuneration report.

w) Retirement, election and continuation in office of directors

Mr R Packer and Ms V A Davies retire by rotation at the forthcoming Annual General Meeting and being eligible, will offer themselves for re-election.

x) Insurance of officers

During the financial year, Cedar Woods paid a premium in respect of directors' and officers' liabilities that indemnifies certain officers of the company and its controlled entities. The officers of the company covered by the insurance policy include the directors and the Company Secretary. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company and its controlled entities. The directors have not included more specific details of the nature of the liabilities covered or the amount of the premium paid in respect of the policy, as such disclosure is prohibited under the terms of the contract.

y) Non-audit services

The group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or group are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out in note 35 in the other information section of this report.

The Board of directors has considered the position and, in accordance with the advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

z) Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* forms part of this directors' report and is set out on page 71.

aa) Rounding of amounts

The company is of a kind referred to in AISC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

The directors reporting including the remuneration report is signed in accordance with a resolution of the directors of Cedar Woods.

N J Blackburne
Managing Director
21 August 2018

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of Cedar Woods Properties Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cedar Woods Properties Limited and the entities it controlled during the period.

Helen Bathurst

Helen Bathurst
Partner
PricewaterhouseCoopers

Perth
21 August 2018

PricewaterhouseCoopers, ABN 52 780 433 757
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These financial statements are consolidated financial statements for the group consisting of Cedar Woods Properties Limited and its subsidiaries. A list of major subsidiaries is included in note 27.

The financial statements are presented in the Australian currency.

Cedar Woods Properties Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Ground Floor,
50 Colin Street
WEST PERTH WA 6005.

The financial statements were authorised for issue by the directors on 21 August 2018. The directors have the power to amend and reissue the financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

	Note	Consolidated 2018 $'000	2017 $'000
Revenue from operations			
Sale of land and buildings		231,495	210,165
Development services		1,401	6,611
Rent from properties		6,086	4,555
Interest revenue		679	938
		239,661	**222,269**
Other Income		**2,946**	**127**
Expenses			
Cost of sales of land and buildings		(137,431)	(114,457)
Cost of providing development services		(691)	(5,332)
Other expenses from ordinary activities:			
Project operating costs		(21,165)	(16,929)
Occupancy		(708)	(694)
Administration		(17,282)	(16,133)
Other	1	(40)	(1,514)
Finance costs	1	(4,020)	(2,947)
Share of net profit of joint ventures accounted for using the equity method	31a	(122)	109
Profit before income tax		**61,148**	**64,499**
Income tax expense	2	(18,545)	(19,054)
Profit for the year	20 & 3	**42,603**	**45,445**
Total comprehensive income for the year		**42,603**	**45,445**
Total comprehensive income attributable to members of Cedar Woods Properties Limited		**42,603**	**45,445**
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	3	53.9 cents	57.6 cents
Diluted earnings per share	3	53.7 cents	57.4 cents

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 June 2018

	Note	Consolidated 2018 $'000	2017 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4	23,692	8,400
Trade and other receivables	5	13,689	5,882
Inventories	6	183,108	95,145
Deferred development costs	7	2,182	831
Total current assets		**222,671**	**110,258**
Non-current assets			
Receivables	5	69	16
Inventories	6	314,731	326,969
Deferred development costs	7	9,309	14,893
Investments accounted for using the equity method	8	3,028	4,125
Property, plant and equipment	9	7,688	5,122
Investment properties	10	42,561	43,425
Lease incentives	11	1,459	816
Total non-current assets		**378,845**	**395,366**
Total assets		**601,516**	**505,624**
LIABILITIES			
Current liabilities			
Trade and other payables	12	46,376	24,175
Derivative financial instruments	14	121	-
Other financial liabilities	15	38,454	4,065
Current tax liabilities		16,515	9,701
Provisions	16	8,103	9,330
Total current liabilities		**109,569**	**47,271**
Non-current liabilities			
Borrowings	13	132,826	87,340
Derivative financial instruments	14	63	407
Other financial liabilities	15	1,224	37,412
Provisions	16	77	73
Deferred tax liabilities	17	4,571	2,887
Total non-current liabilities		**138,761**	**128,119**
Total liabilities		**248,330**	**175,390**
Net assets		**353,186**	**330,234**
EQUITY			
Contributed equity	18	123,018	119,525
Reserves	19	442	210
Retained profits	20	229,726	210,499
Total equity		**353,186**	**330,234**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2018

Consolidated	Note	Contributed equity $'000	Reserves $'000	Retained profits $'000	Total $'000
Balance at 1 July 2016		**119,525**	**159**	**187,504**	**307,188**
Profit for the year		-	-	45,445	45,445
Total comprehensive income for the year		**-**	**-**	**45,445**	**45,445**
Transactions with owners in their capacity as owners:					
Transfers from reserves to retained profits		-	(34)	34	-
Dividends provided for or paid	26	-	-	(22,484)	(22,484)
Employee share plan reserve	19	-	85	-	85
		-	51	(22,450)	(22,399)
Balance at 30 June 2017		**119,525**	**210**	**210,499**	**330,234**
Balance at 1 July 2017		**119,525**	**210**	**210,499**	**330,234**
Profit for the year		-	-	42,603	42,603
Total comprehensive income for the year		**-**	**-**	**42,603**	**42,603**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	18	3,493	-	-	3,493
Transfers from reserves to retained profits		-	(6)	6	-
Dividends provided for or paid	26	-	-	(23,382)	(23,382)
Employee share plan reserve	19	-	238	-	238
		3,493	232	(23,376)	(19,651)
Balance at 30 June 2018		**123,018**	**442**	**229,726**	**353,186**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the Year Ended 30 June 218

	Note	Consolidated 2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers (incl. GST)		265,092	239,677
Payments to suppliers and employees (incl. GST)		(62,703)	(56,175)
Payments for land and development		(191,633)	(161,588)
Interest received		407	363
Borrowing costs paid		(7,682)	(4,977)
Income taxes paid		(10,026)	(16,812)
Net cash (outflows) inflows from operating activities	22	(6,545)	488
Cash flows from investing activities			
Proceeds from capital return from joint venture		975	-
Cash acquired in business combinations		-	66
Payments for investment properties		(1,129)	(4,762)
Payments for property, plant and equipment		(3,736)	(1,895)
Net cash outflows from investing activities		(3,890)	(6,591)
Cash flows from financing activities			
Proceeds from borrowings		45,600	35,284
Dividends paid	26	(19,873)	(22,478)
Net cash inflows from financing activities		25,727	12,806
Net increase in cash and cash equivalents		15,292	6,703
Cash and cash equivalents at the beginning of the year		8,400	1,697
Cash and cash equivalents at the end of the year	4	**23,692**	**8,400**

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

These are the consolidated financial statements of Cedar Woods Properties Limited and its subsidiaries. A list of major subsidiaries is included in note 27.

The notes are set out in the following main sections:

A Key numbers:

Provides a breakdown of those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the group, or where there have been significant changes that required specific explanations; the section further explains what accounting policies have been applied to determine these line items and how the amounts were affected by significant estimates and judgements made in calculating the final numbers.

B Financial risks:

Discusses the group's exposure to various financial risks, explains how these affect the group's financial position and performance and what the group does to manage these risks.

C Group structure:

Explains significant aspects of the group structure and how changes have affected the financial position and performance of the group.

D Unrecognised items:

Provides information about items that are not recognised in the financial statements but could potentially have a significant impact on the group's financial position and performance.

E Other information:

Information that is not immediately related to individual line items in the financial statements, such as related party transactions, share based payments and a full list of the accounting policies applied by the entity.

Section A: Key Numbers

This section provides a breakdown of those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the group, or where there have been significant changes that required specific explanations, what accounting policies have been applied to determine these line items and how the amounts were affected by significant estimates and judgements made in calculating the final numbers.

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Profit or Loss Information

1. Expense items

Profit before income tax expense includes the following specific expenses:

	Notes	Consolidated 2018 $'000	2017 $'000
Finance costs			
Interest and finance charges		7,239	4,872
Interest – other financial liabilities		2,585	2,857
Unrealised financial instrument (gains) losses		(223)	(321)
Less: amount capitalised	a	(5,581)	(4,461)
Finance costs expensed		**4,020**	**2,947**

a. Capitalised borrowing costs

Where qualifying assets have been financed by the entity's corporate facility, the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's corporate facility during the year, in this case 2.9% (2017 – 3.28%) per annum. Where qualifying assets are financed by specific facilities, the applicable borrowing costs of those facilities are capitalised.

	Notes	Consolidated 2018 $'000	2017 $'000
Net loss on disposal of property, plant and equipment		159	295
Rental expense relating to operating leases			
Minimum lease payments		793	826
Provision for customer rebates	16a	3,798	4,631
Provision for impairment of trade receivables	5	(107)	191
Superannuation		987	895
Depreciation of property, plant and equipment	9	948	678
Depreciation of investment properties	10	1,072	1,083
Employee benefits expense		11,550	10,753
Other			
Write-down of inventory		38	1,336
Impairment of lease incentives and capitalised lease costs	10	2	178
		40	**1,514**

2. Income tax

This note provides an analysis of the group's income tax expense and how the tax expense is affected by non-assessable and non-deductible items.

a. Income tax expense

	Notes	Consolidated 2018 $'000	2017 $'000
Current tax		16,971	20,744
Deferred tax		1,684	(1,390)
Adjustments for current tax of prior periods		(110)	(300)
Income tax expense attributable to profit		**18,545**	**19,054**
Deferred income tax expense (revenue) included in income tax expense comprises:			
Decrease (Increase) in deferred tax assets	17	356	(1,323)
Increase (Decrease) in deferred tax liabilities	17	1,328	(67)
		1,684	**(1,390)**

b. Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated 2018 $'000	2017 $'000
Profit before income tax	61,148	64,499
Tax at the Australian tax rate of 30% (2017– 30%)	18,344	19,350
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Interest revenue	182	-
- Employee share scheme	71	25
- Share of net loss (profit) of joint venture	36	(34)
- Sundry items	22	13
	311	4
Adjustments for current tax of prior periods:		
- Research and development	(110)	(300)
	(110)	(300)
Income tax expense	18,545	19,054

3. Earnings per share

	2018	2017
Basic earnings per share (cents)	53.9	57.6
Diluted earnings per share (cents)	53.7	57.4
Net profit attributable to the ordinary owners of the company ($'000)	42,603	45,445
Weighted average number of ordinary shares used as the denominator in the calculation of earnings per share	79,001,250	78,891,681
Weighted average number of ordinary shares used as the denominator in the calculation of diluted earnings per share	79,338,868	79,110,619

The calculation of diluted earnings per share includes performance rights that may vest under the company's LTI plan.

Balance Sheet Information

4. Cash and cash equivalents

	Consolidated	
	2018 $'000	2017 $'000
Cash at bank and in hand	23,692	8,400
	23,692	8,400

The above figure reconciles to the amount of cash shown in the statement of cash flows at the end of the year.

Cash at bank includes cash held in day to day bank transaction accounts and deposit accounts earning interest from 0 to 1.8% (2017: 0 – 2.1%) per annum depending on the balances.

The Group's exposure to interest rate risk is discussed in note 24 Financial risk management. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

5. Trade and other receivables

		Consolidated	
	Notes	2018 $'000	2017 $'000
Current			
Trade receivables	a & b	11,162	4,549
Provision for impairment	a & b	(432)	(539)
Other receivables	a & b	142	278
Prepayments		2,817	1,594
		13,689	5,882
Non-Current			
Prepayments		60	-
Loans – employee share scheme (discontinued)	36	9	16
		69	16

a. *Classification as trade and other receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The group's impairment and other accounting policies for trade and other receivables are outlined in note 37(k) and 37(y).

b. *Current trade and other receivables*

Current trade and other receivables include interest and non-interest bearing receivables (see note 24 Financial risk management). Trade receivables are initially recorded at fair value and subsequently carried at amortised cost. A provision for impaired trade receivables of $432,000 was in place at 30 June 2018 (2017 – $539,000) for Williams Landing Shopping Centre rental that is past due, where there is low probability of recovery in full. Other receivables include GST receivable in relation to the payment of Other financial liabilities - Current in note 15.

The fair values of non-current receivables of the group approximate the carrying values.

Other non-current receivables and loans under the discontinued employee share scheme are non-interest bearing. None of these are impaired, or past due but not impaired.

6. Inventories

	Notes	Consolidated 2018 $'000	2017 $'000
Total Inventory			
Current inventory	a & b	183,108	95,145
Non-current inventory	a & b	314,731	326,969
Aggregate carrying amount		497,839	422,114

	Consolidated 2018 $'000	2017 $'000
Current		
Property held for resale		
- at cost	43,352	38,061
- at valuation 30 June 1992	-	11
- capitalised development costs	139,756	57,073
	183,108	95,145

The 1992 valuations were independent valuations which were based on current market values at that time.

	Consolidated 2018 $'000	2017 $'000
Non-Current		
Property held for resale		
- at cost	226,167	251,055
- at valuation 30 June 1992	91	91
- capitalised development costs	83,264	70,666
- at net realisable value	5,209	5,157
	314,731	326,969

The 1992 valuations were independent valuations which were based on current market values at that time.

a. *Current and non-current assets pledged as security*

Refer to note 13 for information on current assets pledged as security by the parent entity or its controlled entities.

b. *Accounting for inventory*

Refer to note 37(g) for the recognition and classification of inventory.

7. Deferred development costs

	Consolidated 2018 $'000	2017 $'000
Current		
Deferred development costs	2,182	831
	2,182	831
Non-Current		
Deferred development costs	9,309	14,893
	9,309	14,893

Development costs incurred by the group for the development of land not held as inventory by the group are recorded as deferred development costs in the balance sheet.

8. Investments accounted for using the equity method

	Consolidated 2018 $'000	Consolidated 2017 $'000
Unlisted securities		
Shares in joint ventures	3,028	4,125

a. *Cedar Woods Wellard Limited*

The consolidated entity owns a 32.5% (2017: 32.5%) interest in Cedar Woods Wellard Limited, a property development company incorporated in Australia. Refer to note 28.

9. Property, plant and equipment

	Consolidated 2018 $'000	Consolidated 2017 $'000
Plant and Equipment at Cost		
At start of the year	7,236	6,634
Consolidation of subsidiary	-	195
Additions	3,736	1,896
Assets disposed	(550)	(1,489)
At end of the year	10,422	7,236
Accumulated depreciation on Plant and Equipment		
At start of the year	2,114	2,554
Consolidation of subsidiary	-	40
Charge for year	948	678
Assets disposed	(328)	(1,158)
At end of the year	2,734	2,114
Net book value	7,688	5,122

Non-current assets pledged as security

Refer to note 13 for information on non-current assets pledged as security by the parent entity or its controlled entities.

10. Investment properties

	Consolidated 2018 $'000	Consolidated 2017 $'000
Non-current assets – at cost		
Opening balance at the start of the year	43,425	41,542
Capitalised expenditure	210	2,998
Depreciation	(1,072)	(1,083)
Impairment of capitalised lease costs	(2)	(32)
Closing balance at the end of the year	42,561	43,425
Represented by:		
Completed investment property	42,561	43,425
Closing balance at the end of the year	42,561	43,425

a. Amounts recognised in profit or loss for investment properties

	Consolidated 2018 $'000	2017 $'000
Rental income	5,357	4,005
Direct operating expenses from property that generated rental income	(3,110)	(3,079)
Impairment of lease incentives and capitalised lease costs	(2)	(178)

b. Fair value of investment property

The fair value of the Williams Landing Shopping Centre which makes up completed investment property at 30 June 2018 is $70.0m (2017 - $66.5m) exclusive of GST, based on an independent valuation. This includes land surrounding the shopping centre for future development which is on the same title.

c. Leasing arrangements

Investment properties are leased to tenants under long term operating leases. Minimum lease payments under non-cancellable leases are receivable as follows:

	Consolidated 2018 $'000	2017 $'000
Within one year	4,471	3,453
Later than one year but not later than 5 years	16,333	12,834
Later than 5 years	30,107	25,681
	50,911	41,968

d. Non-current assets pledged as security

Refer to note 13 for information on non-current assets pledged as security by the parent entity or its controlled entities.

11. Lease incentives

	Consolidated 2018 $'000	2017 $'000
Lease incentives	2,516	1,665
Amortisation of lease incentives	(552)	(344)
Impairment of lease incentives	(505)	(505)
	1,459	816

Non-current assets pledged as security

Refer to note 13 for information on non-current assets pledged as security by the parent entity or its controlled entities.

12. Trade and other payables

	Consolidated 2018 $'000	2017 $'000
Trade payables	12,985	9,885
Accruals	24,061	9,670
GST payable	8,365	3,839
Other payables	965	781
	46,376	24,175

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values due to their short-term nature.

13. Borrowings

	Consolidated 2018 $'000	Consolidated 2017 $'000
Non-Current		
Bank loans – secured (Corporate facilities)	104,000	58,400
Bank loan – secured (Williams Landing Shopping Centre facility)	29,193	29,193
Facility fees capitalised (amortised over the period of facility)	(546)	(429)
Amortisation of facility fees	179	176
	132,826	87,340

The fair value of non-current borrowings equals their carrying amount.

a. Security for borrowings

All of the consolidated entity's assets are pledged as security for the group's finance facilities.

Bank loans totalling $104,000,000 (2017 - $58,400,000) provided by two major banks $52,000,000 each (2017 - $29,200,000 each) each are secured by first registered mortgages over some of the consolidated entity's land holdings, and first registered charges, guarantees and indemnities provided by Cedar Woods and applicable subsidiary entities. Cedar Woods has provided first registered charges over its assets and undertakings in relation to the corporate loan facility (see below).

The Williams Landing Shopping Centre facility is secured by a first registered mortgage over the Williams Landing Shopping Centre disclosed in investment properties at note 10.

b. Financing arrangements

Unrestricted access was available to the following lines of credit at balance date:

	Consolidated 2018 $'000	Consolidated 2017 $'000
Corporate facilities		
Total facilities (loan and guarantees)	240,000	175,000
Used at balance date	120,942	73,838
Unused at balance date	119,058	101,162
Williams Landing Shopping Centre facility		
Total facility	30,000	30,000
Used at balance date	29,193	29,193
Unused at balance date	807	807
111 Overton Road facility		
Total facility	27,070	-
Used at balance date	-	-
Unused at balance date	27,070	-
Total Facilities	297,070	205,000
Used at balance date	150,135	103,031
Unused at balance date	146,935	101,969

The consolidated entity has total corporate finance facilities of $240,000,000 (2017 - $175,000,000), with $120,000,000 (2017 - $87,500,000) each provided by two major banks. The facilities expire on 30 November 2020. The conditions of the facilities impose certain covenants including the consolidated entity's revenue, interest cover and loan-to-valuation ratio. The corporate facilities provide funding for the consolidated entity's existing operations, ongoing development and future acquisitions. The funding structure has been set up as a club facility with a security trustee, providing the flexibility for other banks to enter, should the group's requirements grow, and more lenders are required. The interest on the corporate loan facilities is variable and at 30 June 2018 was an average rate of 3.37% per annum (2017 - 3.04%).

The corporate facilities include bank guarantee facilities of $20,000,000 (2017 - $20,500,000) subject to similar terms and conditions, which were drawn to a total amount of $16,941,000 at 30 June 2018 (2017 - $15,438,000).

The consolidated entity has a facility of $30,000,000 (2017 - $30,000,000) in place for the Williams Landing Shopping Centre investment property. The conditions of the facility impose certain covenants including loan-to-valuation ratio and interest cover ratio. The facility extends to June 2021. The interest on the Williams Landing Shopping Centre loan facility is variable and at 30 June 2018 was an average rate of 3.29% (2017 – 2.97%) per annum.

The company also established a new $27,000,000 project facility in May 2018 to fund the development of its 111 Overton road strata office and Lancaster apartment development. The conditions of the facility impose certain covenants including loan-to-valuation ratio and Loan-to-cost ratio. The facility extends to November 2019 and was undrawn at 30 June 2018.

Details of the group's exposure to risk arising from current and non-current borrowings are set out in note 24. Financial risk management.

14. Derivative financial instruments

	Consolidated	
	2018 $'000	2017 $'000
Current liabilities		
Interest rate swap contracts	121	-
Non-current liabilities		
Interest rate swap contracts	63	407
	184	407

a. Instruments used by the group

The group is party to derivative financial instruments in the normal course of business in order to manage exposure to fluctuations in interest rates in accordance with the group's financial risk management policies.

Interest rate swap contracts

The bank loans currently bear an average variable interest rate of 3.37% per annum (2017 – 3.04% per annum). It is the group's policy to protect part of the loans from exposure to fluctuations in interest rates. Accordingly, the consolidated entity has entered into interest rate swap contracts under which part of the consolidated entity's projected borrowings are protected for the period from 1 July 2018 to 30 June 2020.

The swaps effectively fix interest rates applicable to bank bills issued with duration of 1 month (BBSY Bid) at certain levels between 2.070% - 2.495% per annum (2017 – 2.070% - 2.495% per annum). Swaps currently in place cover approximately 41% (2017 – 63%) of the variable loans outstanding at balance date, with terms expiring in 2019 and 2020. The group is not applying hedge accounting to these derivatives. The gain or loss from re-measuring the derivative financial instruments at fair value is recognised in profit or loss.

15. Other financial liabilities

	Consolidated 2018 $'000	2017 $'000
Current		
Due to vendors of properties under contracts of sale	38,454	4,065
	38,454	4,065
Non-Current		
Due to vendors of properties under contract of sale	-	36,188
Other payables	1,224	1,224
	1,224	37,412

16. Provisions

	Notes	Consolidated 2018 $'000	2017 $'000
Current			
Employee benefits		1,024	1,415
Customer rebates	a	7,079	7,915
		8,103	9,330

	Consolidated 2018 $'000	2017 $'000
Non-current		
Employee benefits	77	73
	77	73

a. Movements in customer rebate provisions

	Consolidated 2018 $'000	2017 $'000
Carrying amount at start of year	7,915	5,809
Charged to profit or loss	3,798	4,631
Payments	(4,634)	(2,525)
Carrying amount at end of year	7,079	7,915

Customers are generally entitled to customer rebates within 12 months of balance date, however in some instances claims and payments may not be made within 12 months of balance date.

17. Deferred tax

a. Assets

	Notes	Consolidated 2018 $'000	Consolidated 2017 $'000
The balance comprises temporary differences attributable to:			
Inventory		3,414	2,947
Provision for customer rebates		1,949	2,354
Special Unit in the BCM Apartment Trust		1,858	1,858
Provision for employee benefits		504	763
		7,725	7,922
Other			
Receivables		286	296
Derivative financial instruments		75	122
Share issue expenses		53	51
Borrowing costs		68	80
Other		94	186
Sub-total other		576	735
Total deferred tax assets		8,301	8,657
Set-off of deferred tax assets pursuant to set-off provisions		(8,301)	(8,657)
Net deferred tax assets		-	-
Deferred tax assets at the start of the year		8,657	7,334
(Decrease) increase in deferred tax assets (debited) credited to income tax expense	2	(356)	1,323
Deferred tax assets at the end of the year		8,301	8,657
Deferred tax assets expected to be recovered within 12 months		4,404	4,883
Deferred tax assets expected to be recovered after more than 12 months		3,897	3,774
		8,301	8,657

Movements	Inventory $'000	Provision for customer rebates $'000	Special Unit in the BCM Apartment Trust $'000	Provision for employee benefits $'000	Other $'000	Total $'000
At 1 July 2016	2,328	1,743	1,858	776	629	7,334
(Charged) / credited						
- to profit or loss	619	611	-	(13)	106	1,323
At 30 June 2017	2,947	2,354	1,858	763	735	8,657
(Charged) / credited						
- to profit or loss	467	(405)	-	(259)	(159)	(356)
At 30 June 2018	3,414	1,949	1,858	504	576	8,301

b. Liabilities

	Notes	Consolidated 2018 $'000	2017 $'000
The balance comprises temporary differences attributable to:			
Amounts recognised in profit or loss			
Inventory		8,266	5,958
Deferred development costs		3,130	4,633
Prepayments		656	370
Investment Property		348	305
		12,400	11,266
Other			
Lease incentives		438	245
Revaluation reserve		26	24
Other		8	9
Sub-total other		472	278
Total deferred tax liabilities		12,872	11,544
Set off of deferred tax assets pursuant to set-off provisions		(8,301)	(8,657)
Net deferred tax liabilities		4,571	2,887
Deferred tax liabilities at the start of the year		11,544	11,611
(Increase) decrease in deferred tax liabilities debited (credited) to income tax expense	2	1,328	(67)
Deferred tax liabilities at the end of the year		12,872	11,544
Deferred tax liabilities expected to be settled within 12 months		4,549	3,123
Deferred tax liabilities expected to be settled after more than 12 months		8,323	8,421
		12,872	11,544

Movements	Inventory $'000	Deferred development costs $'000	Prepayments $'000	Investment Property $'000	Other $'000	Total $'000
At 1 July 2016	5,212	5,372	439	367	221	11,611
Charged / (credited)						
- to profit or loss	746	(739)	(69)	(62)	57	(67)
At 30 June 2017	5,958	4,633	370	305	278	11,544
Charged / (credited)						
- to profit or loss	2,308	(1,503)	286	43	194	1,328
At 30 June 2018	8,266	3,130	656	348	472	12,872

18. Equity

Movement in ordinary share capital	2018 Shares	2017 Shares	2018 $'000	2017 $'000
Start of the year	**78,891,681**	**78,891,681**	**119,525**	**119,525**
Shares issued pursuant to the dividend reinvestment plan:				
Ordinary shares issued on 27 April 2018 at $6.06	577,860	-	3,502	-
Shares issued pursuant to the bonus share plan:				
Ordinary shares issued on 27 April 2018	47,026	-	-	-
Transaction costs arising on share issues	-	-	(9)	-
	624,886	**-**	**3,493**	**-**
End of the year	**79,516,567**	**78,891,681**	**123,018**	**119,525**

Holders of ordinary shares are entitled to participate in dividends and the proceeds on any winding up of the company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

a. *Dividend reinvestment plan*

The company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend satisfied by the issue of new ordinary shares rather than being paid in cash. Shares may be issued under the plan at a discount to the market price, at the discretion of the Directors.

b. *Bonus share plan*

The company has established a bonus share plan under which holders of ordinary shares may elect not to receive dividends but to receive instead additional fully paid shares issued as 'Bonus Shares' to the equivalent value of the dividend foregone. The entitlement for shares issued under the plan is calculated based on the same pricing mechanism as the dividend reinvestment plan, including any discount.

The dividend reinvestment plan and bonus share plan were in place during the 2018 financial year.

19. Reserves

The following table shows the composition and movement in reserves during the year. A description of the nature and purpose of reserves is provided below the table.

		Consolidated	
	Notes	2018 $'000	2017 $'000
Composition			
a) Asset revaluation reserve (pre 1992)		49	55
b) Employee share plan reserve		393	155
		442	210
Movements			
a) Asset revaluation reserve			
Balance at the beginning of the year		55	89
Transfer to retained profits	20	(6)	(34)
Balance at the end of the year		49	55
b) Share-based payments reserve			
Balance at the beginning of the year		155	70
Share-based payments expense		238	85
Balance at the end of the year		393	155

The asset revaluation reserve was used until 1992 to record increments and decrements on the revaluation of non-current assets. Refer to note 37(g).

The share-based payments reserve is used to recognise the grant date fair value of the rights issued to employees adjusted for those rights not expected to vest. Refer to note 36.

20. Retained profits

	Notes	Consolidated 2018 $'000	2017 $'000
Retained profits at the start of the year		210,499	187,504
Net profit attributable to members of Cedar Woods		42,603	45,445
Transfers from reserves	19	6	34
Dividends provided for or paid	26	(23,382)	(22,484)
Retained profits at the end of the year		229,726	210,499

21. Categories of financial assets and financial liabilities

Notes 4, 5, 12, 13, 14, and 15 provide information about the group's financial instruments, including:

a. *Specific information about each type of financial instrument*

b. *Accounting policies*

c. *Information about determining the fair value of the instruments, including judgements and estimation uncertainty involved*

The group holds the following financial instruments:

Financial Assets	Notes	Financial assets at amortised cost	Total
2018		$'000	$'000
Cash and cash equivalents	4	23,692	23,692
Trade and other receivables*	5	10,881	10,881
Total		**34,573**	**34,573**
2017			
Cash and cash equivalents	4	8,400	8,400
Trade and other receivables*	5	4,304	4,304
Total		**12,704**	**12,704**

* Excluding prepayments

Financial Liabilities	Notes	Derivatives used for hedging	Liabilities at amortised cost	Total
2018		$'000	$'000	$'000
Trade and other payables	12	-	46,376	46,376
Borrowings	13	-	132,826	132,826
Derivative financial instruments	14	184	-	-
Other financial liabilities	15	-	39,678	39,678
Total		**184**	**218,880**	**218,880**
2017				
Trade and other payables	12	-	24,175	24,175
Borrowings	13	-	87,340	87,340
Derivative financial instruments	14	407	-	407
Other financial liabilities	15	-	41,477	41,477
Total		**407**	**152,992**	**153,399**

Cash Flow Information

22. a) Reconciliation of profit after income tax to net cash (outflows) inflows from operating activities

	Consolidated	
	2018 $'000	2017 $'000
Profit after income tax	42,603	45,445
Depreciation	2,020	1,761
Amortisation of lease incentives	208	158
Write down of assets – investment property and lease incentives	2	178
Write down of inventory	37	-
Write down/ loss on sale of non-current assets	159	295
Fair value gain on derivative financial instrument	(223)	(321)
Non-cash share-based payments expense	238	85
Accrued interest on receivables	-	(412)
Share of loss (profit) in equity accounted investment	122	(109)
Changes in operating assets and liabilities		
Decrease in provisions for employee benefits	(387)	(99)
(Decrease) increase in provisions	(836)	2,106
(Increase) in inventories	(75,725)	(44,447)
Decrease in other deferred development costs	4,233	2,647
Decrease (Increase) in deferred tax assets	356	(1,323)
Increase in current income tax payable	6,807	3,631
Increase (Decrease) in deferred tax liability	1,328	(67)
(Increase) in capitalised borrowing costs	(114)	(114)
(Increase) Decrease in debtors	(7,867)	406
Increase in creditors	22,293	11,925
(Decrease) in other financial liabilities	(1,799)	(21,279)
Net cash (outflows) inflows from operating activities	**(6,545)**	**466**

b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in debt for each of the periods presented.

Net debt	Consolidated 2018 $'000	2017 $'000
Cash and cash equivalents	23,692	8,400
Borrowings – repayable within one year	-	-
Borrowings – repayable after one year	(132,826)	(87,340)
Net debt	**(109,134)**	**(78,940)**
Cash and cash equivalents	23,692	8,400
Gross debt – fixed interest rates	-	-
Gross debt – variable interest rates	(132,826)	(87,340)
Net debt	**(109,134)**	**(78,940)**

	Other Assets	Liabilities from financing activities		
	Cash $'000	Borrowings due within 1 year $'000	Borrowings due after 1 year $'000	Total $'000
Net debt as at 1 July 2016	**1,697**		**(52,041)**	**(50,344)**
Cash flows	6,703	-	(35,284)	(28,581)
Other non-cash movements	-	-	(15)	(15)
Net debt as at 30 June 2017	**8,400**	**-**	**(87,340)**	**(78,940)**
Cash flows	15,292	-	(45,600)	(30,308)
Other non-cash movements	-	-	114	114
Net debt as at 30 June 2018	**23,692**	**-**	**(132,826)**	**(109,134)**

Section B: Financial Risks

This section of the notes discusses the group's exposure to various risks and shows how these could affect the group's financial position and performance.

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Significant Estimates and Judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and judgements turning out to be inaccurate. Detailed information about each of these estimates and judgements is presented below.

23. Significant estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity. The judgements that have a significant risk of causing a material adjustment to the carrying amounts or presentation of assets and liabilities within the next financial year are discussed below.

a. Inventory - classification

Judgement is exercised with respect to estimating the classification of inventory between current and non-current assets. Inventory is classified as current only when sales are expected to result in realisation of cash within the next twelve months, based on management's sales forecasts.

b. Inventory - valuation

The recoverable amount of inventory is estimated based on an assessment of net realisable value including future development costs. This requires judgement as to the future cash flows likely to be generated from the properties included in inventory, including in some cases, judgement regarding the likelihood and timing of obtaining development approvals. If the approvals are not received when anticipated, the recoverable amount of inventory may be significantly impaired. Refer also to note 37(g).

There were no critical judgements other than those involving estimates referred to above, that management made in applying the group's accounting policies.

Financial Risk Management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

24. Financial Risk Management

The group's activities expose it to a variety of financial risks:

Risk	Exposure arising from	Measurement	Management
Market risk – interest rate risk	Long term borrowings at variable rates	Cash flow forecasting Sensitivity analysis	Interest rate swaps
Credit risk	Cash and cash equivalents, trade and other receivables and derivative financial instruments	Aging analysis Credit ratings Management of deposits	Ongoing checks by management Contractual arrangements
Liquidity risk	Borrowings and other liabilities	Forecast and actual cash flows	Flexibility in funding arrangements

Financial risk management is considered part of the overall risk management program overseen by the Audit and Risk Management committee. Further detail on the types of risks to which the group is exposed and the way the group manages these risks is set out below.

The group holds the following financial instruments:

	2018 $'000	2017 $'000
Financial assets		
Cash and cash equivalents	23,692	8,400
Trade and other receivables	13,689	5,882
	37,381	14,282
Financial liabilities		
Trade and other payables	46,376	24,175
Other financial liabilities	39,678	41,477
Borrowings	132,826	87,340
Derivative financial instruments	184	407
	219,064	153,399

a) Market risk

i. Price risk

The consolidated entity has no foreign exchange exposure or price risk on equity securities.

ii. Cash flow and fair value interest rate risk

As the consolidated entity does not have a significant portfolio of interest-bearing assets, the income and operating cash inflows are not materially exposed to changes in market interest rates.

Interest rate risk arises from exposures to long term borrowings, where those borrowings are issued at variable interest rates. Borrowings issued at variable interest rates expose the group to cash flow interest rate risk.

The consolidated entity reviews the potential impact of variable interest rate changes and considers various interest rate management products in the context of prevailing monetary policy of the Reserve Bank and economic conditions. Accordingly, the consolidated entity has entered into interest rate swap contracts under which a part of the consolidated entity's projected borrowings are protected for the period from 1 July 2018 to 30 June 2020.

There is an indirect exposure to interest rate changes caused by the impact of these changes upon the property market. The group addresses this risk by virtue of managing its pricing, product offer and planned development programs.

iii. Instruments used by the group

Interest rate swap contracts effectively fix interest rates applicable to bank bills issued with a duration of 1 month (BBSY Bid) at certain levels between 2.070% - 2.495% (2017 – 2.070% - 2.495%) per annum. Swaps currently in place cover 41% (2017 - 63%) of the variable loan outstanding at balance date, with terms expiring in 2019 and 2020.

The consolidated entity's policy is to limit a significant proportion of its borrowings to a maximum fixed rate using interest rate swaps or caps to achieve this when necessary. The swaps described above covered 41% of the bank loan at balance sheet date of $133,193,000 (2017 - $87,593,000).

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for receivables and borrowings is set out below.

	2018			2017		
	Interest bearing - variable $'000	Non-interest bearing $'000	Total $'000	Interest bearing - variable $'000	Non-interest bearing $'000	Total $'000
Receivables						
Other receivables	-	13,689	13,689	-	5,882	5,882
Employee share loans	-	9	9	-	16	16
	-	13,698	13,698	-	5,898	5,898

	2018			2017		
	Interest bearing - fixed $'000	Interest bearing - variable $'000	Total $'000	Interest bearing - fixed $'000	Interest bearing - variable $'000	Total $'000
Interest bearing liabilities						
Bank loans	-	133,193	133,193	-	87,593	87,593
Other financial liabilities	38,454	-	38,454	36,188	-	36,188
	38,454	133,193	171,647	36,188	87,593	123,781

The weighted average interest rate at year end is 3.37% (2017: 3.04%)

An analysis by maturity is provided in 24(c) below.

iv. Summarised interest rate sensitivity analysis

The potential impact of a change in bank interest rates of + / -1% is not significant to the group's net profit and equity.

The potential impact on financial assets is not significant. Refer to comments above for further information on the impact of changes in interest rates upon the group.

b) Credit risk

The consolidated entity has minimal exposure to credit risk from customers as title to lots or units in the consolidated entity's developments does not generally pass to customers until funds are received.

Policies and procedures are in place to manage credit risk including management of deposits and review of the financial capacity of customers. Ongoing checks are performed by management to ensure that settlement terms detailed in individual contracts are adhered to. For land under option the consolidated entity secures its rights by way of encumbrances on the underlying land titles. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised above.

Derivative counterparties and cash deposits are placed with high credit quality financial institutions, such as major trading banks.

Credit risk may arise in relation to bank guarantees given to certain parties. These guarantees are supported by contractual arrangements that bind the counterparty, providing security against inappropriate presentation of the bank guarantees.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and available credit facilities to manage the consolidated entity's financial commitments. The group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the group aims at maintaining flexibility in funding by keeping committed credit lines available.

At 30 June 2018 the group had undrawn committed facilities of $146,935,000 (2017 - $101,969,000) and cash of $23,692,000 (2017 - $8,400,000) to cover short term funding requirements. Refer to 13(b) for details.

i. Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table for non-interest bearing liabilities are the contractual undiscounted cash flows. For variable interest rate liabilities, the cash flows have been estimated using interest rates applicable at the reporting date.

Group – at 30 June 2018	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Non-derivatives					
Non-interest bearing	47,600	-	-	47,600	47,600
Fixed rate	39,000	-	-	39,000	38,454
Variable rate	-	-	147,297	147,297	132,826
Derivatives	121	63	-	184	184
Total	**86,721**	**63**	**147,297**	**234,081**	**219,064**

Group – at 30 June 2017	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Non-derivatives					
Non-interest bearing	25,399	-	-	25,399	25,399
Fixed rate	4,065	39,000	-	43,065	40,253
Variable rate	-	30,757	64,109	94,866	87,340
Derivatives	-	335	72	407	407
Total	**29,464**	**70,092**	**64,181**	**163,737**	**153,399**

d) Fair value measurement

This note provides information on the judgements and estimates made by the group in determining the fair values of the financial instruments.

i. Fair value hierarchy

To provide an indication on the reliability of the inputs used in determining fair value, the group classifies its financial instruments into three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the group's financial liabilities measured and recognised at fair value at 30 June 2018 and 30 June 2017:

As at 30 June 2018	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities					
Derivatives used for hedging	14	-	184	-	184
Total liabilities		**-**	**184**	**-**	**184**

As at 30 June 2017	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities					
Derivatives used for hedging	14	-	407	-	407
Total liabilities		**-**	**407**	**-**	**407**

ii. Valuation techniques used to determine fair values

Level 1 – The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for the financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2 – The fair value of financial instruments that are not traded in an active market (such as derivatives provided by trading banks) is determined using market valuations provided by those banks at reporting date. These instruments are included in level 2.

Level 3 – If one or more of the significant inputs is not based on observable market data, the instruments is included in level 3.

Capital Management

25. Capital management objectives and gearing

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group will consider a range of alternatives which may include:

- raising or reducing borrowings
- adjusting the dividend policy
- issue of new securities
- return of capital to shareholders
- sale of assets.

Gearing is a measure used to monitor the levels of debt used in the business to fund operations. The gearing ratio is calculated as interest bearing bank debt net of cash and cash equivalents divided by shareholders' equity. Gearing is managed by reference to a guideline which sets the desirable upper and lower limits for the gearing ratio. The group's gearing is then addressed by utilising capital management initiatives as discussed above.

The gearing ratios were as follows:

	Note	2018 $'000	2017 $'000
Total interest bearing bank debt	13	132,826	87,340
Less: cash and cash equivalents	4	(23,692)	(8,400)
Net debt		109,134	78,940
Shareholders' equity		353,186	330,234
Gearing ratio		**30.9%**	**23.9%**

The group's guideline is to target gearing generally within the range of 20-75% although periods where the gearing is outside of this range are acceptable, depending upon the timetable for acquisition payments and the construction and settlement of developments.

a. Loan Covenants

Under the terms of the major borrowing facilities, the group has complied with covenants throughout the reporting period. Debt covenants are disclosed in note 13 and include requirements in relation to a maximum loan to valuation ratio and a minimum interest cover ratio.

26. Dividends

a. Ordinary shares

	Consolidated 2018 $'000	2017 $'000
Fully franked based on tax paid at 30%		
Final dividend for the year ended 30 June 2017 of 18.0 cents (2016 – 16.5 cents) per fully paid share		
- Paid in cash	14,196	13,014
- Applied to the employee share loans	4	3
Interim dividend for the year ended 30 June 2018 of 12.0 cents (2017 – 12.0 cents) per fully paid share		
- Paid in cash	5,677	9,464
- Satisfied by shares under the dividend reinvestment plan	3,502	-
- Applied to the employee share loans	3	3
Total	23,382	22,484

b. Dividends not recognised at the year end

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 18.0 cents per fully paid ordinary share (2017 – 18.0 cents), fully franked based on the tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 26 October 2018 out of retained profits at 30 June 2018, but not recognised as a liability at year end is below:

	Consolidated 2018 $'000	2017 $'000
Dividends not recognised at year end	14,313	14,201

c. Franked Dividends

The franked portions of the final dividend proposed at 30 June 2018 will be franked from existing franking credits or from franking credits arising from the payment of income tax in the next financial year.

	Consolidated 2018 $'000	2017 $'000
Franking credits available for the subsequent financial year on a tax-paid basis of 30% (2017 – 30%)	88,952	82,211

The above amounts represent the franking accounts at the end of the financial year, adjusted for:

i. Franking credits that will arise from the payment of the current tax liability;

ii. Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;

iii. Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $6,134,000 (2017 - $6,086,000).

Section C: Group Structure

This section provides information which will help users understand how the group structure affects the financial position and performance of the group as a whole.

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Interests in Other Entities

27. Subsidiaries

The group's operating subsidiaries at 30 June 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares or units that are held directly by the group and the proportion of ownership interest held equals the voting rights held by the group. The subsidiaries are incorporated or established in Australia.

The consolidated financial statements incorporate the assets, liabilities and results in accordance with the accounting policy described in note 37(b).

Company	Notes	Equity Holding	
		2018	2017
BCM Apartment Trust	a.	50%	50%
Champion Bay Nominees Pty Ltd	b.	50%	50%
Cedar Woods Properties Finance Pty Ltd		100%	100%
Cedar Woods Properties Harrisdale Pty Ltd		100%	100%
Cedar Woods Properties Investments Pty Ltd		100%	100%
Cedar Woods Properties Management Pty Ltd		100%	100%
Cedar Woods Property Sales Pty Ltd		100%	100%
Cranford Pty Ltd		100%	100%
Daleford Property Pty Ltd		100%	100%
Dunland Property Pty Ltd		100%	100%
Esplanade (Mandurah) Pty Ltd		100%	100%
Eucalypt Property Pty Ltd		100%	100%
Flametree Property Pty Ltd		100%	100%
Galaway Holdings Pty Ltd		100%	100%
Gaythorne Pty Ltd		100%	100%
Geographe Property Pty Ltd		100%	100%
Huntsman Property Pty Ltd		100%	100%
Jarrah Property Pty Ltd		100%	100%
Kayea Property Pty Ltd		100%	100%
Lonnegal Property Pty Ltd		100%	100%
Osprey Property Pty Ltd		100%	100%
Silhouette Property Pty Ltd		100%	100%
Terra Property Pty Ltd		100%	100%
Upside Property Pty Ltd		100%	100%
Vintage Property Pty Ltd		100%	100%
Williams Landing Home Improvement Pty Ltd		100%	100%
Williams Landing Home Improvement Trust		100%	100%
Williams Landing Shopping Centre Pty Ltd		100%	100%
Williams Landing Shopping Centre Trust		100%	100%
Williams Landing Town Centre Pty Ltd		100%	100%
Woodbrooke Property Pty Ltd		100%	100%
Yonder Property Pty Ltd		100%	100%
Zamia Property Pty Ltd		100%	100%

a. The forecast profits of BCM Apartment Trust not expected to be sufficient to make a return to the other ordinary unit holder that ranks behind the consolidated entity for trust distributions. Accordingly, the consolidated entity has not recognised a non-controlling interest.

b. The net assets of Champion Bay Nominees Pty Ltd are not material to the consolidated entity.

28. Interests in joint arrangements

Set out below are the joint ventures of the group as at 30 June 2018. The principal place of business and country of incorporation (or origin) is Australia for all entities.

Name of entity	% of ownership interest		Nature of relationship	Measurement method	Carrying amount	
	2018 %	2017 %			2018 $'000	2017 $'000
Cedar Woods Wellard Limited	32.5	32.5	Joint Venture	Equity method	3,028	4,125

The carrying amount represents the amount attributable to the group.

Cedar Woods Wellard Limited is developing the Emerald Park residential estate at Wellard, WA.

29. Commitments and contingent liabilities in respect of the joint ventures

Cedar Woods Wellard Limited has no commitments for expenditure at 30 June 2018 (2017: $23,022) and has provided no bank guarantees (2017: $2,047,433) to various local authorities supporting development and maintenance commitments.

30. Summarised financial information for joint ventures

The following table provides summarised financial information for those joint ventures that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not Cedar Woods' share of those amounts.

Cedar Woods Wellard Limited	2018 $'000	2017 $'000
Current assets		
Cash	1,019	2,843
Other current assets	2,875	5,451
Total current assets	**3,894**	**8,294**
Total non-current assets	**7,685**	**6,713**
Total assets	**11,579**	**15,007**
Total current liabilities	**275**	**329**
Total non-current liabilities	**-**	**-**
Total liabilities	**275**	**329**
Net assets	**11,304**	**14,678**
Group's share in %	32.5%	32.5%
Group's share in $	3,674	4,770

a. Movements in carrying amounts – Cedar Woods Wellard Limited

	2018 $'000	2017 $'000
At start of the year	4,125	4,016
Share of (loss) profit after income tax	(122)	109
Capital return	(975)	-
At end of the year	3,028	4,125
Share of profit before income tax	(52)	271
Income tax expense	(70)	(162)
Share of profit after income tax	(122)	109
Share of joint venture's revenue, assets, liabilities and contingent liabilities		
Revenue	1,324	2,495
Assets	3,763	4,877
Liabilities	(89)	(107)
Contingent liabilities (bank guarantees)	-	(665)

The consolidated entity owns a 32.5% (2017 – 32.5%) interest in Cedar Woods Wellard Limited, a property development company incorporated in Australia.

The directors have determined that they do not control Cedar Woods Wellard Limited as no one investor can direct the activities without the co-operation of the others.

Section D: Unrecognised Items

This section of the notes provides information about items that are not recognised in the financial statements as they do not satisfy the recognition criteria.

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Contingent Liabilities

At 30 June 2018 the group had contingent liabilities in respect of:

31. Bank guarantees

At 30 June 2018 bank guarantees totalling $16,941,000 (2017 - $15,438,000) had been provided to various state and local authorities supporting development and maintenance commitments.

Commitments

32. Commitments

a) Non-cancellable operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	Consolidated 2018 $'000	Consolidated 2017 $'000
Within 1 year	745	759
Later than 1 year but not later than 5 years	1,099	830
	1,844	1,589

The group leases various offices under non-cancellable operating leases expiring within 5 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

b) Capital commitments

At 30 June 2018 the consolidated entity had commitments under civil works, building construction and landscaping construction for development of its projects in the ordinary course of business. The total amount contracted for work yet to be completed for civil works was $5,597,000 (2017 - $9,809,000), for building construction was $103,331,000 (2017 - $98,079,000) and for landscaping construction was $6,426,000 (2017 - $2,945,000). This work will be substantially completed in the next 12 months.

Events occurring after the reporting period

33. Events occurring after the reporting period

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

Section E: Other Information

Section E contains information that is not immediately related to individual line items in the financial statements, such as related party transactions, share based payments and a full list of the accounting policies applied by the entity.

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Related Party Transactions

34. Related Party Transactions

a) Key management personnel compensation

Additional disclosures relating to key management personnel are set out in the Directors' Report.

	Consolidated	
	2018 $	2017 $
Short-term employee benefits	3,067,325	3,261,649
Post-employment benefits	181,388	197,012
Long-term employee benefits	245,255	117,404
Termination benefit	74,523	-
	3,568,491	3,576,065

At 30 June 2018, an amount of $5,365 (2017 - $11,217) was outstanding on a loan to a key management personnel employee issued under the former employee share plan. Under the now discontinued plan, certain employees were granted shares funded by interest free loans from the company and with the loans repaid by dividends.

b) Group

The group consists of Cedar Woods Properties Limited and its controlled entities. A list of these entities and the ownership interests held by the parent entity are set out in note 27.

c) Parent entity

The parent entity within the group is Cedar Woods Properties Limited.

d) Transactions with other related parties

Cedar Woods Properties Management Pty Ltd and Cedar Woods Property Sales derived management and selling fees totalling $378,896 (2017 - $684,191) from Cedar Woods Wellard Limited.

During the year planning, architectural and consulting services were provided by Hames Sharley Architects of which Mr W G Hames is a principal. The transactions were performed on normal commercial terms and conditions and fees paid were consistent with market rates. The value of services provided was higher than in the previous year as a result of architectural and design work performed on the *Williams Landing Town Centre* and the *Glenside* project in Adelaide. The *Glenside* project was introduced to the company by Hames Sharley.

During the year creative design services were provided by Axiom Design, an entity associated with the family of Mr W G Hames. Mr Hames has no beneficial interest in Axiom Design. The services were performed on normal commercial terms and conditions and the level of services decreased compared with 2017.

Property settlement charges were paid to Westland Settlement Services Pty Ltd, a company associated with the family of Mr R S Brown. The charges were based on normal commercial terms and conditions. At the estates where Westland Settlement Services was engaged, the number of lots that settled in FY2018 was significantly higher than that of the previous year and as a result the value of transactions with Westland Settlement Services Pty Ltd increased.

Cedar Woods has for many years been a member of the Australian Institute of Company Directors (AICD). During the 2015 year Mr P S Sadleir became a council member of AICD WA. The annual subscriptions paid in 2018 and 2017 were based on normal commercial terms and conditions.

In 2018 a payment was made for sponsorship of the Property Education Foundation Inc. of which Mr R Packer is a trustee with no beneficial interest. The transaction was based on normal commercial terms and conditions.

Aggregate amounts of each of the above types of other transactions with key management personnel of Cedar Woods Properties Limited or their related entities:

	2018 $	2017 $
Amounts recognised as expense		
Creative design services	26,240	31,001
Architectural fees	-	5,000
Settlement fees	181,985	107,450
Subscriptions	10,000	10,000
Sponsorships	3,182	-
	221,407	153,451
Amounts recognised as inventory/ investment property		
Architectural fees	578,016	455,468
	578,016	455,468
Total amounts recognised in year	**799,423**	**608,919**
Aggregate amounts of assets at balance date relating to the above types of other transactions with directors of Cedar Woods or their related entities:		
Inventory	571,316	445,668
Investment property	6,700	9,800
	578,016	455,468

There are no aggregate amounts payable to directors of Cedar Woods at balance date. There are no amounts payable to related entities at balance date relating to the above types of other transactions.

e) Terms and conditions

Management and selling fees are derived according to management agreements in place between the parties. These are based on normal terms and conditions, at market rates at the time of entering into the agreements.

f) Outstanding balances arising from sales / purchases of goods and services

There were no balances outstanding at the end of the reporting period in relation to transactions with related parties (2017 – Nil).

Remuneration of Auditors

35. Remuneration of Auditors

During the year the following fees were paid or payable to the auditor of the parent entity:

PricewaterhouseCoopers – Australian firm	**2018 $**	**2017 $**
Assurance services		
- Audit and review of the financial statements of the parent entity, controlled entities and co-development projects	243,680	209,383
Non-audit services		
- Other taxation advice and reviews	27,540	47,430
Total fees for non-audit services	27,540	43,430
Total assurance and non-audit services	271,220	256,813

Employee Share Scheme

36. Employee Share Scheme

The current Long Term Incentive (LTI) plans effective from 1 July 2015 for FY2016, from 1 July 2016 for FY2017 and from 1 July 2017 for FY2018 will continue in FY2019.

The current LTI plan has two vesting conditions a) a 3 year service condition and b) two performance conditions measured over a 3 year period: 50 per cent of the LTI grant will be tested against a relative total shareholder return ("TSR") hurdle (measured against the S&P / ASX Small Industrials Index) and 50 per cent against earnings per share ("EPS") growth targets, set in the context of the Corporate plan.

Full details of the operation of the current LTI plan are set out in the remuneration report on pages 58 to 59 of this annual report.

Summary of Accounting Policies

37. Summary of Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Where necessary, comparative information is reclassified and restated for consistency with current period disclosures. The financial statements are for the consolidated entity consisting of Cedar Woods and its subsidiaries.

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Cedar Woods is a for-profit entity for the purpose of preparing the financial statements.

i. Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Cedar Woods group also comply with IFRS as issued by the International Accounting Standards Board (IASB).

ii. Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and derivative financial instruments.

iii. Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 23.

iv. Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of Cedar Woods.

b) Principles of consolidation

i. Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Cedar Woods (parent) as at 30 June 2018 and the results of all subsidiaries for the year then ended. Cedar Woods and its subsidiaries together are referred to in these financial statements as the consolidated entity or the group.

Subsidiaries are those entities over which the parent has the power to govern the financial and operating policies, generally accompanying a shareholding of one-half or more of the voting rights.

The acquisition method of accounting is used to account for business combinations by the group. Subsidiaries are fully consolidated from the date on which control is transferred to the parent. They are de-consolidated from the date that control ceases.

All inter-company balances and transactions between companies within the consolidated entity are eliminated upon consolidation.

ii. Joint arrangements

Joint arrangements – Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint operations - The consolidated entity recognises its direct right to assets, liabilities, revenues and expenses of joint operations, which have been incorporated in the financial statements under the appropriate headings.

Joint ventures - Interest in joint ventures are accounted for using the equity method (see below), after initially being recognised at cost in the consolidated balance sheet. Details of the joint ventures are set out in note 28.

iii. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income.

c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised net of discounts and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

i. Sale of land and buildings

Revenue arising from the sale of land and buildings held for resale is recognised at settlement.

ii. Interest

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

iii. Dividends

Dividends are recognised as revenue when the right to receive payment is established.

iv. Lease income

Income from operating leases is recognised on a straight line basis over the period of each lease.

v. Commissions and fees

Commission and fee income is recognised when the right to receive the income has been earned in accordance with contractual arrangements.

d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate in Australia adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Cedar Woods and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

e) Earnings per share

i. *Basic earnings per share*

Basic earnings per share is determined by dividing the profit attributable to owners of Cedar Woods by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the year.

ii. *Diluted earnings per share*

Diluted earnings per share adjusts the earnings used in the determination of basic earnings per share to take account of any effect on borrowing costs associated with the issue of dilutive potential ordinary shares. The weighted average number of ordinary shares is adjusted to reflect the conversion of all dilutive potential ordinary shares.

f) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, and deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

g) Inventories

i. *Property held for development and resale*

Since 1 July 1992, property purchased for development and sale is valued at the lower of cost and net realisable value. Cost includes acquisition and subsequent development costs, and applicable borrowing costs incurred during development. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. All property held for development and sale is regarded as inventory and is classified as such in the balance sheet. Property is classified as current inventory only when sales are expected to result in realisation of cash within the next twelve months, based on management's sales forecasts. Borrowing costs incurred prior to active development and after development is completed, are expensed as incurred.

Prior to 1 July 1992 the consolidated entity's land assets were classified on acquisition as non-current investments and initially recorded at cost with regular independent valuations being undertaken. Increments or decrements were reflected in the balance sheet and also recognised in equity. The balance of this land is stated at 1992 valuation, which is its deemed cost. The amount remaining in the Asset Revaluation Reserve represents the balance of the net revaluation increment for land revalued prior to 1 July 1992 which is now classified as inventory and which is still held by the consolidated entity. When revalued assets are sold, it is policy to transfer any amounts included in reserves in respect of those assets to retained earnings.

The acquisition of land is recognised when an unconditional purchase contract exists.

When property is sold, the cost of the land and attributable development costs, including borrowing costs, is expensed through cost of sales.

h) Deferred development costs

Development costs incurred by the group for the development of land not held as an asset by the group are recorded as deferred development costs in the balance sheet. They are included in current assets, except for those which are not expected to be reimbursed within 12 months of the reporting period, which are classified as non-current assets. In instances when the deferred development costs are reimbursed by the land owner, they are expensed in the profit or loss.

i) Assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of carrying amount and fair value, less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal) to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset (or disposal), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal) is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

j) Business combinations

The acquisition method of accounting is used to account for all business combinations. Cost is measured as the fair value of the assets given, or liabilities undertaken at the date of acquisition. Acquisition related costs are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present values at the date of acquisition. The discount rate used is the incremental borrowing rate applied by the consolidated entity's financiers for a similar borrowing under comparable terms and conditions.

k) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash generating units, which is generally the project level. Assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

l) Property, plant and equipment

Property, plant and equipment is substantially made up of furniture, fittings and equipment and is stated at historical cost less depreciation. Depreciation is calculated on a straight line or diminishing value basis to write off the net cost of each item of property, plant and equipment, including leased equipment, over its expected useful life to the consolidated entity. The expected useful lives of items of property, plant and equipment and the depreciation methods used are:

- Plant and equipment – 3 to 15 years (straight line and diminishing value methods)

The assets' residual values and useful lives are reviewed for impairment and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

m) Investments, other financial assets and other financial liabilities

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale financial assets. The classification depends on the purpose for which investments were acquired. Management determines the classification of its investments at initial recognition.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designed as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in non-current assets, except for those with maturities less than 12 months after the reporting period which are classified as current assets. Loans and receivables are included in receivables in the balance sheet. Loans and receivables are carried at amortised cost using the effective interest method.

iii. Available-for sale financial assets

Available-for-sale financial assets, comprising marketable equity securities and other securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets as management does not intend to sell them within 12 months. Available-for-sale financial assets are carried at fair value. Changes in the fair value not arising from impairment or interest are recognised in other comprehensive income.

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. If there is evidence of impairment, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. In the case of loans and receivables, the cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

iv. Other financial liabilities

Other financial liabilities at fair value through profit or loss are financial liabilities due to vendors of properties under contracts of sale and other payables. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current.

n) Investment property

Investment property, principally comprising retail property, is held for long term rental yields and is not occupied by the consolidated entity. Investment property includes properties under construction for future use as investment property and is stated at historical cost less depreciation. Depreciation is calculated on a straight line basis to write off the net cost of each investment over its expected useful life to the consolidated entity. The expected useful life of investment property buildings is 40 years.

When the company elects to dispose of investment property, it is presented as assets classified as held for sale in the balance sheet where it meets the relevant criteria. Net gains or losses on sale are disclosed in the profit or loss.

o) Lease incentives

Lease incentives provided under an operating lease by the group as lessor are recognised on a straight line basis against rental income over the lease period.

p) Employee benefits

i. Short term obligations

Liabilities for wages and salaries, bonuses and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

ii. Other long term employee benefit obligations

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

iii. Bonus plans

The group recognises a liability and expense for bonuses earned during the financial year where contractually obliged or where past practice has created a constructive obligation.

iv. Superannuation

Contributions by the consolidated entity to employees' superannuation funds are charged to the profit or loss when they are payable. The consolidated entity does not operate any defined benefit superannuation funds.

q) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 to 60 days of recognition.

r) Leases

Leases of property, plant and equipment in which a significant portion of the risks and rewards of ownership are not transferred to the consolidated entity as lessee are classified as operating leases. Operating lease payments are charged to the profit or loss in the periods in which they are incurred as this represents the pattern of benefit derived from the leased assets.

Lease income from operating leases where the group is a lessor is recognised in income on a straight line basis over the lease term. The respective leased assets are included in the balance sheet as investment properties.

s) Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case the fee is deferred until the commencement of the facility when draw down occurs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets during the period when the asset is being prepared for its intended use or sale.

t) Provisions for customer rebates

Provision is made for the estimated liability arising from obligations in existence at balance date to customers for the provision of landscaping and fencing rebates and other incentives, to which customers are generally entitled within 12 months of balance date.

u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

v) Maintenance

Routine operating maintenance and repairs are charged as expenses as incurred.

w) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

x) Segment reporting

Management has determined the operating segment based on the reports reviewed by the Managing Director that are used to make strategic decisions. The Managing Director has been identified as the chief operating decision maker.

y) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within one year.

Collectability of trade receivables is reviewed regularly. Receivables that are uncollectable are written off by reducing the carrying amount directly. Receivables include prepayments and loans made under the discontinued employee share scheme.

z) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Changes to fair value are taken to profit or loss and are included in other income or expenses.

aa) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, taxation authorities, are presented as operating cash flows.

bb) New accounting standards and interpretations

The group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2017:

AASB 2014-1 *Amendments to Australian Accounting Standards*

The amended standards only affected the disclosures in the notes to the financial statements.

New accounting standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

Title of Standard	Nature of change	Impact	Mandatory application date / Date of adoption by group
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	The application of the standard at the operative date is not expected to have a significant impact on the group's accounting for financial assets and liabilities. Upon the adoption of AASB 9, the new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than on incurred credit losses as is the case under AASB139 Financial Instruments: Recognition and Measurement. For Cedar Woods, the new ECL model applies to its trade receivables. Based on the assessments undertaken to date, the group doesn't expect a significant change to the level of provision for impairment of trade receivables. The group does not adopt hedge accounting and does not have the categories of financial assets proposed to be removed from the standard's application, no significant changes to its existing accounting are expected as a result of the implementation of AASB9.	Must be applied for financial years commencing on or after 1 January 2018. Date of adoption by the group: 1 July 2018.
AASB 15 Revenue from Contracts with Customers	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	The application of the standard at the operative date is not expected to have a significant impact on the group's annual results. The vast majority of the group's revenue relates to the sale of land and buildings which will continue to be recognised upon settlement at which time control of the asset passes to the purchaser. Management is advanced in its assessment of the effects of applying the new standard on the group's financial statements and has identified the following area that will be affected: • Customer rebates – obligations to deliver goods and services to customers after residential lot settlements such as the provision of fencing and landscaping are recognised as provisions at settlement. Under the new standard settlement revenue relating to this component of sales revenue will be deferred to the time the good or service is delivered. The corresponding expense relating to delivering the customer rebate will also be deferred, this change will not impact the timing of profit recognition. Under the new standard, recognition of revenue from development services for development of land not held as an asset by the group, is recognised when the benefit of the service can be controlled or consumed by the customer. AASB 15 may bring forward the recognition of certain service revenue, however this will not have a significant impact on profit for the group. Revenue from development services accounted for less than 1% of total revenue in FY2018 (less than 3% in FY2017). Revenue from property rental is not expected to be impacted by the new standard. The application of AASB 15 is not expected to result in restatement of balances at 1 July 2018.	Mandatory for financial years commencing on or after 1 January 2018. Date of adoption by the group: 1 July 2018. The group intends to adopt the standard using the retrospective method.

Title of Standard	Nature of change	Impact	Mandatory application date / Date of adoption by group
AASB 16 Leases	AASB 16 was issued in February 2016. For lessees, it will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.	The application of the standard at the operative date is not expected to have a material impact on the group's annual results. The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has operating lease commitments over the next 5 years of $1,844,000. Some of the commitments may relate to arrangements that will not qualify as leases under AASB 16.	Mandatory for financial years commencing on or after 1 January 2019. Expected date of adoption by the group: 1 July 2019.

There are no other standards that are not yet effective and that are expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

cc) Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements.

Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Segment Information

38. Segment Information

The Board has determined the operating segment based on the reports reviewed by the Managing Director that are used to make strategic decisions.

The Board has considered the business from both a product and a geographic perspective and has determined that the group operates a single business in a single geographic area and hence has one reportable segment.

The group engages in property investment and development which takes place in Australia. The group has no separate business units or divisions.

The internal reporting provided to the Managing Director includes key performance information at a whole of group level. The Managing Director uses the internal information to make strategic decisions, based primarily upon the expected future outcome of those decisions on the group as a whole. Material decisions to allocate resources are generally made at a whole of group level.

The group sells products to the public and is not reliant upon any single customer for 10% or more of the group's revenue.

All of the group's assets are held within Australia.

The Managing Director assesses the performance of the operating segment based on the net profit after tax, earnings per share and net tangible assets per share.

Parent Entity Financial Information

39. Parent Entity Financial Information

The financial information for the parent entity, Cedar Woods, has been prepared on the same basis as the consolidated financial statements, except as detailed in notes (i) and (ii) below.

The individual financial statements for the parent entity show the following aggregate amounts:

	2018 $'000	2017 $'000
Balance sheet		
Current assets	69,854	52,930
Total assets	452,073	405,678
Current liabilities	(92,930)	(106,070)
Total liabilities	(196,836)	(164,684)
Net assets	255,237	240,994
Shareholders' equity		
Issued capital	123,018	119,525
Reserves	393	155
Retained earnings	131,826	121,314
	255,237	240,994
Profit for the year	28,876	28,521
Total comprehensive income	28,876	28,521

i. *Investments in subsidiaries and joint venture entities*

Investments in subsidiaries and joint venture entities are accounted for at cost in the financial statements of Cedar Woods. Such investments include both investments in shares issued by the subsidiary and other parent entity interests that in substance form part of the parent entity's investment in the subsidiary. These include investments in the form of interest free loans which have no fixed repayment terms and which have been provided to subsidiaries as an additional source of long term capital. Dividends received from joint ventures are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

ii. *Tax consolidation legislation*

Cedar Woods and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Cedar Woods, and the controlled entities in the tax-consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax-consolidated group continues to be a standalone taxpayer in its own right. In addition to its own current and deferred tax amounts, Cedar Woods also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax-consolidated group.

The entities have also entered into a tax funding agreement under which the 100% subsidiaries fully compensate the parent for any current tax payable assumed and are compensated by the parent for any current tax receivable and deferred tax assets relating to unused tax losses that are transferred to the parent under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the 100% subsidiaries' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity when it is issued. The head entity may require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Section F: Declaration and Independent Auditor's Report

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Directors' Declaration

In the directors' opinion:

a) the financial statements that are set out in the financial statements section and notes on pages 72 to 125 are in accordance with the *Corporations Act 2001*, including:

   i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 37(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Nathan Blackburne
Managing Director

Perth, Western Australia
21 August 2018

Independent Auditor's Report

Independent auditor's report

To the members of Cedar Woods Properties Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Cedar Woods Properties Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2018
- the consolidated statement of changes in equity for the year then ended
- the consolidated cash flow statement for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies; and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Cedar Woods Properties Limited is an Australian property development company. The Group's principal interests are in urban land subdivision and built form development for residential, commercial and retail purposes. Its portfolio of assets is located in Western Australia, Victoria, Queensland and South Australia.

Materiality	Audit scope	Key Audit Matters
• For the purpose of our audit we used overall Group materiality of $3.1 million, which represents approximately 5% of the Group's profit before tax. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The accounting processes are structured around a Group finance function at its head office in Perth. Our audit procedures were predominately performed at the Group head office, along with a number of property and development site visits being performed across the year.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit & Risk Management Committee: - Valuation of inventory - Recognition of revenue • These are further described in the *Key audit matters* section of our report.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Management Committee.

Key audit matter	How our audit addressed the key audit matter
Valuation of Inventory *(Refer to note 6) $498m* At 30 June 2018, the Group recognised total inventory of property held for resale of $498m. Inventory is valued at the lower of cost and net realisable value. This was a key audit matter as the valuation of inventory includes significant judgements made by the Group on projected future cash flows, including future development costs, in determining net realisable value.	We obtained an understanding and evaluated the design of relevant controls in relation to inventory valuation. We applied a risk-based assessment to determine those development projects where there is a greater risk that the carrying value of the inventory may in excess of net realisable value. Our risk based selection criteria incorporates our knowledge of the life cycle of each project from prior years, site visits and our understanding of current economic conditions relevant to individual project locations. In addition to these risk conditions we focus on specific projects for testing which have been previously impaired, are large contributors to revenue and profit in the year or declining gross margins. For the selected projects we performed a combination of one or more of the following audit procedures: • We obtained management's net realisable value assessment on the project. • We obtained the cash flow analysis performed by management and assessed the key assumptions including; compared development expenditure and forecast sales value for each project to actuals known from the prior period and comparable projects. We also performed a sensitivity analysis on the project as well as assessing mathematical accuracy of the cash flow analysis. • We compared the carrying value of inventory to the cash flows to assess whether carrying value was the lower of cost or net realisable value.

Key audit matter	How our audit addressed the key audit matter
	• We assessed recent comparable sales and re-calculated the expected cash inflows for these projects based upon their pre-approved lots and zoning. In addition and where available for a project, we obtained the external third party prepared valuation reports, not older than 12 months. We compared the valuation in the external third party prepared valuation report to the carrying value of the project inventory.
Recognition of Revenue *$240m* Revenue was the most significant amount in the consolidated statement of profit or loss and other comprehensive income. Revenue of $240m was comprised of a number of streams, including the following streams: • Sales of land and buildings $231.5m • Rent from properties $6.1m Sale of land and buildings was a key audit matter due to the financial significance of these sales to the Cedar Woods Properties Group results and the complexity around the timing of recognition of revenue. Rent from properties was a key audit matter due to the complexity in accounting arising as a result of the different terms and conditions in the rental agreements.	**Sale of land and buildings** We obtained confirmations from settlement agents and lawyers for land and buildings settled during the year, and compared the sales price and settlement date on the confirmation to the Group's accounting records. We vouched total revenue from sale of land and buildings to settlement proceeds received in the bank account. For all settlements, we recalculated the net settlement amount by excluding rates, GST and other taxes from the sales price and compared the net settlement amount to the recorded revenue. **Rent from properties** For a sample of rental properties, we compared the rent received as per the accounting records to the statements received by the Group from the external Property Managers and the cash received to relevant bank statements. For the same, we further agreed rental income amounts to rental agreements. We have evaluated a sample revenue transactions recorded for the month of June 2018 and July 2018 to supporting third party evidence, to determine whether they were recorded in the correct period based on the terms in the relevant rental agreement.

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Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included About Cedar Woods, Letter from the Chairman, Letter from the Managing Director, Performance Highlights, Our Business, Financial and Operating Review, Directors' Report, Directors' Report – Letter to Shareholders and the Corporate Directory. We expect the remaining other information to be made available to us after the date of this auditor's report, including Shareholder Information.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

pwc

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 52 to 70 of the directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Cedar Woods Properties Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Helen Bathurst

Helen Bathurst
Partner

Perth
21 August 2018

Section G: Shareholders' Information

This section provides information for shareholders on distributions and other shareholder benefits, the composition of the share register and past financial performance.

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Five Year Financial Performance **138**

Investors' Summary

40. Dividend and dividend policy

The dividend policy is to distribute approximately 50% of the full year net profit after tax. The final dividend for the 2018 financial year is 18.0 cents per share, fully franked. The dividend will be paid on 26 October 2018.

41. Shareholder discount scheme

The group operates a shareholder discount scheme which entitles shareholders to a 5% discount off the listed price of any residential lot, or 2.5% off the listed price of houses or apartments at the group's developments. A summary of the main terms and conditions follows:

- Shareholders must hold a minimum number of 1,000 shares for at least 12 months before purchasing a lot or dwelling to qualify for the discount;
- There is no limit to the number of lots or dwellings which a shareholder may purchase under the scheme, subject to any statutory restrictions; and
- The shareholder discount scheme does not apply to lots or dwellings at joint venture projects.

The above is a summary of the main conditions and shareholders should apply to the company or visit the website for the full terms and conditions.

42. Electronic payment of dividends

The group continues to offer the electronic payment of dividends, which is now in use by the majority of our shareholders. Shareholders may nominate a bank, building society or credit union account for the payment of dividends by direct credit. Payments are electronically credited on the dividend payment date and confirmed by mailed advice. Shareholders wishing to take advantage of this facility for the first time should contact the company's share registrar, Computershare Investor Services Pty Ltd, by visiting www.computershare.com.au.

43. Dividend re-investment plan and Bonus share plan

The dividend re-investment plan and bonus share plan are operated from time to time as part of measures to manage the group's capital. Shareholders can change their participation status in the plans by completing an election form in accordance with the rules of each plan. The dividend re-investment plan and bonus share plan are in operation for the final dividend for the 2018 financial year.

44. Shareholders' timetable

Dividend announcement	**22 August 2018**
Share register closes for dividend (Record date)	27 September 2018
Final dividend payment date	26 October 2018
First quarter update	October 2018
Annual General Meeting	13 November 2018
Half-year result announcement	February 2019
Interim dividend payment date	April 2019
Third quarter update	May 2019
Full year result and dividend announcement	August 2019

45. Shareholder Information

The shareholder information set out below was applicable at 31 August 2018.

a. Distribution of ordinary shares

	Number of holders	Number of shares
1 – 1,000	1,083	461,630
1,001 – 5,000	1,331	3,651,174
5,001 – 10,000	444	3,358,978
10,001 – 100,000	460	11,201,759
100,000 and over	50	60,821,365
	3,368	79,494,906

There were 273 holders of less than a marketable parcel of shares.

b. Twenty largest shareholders of ordinary shares as disclosed in the share register

	Number of shares	Percentage of shares
HSBC Custody Nominees (Australia) Limited	12,277,067	15.44
JP Morgan Nominees Australia Limited	10,889,854	13.70
Hamsha Nominees Pty Ltd (The Nowra Projects Unit Fund A/C)	5,040,216	6.34
Westland Group Holdings Pty Ltd	4,596,980	5.78
Zero Nominees Pty Ltd	4,311,992	5.42
Citicorp Nominees Pty Ltd	2,665,800	3.35
Beach Corporation Pty Ltd	2,384,963	3.00
Helen Kaye Poynton	1,677,095	2.11
National Nominees Limited	1,440,585	1.81
Joia Holdings Pty Ltd	1,305,188	1.64
Australian Executor Trustees Limited (No 1 Account)	1,297,905	1.63
Mr Paul Sadleir	1,066,147	1.34
Beach Corporation Pty Ltd	997,641	1.25
BNP Paribas Nominees Pty Ltd (Agency Lending DRP A/C)	974,101	1.23
Netwealth Investments Limited (Wrap Services A/C)	615,802	0.77
Dr A Gerraty & Mrs P Gerraty (A & P Gerraty S/F A/C)	600,000	0.75
BNP Paribas Nominees Pty Ltd (DRP A/C)	594,864	0.75
BNP Paribas Nominees Pty Ltd (HUB24 Custodial Serv Ltd DRP)	556,216	0.70
Leblon Holdings Pty Ltd (William Hames Super Fund A/C)	478,551	0.60
Mr JH Tucker & Mrs KJ Tucker (Tucker Family Super Fund A/C)	475,002	0.60
	54,245,969	68.21

c. *Substantial shareholders of ordinary shares*

As disclosed in substantial shareholder notices lodged with the ASX at 31 August 2018.

	Number of shares	Percentage of shares [1]
William George Hames and related entities	9,314,668	12.90
Robert Stanley Brown and related entities	7,967,627	10.87
AustralianSuper Pty Ltd	4,133,714	5.24
Westoz Funds Management Pty Ltd	4,025,000	5.10

[1] Percentage of issued capital held as at the date notice provided.

d. *Voting rights*

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Five Year Financial Performance

All figures in $'000 except where stated

Financial Year	2018	2017	2016	2015	2014
Financial Performance					
Revenue from operations	239,661	222,269	175,159	178,637	214,465
Proceeds from investment Properties	-	-	-	36,000	-
Earnings before interest and tax	65,168	67,446	65,587	61,220	56,172
Finance costs	4,020	2,947	3,755	3,397	606
Operating profit before tax	61,148	64,499	61,832	57,823	55,566
Income tax expense	18,545	19,054	18,230	15,238	15,253
Net profit after tax	42,603	45,445	43,602	42,585	40,313
Financial Position					
Total assets	601,516	505,624	452,729	383,330	409,948
Total liabilities	248,330	175,390	145,541	97,725	148,347
Shareholders' equity	353,186	330,234	307,188	285,605	261,601
Number of shares on issue – end of year ('000)	79,517	78,892	78,892	78,892	78,336
Basic earnings per share (cents)	53.9	57.6	55.3	54.3	54.4
Key Performance Measures					
Dividend per share, fully franked (cents)	30.0	30.0	28.5	28.0	27.5
EBIT Margin	27.2%	30.3%	37.4%	34.3%	26.2%
Interest cover (times)	8.5	13.9	16.6	9.9	10.4
Return on Equity	12.1%	13.8%	14.2%	14.9%	15.4%
Investment in inventory during year	191,633	161,588	112,887	120,620	158,149
Net tangible assets backing per share ($)	4.44	4.19	3.89	3.62	3.34
Net bank debt	109,134	78,940	50,344	27,908	32,602
Net bank debt to equity	30.9%	23.9%	16.4%	9.8%	12.5%
Share price – end of year ($)	5.76	5.21	4.35	5.26	7.31
Stock Market capitalisation at 30 June	458,015	411,026	343,179	414,970	572,639
Number of employees at 30 June	**90**	**79**	**67**	**62**	**56**

Returns to shareholders over 1, 3, & 5 years	1 Year	3 Year	5 Year
Earnings per share growth %	(6.4)	(0.2)	1.6
Share price growth %	10.6	3.1	2.2
Dividend growth % (paid dividend)	5.3	2.9	3.7
Total shareholder return %	16.46	29.88	43.05

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
Valerie Anne Davies, FAICD
Jane Mary Muirsmith, FCA, GAICD
Nathan John Blackburne, BB, AMP, GAID – Managing Director

Company Secretary

Paul Samuel Freedman, BSc, CA, GAICD

Registered office and principal place of business

Ground Floor, 50 Colin Street
WEST PERTH WA 6005

Postal address: P.O. Box 788 West Perth WA 6872

Phone: (08) 9480 1500
Email: email@cedarwoods.com.au
Website: www.cedarwoods.com.au

Share registry

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
PERTH WA 6000

Auditor

PricewaterhouseCoopers
125 St Georges Terrace
PERTH WA 6000

Securities exchange listing

Cedar Woods Properties Limited shares are listed on the Australian Securities Exchange (ASX)
ASX code: CWP

Annual general meeting

Venue: Kings Park Function Centre, Fraser Avenue, West Perth WA 6005
Time: 10:00am
Date: Tuesday 13 November 2018

cedarwoods.com.au