



**CEDAR WOODS**  
**PROPERTIES LIMITED**

## **Annual General Meeting 2004**

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## Presentation Outline

- Company objectives
- Corporate Governance
- Financial highlights
- Key strategies
- Project Review
- Outlook and 2005 Forecast

In this presentation:

- We will recap on the company's primary objectives and key performance indicators.
- We will discuss the progress made during the year in the area of Corporate Governance.
- We will discuss briefly the Financial Highlights for 2004.
- We will review our Key Strategies going forward.
- We will provide updated Earnings Guidance for the 2005 financial year.
- We will provide an update of progress at our projects since we reported the annual results.

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## Company Objectives

- Primary objective - growth in earnings per share
- CWPL's current target is 10% pa growth, exceeded in FY2003
- Gearing (net bank debt to equity) target range 10% to 60%
- Return on equity – minimum of 12%

Once again, during the financial year, the Corporate Plan was updated by the management team and ratified by the Board.

The 2004 financial year was a successful one, and in relation to the previous year's Plan, the Board considered that the objectives set out for the year had been met satisfactorily.

The focus of the Corporate Plan is to ensure that the Company continues to grow, that returns from the Company's assets are maximised, and to pursue the Company's primary objective, which is to create value for shareholders through growth in earnings.

Our success is measured in terms of earnings per share growth, and on this measure we seek to be consistently in the top half of Australian listed companies, with a current target of 10% per annum growth in earnings per share.

In pursuing our primary objective, we seek to maintain prudent gearing with a long term target range of 10% to 60%. We also seek to maintain a high level of return on equity, with a minimum return of 12%.

Page 78 of the Annual Report contains a summary of the company's performance, including these financial targets over the last 5 years.

## EPS Growth Rates

	Industrial Sector	CWPI.
1994-2003	7.4% (actual)	19.9%*
2004	9.5% (actual)	39.0%
2005	10.9% (forecast)	>10.0%

\* Since 1994 listing

In the past year the earnings per share performance of the top 500 companies was exceptionally strong, and earnings across the index rose by approximately 10%. The consensus for this year is a similar performance, but with risk on the downside.

Looking at the last 5 years, a consistent growth in earnings of 10% per annum would equate to performance in the top half of Australian listed companies and hence our earnings target continues to be appropriate.

## Corporate Values

- Communicate the Company's progress to shareholders
- Satisfy customers expectations
- Align the interests of the Company and its employees
- Have our citizenship recognised
- Maintain the highest ethical standards

Our Corporate Values, which we seek to satisfy in pursuit of our Primary Objective, remained unchanged, and these are shown on the slide.

- **(To communicate the Company's progress to shareholders and the investment community;)**

During the year we continued to provide quarterly updates of our performance to shareholders, the markets and the media. We have again upgraded our website and shareholders will now see that a comprehensive Corporate Governance page has been included. We aim to continue to promote the company which is receiving greater interest from financial markets since the company's market capitalization increased beyond \$100m.

- **(To satisfy customers' expectations through excellence in property development.)**

We continue to build the latest initiatives into our project developments. During the 2004 financial year both The Rivergums and The Kestrels received GreenSmart accreditation and the first stages sold strongly indicating that it is the customer who is ultimately driving change in the market and we believe we are meeting that expectation.

- **(To align the interests of the Company and its employees and provide employees with the opportunity of growth and development;)**

As many of you would already be aware, our remuneration policies require that part of management's remuneration is linked to the performance of the company and in line with many corporations, we are seeking to reduce the fixed proportion of remuneration with a greater weighting given to performance related components. A number of employees participate in the employee share plan which exposes them to the fortunes of the Company in a way which is substantially the same as for all other shareholders. We offer opportunities for growth and development for our employees by providing relevant training opportunities and tertiary or other education activities which are for the benefit of the company and employees alike.

- **(To have our citizenship recognised by the communities in which we operate and be recognised as environmentally responsible.)**

The company continues to play an ongoing role in the establishment of community initiatives. These initiatives include participation in the local residents association at Port Mandurah, residents events at other estates and an array of community sponsorships.

- **(To maintain the highest ethical standards and recognise that our reputation is our most valuable asset.)**

During the year your Board has put significant resources into reviewing its Corporate Governance framework.

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## Corporate Governance

- Board commitment to highest standards of Corporate Governance
- Complying with ASX requirements
- Appropriate committee structure
- Focus on performance and compliance

As many of you will already be aware, the Corporate Governance Council set up by the Australian Stock Exchange published a new set of Principles and Best Practice Recommendations in March 2003.

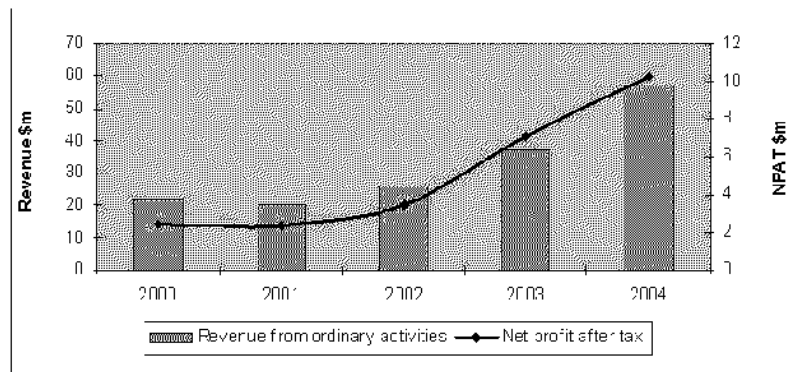
The Council requested that all listed companies review their own Corporate Governance frameworks and report accordingly to shareholders on the outcome of the review and the extent of compliance with the Principles and Recommendations.

Your board conducted a comprehensive review of the Company's Corporate Governance framework, the details of which are in the Annual Report. The review included an appraisal of the composition of the Board and committees, our human resources and remuneration policies, our disclosure policies, how we conduct our relationships with all stakeholders and our internal policies and procedures.

The new Corporate Governance framework has been posted to the company's website and may be found in the Investor Relations section.

Now let's look briefly at the financial highlights for 2004:

## Revenue & Net Profit after Tax

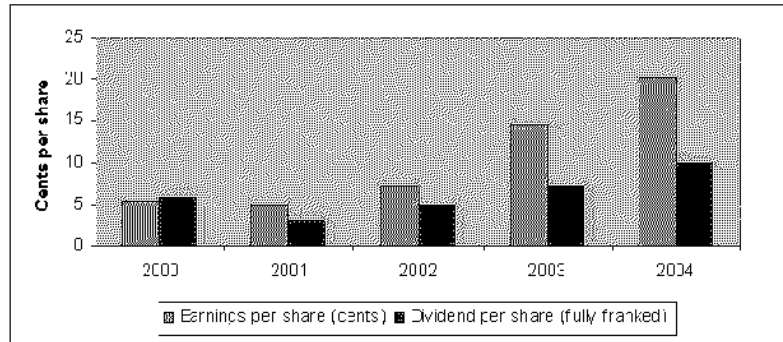


The following graphs show results for the last 5 financial years.

Our revenue in 2004 was \$57m, up 54% on 2003, showing another year of strong growth. The increase in revenue reflects the boost provided by sales at the company's new projects at Baldivis, Tapping and Rockingham. There has been a 164% growth in revenue since 2000.

Consequently, we saw a large increase in profit as higher sales translated to a 44% increase in profit after tax to \$10.3m.

## Earnings & Dividend per Share



This led to a similar increase in earnings per share, which has also grown considerably over the last 3 years.

This growth in earnings allowed the Board to pay an increased dividend.

Dividends have increased by over 200% since 2001 when the Board introduced the current dividend policy.

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## Dividend Policy

- Provide balance between return to Shareholders and growth of Company
- Approximately 50% of net profit after tax plus realised reserves
- 10c dividend for FY 2004 (FY 2003 – 7c)
- Dividend reinvestment plan may be re-introduced in future

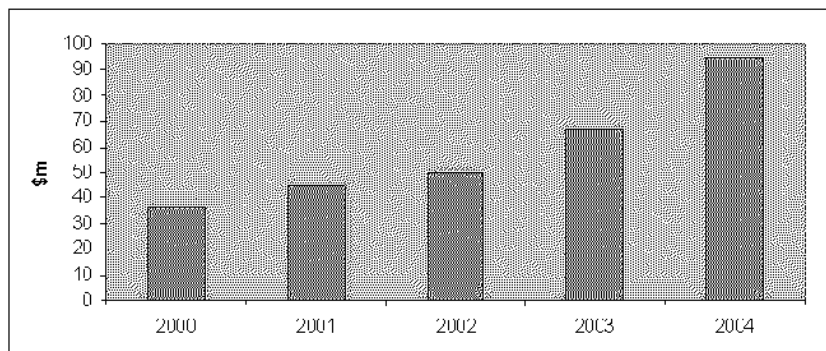
Our dividend policy is to provide a balance, between generating a return to our shareholders and retaining sufficient funds to grow the Company.

Hence, we pay approximately 50% of net profit and realised reserves as cash dividend to shareholders, and this will continue to be our policy going forward. Accordingly, the dividend paid of 10 cents per share represented a 43% increase in dividend over the previous year and shareholders received this on 22 October.

The dividend reinvestment plan has been suspended for the last 3 years, but may be reintroduced at a later date should our capital management initiatives indicate it will be of benefit to the company.

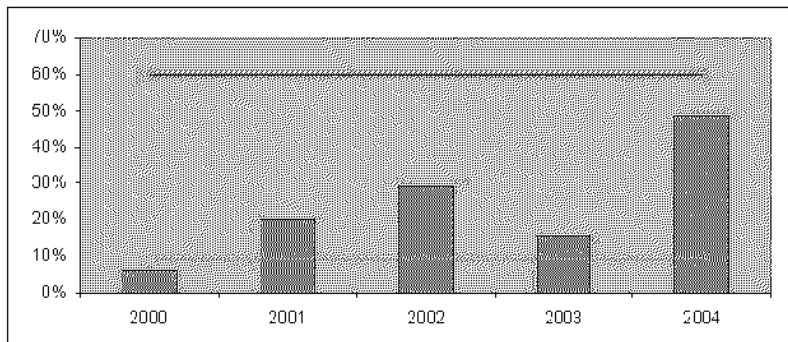
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## Total Assets at Book Value



Our total assets have grown significantly over the last 5 years as the company has invested in a number of new projects. Total assets are up 100% over 2000 – and these assets will provide future earnings in the company.

## Net Bank Debt to Equity



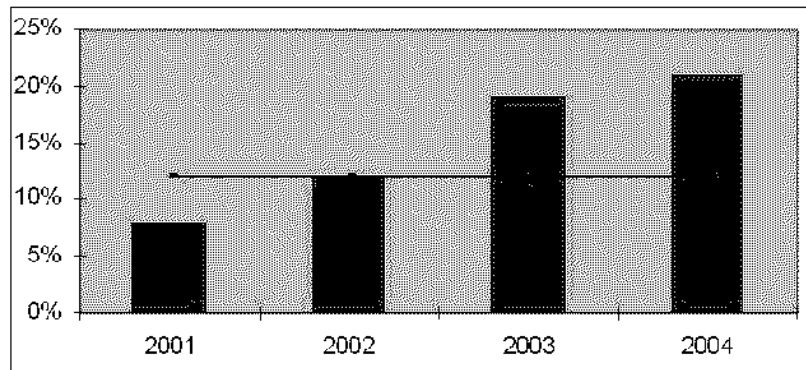
As stated at the start of this presentation, we have a long term target range of 10% to 60% for our net bank debt to equity ratio.

This graph shows the ratio for the last 5 year-ends, compared to the target range.

As forecast last year, the ratio has climbed this year due to the acquisition of The Kestrels project and the commencement of the Apartment projects. We anticipate that net bank debt to equity will remain at the upper end of the company's target range until significant programmed settlements are received in early-mid 2005.

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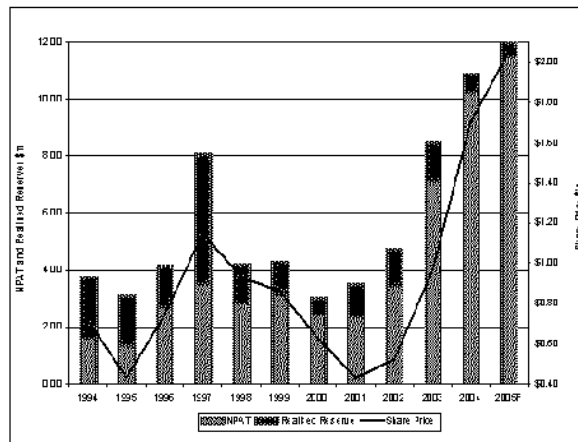
## Return on Equity



Our return on equity was 21%, again growing strongly since 2001, and well above our minimum target of 12%.

Before I hand over to Paul, I'd like to talk about our share price.

## Share Price Performance



Many of you will now be familiar with this graph.

During the 2004 financial year the company's share price increased by 75%, reflecting the improved profitability and outlook. We are pleased with the recent improvement in our share price and are working hard to maintain consistent profit growth, confident that this will further improve the share price in due course.

I will now hand over to your Managing Director, Paul Sadleir.



**(Paul Sadleir)**

Good morning and thank you all for attending our 2004 Annual General Meeting.

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## Key Strategies

- **Diversification of the property portfolio**
  - new residential subdivisions
  - medium density residential and apartments
  - industrial and commercial land
- **Identification and acquisition of new projects**
- **Retaining ownership of income producing assets**
- **Establishing joint venture initiatives to capitalise on our skill base**

These are our key strategies:

- **Diversification of the property portfolio**

The company received revenue from 6 projects during the year, up from 3 the previous year, and within the 6 projects was able to offer several different products such as canal lots and cottage lots and completed product in the form of town houses through to apartments.

- **Identification and acquisition of new projects**

The company is now well positioned with sufficient projects to provide earnings growth for the next few years and is therefore able to be highly selective in any future acquisitions.

Several potential projects are undergoing due diligence and the focus is now on longer term prospects that often provide the potential to add greater value through rezoning and approvals than projects purchased for immediate development.

- **Maximising opportunities within the portfolio**

The company is continually examining its development plans and during the year received approvals to increase the density of development within certain projects, and also established alliances with several leading builders to market housing product and improve the return the company receives for its land.

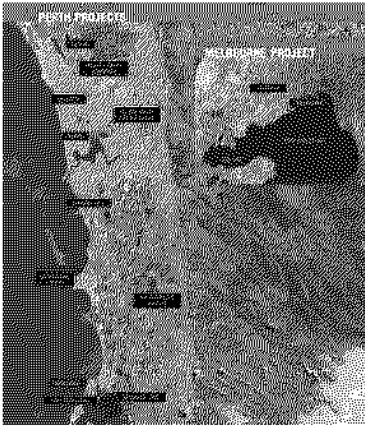
- **Using joint ventures to leverage the companys skill base**

The company is negotiating joint ventures with several land owners where the company obtains various approvals and undertakes design and development and then receives a profit share as the landowner's land is sold. This both reduces and defers the level of capital required and enables the company to participate in a larger number of projects.

- **Retaining ownership of income producing assests**

Investors and analysts rate highly the property companies with recurrent income.

Cedar Woods is exploring opportunities at Laverton and Balcatta and will retain the ground floor retail elements at its Rockingham beachfront apartments.



## Australia's Largest Population Growth LGA's

City/Part of State	Additional persons in the 12 months to June 2003
1 Brisbane (C) Brisbane	20,808
2 Gold Coast (C) Qld Balance	16,099
3 Casey (C) Melbourne	10,737
4 Wyndham (C) Melbourne Note: Laverton is in Wyndham	7,298
5 Melton (S) Melbourne	6,927
5 Pine Rivers (C) Brisbane	-6,208
7 Wanneroo (C) Perth	5,545
8 Maroochy (S) Qld Balance	4,921
9 Sydney (C) Sydney	4,461
10 Hume (C) Melbourne	4,401
11 Melbourne (C) Melbourne	4,375
12 Redland (S) Brisbane	4,189
13 Baulkham Hills (S) Sydney	4,066
14 Caloundra (C) Qld Balance	4,056
15 Caboolture (S) Qld Balance	3,829
16 Mandurah (C) WA Balance	3,584

The overall economy continues to perform strongly, with WA's Gross State Product growing at around 7% for 2003-2004 and estimated around 4.5% for 2004-2005.

Against this, most economists are predicting a weakening in the housing sector, but any fall in WA should be less than in the eastern states which to some extent have become overheated. Dwelling investment in WA is predicted to fall by around 5-10%.

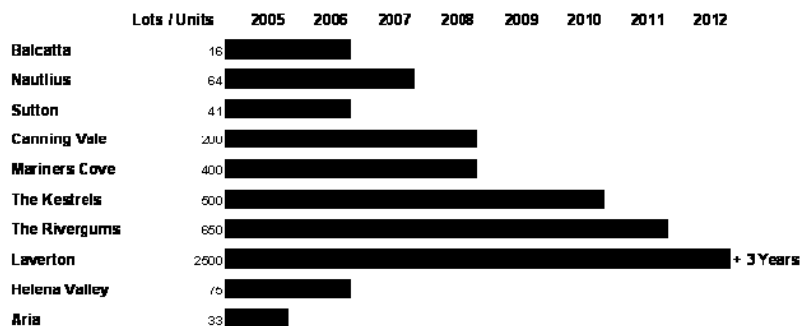
Business and consumer confidence is strong and interest rate settings are reasonably benign, although a small rise in rates is expected at the end of the year.

Australia's business investment remains at a historically high level. The commercial sectors in Melbourne and Perth face bright outlooks.

In summary, the economic outlook for the remainder of the 2005 financial year is positive, but the housing sector may slow as we move towards 30 June 2005.



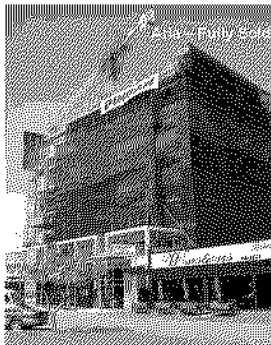
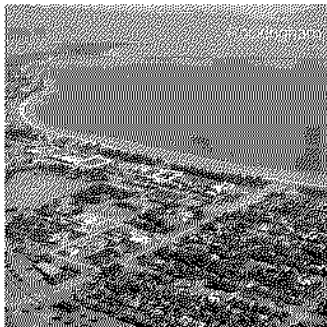
## Project Life



As you can see, the future of the company is underpinned by a range of different projects mainly around the Perth area, with a range of development timeframes and a variety of products.

I will now talk in more detail about the individual projects.

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### Rockingham – ARIA

- 10 storey, 32 apartment tower plus ground floor commercial
- \$16 m project
- Fully sold
- Will contribute to FY 2004 and FY 2005
- Completion early 2005
- \$10m limited recourse bank facility

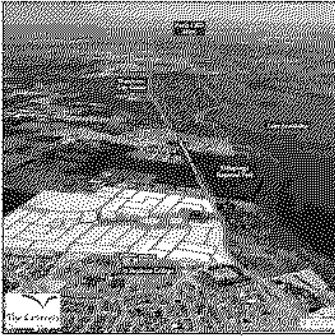
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### **Rockingham Nautilus**

- Council approval obtained for 64 apartments and 24 townhouses
- Ground floor commercial
- Delays and cost increases now dealt with
- Construction commencing November 2004
- 50+% pre-sold
- Anticipate profits arising FY2005 and FY2006

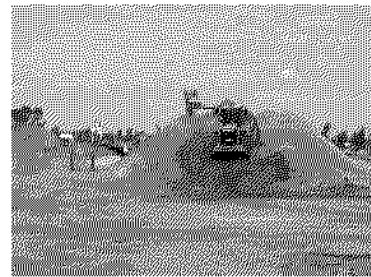
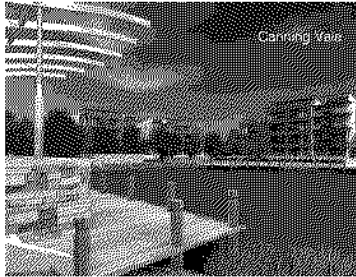
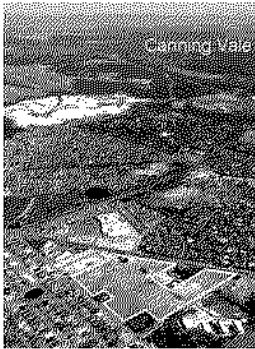
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### **The Kestrels, Tapping**

- Major new project announced July 2003
- Adjacent Joondalup townsite
- 51 hectares, 540 lots
- Greensmart Accreditation
- Construction – Stage 1 August completion
- Strong sales – stages 1 & 2 almost sold out
- Display Village

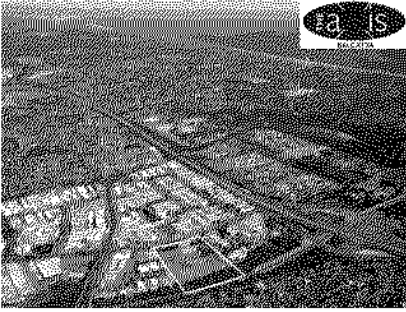
[23] [24] & [25]



## Canning Vale

- 8.35 ha located 17 km south of Perth
- Subdivision approval for 57 lots and 160 apartments
- Development approval for two apartment complexes
- Construction of roads, lakes and services underway, completion May 2005
- Anticipated profit contribution in FY2005-2008

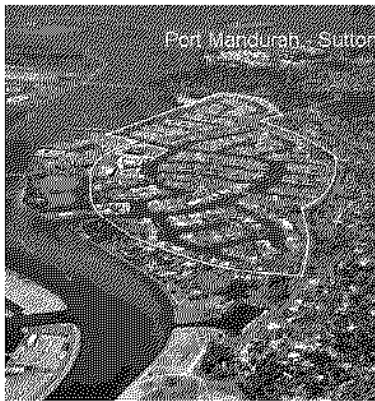
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## **Balcatta**

- 6.5ha, 12km north of Perth
- 16 lot subdivision
- Showroom, commercial and bulky goods uses
- Opportunity to develop and lease
- Anticipate sales over 2005 & 2006

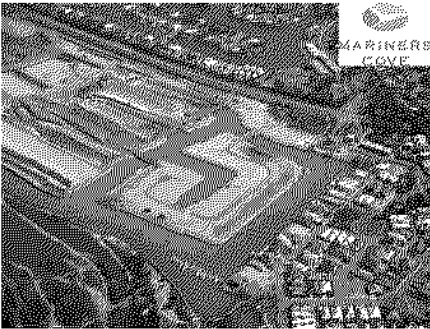
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### Port Mandurah

- Stage 6 – sold out
- “The Promontory” – sold out
- Evaluating development of Sutton Precinct, with up to 45 townhouses

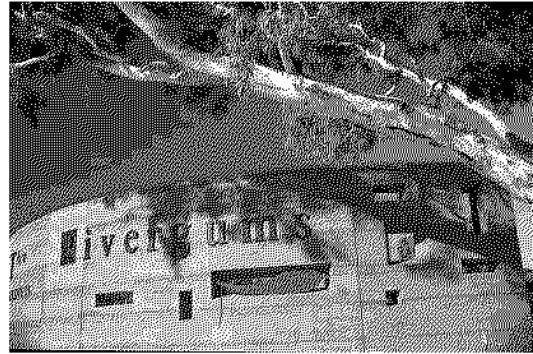
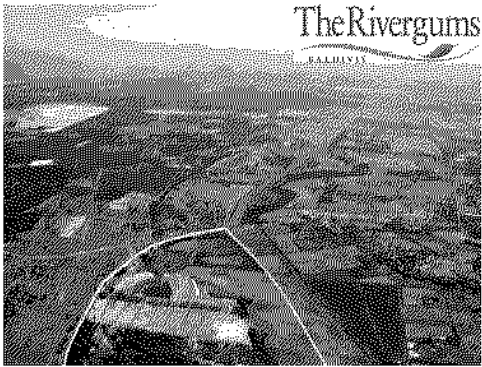
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## Mariners Cove

- All created dry lots in stages 1-8 have been sold. We will shortly pre-release Stage 9
- 125 dry lots to be developed including Stage 9
- 331 canal lots to be developed, 67 lots in Stage 1 complete and mostly sold
- Commenced 94 lot Stage 2
- Future group housing sites in canal zone

[31] & [32]



## The Rivergums

- 120 ha project to yield 815 lots
- Over 200 lots sold
- Stages 1 & 2 - 180 lots complete
- Stage 3 under construction
- Project life of 7-10 years

## Laverton

- 275 ha, 18 km (20 mins) west of Melbourne
- Mixed use project planning complete
- Residential, commercial and industrial uses
- \$22m freeway interchange now funded
- Railway station design complete
- Seeking formal rezoning

Our Laverton projects is currently in the rezoning phase. The project has been masterplanned and designed to integrate with a major transit node proposed by the State Government which includes a railway station, bus interchange and freeway interchange.

The implementation of the transport infrastructure has progressed significantly. A \$23m funding package has been announced by the State Government for the Palmers Road project which includes a new freeway interchange, providing direct freeway to access to and from the site and the proposed railway station.

We are seeking to finalise funding and confirm timeframes for the railway station and other infrastructure. We expect the rezoning to be finalized in 2005.

Melbourne's west has seen unprecedented growth in recent years and this is translating into an appreciation in property prices.

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## Economic Outlook

- Australia & WA economies set for further growth
- Consumer confidence remains strong
- Property market has softened but market remains resilient
- Waterfront and coastal property in demand
- WA property remains affordable

The residential property market has slowed in recent months as a response to the tightening in monetary policy by the Reserve Bank in late 2003. However, a significant weakening in the market is not anticipated. The Company has continued to experience good demand at its residential estates in the early part of the new financial year.

The Perth market is also expected to slow, but to a lesser extent than the National average, as the key fundamentals remain strong. In particular, the Western Australian economy is predicted to outpace the national economy and housing affordability is less of an issue than in Sydney and Melbourne.

After establishing 3 important projects in the last 12 months, the Company enters the new financial year with a mature and diversified portfolio and a strong development programme which will allow the Company to market a range of product and hence further improve profitability.

## Company Outlook

- Strong sales continuing
- Further growth provided by new projects
- New projects undergoing due diligence
- \$45m acquisition and development funding facility plus \$10m Aria facility
- Forecasting \$11-12 m net profit after tax in FY 2005, approximately 40% in the first half and 60% in the second half

The Company has expanded its portfolio over the last 3 years and is in a strong position to deliver profits from a range of products in different markets, as new projects start to deliver increasing earnings, supplementing those from mature projects.

At Mariners Cove, the Company has almost completed the construction of the second canal island stage of 94 lots, providing sufficient product to sell throughout FY2005 & FY2006.

At the Rivergums, Baldivis the Company has now sold over 200 lots since the project launch in June 2003, and with the completion of the first two stages, this project has become firmly established, with potential to deliver earnings for a further 5 years. In addition, the successful launch of the Kestrels project in Tapping provides the Company with a significant presence in Perth's northern corridor, with the potential to generate earnings from this 540-lot project for the next 5 years.

The Company anticipates the completion of construction of the Aria Apartments project in Rockingham in early 2005. It is anticipated that this project together with the second Rockingham project, Nautilus Apartments, will contribute to earnings over the next 2-3 years.

The Company has commenced 2 new projects in FY2005, Garden Village at Canning Vale and the Axis, Balcatta. Axis is expected to have a two year selling period and Garden Village 5 years.

As was the case in FY2004, earnings in the second half of FY2005 are expected to be higher than the first half, as profits are recognised from sales of products at new projects, which will be under construction mainly in the second half. Under Australian Accounting Standards, revenue and profit are recognised progressively in accordance with the percentage of completion of the products.

Based on the current momentum within the property market, the Company is cautiously optimistic of meeting its 10% pa earnings per share growth target and achieving a net profit of between \$11-12m for FY2005.



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