

ANNUAL REPORT

2023

Cedar Woods Properties Limited
ABN 47 009 259 081



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 our disciplined approach to acquisitions, the rigour and thoughtfulness of our designs, and the creation of dynamic communities that meet the evolving needs of our customers.

Cedar Woods’ diversified product mix ranges from land subdivisions in emerging residential communities, to 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.

Pictured cover: Incontro Townhomes, Subiaco WA

WE STRIVE
TO CREATE
QUALITY HOMES,
WORKPLACES
AND COMMUNITIES
THAT PEOPLE ARE
PROUD OF.





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LETTER FROM THE CHAIRMAN

The property sector has not been far from the headlines in the past 12 months especially in regard to housing shortages and affordability.

At Cedar Woods we take pride in the role we play in delivering innovative solutions to the property market and the communities which we create. We seek to achieve this while delivering strong returns to our investors.

The property sector has had to navigate several challenges in recent years. For Cedar Woods these have included the difficult construction sector conditions, rising interest rates and the impact this has had on demand for new housing.

However, we expect interest rates to peak shortly, which will give prospective home buyers more certainty of their future mortgage repayments and more confidence to buy.

The Federal Government's initiative to increase inbound migration, to boost economic growth and redress the shortage of skilled labour, will ultimately help underpin long-term demand for housing.

Despite the mixed conditions for sales and construction, we continue to expect our sector to perform well in the medium term. We have a significant project pipeline, and we remain well positioned to respond to future market demand once conditions normalise.

At Cedar Woods we are always looking at how we do things, and how things can be done differently for the benefit of our customers and shareholders. One of these areas is our capital management initiatives. In the past year we have established strategic partnerships with Tokyo Gas and QIC Real Estate.

These organisations have either large capital allocations to deploy or large land portfolios and see the mutual benefits that could be achieved by partnering with an expert developer like Cedar Woods. For us, this delivers both an enhanced project pipeline and a capital efficient manner to deliver projects.

Sustainability continues to be a driver of everything that we do at Cedar Woods and we have continued to roll out our ESG strategy, including some major new initiatives, such as a Community Energy Sharing Network in the design of our Eglinton Village development in Perth's north.

The tight labour market in Australia has warranted an even greater focus by management on our people. To that end, I'm pleased to report a continued outstanding response from our staff in the annual survey, where we achieved an 81% satisfaction score.

In addition, we recognise the long-term future of our business relies on effective succession and we have implemented an expanded leadership training program in conjunction with Melbourne Business School to foster our future leaders.

We maintain a strong sense of community within Cedar Woods. We develop communities and we understand the value of giving back, in particular to those who are less fortunate. We have a long-term partnership with the Smith Family Children's Charity and I'm delighted by the number of staff who actively volunteer to support our joint activities.

“

SUSTAINABILITY
CONTINUES TO
BE A DRIVER OF
EVERYTHING
THAT WE DO.

”



Finally, I'd like to extend a broad thank you to the entire Cedar Woods team, led by our Managing Director Nathan Blackburne and his executive team for their efforts in the past year.

I'm buoyed by the outlook. There are challenges, but I feel we have the right strategy, the right team, the project pipeline and the partners to deliver strong returns for our valued shareholders.

Sincerely,



William Hames
Chairman

LETTER FROM THE MANAGING DIRECTOR

The operating environment for property development during FY2023 has been challenging, but the Company has successfully adjusted to take full advantage as market conditions improve.

The rapid rise in interest rates impacted buyer sentiment during the first 3 quarters of the financial year, resulting in sales figures substantially lower than the prior two years. However, sales rebounded strongly in the final quarter, leaping 58% on the prior quarter and up 10% on the corresponding Q4 FY2022.

One reason for lower sales was the extended timeline for development projects to be delivered, which deterred buyers and also caused corresponding delays to settlements for the Company. While bottlenecks are easing, trading conditions resulted in a reduced FY2023 NPAT of \$31.6 million, compared to the prior year result of \$37.4 million.

Rising costs and labour shortages had an impact on margins during FY2023. While these pressures will continue to some degree in FY2024, costs are expected to stabilise and sales prices should improve over time, allowing profit margins to improve. Our project pipeline remains strong with presale contracts of \$448 million scheduled to deliver revenue in FY2024 and into FY2025.

To replenish the portfolio, Cedar Woods has invested approximately \$82 million in land acquisitions during FY2023. With a land bank that has been significantly extended by acquisitions and joint ventures, our focus in FY2024 will be on driving enhanced returns from existing and newly acquired projects.

The Company also has a strategy of developing investment grade assets and selling them to realise profits and recycle capital back into the business.

As part of this strategy, we have a sale process underway for a shopping centre asset in Victoria and if this transaction completes it will deliver significant capital return and profit for the company.

Additionally, partnerships with QIC and Tokyo Gas present exciting opportunities for Cedar Woods to participate in projects of scale without committing to the entire capital requirements of the developments.

The QIC partnership will initially focus on the joint development of around 400 townhouses and apartments at the Robina town centre in South-East Queensland. The partnership intends to expand to other centres owned by QIC, potentially providing a significant pipeline of well-located residential sites for Cedar Woods to develop.

The partnership with Tokyo Gas, initially on the Company's Banksia Apartments project, is also intended to be expanded over time by acquiring new projects jointly.

As the forward outlook for property development improved during the year, equity market investors have shown increased interest in the Company. The rapid movements in interest rates had impacted the stock price and during the second half of the year, investors have attempted to get ahead of an anticipated recovery in the residential property market.

Given the medium term outlook, with property market fundamentals remaining supportive, we believe Cedar Woods continues to present compelling value while providing an attractive fully franked dividend yield.

The Company starts FY2024 in a strong position with several new projects expected to contribute to earnings and our pipeline of more than 10,000 undeveloped dwellings/ lots/ offices across four states places us well for the medium and longer term.

Sincerely,



Nathan Blackburne

Managing Director



“

WE BELIEVE CEDAR WOODS
CONTINUES TO PRESENT
COMPELLING VALUE

”

FINANCIAL PERFORMANCE HIGHLIGHTS



NET PROFIT
AFTER TAX

\$31.6m



TOTAL
REVENUE

\$391.3m



EARNINGS
PER SHARE

38.5¢



DIVIDENDS
PER SHARE

20.0¢

NET SALES



694 lots

Lots / homes / offices sold

PRESALE CONTRACTS



\$448m

SETTLEMENTS



919 lots

Lots / homes / offices settled

GEARING



25.3%

Net bank debt / total tangible
assets – cash



OUR BUSINESS

OUR HISTORY

Cedar Woods was established in 1987 and listed on the ASX (Code: CWP) in 1994. Starting out as a developer of master planned communities in Western Australia, the Company progressively branched out into new product areas and geographies. The Company expanded into Melbourne in 1997, then Brisbane in 2014 and Adelaide in 2016 and now has a significant portfolio of quality developments delivering residential lots, townhouses, apartments and commercial projects.

The Company is known for taking on complex, large scale projects, adding value through planning design and delivery and generating strong returns from multi-year projects. As a result, it has built a reputation as an innovative and diversified property group with a track record of strong financial performance, sustained since inception.

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 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.



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.



Geography

Good geographic spread of well-located projects in our states



Product Type

Range of housing lots, apartments, townhouses and commercial properties



Price Point

Wide range of price points offered in Queensland, South Australia, Victoria and Western Australia

VALUE CREATION MODEL

We deliver on our strategy via our value creation model.



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
- Utilising third-party capital via strategic partnerships and joint ventures



Development

Research, design, planning and delivery:

- Sustainable designs that optimise quality, functionality, environmental outcomes and returns
- Collaborative approach with community and authorities
- Negotiate timely value-adding 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 referral

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, having a strong corporate brand with quality projects and delivering sustainable 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.



FINANCIAL AND OPERATING REVIEW

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

The following summarises the results of operations during the year and the financial position of the consolidated entity at 30 June 2023.

2023 FINANCIAL RESULTS SUMMARY

Year ended 30 June	2023 \$'000	2022 *Restated \$'000	% Change
Revenue	391,303	333,036	17.5
Net profit after tax (NPAT)	31,635	37,388	(15.4)
Total assets	783,398	796,387	(1.6)
Net bank debt	195,806	198,688	(1.5)
Shareholders' equity	431,102	421,223	2.3

Key performance indicators

Year ended 30 June		2023	2022 *Restated	% Change
Basic earnings per share	¢	38.5	45.7	(15.8)
Diluted earnings per share	¢	38.0	45.2	(15.9)
Dividends per share – fully franked	¢	20.0	27.5	(27.3)
Return on equity	%	7.3	8.9	(17.9)
Return on capital	%	7.9	9.4	(16.0)
Total shareholder return (1 year)	%	36.7	(42.4)	79.1
Net bank debt to equity – 30 June	%	45.4	47.2	(3.8)
Net bank debt to total tangible assets (less cash)	%	25.3	25.1	0.8
Interest cover	x	3.6	9.1	(60.4)
Net tangible asset backing per share – historical cost	\$	5.21	5.11	2.0
Shares on issue – end of year	'000	82,210	82,128	0.1
Stock market capitalisation at 30 June	\$'000	413,516	302,230	36.8
Share price at 30 June	\$	5.03	3.68	36.7

* See Note 15 for details of the restatement.

FINANCIAL YEAR OVERVIEW

The Company reported a net profit after tax ('NPAT') of \$31.6 million for the 2023 financial year, above June guidance of \$30 million.

Full year revenue at \$391 million, was up 17% on the prior year, whilst NPAT was 15% lower. Gross margin of 25%, was down on the prior year of 29% as a result of a combination of changes in the product mix and increased construction costs for lots/units settled.

Presales contracts at 30 June 2023 were at \$448 million providing a strong starting position for the year ahead, with the majority expected to settle in FY2024 and the balance in FY2025.

Sales were relatively weak in the first half of FY2023, primarily due to the rising interest rate environment, but pleasingly the final quarter sales jumped 58% on the prior quarter. The market is being supported by increased inbound migration, high employment and the low supply of rental properties in the established market.

The Company has been active in developments across the portfolio, with a number of new residential projects launched to market in FY2023, including Eglinton and Atwater (WA), and Sage (QLD). The construction sector continues to experience supply constraints and cost pressures across the nation, but there are signs of stabilisation with some building material costs coming off previous highs and home builders willing to hold prices for increasing periods of time.

During the year the Company completed major acquisitions in VIC and WA, which are expected to contribute earnings in the medium to long term. The Company has also recently announced new strategic partnerships with QIC, for the joint development of around 400 townhouses and apartments at the Robina town Centre in South-East Queensland, and Tokyo Gas for the co-development of the Banksia Apartments in SA. It is

intended to significantly expand each of these relationships with further acquisitions, which will boost the medium-term earnings capacity of the business.

PORTFOLIO UPDATE

The Company completed and settled a number of stages across the portfolio during the final quarter of FY2023 resulting in a strong final quarter for the year. Built form stages that completed during the quarter include Aster apartments in Clayton South, Victoria, Monarch apartments in Glenside, South Australia and Incontro townhouses in Subiaco Western Australia. Significant land stages settled at Mason Quarter in Wollert, Victoria and at Ellendale, Upper Kedron, Queensland.

The Company's capital partnership with Tokyo Gas to deliver the Banksia apartment project in Glenside, South Australia has successfully started with the project 100% sold, construction underway and completion due in the first half of FY2024. Also at Glenside, the Company's new retirement product, Bloom apartments has been well received by the market, achieving 80% presales and is now under construction with completion expected in FY2025. The second stage of Glenside Bloom is expected to be released in the first half of FY2024.

At Williams Landing in Victoria the Boston Commons strata office building is 100% sold and under construction with completion forecast in the first half of FY2025. The Company is selling the next stage of strata offices at Williams Landing and has a pipeline of additional office stages to follow within this project.

Marketing for the sale of the Williams Landing Shopping Centre (WLSC) commenced during FY2023. The sale process is currently ongoing, although there is no certainty a sale will proceed.

Cedar Woods' diversified portfolio helps ensure it is positioned to perform well through different property cycles across state markets.

PROJECT PIPELINE CHART AS AT 30 JUNE 2023

Project Name	Corridor/Location	Project Type	Lot/ Units Project	Lot/Units Remain	FY24	FY25	FY26	FY27	FY28	FY29
WESTERN AUSTRALIA - PERTH										
Ariella, Brabham	North East	Residential Land	1,225	486						
The Brook at Byford	South East	Residential Land	421	33						
Rivergums, Baldivis	South	Residential Land	1,429	191						
Byford on the Scarp	South East	Residential Land	274	21						
Solaris, Forrestdale	South East	Residential Land	315	122						
Bushmead	East	Residential Land	915	351						
Millars Landing, North Baldivis	South	Residential Land	1,553	1,380						
Eglinton Village	North	Residential Land	1,270	1,270	★					
Pinjarra	South	Residential Land	1,080	1,080						
Incontro, Subiaco	Inner East	Townhouses and Apartments	151	110						
The Acreage at Dalyellup	South	Residential Land	41	41	★					
Atwater, Rockingham	South	Residential Land and Townhouses	85	85	★					
WESTERN AUSTRALIA - “JV” PROJECTS										
Harrisdale Green	South East	Residential Land and Townhouses	396	57						
				5,227						
VICTORIA - MELBOURNE										
Jackson Green, Clayton South	South East	Townhouses and Aster Apartments	580	15						
88 Leveson, North Melbourne	North West of CBD	Townhouses	15	15		★				
Mason Quarter, Wollert	North	Residential Land	851	791						
Clara Place, Fraser Rise	North West	Residential Land	287	287	★					
South Bank	South of CBD	Apartments and Commercial	183	183					★	
Fieldstone	West	Residential Land	529	529				★		
Williams Landing	West	Residential Land, Townhouses, Apartments	2,296	35						
Williams Landing	West	Boston Commons Strata Offices	81	81	★					
Williams Landing	West	Hudson Hub Strata Offices	84	84			★			
Williams Landing	West	Future Apartments / Offices / Townhouses	615	221						
Williams Landing	West	Commercial (13 hectares)								
				2,241						
QUEENSLAND - BRISBANE										
Greville, Woolloowin	Inner North	Townhouses and Apartments	291	290						
Ellendale, Upper Kedron	North West	Residential Land	898	324						
Flourish, South Maclean	South	Residential Land	512	512	★					
Sage, Burpengary	North	Residential Land	329	329	★					
				1,455						
SOUTH AUSTRALIA - ADELAIDE										
Glenside	Inner South East	Townhouses and Apartments	866	620						
Monarch Apartments, Glenside	Inner South East	Apartments	49	3						
Banksia Apartments, Glenside	Inner South East	Apartments	72	72		★				
Bloom Apartments, Glenside	Inner South East	Apartments	59	59		★				
Fletcher’s Slip, Port Adelaide	North West	Townhouses and Apartments	397	272						
Sirocco Apartments, Fletcher’s Slip	North West	Apartments	41	41		★				
Ancora Apartments, Fletcher’s Slip	North West	Apartments	58	58			★			
				1,125						
TOTAL GROUP				10,048						
The project pipeline excludes conditional acquisitions and Lots/units Remain relates to unsettled lots/units			Planning, Design & Rezoning		Development & Sales		★ First Settlements		Leasing, Development & Sales	

CORPORATE OBJECTIVES AND PROGRESS ON STRATEGY

Cedar Woods' primary purpose is to create value for shareholders through the development of vibrant communities and deliver consistent growth in net profit and earnings per share. This year, the Company reported a full year net profit after tax of \$31.6 million and total fully franked dividends of 20.0 cents.

The overarching strategy, 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 the operation of our value creation model, as illustrated on page 11.

Cedar Woods' Corporate Plan guides management's activities and provides a five-year outlook for the Company, projecting earnings and other key performance indicators. The Corporate Plan sets out a number of key action items under each strategic priority focused on achieving the primary purpose and addressing key risk factors. These key actions are implemented as performance targets by senior executives, sales managers and other employees.

CAPITAL MANAGEMENT

The Company has corporate finance facilities of \$330 million with maturity terms of 3 years (\$264 million) and 5 years (\$66 million), with tenure extended annually.

At 30 June 2023, net bank debt stood at \$195.8 million, retaining approximately \$106.5 million in undrawn headroom in the Company's long-term debt facilities to fund the development of the Company's portfolio as well as contracted land acquisitions that will generate future growth.

In line with the Company's policy to hedge approximately half of interest rate risk, 47% of drawn debt was hedged at year end with interest rate caps ranging from 1% to 3%.

Net bank debt-to-equity at 30 June 2023 was 45%, in the middle of the Company's target debt to equity range of 20% to 75%. Net debt to total tangible assets less cash was 25% at year end and

corporate facility interest cover was approximately 3.6 times, comfortably above the finance facility covenant of 2 times. The Company is operating within all of its finance facility covenants.

The Company generated strong cash flow from operations of \$105.6 million before payments for new land acquisitions. This strong operating cashflow enabled the company to invest \$81.9 million in land acquisitions and return \$22.6 million to shareholders via fully franked dividends.

Subsequent to year end, the Board has declared a fully franked final dividend of 7.0 cents per share which, together with the 13 cent interim dividend paid in April, brings total financial year dividends to 20.0 cents per share (fully franked). The total dividends of 20.0 cents represent a payout ratio of approximately 52%.

The dividend reinvestment and bonus share plan will not be in operation for the upcoming FY2023 final dividend to be paid in October 2023.

MARKET CONDITIONS

Residential property market conditions were adversely impacted for much of FY2023 by the rapid increase in interest rates, inflationary pressures and capacity constraints in the construction sector. Accordingly, home values and sales volumes fell for most of the year with improvements seen across the sector in the final quarter. The Company experienced a broad and strong improvement in gross sales in the final quarter with volumes jumping 58% on the prior quarter. Sales have been slower so far in FY2024 with the Company monitoring to see if a trend is developing.

Although the near-term market outlook remains uncertain, 1.8 million new households are expected to form across Australia between 2023 and 2033. Due to rapid population growth, increasing household formation and supply challenges, a deficit of more than 100,000 dwellings is expected over the 5 years to 2027 (Source: National Housing Finance and Investment Corporation). The undersupply of housing is already apparent with tight rental markets across all major capital cities leading to rapidly rising rents and increasing rental yields, making conditions more favorable for housing investment.

Construction conditions vary around the country with costs generally stabilising and builder appetite for new work improving, noting some markets remain challenging for builders due to labour shortages and elevated costs.

The catalyst for a sustained improvement in sales volumes is expected to be a combination of the peaking of interest rates and improved builder capacity, both of which will help restore buyer confidence.

COMPANY OUTLOOK

Cedar Woods starts FY2024 in a strong position with \$448 million in presales expected to settle over FY2024 and FY2025.

Earnings guidance for FY2024 is expected to be provided as the year progresses when greater clarity is obtained on anticipated sales volumes, the company wide delivery program and the sale of the Williams Landing Shopping Centre. Half to half earnings will be weighted by the timing of the shopping centre settlement, where completed.

The Company is well placed for the medium term with a pipeline of more than 10,000 undeveloped dwellings/ lots/ offices across four states. Several new projects are expected to contribute to earnings from FY2024, including Clara Place and 88 Leveson townhouses in Victoria, Banksia, Bloom and Sirocco apartments in South Australia, Eglington Village and Atwater in Western Australia, and Sage and South Maclean in Queensland.

RISKS

The Audit and Risk Management Committee assists the Board in the effective discharge of its responsibility for risk oversight and ensures that internal control systems are in place to identify, assess, monitor and manage risk. A Risk Management Framework is in place to support the integration of risk management within the business and to promote a culture committed to building long-term sustainable value for stakeholders.

The general risks to the Company's performance include those relevant to the economy and 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, regulators that sets borrowing standards for home buyers, the strength of the labour market, consumer confidence and major supplier risk.

Both civil contractors and apartment and home builders have been impacted in recent years by significant work volumes, commonly under fixed price contracts, whilst dealing with material and labour shortages that drove cost inflation. As a result, financial viability of major suppliers became an elevated risk for the Company.

The Company manages this risk by undertaking comprehensive financial assessments of major contractors and favouring the appointment of reputable builders the Company has developed a trusted working relationship with.

The Company is exposed to the property cycles in the metropolitan markets in which it operates, i.e. Western Australia, Victoria, Queensland and South Australia. Demand fluctuations 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.

While house and land prices fluctuate, underlying demand will be driven by population growth and changing demographics. In the past, the Company has typically achieved its profit objectives 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.

The risk management framework also seeks to address a range of other risks that impact the business, such as economic and political risks, climate change risks, competition for staff and project opportunities, and cyber risks.

While the Company has no material exposures to ESG risks, the ESG report starting on page 20 provides further details on how the Company is managing ESG risks.

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



William Hames
Chairman

required and are published on the Company's website.

Details of the Board members are contained in this annual financial report and the Corporate Governance Statement which is available on the Company's website.



Nathan Blackburne
Managing Director



ESG REPORT

1. INTRODUCTION

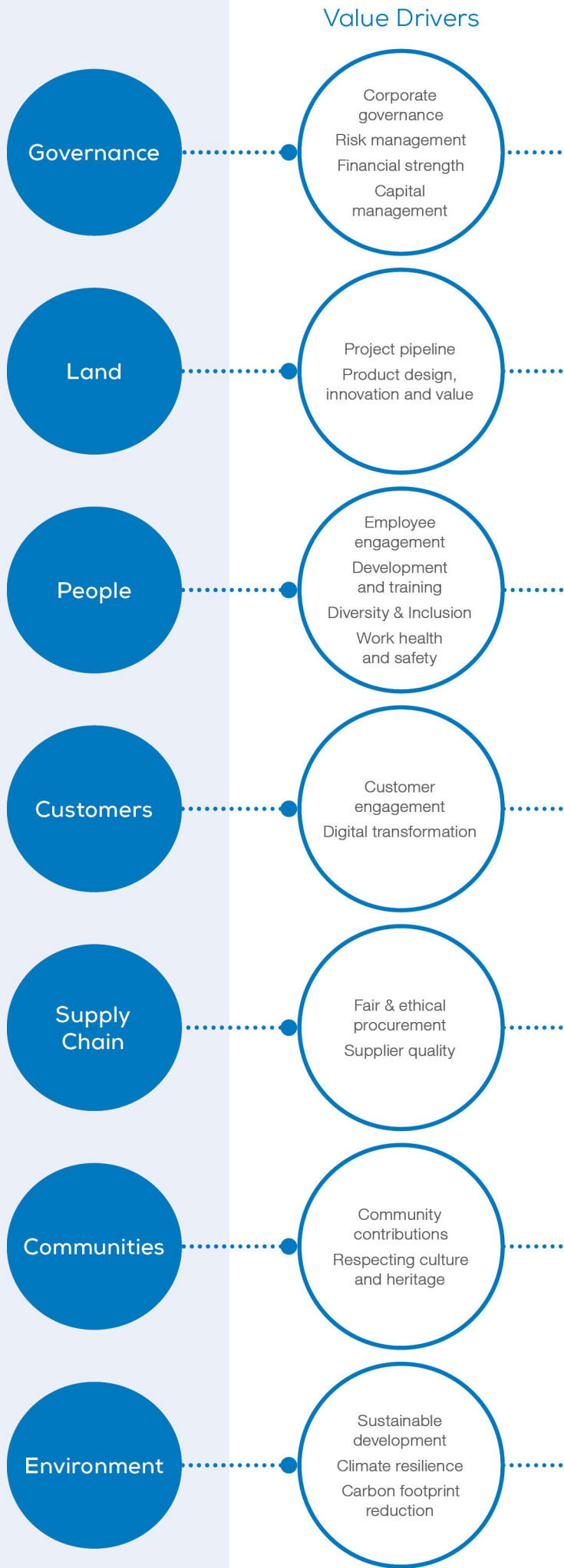
Our vision is to be the best Australian property company renowned for performance and quality. We aim to play a positive role in society over the long-term, through our products and services, which are fundamental to people's wellbeing in homes and businesses, and through behaving responsibly in our markets and in our communities.

Cedar Woods does more than create vibrant communities. We are proud of our reputation for being environmentally and socially responsible. We continually look for ways to:

- Reduce our ecological footprint
- Promote affordable housing
- Respect indigenous and cultural heritage
- Stimulate economic investment and jobs
- Foster cooperative stakeholder relationships
- Activate the communities we create
- Foster diversity, equal opportunity and career development in the workplace
- Provide a safe work environment
- Instil our values and promote an ethical business culture through strong governance

This report communicates our progress and achievements on environment, community outcomes and governance, benefiting those affected by our actions.

CEDAR WOODS' ESG VALUE CREATION STRATEGY



Value Creation Outcomes

- Manage risk, compliance and ethical responsibilities
- Superior long term returns for shareholders and capital partners
- Informed shareholders and investors

High quality portfolio that supports sustainable urban development

- High performance culture
- Enhanced personal and organisational capability
- Engaged, healthy and safe workforce

- Satisfied customers
- Competitive advantage

Sustainable and ethical supply chain

- Vibrant communities
- Cultural awareness and preserved heritage

- Low environmental impacts
- Resilient project portfolio

ESG Approach
(report paragraphs shown)

- 3.1.1 Effective leadership

3.1.2 Risk management

3.1.3 Cyber security
- 3.1.4 Ethics and policies

3.1.5 Shareholder value

3.1.6 Funding and capital partners



- 3.2.1 Acquisition strategy incorporates ESG objectives
- 3.2.2 Diversity by product, pricepoint and geography
- 3.2.3 Product value and innovation

- 3.3.1 People development
- 3.3.2 Opportunity, diversity and inclusion
- 3.3.3 Work, health and safety, wellbeing, benefits
- 3.3.4 Employee engagement



- 3.4.1 Customer engagement surveys
- 3.4.2 Affordability, Special Disability Housing
- 3.4.3 Digital transformation

- 3.5.1 Modern slavery policy and management
- 3.5.2 Contractor quality reviews
- 3.5.3 Payment terms monitoring



- 3.6.1 Community amenity
- 3.6.2 Protecting heritage
- 3.6.3 Respecting culture
- 3.6.4 Social responsibility



- 3.7.1 Governance
- 3.7.2 Strategy
- 3.7.3 Risk management
- 3.7.4 Metrics and targets

2. HIGHLIGHTS

Governance

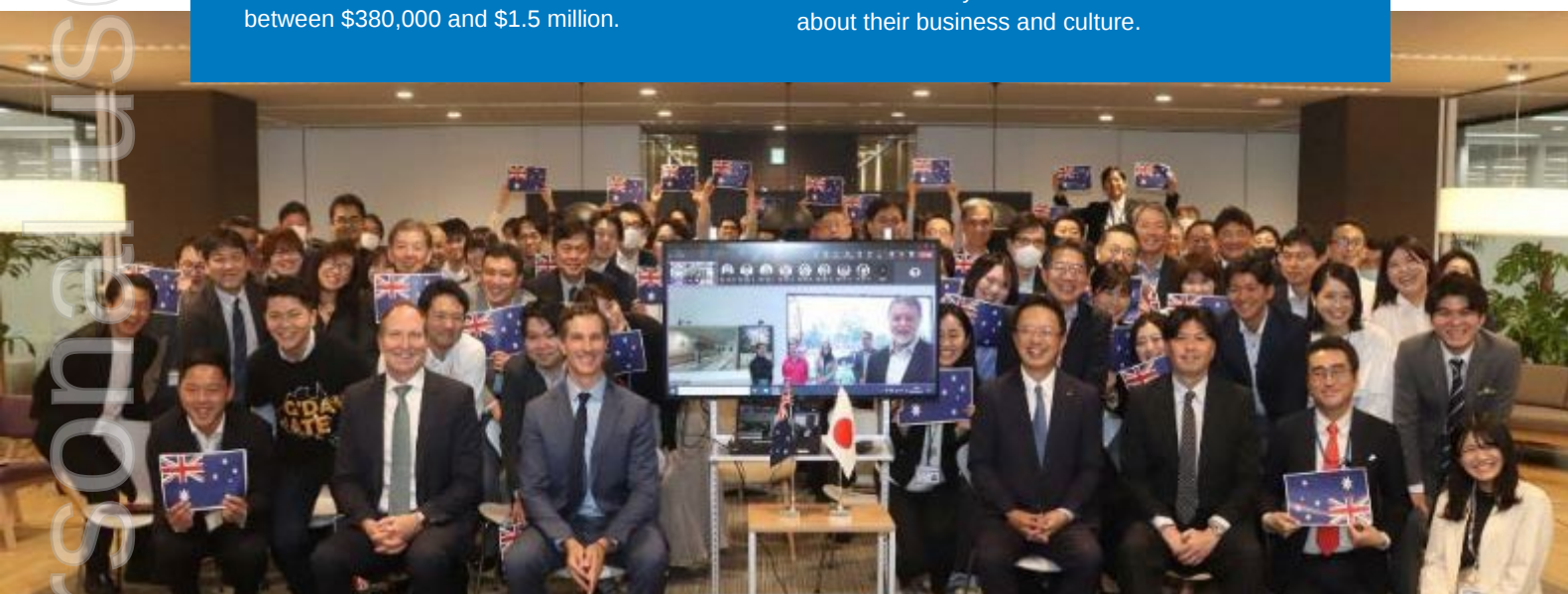
■ Capital Partnerships

Cedar Woods seals capital partnership with Tokyo Gas

Cedar Woods recently established a partnership with Tokyo Gas (TG) to develop Banksia Apartments, the fourth apartment building at our Glenside development. Banksia Apartments consists of 72 apartments over 8 levels, offering 1, 2- and 3-bedroom residences priced between \$380,000 and \$1.5 million.

TG is a substantial Japanese public company that has made the strategic decision to invest in Australian real estate as part of its sustainability and growth strategy. The partnership has been formulated with the purpose of building a relationship in the future.

Executives from Cedar Woods visited Tokyo to meet the Tokyo Gas team and learn more about their business and culture.



Cedar Woods teams up with QIC on Robina Town Centre

The Company has entered into a joint venture agreement (subject to conditions precedent) with QIC Real Estate to jointly develop 400 apartments and town houses on land owned by QIC adjacent to Robina Town Centre in South East Queensland.

The joint venture seeks to leverage Cedar Woods' national residential development capabilities to unlock value on the Robina land. The arrangement provides an opportunity to work with an experienced partner and access an excellent development site. Should this initial project go well, the potential for Cedar Woods is significant in terms of an additional future pipeline of development sites.



■ Leadership Training

Focus on leadership

Senior leaders from around the country travelled to Melbourne to attend a Leadership Program at Melbourne Business School.

The three-day program, facilitated by leadership coaches and psychologists was designed specifically for Cedar

Woods' leaders to develop their skills in leading self, people and outcomes. The team valued the opportunity to share learnings, build stronger connections among their peers and dedicate time to strengthen their leadership toolkit.



HIGHLIGHTS

Social

■ Employee Value Proposition (EVP) development

Our EVP

As a forward thinking, people focused company, we create a high spirited and collaborative work environment that develops talent and values strong connections between our people. We have a proud history of career progression within Cedar Woods that rewards ambition and high performance.

The types of developments we create are diverse, which sets us apart from our peers, providing the opportunity to be involved with a variety of high quality, innovative and sustainable projects in locations across Australia. Our developments seek to leave a legacy, that improves the lives of our customers.



In today's highly competitive employment market, Cedar Woods recognises the importance of a strong employee value proposition (EVP). An EVP encapsulates everything that an organisation uses to attract and retain talent, through to how someone describes the experience of working for a company to their friends. It's the balance of tangible and intangible benefits, representing why someone would choose to work at one organisation another. Cedar Woods has defined its EVP which includes recognition of the strong culture, career development opportunities, remuneration and staff benefits. Further details are available at www.cedarwoods.com.au/Careers



Zero serious injuries or fatalities at company workplaces in 2023 and 2022

Our good health and safety record continued through the effective operation of our work, health and safety systems resulting in no serious staff injuries or fatalities as a result of any failure of the Company's WHS system. At selected offices and company projects, WHS system compliance is subject to annual external independent audits against a range of metrics. Recommendations are considered and required improvements made to the company's system following these audits.

■ Social responsibility

The Smith Family

We have committed to directly supporting 100 students through The Smith Family's Learning for Life program, which is delivered across 91 communities around Australia.

The program provides school students and their families with financial support for school essentials like uniforms and books, personal support for the child and their family and access to practical support, through their extra out-of-school learning and mentoring programs – tailored to each child's needs.

Throughout the year, Cedar Woods staff across the country have been running, walking, mentoring, volunteering and fundraising for The Smith Family. In November, the WA team hosted a group of students from a local high school for a personalised Work Inspiration day. The day provided students with exposure to real-world experiences, taking them through a number of activities to broaden their perspective and develop aspirations, both within the property development industry and beyond. Staff have also volunteered in a career information program for the students, other interactive activities and fundraising events.



HIGHLIGHTS

Environment

■ Climate change and environment

Climate Reporting

The Company updated its climate-related metrics and targets report for FY2023. The report has been guided by the pronouncements of the Taskforce on Climate related Financial Disclosures (TCFD) and IFRS (International Financial Reporting Standards) S2 International Sustainability Disclosure Standard recently issued by IFRS Foundation. Disclosure under the standard is not mandatory in Australia and the Company's disclosures continue to evolve with a view to stepping towards compliance when standards become mandatory, which based on Federal Government consultation is expected to be required for Cedar Woods by FY2027. The Company's climate report can be found here: www.cedarwoods.com.au/Our-Company/Sustainability

Carbon Footprint mapping and carbon reduction plan

After undertaking its first carbon footprint mapping in FY2022, the Company rolled out a carbon reduction strategy across its state offices and sales offices. This has involved initiatives such as:

- Establishing certified Green Power at sales offices across the portfolio. By signing up for Green Power, energy used at the sales offices is certified by the energy providers as being 100% renewable from government accredited sources
- Opting for 100% carbon offsets on all business flights

- Introducing 100% carbon offset paper supplies across all operations
- Minimising paper use by the implementation documents and processes such as identity verification

Details are on page 32 and in the climate report.

In addition, in conjunction with the Urban Development Institute of Australia, Development WA and other industry participants, the Company is working to map the carbon footprint associated with select projects (civil works construction and built form). Upon defining the main contributors to green house gases it will implement reduction strategies in future project delivery.

Cedar Woods launches Eglinton Community Energy Sharing Network

At Eglinton Village (WA), the Company will host the first Community Energy Sharing Network in Western Australia.

This initiative, facilitated by licensed electricity provider Eglinton Village Energy (a subsidiary of Zenith Energy), will give households the option to communally store and share renewable energy to power their homes via rooftop solar panels and a community battery. With no upfront or ongoing maintenance costs, buyers will pay 20% less for their electricity consumption and reduce their carbon footprint by using at least 50% solar energy. The Company is committed to planning for tomorrow and delivering long-term environmental and social benefits through such initiatives, which are well aligned to its broader ESG strategy.



Environmental Regeneration

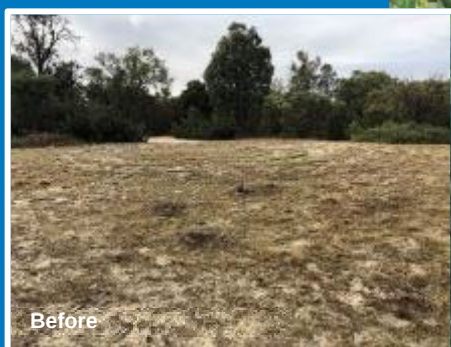
Ellendale (QLD) saw continuation of revegetation works, where over 40% of the project site is reserved for open space and retained natural bushland. Almost 60 hectares of green space has already been dedicated to Brisbane City Council including restored habitat, wildlife corridors and ecological buffers, including the relocation of native plants and planting of more than 180,000 new trees, shrubs and ground covers. Wildlife infrastructure and linkages have also been established, including 64 squirrel glider poles,

320 nesting boxes and 120 metres of fauna underpasses.

Bushmead (WA) saw continuation of revegetation works, including stream restoration, protection area management and revegetation, with approximately 59,300 seedlings planted during the year.

The Company has maintained compliance with Commonwealth and State environmental approvals for all projects throughout their delivery, with annual compliance audits completed.

Site revegetation at Bushmead



Sustainable Buildings

The Company's longstanding commitment to environmental and social responsibility is reflected with many projects incorporating sustainable housing and communities. We recognise that our customers are becoming more environmentally conscious and are increasingly expecting energy efficient features in their homes. Ultimately, it's important to them that we reduce ongoing costs and lessen our impacts on the environment. Monarch Apartments (SA), located in Cedar Woods' Glenside estate, was strategically designed with this growing purchaser preference front of mind. The 49 apartments achieved a 7.7 star Nationwide House Energy Scheme (NatHERS) energy rating. The NatHERS rating categorises this apartment in the top 35% of energy efficient apartment buildings across Australia (CSIRO) 2022).

3. OUR ESG APPROACH

ESG approach	Response / policies	Progress and outcomes in FY2023
3.1 Governance	Governance Framework	The Board is committed to the highest standards of corporate governance, details of which may be found in the 2023 Corporate Governance Statement at www.cedarwoods.com.au/Our-Company/Governance .
3.1.1 Effective leadership	Board & Committees, Executive Team	The Board has two committees which oversee ESG priorities: ■ The Audit and Risk Management Committee is responsible for financial reporting, risk management (including 'ESG risks') and external audit; ■ The Remuneration and Nominations Committee is responsible for matters relating to Board composition, human resources, remuneration (including ESG link to incentives for executives), succession, inclusion and diversity. The Company's management is structured for effective leadership that is consistent with corporate standards and promotes a strong corporate culture. The Executive Team is the Company's most senior management body and is responsible for preparing and implementing the Corporate Plan and managing operations.
3.1.2 Risk management	Risk Management Framework	The Audit and Risk Management Committee oversees risk management, with a focus on more significant risks, including ESG risks. It has adopted a Risk Management Policy Framework which incorporates a range of tools to assist in the identification, management, and monitoring of risks in the business. The Board conducts regular reviews of the risk management framework structure, with the last performed in FY2023.
3.1.3 Cyber security	Cyber security strategy, IT security policy	Cedar Woods places the highest priority on the security and confidentiality of our customer and company data. In FY2023, the Company conducted supply chain reviews, external penetration testing and a comprehensive internal review with strong positive results.
3.1.4 Ethics & Policies	Code of Conduct and corporate policies	The Code of Conduct is a comprehensive set of standards of conduct expected of all employees, including Directors. The Company has zero tolerance for corrupt practices and has a proactive approach to ethics and accountability throughout its policies and practices. The Board has oversight of ethics and culture. A list of the Company's published policies are in the appendix and details can be found on our website at www.cedarwoods.com.au/Our-Company/Governance
3.1.5 Shareholder value	Shareholder returns	Returns to shareholders are detailed in the 'Financial Performance Highlights' on page 8 of the annual report.
	Shareholder & Investor facing policies	In November 2022 we provided a 'hybrid' form of AGM in which shareholders could participate in person or join the meeting online. At the AGM, all resolutions were supported by shareholders.
3.1.6 Funding	Equity and debt funding	The Company maintains a corporate finance facility provided by 3 of the 'Big-4' banks. During FY2023 the term was extended to 30 January 2026 for the 3-year facility (\$264m) and to 30 January 2028 for the 5-year facility (\$66m).
	Capital partnerships	Cedar Woods has established a capital partnering strategy for certain projects which has the following benefits: ■ Ability to expand into additional projects ■ Managing risk exposure ■ Builds development management capability ■ Diversifies sources of finance ■ Learnings gained from capital partners In early 2023 Cedar Woods established a capital partnership with Tokyo Gas Real Estate Australia Pty Ltd (TGRE) to develop Banksia Apartments at Glenside, SA. A joint venture was also entered into (subject to conditions precedent) with QIC Real Estate to jointly develop land owned by QIC adjacent to Robina Town Centre in SEQ.

ESG approach		Response / policies	Progress and outcomes in FY2023
3.2	Land	Pipeline of projects	The Company's project portfolio is a key asset. The Company continues to invest into its project pipeline providing capacity and visibility on future earnings and returns to shareholders.
3.2.1	Investment in pipeline	Acquisitions strategy incorporates ESG objectives	The Company has developed a strategy to guide its acquisition program and achieve its objective of targeting properties that meet a range of financial, urban planning and environmental requirements, prioritising transit-oriented development opportunities, enabling the creation of sustainable communities. During the year the Company extended its land holding at Henley Brook, WA with the acquisition of land which will yield a further 42 lots and finalised the acquisition of 39.7 ha at Fieldstone, Vic, expected to yield over 500 lots.
3.2.2	Product diversity	Diversity by geography, product & price point	The Company offers a range of housing choices diversified by geography, product type and price point, so that it continues to perform well in a range of market conditions. In the current product range there are land lots, townhouses, apartments and commercial units, ranging in price from \$135,000 to \$1,995,000.
3.2.3	Product value and innovation	Accommodative designs and energy efficiency	During FY23 the Company launched a new concept in over-55 living with the Bloom apartments in Adelaide. Bloom is designed to incorporate the amenities and features to support freedom and choice in retirement. The homes remain 100% owned by residents, meaning all capital growth is retained by the purchaser. Stage 1 of 59 apartments is over 80% sold. In WA, Cedar Woods launched Eglinton Village. This modern coastal community will eventually be home to 1,200 families and incorporates a leading - edge Community Energy Sharing Network, leading to greater energy efficiency and security.
3.3	People	Culture	Our strategic priority is to create a progressive, high-spirited work environment with strong staff alignment to values and objectives, where top talent works collaboratively, and high performance is rewarded.
3.3.1	People development	Retention and Career Progression	Consistent with our corporate value 'We are people developers', we value our people and their long-term success and, therefore, we seek opportunities to keep them engaged and develop professionally. To this purpose, we focus on internal career development and promotion, enabling staff to develop new skills, broaden their exposure and build relationships across the Company. During FY2023 management focused on the 'Employee Value Proposition' (EVP) and introduced additional training, career development, HR capability and employee benefits with a view to strengthening the Company's EVP in the highly competitive jobs market and assisting in staff retention.
3.3.2	Opportunity, diversity & inclusion	Equal Opportunity Policy in place	We are committed to a positive, diverse and inclusive workplace which encourages strong and productive relationships and provides access to equal opportunity at work.

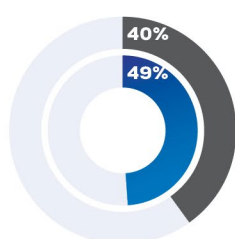
ESG approach

Response / policies

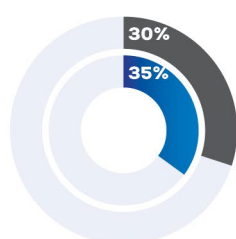
Progress and outcomes in FY2023

3.3.2 Opportunity, diversity & inclusion	Diversity & Inclusion Policy in place	We have established a Diversity & Inclusion (D&I) Committee to support our efforts in achieving a more diverse workforce (which includes gender as well as other areas such as ethnicity, religion, and sexual orientation). The committee is chaired and comprised of staff members and has established a charter and series of priorities and objectives to advance the diversity and inclusion agenda and monitor and measure progress on D&I activities and engagement outcomes. The proportion of women employees currently sits at 49%. The number of women in senior management is currently at 35%. The number of women on the Board is two out of six, or 33%. The Company continues to implement recruitment and development strategies to increase the number of women in the executive team, noting the low proportion of women in the development industry and low rate of staff turnover in the team.
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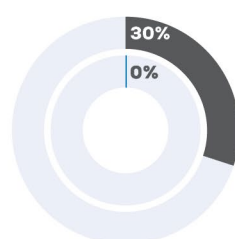
Gender diversity



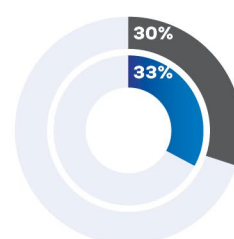
Proportion of women employed in the whole organisation



Proportion of women in senior management positions



Proportion of women in executive positions



Proportion of women on the Board

■ Long term objective % ■ FY2023 Actuals %

3.3.3 Work, health & safety wellbeing	Occupational WHS system	Senior management is accountable for the health and safety performance across the Company's portfolio of projects and targets zero reportable incidents resulting in serious injury under the relevant Occupational Health & Safety Act in CWP premises or sites, as a result of failure of the company's Work, Health & Safety system. There were no such incidents in FY2023. The Board receives regular reporting on the Company's WHS risks and performance and attends on-site briefings as part of WHS monitoring. Audits are performed annually of the WHS compliance at state operations. The Company promotes a strong health and safety culture with access to mental health support services as part of its wellbeing program as well as providing staff with other free health services. For further details go to www.cedarwoods.com.au/Careers/Employee-Benefits
3.3.4 Employee satisfaction	Employee satisfaction surveys	We undertake surveys to gauge staff satisfaction. This measure represents the level of enthusiasm and connection staff have with the Company. It's a measure of how motivated and committed people are in the business. Staff satisfaction is currently 81% which compares favourably with national industry benchmarks. Only 5% of staff were dissatisfied, with 13% neutral. Feedback from the survey will be used to improve retention, training, reward and recognition programs.
3.4 Customers	Customer Service function	Customers are at the centre of everything we do. Our Customer Service function is set up to provide a high standard end-to-end experience through the customer journey.
3.4.1 Customer engagement	Customer surveys	Customer engagement is driven through various physical and digital platforms and our Customer Service function provides customers with product guidance, assistance and issues resolution. The quality of customer experience is measured by net promoter score (NPS) surveys conducted at relevant projects during the year. In FY2023 the average / collective NPS score was +5, indicating positive customer experience across our projects. FY2023 NPS scores were impacted by supply chain constraints and escalating costs which caused the Company to cancel or delay delivery of projects in certain locations.

ESG approach	Response / policies	Progress and outcomes in FY23
3.4.2 Customer inclusion	Affordable dwellings, Special Disability Housing, Pathway to Retirement	We take an inclusive approach to our customers by offering a range of products and price points. These products include offerings that meet diverse community needs, including affordability, disability access and transition to retirement. In FY2023, approx. 25% of homes/lots delivered met our Affordable Price Point, relevant to the Capital City in which they are located, meaning they are affordable to moderate income families. We also provided 9 special disability accommodation units at Lincoln Apartments and commenced sales of 59 Over-55's units at the Bloom Apartments.
3.4.3 Digital transformation	Digital strategy	Cedar Woods continues to advance its Digital Strategy, with a key focus on digital marketing platforms, coupled with data enrichment services, that have boosted the volume and quality of sales enquiries. All the Company's sales contracts are exchanged electronically, with system improvements further increasing the efficiency of the sale to settlement process.
3.5 Supply chain	Fair and ethical procurement	The Company is committed to ethical, accountable and transparent procurement that maintains probity and fairness. To achieve balanced environmental, social and economic outcomes, we rely on our network of diverse and multidisciplinary suppliers. When delivering our projects, our suppliers contribute to decisions on innovation and cost efficiency, while maintaining quality outcomes.
3.5.1 Modern slavery	Modern slavery policy and management	Our Modern Slavery Policy and risk management system addresses our approach to identifying modern slavery risk and steps for mitigating modern slavery and human trafficking in our operations. Our Modern Slavery policy and latest Modern Slavery Statement are available at www.cedarwoods.com.au/Our-Company/Governance . Our latest report indicated no incidents of slavery were evident in the Company's supply chain or operations.
3.5.2 Contractor quality	Quality reviews	The Company continues to periodically undertake comprehensive contractor reviews. Evaluation criteria include overall quality, timeliness, cost efficiency, etc. Material suppliers are assessed for financial health and modern slavery risk as part of the on-boarding process and prior to the issue of significant new contracts.
3.5.3 Payment terms	Supplier payment monitoring	We also support the payment of our suppliers on fair payment terms. Based on the Company's 2023 Payment Times Reporting 95.6% of our suppliers were paid within 30 days compared to 78.7% for the Land Development & Subdivision Group on the PTRS public register.
3.6 Communities	Community Connection	One of our Values, 'Creating Community Connection', recognises that our projects bring people together, fostering connections that enrich the lives of people through the places we create.
3.6.1 Community amenity	Activation & sponsorship	We create value for our communities through our direct provision of amenities, infrastructure public spaces and jobs. We implement resident onboarding initiatives and community grants for local community groups. In FY2023 we donated \$55,000 to local community groups connected to the districts in which we operate.
3.6.2 Heritage	Protecting heritage	Often, we inherit a legacy from older communities, in the form of land or buildings with indigenous or cultural heritage significance. We maintain a strong track record of respecting heritage through restoration, recognition, project themes and branding. In FY2023 the historic convent at Greville was repurposed for a childcare facility and the laundry converted to a sales centre, which will ultimately be converted to housing.
3.6.3 Culture	Traditional Owners Action Plan	During FY2023 the Diversity & Inclusion Committee established a Traditional Owners Action Plan with four pillars, to guide staff in Acknowledgment of Country protocols, engagement with Traditional Owners, developing a framework for recognising and incorporating Traditional Owner history and culture at company projects and providing for understanding, education and cultural awareness.

ESG approach	Response / policies	Progress and outcomes in FY23
3.6.4 Social responsibility	Our Broader Community – The Smith Family Partnership	In 2021 the Company formed a national community partnership with The Smith Family – Australia's leading children's education charity. Our partnership aims to assist disadvantaged Australian Children get the most out of their education and provides our staff the opportunity to be involved in activities supporting this worthwhile cause.
3.7 Environment and climate change	Environmental and climate change policy	The Company has a track record of environmental excellence across its projects, reflected by numerous national and state industry awards won for its projects. The Company continues to deliver strong environmental performance, through its ESG Strategy, as well as expanding this to address climate considerations. Past ESG reports can be found on our Sustainability webpage www.cedarwoods.com.au/Our-Company/Sustainability . The Environmental management and climate change policy is available at www.cedarwoods.com.au/Our-Company/Governance
3.7.1 Governance	Audit and Risk Management Committee Remuneration and Nominations Committee ESG / Climate Leads Committee Balanced Scorecard	Priorities and targets relating to climate-related risks and opportunities are detailed in the company's ESG Strategy. There are two principal Board Committees which oversee a range of ESG priorities: ■ Audit and Risk Management Committee (see Risk Management) ■ Remuneration and Nominations Committee. ESG priorities, including climate considerations, extend to senior executive accountability and performance (key performance indicators), tied to remuneration. Board oversight is provided through its Balanced Scorecard, which includes ESG Performance including climate considerations. At management level, the national ESG/Climate Leads Committee provides coordination of climate-related deliverables across each project state. This Committee is chaired by the company's Chief Operating Officer and facilitated by the Company Secretary and Director of Sustainability.
3.7.2 Strategy	The company's ESG strategy identifies climate-related risks and opportunities; and the impact of climate-related risks and opportunities on the company's business and strategy.	The Company's ESG Strategy outlines significant climate related risks and opportunities which have potential to affect its business model, strategy, cash-flow, access to finance and cost of capital. Continuing to execute the company's ESG Strategy, which provides the framework to transition to lower carbon emissions (both operational and project-based), ensures new projects are resilient to physical climate change risks, and that we are on track in for an orderly transition to a low carbon economy.
3.7.3 Risk Management	Risk Management Framework / Risk Register	We assess climate-related risk within the company's risk management framework The Company's Risk Management Framework aims to drive consistency in the identification, assessment, management, mitigation and monitoring of risk to the business. Decision making is guided by comprehensive risk management, together with risk mitigation strategies, where necessary.
3.7.4 Metrics and Targets	ESG Strategy	Metrics used to assess climate-related risks and opportunities, in line with our ESG Strategy and risk management process are disclosed in our Climate-Related Metrics & Targets at www.cedarwoods.com.au/Our-Company/Sustainability The results of our 2023 carbon footprint mapping are shown in the results box on page 32. The metrics, targets and FY23 progress for our Greenhouse Gas emissions are presented in our Climate-Related Metrics & Targets at www.cedarwoods.com.au/Our-Company/Sustainability

FY2023 net Greenhouse Gas Emissions (t-CO₂-e)

Corporate operations	Scope 1 & 2*	Scope 3#	Total
State offices	41	856	897
Sales offices	29	183	212
Shopping centre	437	432	869
	507	1,471	1,978

* Direct emissions from refrigerants and from the generation of purchased electricity

Other emissions outside scope 1 and 2 such as water use, waste generation, purchased goods and air travel.

Emissions calculated by independent consultants from company data. Further details are in the climate report at www.cedarwoods.com.au/Our-Company/Sustainability



4. KEY ACTIVITIES FOR FY2024

Our key activities over the next 12 months are:

Governance and funding

Funding	Maintain our corporate lines of credit with the major banks. Continue to execute on capital partnership strategy in new projects
Cyber security	Continue to improve our cyber security posture through continued user education and improving preventative technical controls.
Digital Transformation	Execute digital projects that will optimise systems integrations under a single platform, providing robust data exchange, better, more timely reporting and increased automation.

Land

Investment in pipeline	Continue to invest in our project pipeline in accordance with our acquisition strategy and in capital partnerships and joint ventures with our partners.
Product innovation	Continue to innovate in the areas of Special Disability Accommodation, Over-55s retirement and affordable housing. Energy efficiency will continue to be pursued in our residential and commercial projects.

People

Continue to attract, engage and retain a high-performance work force. We will refresh our careers page on our website, improve our induction program and benchmark the range of benefits provided to staff. Staff development will be enhanced by broadening the range of on-line learning available. We will improve our goal - setting and performance management techniques.

Customers

Implement programs to enhance customer experience and improve resources available to customers and builders on our websites.

Supply chain

Continue to work with our key suppliers to monitor ongoing work, health and safety compliance, financial health, cyber resilience, modern slavery risk management, quality of product and value for money.

Communities

Maintain our sponsorship of The Smith Family and reach out to assist our local communities with further investment in our community grants program.

Environment and climate

Carbon Reduction	Continue to implement our carbon reduction plan to reduce our carbon footprint. In FY2024, in conjunction with UDIA and other industry stakeholders we plan to finalise the methodology to measure the carbon footprint of creating a land subdivision and assess its viability.
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5. CHARTERS AND POLICY LIST

Charters	Download
Audit and Risk Management Committee Charter	
Board Charter	
Remuneration and Nominations Committee Charter	
Policies	Download
Anti-Bribery and Corruption Policy	
Conflicts of Interest Policy	
Continuous Disclosure Policy	
Diversity and Inclusion Policy	
Environmental Management and Climate Change Policy	
Investor Communications	
Modern Slavery Policy	
Performance Evaluation Policies	
Primary Objectives and Company Code of Conduct	
Privacy Policy	
Risk Management Policy and Internal Compliance	
Securities Trading Policy	
Whistleblower Policy	
Corporate Governance Statement	Download
Appendix 4G and Corporate Governance Statement	

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 2023.

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)

Valerie Anne Davies (Independent Director)

Jane Mary Muirsmith (Independent Director)

Paul Gilbert Say (Independent Director)

Nathan John Blackburne (Managing Director)

The qualifications, experience and other details of the directors in office at the date of this report appear on pages 36 to 38 of this report.

b. Principal activities

The principal continuing activities of the consolidated entity over the course of the year ended 30 June 2023 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:

	2023 \$'000	2022 \$'000
Final fully franked ordinary dividend for the year ended 30 June 2022 of 14.5 cents (2021 – 13.5 cents) per fully paid share, paid on 28 October 2022 (2021 – 29 October 2021)	11,921	10,756
Interim fully franked ordinary dividend for the year ended 30 June 2023 of 13.0 cents (2022 – 13.0 cents) per fully paid share, paid on 28 April 2023 (2022 – 29 April 2022)	10,687	10,677
	22,608	21,433

Since the end of the financial year the directors have recommended the payment of a final fully franked ordinary dividend of 7.0 cents (2022 - 14.5 cents per share) to be paid on 27 October 2023 out of retained profits at 30 June 2023.

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 13 of this annual financial 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 FY2024 with strong pre-sales, modest debt, substantial funding capacity and a diverse portfolio of well-located developments.

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

Refer to item (c) of this Directors' Report for details of the dividend recommended by directors since the end of the financial year.

No other matters or circumstances have arisen since 30 June 2023 that have significantly affected or may significantly affect:

- the consolidated entity's operations in future financial years; or
- the results of those operations in future financial years; or
- 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 was appointed on 23 March 1990 and brings substantial property experience to the Board. He is a co-founder of Cedar Woods, 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.

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

Mr Brown was appointed to the Board on 18 August 1988. He is Executive Chairman of Westland Group Holdings Pty Ltd, with responsibilities in mining 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.

Other current listed company directorships and former listed company directorships in the last three years:
None.

Ms Valerie A Davies, FAICD

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

Ms Davies was appointed to the Board on 21 September 2015. She is a professional company director with broad experience across the spectrum of public and private companies, government boards and community organisations. Apart from Cedar Woods Properties Limited, she is also currently a non-executive director of ASX-listed EVT Limited.

Ms Davies previous Board positions include HBF, Iluka Resources, ASG Group, and Integrated Group (now Programmed), Tourism Western Australia, Tourism Australia, Gold Corporation and the TAB (WA), as well as Screenwest and Fremantle Hospital & Health Service. Ms Davies has substantial experience serving on risk management and remuneration committees in listed companies.

Apart from the boardroom Ms Davies' career spans more than 30 years across a range of industries including media, marketing and television production. A specialist provider of communications and strategic issues management services, she has worked at the highest level with numerous tier 1 national and international business organisations addressing the complexities of issues management, communications, coaching and mentoring.

Ms Davies is a member of Chief Executive Women (CEW), a former Telstra Business Woman of the Year (WA) and a past Vice-President of the Australian Institute of Company Directors (WA).

Ms Davies is a non-executive, independent Director.

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

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

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

Mrs Muirsmith was appointed to the Board on 2 October 2017. She is an accomplished digital and marketing strategist, having held several executive positions in Sydney, Melbourne, Perth 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), the Telethon Kids Institute and Chair of Healthdirect Australia. Mrs Muirsmith has substantial experience serving on and chairing the audit, risk and compliance committees in the above companies.

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.

Mrs Muirsmith is a non-executive, independent Director.

Other current listed company directorships and former listed company directorships in the last three years: Australian Finance Group Limited.

Mr Paul G Say, FRICS, FAPI

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

Mr Say was appointed to the Board on 3 May 2021. With over 40 years of experience in the commercial and residential property sector, Mr Say brings strong corporate finance, capital allocation and investment management capability to the Cedar Woods' Board. Mr Say was previously Chief Investment Officer at Dexis Property Group and Head of Corporate Finance with Lendlease Corporation. Mr Say currently chairs the boards of Mirvac Wholesale Office Fund and Cameron Brae Group and sits on the board of Women's Community Shelters.

Mr Say is a qualified property valuer and has a Graduate Diploma in Finance and Investment and a Graduate Diploma in Financial Planning. He is a Fellow of the Royal Institute of Chartered Surveyors, Fellow of the Australian Property Institute and a Licensed Real Estate Agent (NSW, VIC and QLD).

Located in NSW, Mr Say has substantial experience serving on risk management committees and holds strong networks across the property and finance sectors.

Mr Say is a non-executive, independent Director.

Other current listed company directorships and former listed company directorships in the last three years:
ALE Property Group and Frasers Logistics & Industrial Fund.

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

■ Managing Director, executive director

Mr Blackburne was appointed to the Board on 18 September 2017. He has worked since 1993 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 on 24 June 1998. He is a member of the Institute of Chartered Accountants in Australia and New Zealand and is a member of the Australian Institute of Company Directors. He brings to the company a background of thirty years in financial management in the property industry, preceded by employment in senior roles with major accountancy firms.

k. Shares under option

(i) Unissued ordinary shares

Unissued ordinary shares of Cedar Woods under option at the date of this report are as follows:

Date options granted	Number under option	Exercise price	Expiry date
2 November 2022	26,409	zero	30 June 2025

The options were issued to the Managing Director under the deferred short term incentive plan. No option holder has any right under the options to participate in any other share issue of the Company or any other entity. No options were granted to the directors or any KMP of the company since the end of the financial year.

(ii) Shares issued on the exercise of options

The following ordinary shares of Cedar Woods were issued to the Managing Director during the year ended 30 June 2023 on the exercise of options granted under the deferred short term incentive plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Issue Price of Shares	Number of shares issued
3 November 2021	\$5.40	32,182

I. 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	10,861,980
Robert S Brown	7,618,633
Valerie A Davies	26,000
Jane M Muirsmith	21,914
Paul G Say	34,832
Nathan J Blackburne	167,885

Nathan J Blackburne also has an interest in zero-price options under the deferred short term incentive plan and performance rights under the executive long term incentive plan, details of which are set out in the remuneration report within this report.

m. Committees of the Board

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

Audit and Risk Management Committee	Remuneration and Nominations Committee
J M Muirsmith (Chair)	V A Davies (Chair)
P G Say	P G Say
V A Davies	J M Muirsmith

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 2023, and the numbers of meetings attended by each director:

	Board meetings	Meetings of Committees	
		Audit and Risk Management	Remuneration and Nominations
Number of meetings held:	12	5	6
W G Hames	11	—*	4*
R S Brown	12	—*	3*
V A Davies	12	5	6
J M Muirsmith	12	5	6
P G Say	11	5	6
N J Blackburne	12	5*	6*

*Not a member of this committee

DIRECTORS' REPORT: LETTER TO SHAREHOLDERS FROM THE CHAIR OF THE REMUNERATION & NOMINATIONS COMMITTEE (THE COMMITTEE)

Dear Shareholders,

FY2023 has seen changes to the remuneration landscape as the broad economy responds to the challenges presented by post pandemic disruptions, higher inflation, global increases in interest rates and continued competition for talent. In the Financial and Operating Review section we detail how Cedar Woods' operations have performed in this environment and how these influences are reflected in the executive remuneration 'at-risk' pay outcomes in section r) of this report.

In seeking to align shareholders' expectations regarding incentives, pay and performance, we continue to engage with shareholders and proxy advisers to ensure best practice with all our stakeholders. Please find below the main remuneration outcomes for the year and further details are provided in the Remuneration Report.

Review of the executive remuneration framework	In FY2023, assisted by external independent consultants, the Committee reviewed executive remuneration levels and structures against the market, thereby ensuring that remuneration levels and structures are competitive in an environment where the competition for talent continues to be very high around the country, while Boards are looking to show restraint in remuneration outcomes in the face of an inflationary economy.
Fixed remuneration	For FY2023 the Managing Director's (MD's) fixed remuneration was increased by a moderate 4.4% over the previous year, with similar increases for the other executives, the Committee taking the view that this was appropriate given the circumstances prevailing as noted above.
Short-term incentives ("STIs")	The FY2023 STI opportunity for the Managing Director, which is based on a percentage of fixed remuneration, was therefore also increased proportionately, with moderate increases for the other executives. The Company balanced scorecard that determines STI awards, underwent minimal changes in FY2023. Scorecard sections are grouped into financial and non-financial categories, within the relevant strategic priority areas. Part of the Managing Director's STI is deferred into equity as detailed later in this report.
Long-term incentives ("LTIs")	The LTI plan continues to operate for the executives and has two vesting conditions: a) a three year service condition and b) two performance conditions measured over a three year period: 50% 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% 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 FY2023 was \$750,000, as approved by shareholders at the FY2014 AGM. Chair and NED fees were increased for CPI in FY2023 having been fixed at the previous level since FY2021. Total NED fees paid for FY2023 were \$681,000.

It was pleasing to note that shareholders voted overwhelmingly in favour of the FY2022 Remuneration Report at the 2022 Annual General Meeting, with 97.9% of votes cast in favour.

I look forward to answering any questions you may have at our 2023 Annual General Meeting on 1 November.

Yours faithfully,



Valerie A Davies

Chair - Remuneration and Nominations Committee

DIRECTORS' REPORT: REMUNERATION REPORT

The directors present Cedar Woods' FY2023 Remuneration Report which sets out remuneration information for the directors and other key management personnel ("KMP") for the year ended 30 June 2023.

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

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 2023. 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
V A Davies	Independent Non-Executive Director	Full year
J M Muirsmith	Independent Non-Executive Director	Full year
P G Say	Independent Non-Executive Director	Full year
Executive Director		
N J Blackburne	Managing Director ("MD")	Full year
Senior Executives		
P Archer	Chief Operating Officer ("COO")	Full year
L M Hanrahan	Chief Financial Officer ("CFO")	Full year

Changes since last year

The Company has considered the nature of the Company Secretary role and concluded that from 1 July 2022 it no longer involved sufficient authority and responsibility to meet the criteria for KMP.

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 Remuneration and Nominations Committee

The Remuneration and Nominations Committee (The Committee) is a committee of the Board. In relation to remuneration matters, it is responsible for making recommendations to the Board on:

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

The 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 Committee periodically obtains independent remuneration information to ensure executive remuneration packages and NED fees are appropriate and in line with the market.

The Corporate Governance Statement provides further information on the role of the Committee and may be found on the company's website under the Our Company/Governance link.

Use of remuneration advisors

In 2023, the remuneration committee engaged remuneration advisors to provide benchmarking data on executive remuneration and remuneration design. No remuneration recommendations were made.

Clawback of remuneration

Vested and unvested STI's & LTI's are subject to potential clawback based on the Board's judgment:

STI (cash)	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.
STI (deferred)	at any time prior to, or at, the final vesting date of the award and will take account of factors such as any material misstatements of financial results or instances of non-compliance with Cedar Woods' policies.
LTI	at any time prior to, or at, the final vesting date of the award and will take account of factors such as any material misstatements of financial results or 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 FY2022 Annual General Meeting ("AGM")

At the 2022 AGM, 97.9% of eligible votes cast were in favour of the FY2022 Remuneration Report.

q. Executive remuneration policy and framework

The information contained within this section outlines the details pertaining to the executive remuneration policy and framework for FY2023.

(i) Principles and strategy

Company purpose

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



Remuneration strategy linkages to company purpose

The Board ensures its 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

To 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 (cash & deferred) 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. LTIs are also subject to clawback.



	Component	Composition	Purpose	Link to performance
Total remuneration	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 are included in executives' contracts Fixed remuneration may be phased to market benchmark for new appointments, conditional on performance
	STIs	Paid in cash, net of tax	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
		Equity based STI grants awarded in Zero-price options	Rewards executives for their contribution to the creation of shareholder value over the medium term	Vesting of Zero-price options is dependent on a further one year of service after the initial performance period
	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 Committee).

(ii) Approach to setting remuneration

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

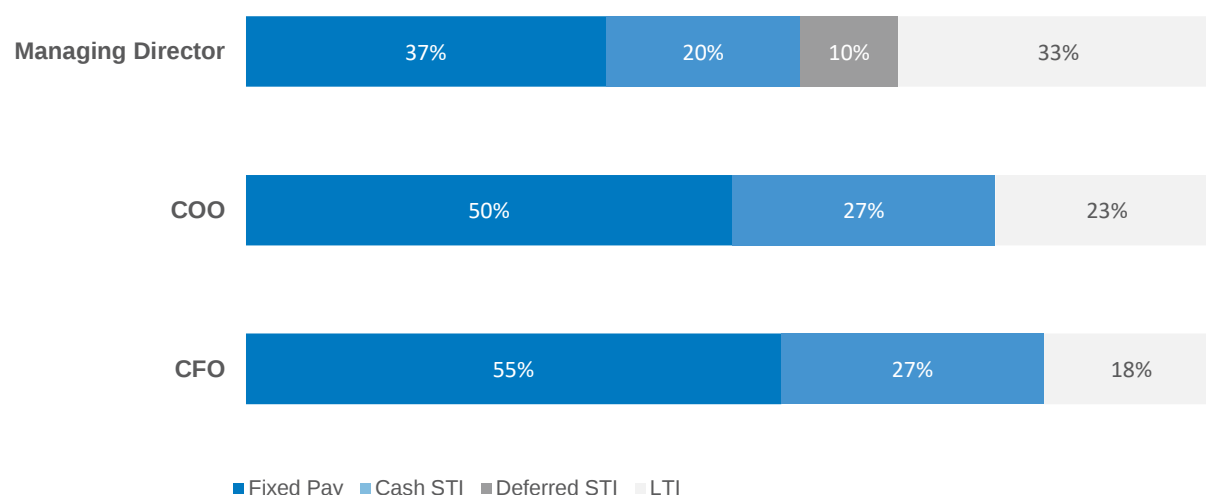
The approach is generally to position total remuneration competitively, between the median and upper quartile of its direct industry peers, both listed and unlisted, and other Australian listed companies of a similar size and complexity.

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

The “at risk” components (STIs and LTIs) ensure a proportion of remuneration varies with performance of both the individual and the company.

The Committee will continue to review the level of fixed and ‘at risk’ pay in FY2024 with the objective of ensuring that executive remuneration continues to meet the expectations of shareholders and candidates in a market that is highly competitive for talent.

The graphs below illustrate the remuneration mix based on maximum opportunities for FY2023.



STI in the above graphs are based on 100% of the maximum opportunity. LTI's may be awarded up to the target opportunity.

(iii) Details of incentive plans

Short-term incentives (STI)

Key features of the current STI plan are set out below.

Managing Director

How is the STI delivered?	In FY23 65% (FY22 – 65%) of the STI was deliverable in cash and 35% (FY22 – 35%) of the STI is deferred by way of a grant of zero-price options under the Deferred Short Term Incentive (DSTI) Plan. The Committee sets the proportion of STI deliverable by way of DSTI annually having regard to the equity ownership of the MD, the equity that has previously vested and the equity opportunities under existing DSTI and LTI plans.
What STI's are available and what are the performance conditions?	The STI awarded is based on the Committee's assessment of the Company's overall performance using the Balanced Scorecard system referred to in section r) Executive remuneration outcomes for FY2023 below. Subject to Board discretion, in order for any STI to be payable, the following hurdle (trigger) must be achieved: ■ Safety trigger: No reportable incident resulting in serious injury under the relevant Occupational Health & Safety Act in CWP premises or sites as a result of failure of the company's Work, Health & Safety system. A performance rating of up to 150% of the STI opportunity is available to reward personal performance when it exceeds expectations, at the Board's discretion.
How is performance assessed?	Annually, after consideration of performance against set balanced scorecard objectives, the Chairman of the Board and Chair of the Committee recommends to the Board the amount of STI to be paid to the MD.
What happens in the event of change of control	If a Change of Control Event occurs prior to the vesting of an award, unless the Board determines otherwise, a pro-rata number of the MD's unvested awards will vest immediately based on the proportion of the period that has passed at the time of the relevant change of control event, and the extent to which any applicable performance conditions have been satisfied (or are estimated to have been satisfied) at that time, unless the change of control event occurs after the end of the performance period (the first year), in which case full vesting of unvested awards will occur, to the extent to which any applicable performance conditions have been satisfied (or are estimated to have been satisfied) at that time.

Other executives

How is the STI delivered?	Cash
What STI's are available and what are the performance conditions?	Each executive has a target STI opportunity depending on the accountabilities of the role and impact on company performance. The STI plan provides as follows: - Up to 50% of the STI based on personal performance, with the actual percentage awarded based on the executive's overall rating measured against personal objectives as determined in the annual performance review. Meeting expectations generally provides for a performance rating between 80% and 100%. Performance ratings of up to 150% of the personal component are available to encourage and reward personal performance when it exceeds expectations. - Up to 50% of the STI is awarded based on the Committee's assessment of the company's overall performance using the Balanced Scorecard system referred to in section r) Executive remuneration outcomes for FY2023 below. In order for any STI to be payable under the company component, the same hurdle (safety trigger) that applies for the MD (see above) must be achieved.
How is performance assessed?	On an annual basis, for senior executives, the Committee will seek recommendations from the MD before making its determination. Performance is assessed against targets set at the start of the financial year.
What happens if an Executive leaves Cedar Woods?	Executives who resign prior to the end of the financial year generally forego their STI entitlement. The Board has discretion in this regard.

Long-term incentives (LTI)

Key features of the LTI plan are as follows:

Why have a LTI plan?	The LTI plan builds a sense of business ownership and alignment which benefits all shareholder interests. It encourages a greater focus on sustainable long-term growth and seeks to attract and retain key executives.
Who participates?	The Company's policy is for the MD and other Executives to participate in the LTI. NEDs are not eligible to participate in the LTI plan.
What LTI's are available?	Each participant has a maximum LTI opportunity depending on the accountabilities of the role and impact on company performance.
How is the LTI delivered?	Awards under the LTI plan are made in the form of performance rights, which provide, when vested, one share for each performance right at nil cost. At the discretion of the Board the LTI awards may be satisfied in cash rather than shares.
How are the number of rights determined for each LTI grant?	The number of performance rights allocated for each participant is calculated by reference to the target LTI opportunity outlined in the prior section. For the LTI, the target opportunity is the maximum opportunity. 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 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, with vesting, if any, occurring once results are released and within a trading window. Once vested, participants may trade shares, subject to the company's Securities Trading Policy.
What happens if an Executive leaves Cedar Woods?	If cessation of employment occurs during the performance period, the following treatment will apply in respect of unvested rights: ■ If the participant ceases employment with Cedar Woods due to resignation or 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 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?	No dividends are paid on unvested LTI awards.
Can a participant deal with or trade their performance rights before vesting?	No.

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. 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 as an appropriate hurdle as 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 through takeovers and changes to business models and operations.

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

The vesting schedule for the FY23 plan was as follows:

Relative TSR performance outcome	Percentage of TSR-tested rights vesting
< Index	Nil
At the Index	50%
> Index and up to 5% above the Index	Pro-rata between 50% and 100%
> = 5% above the Index	100%

The vesting schedule for the FY22 plan was 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 hurdle (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:	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 company's 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 rate of growth in the Australian economy and the performance of the property sector.

The vesting schedule for this component of the LTI in the FY23 Plan was as follows:

EPS compound annual growth rate	Percentage of EPS-tested rights vesting
<5%	Nil
5%	50%
Between 5% - 15%	Pro-rata between 50% and 100%
> = 15%	100%

The vesting schedule for this component of the LTI in the FY22 Plan was as follows:

EPS compound annual growth rate	Percentage of EPS-tested rights vesting
<10%	Nil
10%	50%
Between 10% - 15%	Pro-rata between 50% and 100%
> = 15%	100%

At commencement of each three-year plan, the Committee will consider the appropriate EPS target range and the level of payout if targets are met. This includes setting any maximum payout under the LTI plan and minimum levels of performance to trigger payment of LTI. The EPS target range, once set, remains in place for the three-year performance period.

The TSR and EPS target ranges were modified for the FY23 plan in view of the more challenging economic outlook, following the initial rebound after the first year of the pandemic.

r. Executive remuneration outcomes for FY2023 (including link to performance)

Performance against STI balanced scorecard objectives

The table below provides a summary of the FY2023 balanced scorecard objectives and weightings for each component. 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 11.

Strategic Priority & Measure	Weighting	Metrics
Financial Strength Annual performance and balance sheet strength	50%	Net Profit After Tax (NPAT)
		Number of settlements
		Revenue
		Return on Equity
		Return on Capital
		Borrowing ratios and facility terms
		Cost reductions
Earnings Growth Measures of future financial health of the Company	20%	Value of presales
		New projects acquired
Operational Excellence Measures of customer and investor satisfaction, risk management, compliance and sustainability	20%	Customer net promoter scores
		Investor perceptions
		ESG Performance (link to sustainability & climate change)
		Compliance with the work, health and safety system
High Performance Culture Manage leadership pool and strive for strong staff engagement and team improvements	10%	Employee engagement
		Retention of executives and senior management
		Gender and diversity

The Remuneration Committee determines the STI to be paid based on an assessment of the extent to which the key metrics are met, and in arriving at the amount of STI to be paid to each executive, also considers an array of factors including the economic environment, stakeholder experience, quality of the results and how the company has been set up for longer term success. The following table outlines the proportion of maximum STI earned and forfeited by executives in relation to FY2023 and the maximum STI that was available.

Proportion of STI earned and forfeited in FY2023

	MD	COO	CFO
Total earned \$	347,600	157,000	117,750
Total earned of target %	79%	79%	79%
Total forfeited of target %	21%	21%	21%
Total forfeited of target \$	92,400	43,000	32,250
Target STI opportunity \$	440,000	200,000	150,000
Total earned of maximum %	53%	63%	63%
Total forfeited of maximum %	47%	37%	37%
Total forfeited of maximum \$	312,400	93,000	69,750
Maximum STI opportunity \$	660,000	250,000	187,500

For the Managing Director, 65% of the STI earned is payable in cash (\$225,940) and 35% of the STI earned (\$121,660) was deferred into zero price options under the DSTI plan. For the other executives the STI is payable in cash.

Terms and conditions of the share-based payment arrangements - DSTI

The terms and conditions of each grant of zero price options under the Deferred STI affecting remuneration in the current or a future reporting period are as follows:

Incentive Plan	Grant date	Number of options	Performance period	Service period	Vesting date	Performance hurdle	Value per option at grant date	% Vested
FY2023 – Managing Director	TBA	TBA	1/7/22 to 30/6/23	1/7/22 to 30/6/24	31/8/2024	Balanced scorecard score	\$TBA	N/A
FY2022 – Managing Director	2/11/2022	26,409	1/7/21 to 30/6/22	1/7/21 to 30/6/23	31/8/2023	Balanced scorecard score	\$3.99	N/A
FY2021 – Managing Director	3/11/2021	32,182	1/7/20 to 30/6/21	1/7/20 to 30/6/22	31/8/2022	Balanced scorecard score	\$5.69	100

The FY2023 grant of options to the Managing Director under the DSTI is subject to shareholder approval at the 2023 AGM.

During the year 32,182 ordinary shares of Cedar Woods Properties Limited were issued to the Managing Director on the exercise of zero price options which were granted under the Deferred STI on 3 November 2021. No further shares have been issued since that date.

Performance against LTI objectives

The following table shows the maximum LTI opportunities that were granted to KMP during FY2023.

	LTI awards in FY2023		
	MD	COO	CFO
Value granted (max LTI opportunity) \$	720,000	212,100	130,000

The LTI awards earned will vest on 31 August 2025 subject to the vesting conditions.

Terms and conditions of the share-based payment arrangements - LTI

The terms and conditions of each grant of rights under the LTI 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
FY2020 - Executives	24/09/2019	1/7/19 to 30/6/22	31/08/2022	\$5.71	EPS Growth	\$6.17	No	Nil
					Relative TSR	\$4.45	No	
FY2020 - MD	6/11/2019	1/7/19 to 30/6/22	31/08/2022	\$5.71	EPS Growth	\$6.18	No	Nil
					Relative TSR	\$4.51	No	
FY2021 - Executives	27/08/2020	1/7/20 to 30/6/23	31/08/2023	\$5.40	EPS Growth	\$4.59	Partial	60.2%
					Relative TSR	\$2.37	Partial	
FY2021 - MD	4/11/2020	1/7/20 to 30/6/23	31/08/2023	\$5.40	EPS Growth	\$5.07	Partial	60.2%
					Relative TSR	\$2.92	Partial	
FY2022 - Executives	27/08/2021	1/7/21 to 30/6/24	31/08/2024	\$6.70	EPS Growth	\$5.83	to be determined	n/a
					Relative TSR	\$3.18		
FY2022 - MD	3/11/2021	1/7/21 to 30/6/24	31/08/2024	\$6.70	EPS Growth	\$5.20	to be determined	n/a
					Relative TSR	\$2.36		
FY2023 - Executives	26/08/2022	1/7/22 to 30/6/25	31/08/2025	\$3.83	EPS Growth	\$3.87	to be determined	n/a
					Relative TSR	\$2.61		
FY2023 - MD	2/11/2022	1/7/22 to 30/6/25	31/08/2025	\$3.83	EPS Growth	\$3.58	to be determined	n/a
					Relative TSR	\$2.35		

The number of share rights granted to key management personnel under the LTI scheme during FY2023 is shown in the table below. The number of rights granted has been determined by dividing the FY2023 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 FY2023 (\$3.83). The market value of the shares is not discounted.

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

Reconciliation of LTI 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	Max. value yet to vest *
Executive director								
N J Blackburne								
2 Nov 2022**	-	187,989	-	-	-	-	187,989	\$220,887
3 Nov 2021**	102,895	-	-	-	-	-	102,895	\$121,416
4 Nov 2020**	127,666	-	-	-	-	-	127,666	\$386,702
6 Nov 2019**	120,735	-	-	-	120,735	100	-	-
Senior executives								
P Archer								
26 Aug 2022	-	55,378	-	-	-	-	55,378	\$72,268
27 Aug 2021	31,656	-	-	-	-	-	31,656	\$50,333
27 Aug 2020	39,277	-	-	-	-	-	39,277	\$102,335
24 Sep 2019	37,145	-	-	-	37,145	100	-	-
L M Hanrahan								
26 Aug 2022	-	33,942	-	-	-	-	33,942	\$44,294
27 Aug 2021	17,910	-	-	-	-	-	17,910	\$28,477
27 Aug 2020	22,222	-	-	-	-	-	22,222	\$57,899
24 Sep 2019	21,015	-	-	-	21,015	100	-	-

* The LTI awards granted in FY2023 vest on 31 August 2025 subject to the vesting conditions. The maximum value of the deferred shares yet to vest has been determined based on the grant date fair value of the rights, adjusted to the anticipated vesting outcomes.

** Approval for the issue of share rights to NJ Blackburne was obtained from shareholders under Australian Securities Exchange Listing Rule 10.14.

Performance of shareholder return metrics

In FY2023, the Company delivered a profit of \$31.6 million, a decrease of 15 per cent over the prior year.

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 (% annualised)	1 year	3 years	5 years
EPS growth	(15.8)	14.9	(6.5)
Share price growth	36.7	(1.4)	(2.8)
Dividend growth (declared dividend)	(27.3)	1.7	(7.8)
Dividend growth (paid dividend)	3.8	1.9	(1.7)
CWP TSR (change in share price and dividends)	46.1	3.5	2.6
S&P Small Industrials Index (XSIAI) TSR	9.5	3.4	1.7

The total shareholder return in FY2023 was 46.1 per cent which outperformed the S&P Small Industrials Index total return of 9.5 per cent over the same period. The returns over 3 & 5 years also outperformed 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.

	2023	2022	2021	2020	2019
Profit for the year (\$'000)	31,634	37,388	32,834	20,387	48,644
Basic earnings per share (cents)	38.5	45.7	40.7	25.4	60.9
Dividends per share (cents)	20.0	27.5	26.5	19.0	31.5
Increase (decrease) in share price (%)	36.7	(45.2)	28.1	(8.1)	(1.0)

Executive remuneration for the years ended 30 June 2023 and 30 June 2022

When determining the remuneration mix for executives, the Remuneration and Nominations committee used the target STI and LTI opportunities contained in the tables on pages 49 and 50, which differ from the amounts calculated in the table below. In the below table, the actual cash bonuses are shown, and the share based payment is calculated in accordance with AASB 2 *Share Based Payments*.

Remuneration expenses for executive KMP

Details of the remuneration of each executive KMP of Cedar Woods, in accordance with accounting standards, is set out below.

Name	Financial year	Short-term benefits			Post employment	Long term benefits		Performance related	
		Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Share based payment # \$	Long Service Leave \$	Total \$	%
Executive Director									
N J Blackburne	2023	766,740	225,940	11,975	27,500	306,030	24,715	1,362,900	39%
	2022	733,280	328,614	11,516	27,386	405,104	12,682	1,518,582	48%
Other KMP									
P Archer	2023	424,708	157,000	5,681	25,292	56,825	12,485	681,991	31%
	2022	406,432	145,125	5,381	23,568	91,190	8,289	679,985	35%
L M Hanrahan	2023	347,684	117,750	7,318	27,316	33,285	11,430	544,783	28%
	2022	322,500	95,625	7,000	27,500	51,459	13,433	517,517	28%
P S Freedman *	2022	160,454	46,250	550	25,892	12,533	4,658	250,337	23%
Total	2023	1,539,132	500,690	24,974	80,108	396,140	48,630	2,589,674	
	2022	1,622,666	615,614	24,447	104,346	560,286	39,062	2,966,421	

Equity-settled share-based payments relate to the component of the fair value of awards from the 2020, 2021, 2022 and 2023 LTI plans and 2022 and 2023 DSTI plans attributable to the year measured in accordance with AASB 2 *Share Based Payments*. Comparatives have been restated to ensure consistency with the disclosure requirements of AASB2.

Cash salary and fees include annual leave accrual.

* The Company Secretary role no longer met the criteria for KMP from 1 July 2022 as noted in section (o) on page 41 of this report.

Remuneration received by executive KMP

The remuneration illustrated in the table below has been provided as additional non-statutory information to assist in understanding the total value of remuneration (take home remuneration) received by executive KMP in the current and prior financial years. The value of equity in this section is calculated in a different way to the statutory disclosure in the previous table.

Name	Financial year	Cash salary and fees \$	*Short-term benefits Cash bonus \$	Non-monetary benefits \$	Post employment Super-annuation \$	Share based payment vested # \$	Long term benefits Long Service Leave \$	Total \$	Performance related %
<i>Executive Director</i>									
N J Blackburne	2023	766,740	225,940	11,975	27,500	146,428	24,715	1,203,298	31%
	2022	733,280	328,614	11,516	27,386	207,594	12,682	1,321,072	41%
<i>Other KMP</i>									
P Archer	2023	424,708	157,000	5,681	25,292	-	12,485	625,166	25%
	2022	406,432	145,125	5,381	23,568	36,533	8,289	625,328	29%
L M Hanrahan	2023	347,684	117,750	7,318	27,316	-	11,430	511,498	23%
	2022	322,500	95,625	7,000	27,500	17,395	13,433	483,453	23%
P S Freedman **	2022	160,454	46,250	550	25,892	-	4,658	237,804	19%
Total	2023	1,539,132	500,690	24,974	80,108	146,428	48,630	2,339,962	
	2022	1,622,666	615,614	24,447	104,346	261,522	39,062	2,667,657	

*The short-term benefits represent the cash bonuses that are awarded to each KMP in relation to FY2023 and which are paid in the following financial year.

LTI vested is based on the market value of securities at the date of vesting. In FY2023, shares vested under the FY2020-FY2022 LTI plan and FY2021-FY2022 DSTI plan.

** The Company Secretary role no longer met the criteria for KMP from 1 July 2022 as noted in section (o) on page 41 of this report.

s. Executive contracts

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

Details of executive service contract for the Managing Director and other executives

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

Mr Blackburne's total remuneration package for FY2023 was as follows:

- Fixed remuneration of \$800,000 per annum
- Target STI opportunity of \$440,000, Maximum STI opportunity of \$660,000 (65% in cash, 35% in DSTI)
- Target & Maximum LTI opportunity \$720,000

The target STI and LTI opportunity represent 22% and 37% respectively of the total target remuneration. The maximum STI opportunity represents 30% of the maximum remuneration.

If the Managing Director resigns following a takeover or substantial change of control of the Company due to a material variation or diminution in his position duties, reporting structure or status, he will be entitled to be paid the maximum amount permitted under s 200G of the Corporations Act 2001.

The agreements for the executives are reviewed annually by the 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 q) iii. Details of incentive plans.

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 Committee, within the maximum aggregate amount approved by the shareholders from time to time (currently set at \$750,000 as approved at the 10 November 2014 annual general meeting). The total of NED fees paid in FY2023 was \$681,000.

Fee policy

Annual fees for NEDs were last reviewed from FY2020 (effective date: 1 July 2019). The annual fees (inclusive of superannuation) for FY2023 and FY2022 are set out in the table below:

	2023 \$	2022 \$
Chair	179,000	174,000
Deputy Chair	141,000	137,000
Other NEDs	97,000	94,000
Committee Chair	15,000	15,000
Committee member	10,000	Nil

NED remuneration for the years ended 30 June 2023 and 30 June 2022

The table below outlines fees paid to NEDs for FY2023 and FY2022 in accordance with statutory rules and applicable accounting standards.

Name	Financial year	Short-term benefits	Post-employment	Total \$
		Board and committee fees \$	Superannuation \$	
W G Hames	2023	161,991	17,009	179,000
	2022	158,182	15,818	174,000
R S Brown	2023	127,602	13,398	141,000
	2022	124,545	12,455	137,000
V A Davies	2023	110,407	11,593	122,000
	2022	99,091	9,909	109,000
J M Muirsmith	2023	110,407	11,593	122,000
	2022	99,091	9,909	109,000
P G Say	2023	105,882	11,118	117,000
	2022	85,455	8,545	94,000
Total	2023	616,289	64,711	681,000
	2022	566,364	56,636	623,000

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.

	Number of shares at the start of the year	Received on vesting of rights (LTI)	Other changes during the year	Number of shares at the end of the year
2023				
NEDs				
W G Hames *	11,009,512	-	2,212	11,011,724
R S Brown	7,621,633	-	-	7,621,633
V A Davies	26,000	-	-	26,000
J M Muirsmith	21,914	-	-	21,914
P G Say	34,832	-	-	34,832
Executive director				
N J Blackburne	135,703	32,182	-	167,885
Senior executives				
P Archer	46,740	-	-	46,740
L M Hanrahan	18,438	-	-	18,438

* Includes 2,014,439 (2022 – 2,014,439) shares over which W G Hames has voting rights and a first right of refusal to purchase.

The interests shown above comply with AASB124 Related Party Disclosures and differ to those shown at item I) 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

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

	2023 \$	2022 \$
Amounts recognised as expense		
Architectural fees	27,500	-
Settlement fees	274,828	305,176
	302,328	305,176
Amounts recognised as inventory		
Architectural fees	615,807	788,690
	615,807	788,690
Total amounts recognised in year	918,135	1,093,866
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	615,807	788,690
	615,807	788,690

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, subject to the Board considering the services under the Conflict of Interest policy, available on the Company website. 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.

The consolidated entity uses a number of firms for architectural, urban design and planning services and settlement services. Accordingly, the company has a high level of knowledge regarding commercial rates for these services. In addition, tenders and market reviews are regularly conducted to ensure that services are provided on competitive terms and conditions.

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 lower than in the previous year as a result of the timing of architectural and design work performed on the Williams Landing Town Centre in Melbourne, the Glenside project in Adelaide and the Eglinton project in WA. The Glenside project was introduced to the company by Hames Sharley.

Property settlement charges were paid to Westland Settlement Services Pty Ltd (Westland), 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 was engaged, the number of lots that settled in FY2023 was lower than that of the previous year and as a result the value of transactions with Westland decreased. Settlement fees include out of pocket expenses incurred by Westland that are paid to Landgate and PEXA.

There are no aggregate amounts payable to directors of Cedar Woods at balance date. Amounts of \$116,417 was payable to related entities Hames Sharley (SA) Pty Ltd at balance date. There are no other amounts payable to related entities at balance date relating to the above types of other transactions.

v. Independent audit of remuneration report

The remuneration report has been audited by PricewaterhouseCoopers (PwC). See page 113 of this annual financial report for PwC's report on the remuneration report.

w. Retirement, election and continuation in office of directors

The constitution requires that no director (other than a managing director) may retain office (without re-election) for more than three years or past the third annual general meeting following the director's appointment.

JM Muirsmith and VA Davies retire at the forthcoming Annual General Meeting, and being eligible, 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 33 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 60.

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



N J Blackburne
Managing Director
22 August 2023

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 2023, 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.

A handwritten signature in black ink, appearing to read 'Ian Campbell'.

Ian Campbell
Partner
PricewaterhouseCoopers

Perth
22 August 2023

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
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Liability limited by a scheme approved under Professional Standards Legislation.

FINANCIAL STATEMENTS

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Consolidated Cash Flow Statement

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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 26.

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:

Level 4
50 Colin Street
WEST PERTH WA 6005.

The financial statements were authorised for issue by the directors on 22 August 2023. 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 2023

	Note	2023 \$'000	2022 \$'000
Continuing operations			
Revenue	<u>1(i)</u>	391,303	333,036
Cost of sale of land and buildings		(292,571)	(230,319)
Cost of providing development services		(1,488)	(6,317)
Gross profit		97,244	96,400
Project operating costs		(20,844)	(19,564)
Administration expenses		(26,817)	(24,257)
Other expense		(955)	-
Other income		1,159	1,481
Operating profit		49,787	54,060
Finance costs	<u>2</u>	(4,401)	(444)
Profit before income tax		45,386	53,616
Income tax expense	<u>3</u>	(13,751)	(16,228)
Profit for the year	<u>19</u>	31,635	37,388
Total comprehensive income for the year		31,635	37,388
Total comprehensive income attributable to members of Cedar Woods Properties Limited		31,635	37,388
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	<u>4</u>	38.5 cents	45.7 cents
Diluted earnings per share	<u>4</u>	38.0 cents	45.2 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 2023

	Note	2023 \$'000	2022 *Restated \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	6,802	2,957
Trade and other receivables	6	6,841	9,310
Contract assets	1(ii)	3,323	3,755
Inventories	7	195,018	226,781
Deferred development costs	8	3,892	3,972
Other financial assets	9	17	741
		215,893	247,516
Assets classified as held for sale	12(i)	32,953	-
Total current assets		248,846	247,516
Non-current assets			
Receivables	6	3,582	7,800
Inventories	7	519,481	491,282
Contract assets	1(ii)	455	347
Other financial assets	9	1,836	1,718
Property, plant and equipment	10	7,405	7,492
Right-of-use assets		1,793	998
Investment properties	11	-	38,591
Lease incentives		-	643
Total non-current assets		534,552	548,871
Total assets		783,398	796,387
LIABILITIES			
Current liabilities			
Trade and other payables	13	33,690	26,898
Borrowings	14	-	29,159
Other financial liabilities	9	68,040	87,886
Current tax liabilities		2,481	5,321
Contract liabilities	1(ii)	7,551	7,436
Lease liabilities		617	619
Provisions	15	23,013	16,218
Total current liabilities		135,392	173,537
Non-current liabilities			
Borrowings	14	202,608	172,486
Other financial liabilities	9	5,491	24,424
Lease liabilities		1,574	549
Provisions	15	1,748	1,910
Deferred tax liabilities	16	5,483	2,258
Total non-current liabilities		216,904	201,627
Total liabilities		352,296	375,164
Net assets		431,102	421,223

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2023

	Note	2023 \$'000	2022 *Restated \$'000
EQUITY			
Contributed equity	<u>17</u>	137,795	137,333
Reserves	<u>18</u>	1,742	1,815
Retained profits	<u>19</u>	291,565	282,075
Total equity		431,102	421,223

*See note 15 for details regarding the restatement

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 2023

Note	Contributed equity \$'000	Reserves \$'000	Retained profits \$'000	Total \$'000
Balance at 1 July 2021	133,119	1,305	265,937	400,361
Profit for the year	-	-	37,388	37,388
Total comprehensive income for the year	-	-	37,388	37,388
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax 17	3,984	-	-	3,984
Transfers from reserves to retained profits 19	-	(182)	182	-
Dividends provided for or paid 25	-	-	(21,432)	(21,432)
Employee share scheme 17, 18	230	692	-	922
	4,214	510	(21,250)	(16,526)
Balance at 30 June 2022	137,333	1,815	282,075	421,223
Balance at 1 July 2022	137,333	1,815	282,075	421,223
Profit for the year	-	-	31,635	31,635
Total comprehensive income for the year	-	-	31,635	31,635
Transactions with owners in their capacity as owners:				
Transfers from reserves to retained profits 19	-	(463)	463	-
Dividends provided for or paid 25	-	-	(22,608)	(22,608)
Employee share scheme 17, 18	462	390	-	852
	462	(73)	(22,145)	(21,756)
Balance at 30 June 2023	137,795	1,742	291,565	431,102

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 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Receipts from customers (incl. GST)		430,197	356,321
Other income		198	63
Payments to suppliers and employees (incl. GST)		(86,642)	(69,416)
Payments for land		(81,898)	(145,741)
Payments for development		(211,631)	(183,555)
Interest received		396	177
Borrowing costs paid		(13,553)	(6,309)
Income taxes paid		(13,365)	(17,376)
Net cash inflow (outflow) from operating activities	<u>21(i)</u>	23,702	(65,836)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	13
Proceeds from capital return from joint venture		-	521
Payments for investment properties		(547)	(245)
Payments for property, plant and equipment		(1,774)	(992)
Net cash (outflow) from investing activities		(2,321)	(703)
Cash flows from financing activities			
Proceeds from borrowings		818	82,442
Principal elements of lease payments		(896)	(896)
Proceeds from project partners		5,150	-
Dividends paid	<u>25</u>	(22,608)	(17,436)
Net cash (outflow) inflow from financing activities		(17,536)	64,110
Net increase (decrease) in cash and cash equivalents		3,845	(2,429)
Cash and cash equivalents at the beginning of the year		2,957	5,386
Cash and cash equivalents at the end of the year	<u>5</u>	6,802	2,957

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 26.

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 Further 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. Revenue

(i) Disaggregation of revenue from contracts with customers

	2023 \$'000	2022 \$'000
Timing of revenue recognition		
<i>At a point in time</i>		
Sale of land and buildings	382,559	318,695
Development services	2,367	8,323
<i>Over time</i>		
Rent from properties	6,377	6,018

(ii) Assets and liabilities related to contracts with customers

	2023 \$'000	2022 \$'000
Contract assets		
Commissions relating to property sales	1,338	3,041
Development services fees	2,440	1,061
Total contract assets	3,778	4,102

Costs to fulfil a contract that were included in the contract asset balance at the beginning of the period

Commissions relating to property sales	2,349	3,376
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Sales commissions incurred to fulfill a property sale contract are classified as contract assets in the balance sheet when incurred and are expensed when associated revenue is recognised.

	2023 \$'000	2022 \$'000
Current contract liabilities		
Customer rebates	7,455	7,348
Other	96	88
Total contract liabilities	7,551	7,436

Revenue recognised that was included in the contract liability balance at the beginning of the period

Customer rebates	3,038	2,272
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(iii) Transaction price allocated to remaining performance obligations

The transaction price allocated to partially unsatisfied performance obligations at 30 June 2023 is set out below:

	2023 \$'000	2022 \$'000
Within one year	299,787	361,068
More than one year	163,849	188,337
Total	463,636	549,405

2. Expense items

Profit before income tax expense includes the following specific expenses:

	Note	2023 \$'000	2022 \$'000
Finance costs			
Interest and finance charges		14,454	6,813
Interest – leases		99	39
Interest – other financial liabilities		3,047	3,049
Unrealised financial instrument losses (gains)		606	(2,536)
Less: amount capitalised	(i)	(13,805)	(6,921)
Finance costs expensed		4,401	444

(i) 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 4.39% (2022 – 2.42%) per annum. Where qualifying assets are financed by specific facilities, the applicable borrowing costs of those facilities are capitalised.

	Note	2023 \$'000	2022 \$'000
Other specific expenses			
Net loss on disposal of property, plant and equipment		618	262
Loss allowance of trade receivables	<u>6</u>	(210)	(87)
Employee benefits expense		15,064	14,472
Superannuation		1,386	1,309
Depreciation of property, plant and equipment	<u>10</u>	1,294	1,220
Depreciation of investment properties	<u>11</u>	571	976
Depreciation of right-of-use assets	(ii)	786	868
<i>Other</i>			
Write-down of inventory		933	-

(ii) Depreciation

Depreciation of right-of-use assets and low value assets are presented within Administration expenses and Project operating costs on the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

3. 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.

(i) Income tax expense

	Note	2023 \$'000	2022 *Restated \$'000
Current tax		10,669	15,786
Deferred tax		3,226	442
Adjustments for current tax of prior periods		(144)	-
Income tax expense attributable to profit		13,751	16,228
Deferred income tax expense included in income tax expense comprises:			
Increase in deferred tax assets	16	(1,892)	(3,033)
Increase in deferred tax liabilities	16	5,118	3,475
		3,226	442

* See Note 15 for details regarding the restatement.

(ii) Numerical reconciliation of income tax expense to prima facie tax payable

	2023 \$'000	2022 \$'000
Profit before income tax	45,386	53,616
Tax at the Australian tax rate of 30% (2022 – 30%)	13,616	16,085
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Employee share scheme	256	277
- Other income	-	(157)
- Adjustments for current tax of prior periods	(144)	-
- Sundry items	23	23
	135	143
Income tax expense	13,751	16,228

4. Earnings per share

	2023	2022
Basic earnings per share (cents)	38.5	45.7
Diluted earnings per share (cents)	38.0	45.2
Net profit attributable to the ordinary owners of the company (\$'000)	31,635	37,388
Weighted average number of ordinary shares used as the denominator in the calculation of earnings per share	82,197,343	81,881,597
Weighted average number of ordinary shares used as the denominator in the calculation of diluted earnings per share	83,189,028	82,663,261

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

BALANCE SHEET INFORMATION

5. Cash and cash equivalents

	2023 \$'000	2022 \$'000
Cash at bank and in hand	6,802	2,957
	6,802	2,957

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 1.0% to 4.3% (2022 - 0 to 1.0%) per annum depending on the balances.

The Group's exposure to interest rate risk is discussed in note 23 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.

6. Trade and other receivables

	Notes	2023 \$'000	2022 \$'000
Current			
Trade receivables	(ii)	4,488	6,785
Less: Loss allowance	(i), (ii)	(26)	(236)
Other receivables	(ii)	344	1,151
Prepayments		2,035	1,610
		6,841	9,310

	Notes	2023 \$'000	2022 \$'000
Non-Current			
Other receivables	(iii)	3,581	7,798
Loans – employee share scheme (discontinued)	<u>34</u>	1	2
		3,582	7,800

(i) Credit risk

To measure the lifetime expected credit loss for rental debtors, a provision is raised against each debtor based upon the payment profile over the last 12 months, adjusted for current and forward-looking information supporting the expected settlement of the receivable.

(ii) 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. The group's accounting policies for trade and other receivables are outlined in note 35(h).

(iii) Other non-current receivables

Other non-current receivables comprise refundable deposits paid on conditional contracts.

7. Inventories

	Notes	2023 \$'000	2022 *Restated \$'000
Total Inventory			
Current inventory	(i), (ii)	195,018	226,781
Non-current inventory	(i), (ii)	519,481	491,282
Aggregate carrying amount		714,499	718,063

*See note 15 for details regarding the restatement.

	2023 \$'000	2022 *Restated \$'000
Current		
Property held for resale		
- at cost	58,757	64,363
- capitalised development costs	133,101	162,418
- at net realisable value	3,160	-
	195,018	226,781

	2023 \$'000	2022 *Restated \$'000
Non-Current		
Property held for resale		
- at cost	394,459	389,578
- capitalised development costs	120,758	96,362
- at net realisable value	2,729	5,342
	517,946	491,282

(i) Current and non-current assets pledged as security

Refer to note 14 for information on current assets pledged as security by the parent entity or its controlled entities.

(ii) Accounting for inventory

Refer to note 35(i) for the group's accounting policies for the recognition and classification of inventory.

8. Deferred development costs

	2023 \$'000	2022 \$'000
Current		
Deferred development costs	3,892	3,972
	3,892	3,972

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.

9. Other financial assets and other financial liabilities

Other financial assets

	Notes	2023 \$'000	2022 \$'000
Current			
Interest rate hedge contracts	(i)	17	741
		17	741
Non-current			
Interest rate hedge contracts	(i)	1,836	1,718
		1,836	1,718

Other financial liabilities

	Notes	2023 \$'000	2022 \$'000
Current			
Due to vendors of properties under contracts of sale		68,040	87,886
		68,040	87,886
Non-current			
Due to vendors of properties under contract of sale		-	24,375
Due to project partners	(ii)	5,435	-
Other payables		56	49
		5,491	24,424

(i) 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.

Derivatives are only used for economic hedging purposes and not as speculative investments. The group's accounting policy for its cash flow hedges is set out in note 35(t). They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Interest rate hedge contracts

The group's policy is to protect part of the loans from exposure to fluctuations in interest rates. Accordingly, the consolidated entity has entered into interest rate hedge contracts under which part of the consolidated entity's projected borrowings are protected for the period from July 2023 to July 2025. The group uses interest rate caps and swaps to hedge interest rates.

The caps in place at year end, effectively cap interest rates applicable to bank bills issued with duration of 3 months (BBSY Bid) at certain levels between 1.00% - 3.00% (2022 – 1.00% to 3.00%).

Interest rate hedge contracts in place at year end cover approximately 47% (2022 – 52%) of the variable loans outstanding at balance date, with terms expiring in 2023 and 2025. 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.

(ii) Amounts due to project partners

Amounts due to project partners are variable based on project returns. To measure amounts due to project partners project cashflows are considered adopting assumptions on sale prices, construction costs and delivery period. These are discounted at the effective interest rate implied by the contract terms and initial cash flow estimates.

10. Property, plant and equipment

	2023 \$'000	2022 \$'000
Plant and Equipment at Cost		
At start of the year	13,417	12,864
Additions	2,218	1,152
Disposals	(2,512)	(599)
At end of the year	13,123	13,417
Accumulated depreciation on Plant and Equipment		
At start of the year	5,925	4,816
Disposals	(1,501)	(111)
Charge for the year	1,294	1,220
At end of the year	5,718	5,925
Net book value	7,405	7,492

(i) Non-current assets pledged as security

Refer to note 14 for information on non-current assets pledged as security by the parent entity or its controlled entities.

11. Investment properties

	Note	2023 \$'000	2022 \$'000
Non-current assets – at cost			
Opening balance at the start of the year		38,591	39,635
Capitalised expenditure		362	128
Depreciation		(571)	(976)
Impairment of capitalised lease costs		(108)	(196)
Transfer to assets classified as held for sale	(i)	(32,238)	-
Transfer to inventory		(6,036)	-
Closing balance at the end of the year		-	38,591
Represented by:			
Completed investment property	12, (ii)	-	38,591
Closing balance at the end of the year		-	38,591

(i) Transfer to assets classified as held for sale

In January 2023, the Williams Landing Shopping Centre was marketed for sale. Accordingly, the shopping centre and related capitalised lease incentives were transferred to 'Assets classified as held for sale' with land surrounding the shopping centre retained for future development by the group, transferred to inventory.

(ii) Non-current assets pledged as security

Refer to note 14 for information on non-current assets pledged as security by the parent entity or its controlled entities.

12. Assets classified as held for sale

	Note	2023 \$'000	2022 \$'000
Investment properties	(i), (ii)	32,238	-
Capitalised lease incentives	(i), (ii)	715	-
Closing balance at the end of the year		32,953	-

(i) Transfer to assets classified as held for sale

In 2023, the Williams Landing Shopping Centre was marketed for sale. Accordingly, the shopping centre and related capitalised lease incentives were transferred to 'Assets classified as held for sale' with land surrounding the shopping centre for future development transferred to inventory.

(ii) Non-current assets pledged as security

Refer to note 14 for information on non-current assets pledged as security by the parent entity or its controlled entities.

13. Trade and other payables

	2023 \$'000	2022 \$'000
Trade payables	6,700	2,692
Accruals	26,729	23,919
Other payables	261	287
	33,690	26,898

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.

14. Borrowings

	2023 \$'000	2022 \$'000
Current		
Bank loan – secured (Williams Landing Shopping Centre facility)	-	29,193
Facility fees capitalised (amortised over the period of facility)	-	(92)
Amortisation of facility fees	-	58
	-	29,159
Non-Current		
Bank loans – secured (Corporate facilities)	174,000	172,800
Bank loan – secured (Williams Landing Shopping Centre facility)	29,193	-
Facility fees capitalised (amortised over the period of facility)	(834)	(361)
Amortisation of facility fees	249	47
	202,608	172,486

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

(i) Security for borrowings

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

Bank loans totaling \$174,000,000 provided by three major banks (2022 - \$172,800,000) 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.

The Williams Landing Shopping Centre facility is secured by a first registered mortgage over the Williams Landing Shopping Centre (excluding land for future development) disclosed in assets classified as held for sale at note 12(i).

(ii) Financing arrangements

The group had access to the following lines of credit at balance date:

	2023 \$'000	2022 \$'000
Corporate facilities		
Total facilities (loan and guarantees)	330,000	300,000
Used at balance date (loan and guarantees)	(223,436)	(212,173)
Unused at balance date	106,564	87,827
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
Total Facilities	360,000	330,000
Used at balance date	(252,629)	(241,366)
Unused at balance date	107,371	88,634

The consolidated entity has total corporate finance facilities of \$330,000,000 (2022 - \$300,000,000), provided by three major banks. The consolidated entity extended its corporate facility in January 2023 following its annual review. The facility tenure remains comprised of three and five year debt as follows:

- \$264,000,000 (approximately 80%) of the facility expiring January 2026; and
- \$66,000,000 (approximately 20%) of the facility expiring January 2028.

The conditions of the facilities impose certain covenants including interest cover, loan-to-valuation ratio and leverage ratio (net debt to EBITDA). The interest on the corporate loan facilities is variable and at 30 June 2023 was an average rate of 5.76% (2022 – 2.42%) per annum. The corporate facilities include bank guarantee facilities of \$60,000,000 (2022 - \$60,000,000) subject to similar terms and conditions, which were drawn to a total amount of \$49,436,000 at 30 June 2023 (2022 - \$39,373,000).

The consolidated entity has a facility of \$30,000,000 (2022 - \$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 1 July 2024, however will be extinguished upon the sale of the Williams Landing Shopping Centre, which is presented as assets classified as held for sale in note 12. The interest on the Williams Landing Shopping Centre loan facility is variable and at 30 June 2023 was 5.55% (2022 – 2.85%) per annum.

Details of the group's exposure to risk arising from current and non-current borrowings are set out in note 23 Financial risk management.

15. Provisions

	2023 \$'000	2022 *Restated \$'000
Current		
Employee entitlements	1,561	1,346
Development cost provisions	21,452	14,872
	23,013	16,218
Non-Current		
Employee entitlements	214	228
Development cost provisions	1,534	1,682
	1,748	1,910

(i) Movement in provision for development costs

	2023 \$'000	2022 *Restated \$'000
Carrying amount at start of the year	16,554	9,642
Additional provisions	13,431	17,865
Payments made / amounts utilised	(6,999)	(10,953)
Carrying amount at the end of the year	22,986	16,554

Nature of provision

This provision relates to development costs yet to be incurred for lots/units that have settled and revenue recognised at balance date and provisions for development obligations under agreements with various state and local authorities and land purchase contracts. The provision is determined using detailed cost estimates for the underlying expenditure, typically supported by engineering estimates and consistent with the assumptions underpinning bank guarantees (where relevant) as described in note 29. The provision is presented as current when work is expected to commence within the next 12 months.

* Prior period restatement

Prior year comparatives for provisions and inventory have been restated to reflect the inclusion of development cost provisions of \$16,554,000.

16. Deferred tax

(i) Assets

	Notes	2023 \$'000	2022 *Restated \$'000
The balance comprises temporary differences attributable to:			
Inventory		948	1,307
Capital losses		1,889	1,745
Provision for customer rebates		2,236	2,205
Property, plant and equipment		212	344
Provision for development costs		6,896	4,966
Provision for employee benefits		1,039	862
Other		304	202
Total deferred tax assets		13,524	11,631
Set-off of deferred tax assets pursuant to set-off provisions		(13,524)	(11,631)
Net deferred tax assets		-	-
Deferred tax assets at the start of the year		11,631	8,593
Increase in deferred tax assets credited to income tax expense	3	1,892	3,033
Increase in deferred tax assets credited to equity		1	5
Deferred tax assets at the end of the year		13,524	11,631
Deferred tax assets expected to be recovered within 12 months		8,556	6,356
Deferred tax assets expected to be recovered after more than 12 months		4,968	5,275
		13,524	11,631

Movements	Inventory Restated* \$'000	Provision for customer rebates \$'000	Capital losses \$'000	Provision for employee benefits \$'000	Provision for development costs Restated* \$'000	Other \$'000	Total Restated* \$'000
At 1 July 2021	615	1,619	1,745	824	2,892	898	8,593
(Charged) credited							
- to profit or loss	692	586	-	38	2,074	(357)	3,033
- directly to equity	-	-	-	-	-	5	5
At 30 June 2022	1,307	2,205	1,745	862	4,966	546	11,631
(Charged) credited							
- to profit or loss	(359)	31	144	177	1,930	(31)	1,892
- directly to equity	-	-	-	-	-	1	1
At 30 June 2023	948	2,236	1,889	1,039	6,896	516	13,524

* See Note 15 for details regarding the restatement.

(ii) Liabilities

	Notes	2023 \$'000	2022 *Restated \$'000
The balance comprises temporary differences attributable to:			
Inventory		13,672	9,211
Deferred development costs		1,167	1,192
Property, plant and equipment		1,125	621
Contract assets		999	977
Derivative financial instruments		556	738
Other		1,488	1,150
Total deferred tax liabilities		19,007	13,889
Set off of deferred tax assets pursuant to set-off provisions		(13,524)	(11,631)
Net deferred tax liabilities		5,483	2,258
Deferred tax liabilities at the start of the year		13,889	10,414
Increase in deferred tax liabilities debited (credited) to income tax expense	3	5,118	3,475
Deferred tax liabilities at the end of the year		19,007	13,889
Deferred tax liabilities expected to be settled within 12 months		8,059	6,419
Deferred tax liabilities expected to be settled after more than 12 months		10,948	7,470
		19,007	13,889

Movements	Inventory Restated* \$'000	Deferred development costs \$'000	Property, plant & equipment \$'000	Contract assets \$'000	Derivative financial instruments \$'000	Other \$'000	Total Restated* \$'000
At 1 July 2021	6,493	1,638	251	1,242	-	790	10,414
Charged (credited)							
- to profit or loss	2,718	(446)	370	(265)	738	360	3,475
At 30 June 2022	9,211	1,192	621	977	738	1,150	13,889
Charged (credited)							
- to profit or loss	4,461	(25)	504	22	(182)	338	5,118
At 30 June 2023	13,672	1,167	1,125	999	556	1,488	19,007

* See Note 15 for details regarding the restatement.

17. Equity

	2023 Shares	2022 Shares	2023 \$'000	2022 \$'000
Movement in ordinary share capital				
Start of the year	82,127,852	81,344,846	137,333	133,119
Shares issued pursuant to the dividend reinvestment plan:				
Ordinary shares issued on 29 October 2021 at \$5.89	-	678,422	-	3,996
Shares issued pursuant to the bonus share plan:				
Ordinary shares issued on 29 October 2021	-	39,857	-	-
Shares issued under employee share scheme:				
Ordinary shares issued on 26 August 2022	82,085	-	465	-
Ordinary shares issued on 27 August 2021	-	64,727	-	230
Transaction costs arising on share issues	-	-	(3)	(12)
	82,085	783,006	462	4,214
End of the year	82,209,937	82,127,852	137,795	137,333

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 shareholder meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Holders of performance rights or zero-price options under executive or employee share plans are not entitled to participate in dividends or any winding up of the company, nor are they entitled to vote at shareholder meetings.

(i) 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.

(ii) 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.

For the 2023 financial year, the dividend reinvestment plan and bonus share plan were not in operation for the 2022 final dividend and 2023 interim dividend.

(iii) Employee share scheme

Details of the company's employee share scheme can be found in note 35 and in the remuneration report on pages 46 - 50 of this financial report.

18. 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.

	Notes	2023 \$'000	2022 \$'000
<i>Composition</i>			
Employee share plan reserve	(i)	1,742	1,815
Balance at the end of the year		1,742	1,815
<i>Movements</i>			
<i>(i) Employee share plan reserve</i>			
Balance at the beginning of the year		1,815	1,302
Share-based payments expense		855	922
Transfer to equity	<u>17</u>	(465)	(230)
Transfer to retained profits	<u>19</u>	(463)	(179)
Balance at the end of the year		1,742	1,815

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 34.

19. Retained profits

	Notes	2023 \$'000	2022 \$'000
Retained profits at the start of the year		282,075	265,937
Net profit attributable to members of Cedar Woods		31,635	37,388
Transfers from reserves	<u>18</u>	463	182
Dividends provided for or paid	<u>25</u>	(22,608)	(21,432)
Retained profits at the end of the year		291,565	282,075

20. Categories of financial assets and financial liabilities

Notes 5, 6, 9, 13 and 14 provide information about the group's financial instruments, including:

- (i) Specific information about each type of financial instrument
- (ii) Accounting policies
- (iii) 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	Derivatives used for hedging \$'000	Financial assets at amortised cost \$'000	Total \$'000
2023				
Cash and cash equivalents	<u>5</u>	-	6,802	6,802
Trade and other receivables*	<u>6</u>	-	8,388	8,388
Derivative financial instruments	<u>9</u>	1,853	-	1,853
Total		1,853	15,190	17,043
2022				
Cash and cash equivalents	<u>5</u>	-	2,957	2,957
Trade and other receivables*	<u>6</u>	-	15,500	15,500
Derivative financial instruments	<u>9</u>	2,459	-	2,459
Total		2,459	18,457	20,916

* Excluding prepayments and contract assets.

Financial Liabilities	Notes	Derivatives used for hedging \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
2023				
Trade and other payables	<u>13</u>	-	33,690	33,690
Borrowings	<u>14</u>	-	202,608	202,608
Other financial liabilities	<u>9</u>	-	73,531	73,531
Lease liabilities		-	2,191	2,191
Total		-	312,020	312,020
2022				
Trade and other payables	<u>13</u>	-	26,898	26,898
Borrowings	<u>14</u>	-	201,645	201,645
Other financial liabilities	<u>9</u>	-	112,310	112,310
Lease liabilities		-	1,168	1,168
Total		-	342,021	342,021

CASH FLOW INFORMATION

21. Cash flow information

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

	2023 \$'000	2022 *Restated \$'000
Profit after income tax	31,635	37,388
Depreciation and amortisation	2,651	3,064
Amortisation of lease incentives and legal fees	256	524
Write down of assets – investment property and lease incentives	-	36
Write down of inventory	933	-
Write down or loss on sale of non-current assets	901	262
Fair value loss (gain) on financial assets and liabilities	606	(2,536)
Non-cash share-based payments expense	855	922
Other income	-	(521)
<i>Changes in operating assets and liabilities</i>		
Increase (decrease) in provisions for employee benefits	201	(1)
Increase in provisions	6,432	7,080
Increase in contract liabilities	115	2,040
Decrease (increase) in inventories	8,668	(135,686)
Decrease in other deferred development costs	80	1,488
(Increase) in deferred tax assets	(5,032)	(624)
(Decrease) in current income tax payable	(2,839)	(1,586)
Increase in deferred tax liability	8,256	1,062
Decrease in capitalised borrowing costs	145	489
Decrease (increase) in trade receivables	6,652	(3,736)
Decrease in contract assets	324	699
Increase in trade creditors	6,792	5,292
(Decrease) increase in other financial liabilities	(43,929)	18,508
Net cash inflows (outflows) from operating activities	23,702	(65,836)

*See note 15 for details regarding the restatement.

(ii) Net debt reconciliation

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

	2023 \$'000	2022 \$'000
Cash and cash equivalents	6,802	2,957
Borrowings – repayable within one year	-	(29,159)
Borrowings – repayable after one year	(202,608)	(172,486)
Net debt	(195,806)	(198,688)

Cash and cash equivalents	6,802	2,957
Gross debt – variable interest rates	(202,608)	(201,645)
Net debt	(195,806)	(198,688)

	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 30 June 2021	5,386	-	(118,714)	(113,328)
Cash flows	(2,429)	(29,193)	(53,249)	(84,871)
Other non-cash movements	-	34	(523)	(489)
Net debt as at 30 June 2022	2,957	(29,159)	(172,486)	(198,688)
Cash flows	3,845	29,193	(29,537)	3,501
Other non-cash movements	-	(34)	(585)	(619)
Net debt as at 30 June 2023	6,802	-	(202,608)	(195,806)

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.

22. 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 executed sales contracts at year end and management's settlement 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 planning, environmental and development approvals. Other items of estimation within project cash flow models utilised for assessing the recoverable amount of inventory can include future sales rate, sales prices, further development costs required to complete the inventory for settlement and in some cases escalation of revenues and costs and total project yield.

Management make informed estimates drawing on historical and recent experience, expert advice from consultants, third party valuations and economic and property market forecasts. In the current period, estimates have considered the impact of rising interest rates and inflation, in particular on customer demand and its effect on future sales rates and prices as well as cost of materials.

If approvals are not received when anticipated or forecasts of project yield, sale prices or future costs are significantly inaccurate, the recoverable amount of inventory may be significantly impaired. Refer also to note 35 (i).

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.

23. 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	Ageing 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:

	2023 \$'000	2022 \$'000
Financial assets		
Cash and cash equivalents	6,802	2,957
Trade and other receivables*	8,388	15,500
Derivative financial instruments	1,853	2,459
	17,043	20,916
Financial liabilities		
Trade and other payables	33,690	26,898
Other financial liabilities	73,531	112,310
Borrowings	202,608	201,645
Lease liabilities	2,191	1,168
	312,020	342,021

*Excluding prepayments and contract assets

a) Market risk

(i) Price risk

The consolidated entity has no foreign exchange exposure, price risk on equity securities or commodity purchase contracts.

(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 and cap contracts under which a part of the consolidated entity's projected borrowings are protected for the period from July 2023 to July 2026.

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 development programs.

(iii) Instruments used by the group

Interest rate caps effectively cap interest rates applicable to bank bills issued with duration of 3 months (BBSY Bid) at certain levels between 1.00% - 3.00% (2022 – 1.00% - 3.00%).

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. Hedge contracts in place at year end cover 47% (2022 - 52%) of the variable loan outstanding at balance date of \$203,193,000 (2021 - \$201,993,000), with terms expiring in 2023 and 2025.

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

	2023			2022		
	Interest bearing - variable \$'000	Non-interest bearing \$'000	Total \$'000	Interest bearing - variable \$'000	Non-interest bearing \$'000	Total \$'000
Receivables						
Trade and other receivables*	-	8,387	8,387	-	15,498	15,498
Employee share loans	-	1	1	-	2	2
	-	8,388	8,388	-	15,500	15,500

* Excluding prepayments

	2023			2022		
	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	-	203,193	203,193	-	201,993	201,993
Other financial liabilities	75,666	-	75,666	113,441	-	113,441
	75,666	203,193	278,859	113,441	201,993	315,434

The weighted average interest rate at year end is 5.76% (2022: 2.42%)

An analysis by maturity is provided in 23(c)i. 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 mitigate 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 typically 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. During the year forecasts involved scenario modelling including downside cases, conditional and potential acquisition scenarios and possible impacts from external events. 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 2023 the group had undrawn committed facilities of \$107,371,000 (2022 - \$88,634,000) and cash of \$6,802,000 (2022 - \$2,957,000) to cover short term funding requirements. Refer to note 14(ii) for details. The Company continued to operate within all of its facility covenants throughout FY2023.

(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.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Group – at 30 June 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives						
Non-interest bearing	33,690	44	12	-	33,746	33,746
Fixed rate	71,926	7,108	1,173	133	80,340	75,666
Variable rate	-	30,822	220,020	-	250,842	202,608
Derivatives	-	-	-	-	-	-
Total	105,616	37,974	221,205	133	364,928	312,020

Group – at 30 June 2022	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
Non-derivatives						
Non-interest bearing	26,898	25	24	-	26,947	26,947
Fixed rate	89,490	25,811	157	110	116,028	113,429
Variable rate	30,026	-	192,138	-	222,164	201,645
Derivatives						
	-	-	-	-	-	-
Total	146,414	25,836	192,319	110	365,139	342,021

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 assets and liabilities measured and recognised at fair value at 30 June 2023 and 30 June 2022:

As at 30 June 2023	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets					
Derivatives used for hedging	<u>9</u>	-	1,853	-	1,853
Total assets		-	1,853	-	1,853

As at 30 June 2022	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets					
Derivatives used for hedging	<u>9</u>	-	2,459	-	2,459
Total assets		-	2,459	-	2,459

(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

24. 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 primary 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	2023 \$'000	2022 \$'000
Total interest-bearing bank debt	14	202,608	201,645
Less: cash and cash equivalents	5	(6,802)	(2,957)
Net bank debt		195,806	198,688
Shareholders' equity		431,102	421,223
Gearing ratio		45.4%	47.2%

The group's guideline is to target gearing within the range of 20-75% The group operated comfortably within the target range during the financial year.

For ease of comparison to ASX listed peer companies operating in the property sector, the group also measures gearing on a net bank debt to total tangible assets less cash basis. On this basis gearing at year end is 25.3% (2022: 25.1%).

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 14 and include requirements in relation to a maximum loan-to-valuation ratio, a maximum leverage ratio (net debt to EBITDA) and minimum interest cover ratio.

25. Dividends

a) Ordinary shares

	2023 \$'000	2022 \$'000
Fully franked based on tax paid at 30%		
Final dividend for the year ended 30 June 2022 of 14.5 cents (2021 – 13.5 cents) per fully paid share		
- Paid in cash	11,921	6,760
- Satisfied by shares under the dividend reinvestment plan	-	3,996
Interim dividend for the year ended 30 June 2023 of 13.0 cents (2022 – 13.0 cents) per fully paid share		
- Paid in cash	10,687	10,676
Total	22,608	21,432

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 7.0 cents per fully paid ordinary share (2022 – 14.5 cents), fully franked based on the tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 27 October 2023 out of retained profits at 30 June 2023, but not recognised as a liability at year end is below:

	2023 \$'000	2022 \$'000
Dividends not recognised at year end	5,755	11,909

c) Franked Dividends

The franked portions of the final dividend proposed at 30 June 2023 will be franked from existing franking credits or from franking credits arising from the payment of income tax in the next financial year.

	2023 \$'000	2022 \$'000
Franking credits available for the subsequent financial year on a tax-paid basis of 30% (2022 – 30%)	117,135	113,566

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 \$2,466,000 (2022 - \$5,104,000).

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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27. Deed of cross guarantee	96
28. Parent entity financial information	96

GROUP STRUCTURE

26. Subsidiaries

The group's operating subsidiaries at 30 June 2023 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 principal activities of all subsidiary entities are property development and/or investment in Australia.

The consolidated financial statements incorporate the assets, liabilities and results in accordance with the accounting policy described in note 35(b).

Company	Equity Holding	
	2023	2022
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%
Baret Developments 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%

27. Deed of Cross Guarantee

Cedar Woods Properties Limited and all subsidiaries listed at note 26 are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

The companies referred to above as parties to the deed of cross guarantee represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Cedar Woods Properties Limited, they also represent the 'extended closed group'.

a) Consolidated statement of profit or loss and comprehensive income for the year ended 30 June

The consolidated statement of profit or loss and comprehensive income for the year ended 30 June 2023 of the closed group is the same as the consolidated group.

b) Consolidated balance sheet as at 30 June

The consolidated balance sheet of the closed group at 30 June 2023 is the same as the consolidated group.

28. 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 (a) and (b) below.

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

	2023 \$'000	2022 \$'000
Balance sheet		
Current assets	48,695	49,381
Total assets	492,969	505,487
Current liabilities	(42,236)	(55,716)
Total liabilities	(220,098)	(228,954)
Net assets	275,603	276,533
Shareholders' equity		
Issued capital	137,795	137,333
Reserves	1,742	1,815
Retained profits	136,066	137,385
	275,603	276,533
Profit for the year	20,825	28,519
Total comprehensive income	20,825	28,519

a) Investments in subsidiaries

Investments in subsidiaries 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.

b) Tax consolidation legislation

Cedar Woods and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. Dormant entity, Baret Developments Pty Ltd is not registered for tax and thus not currently part of the tax consolidated group.

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 in the tax consolidated group have also entered into a tax funding agreement under which the 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 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 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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30. Commitments	99
31. Events occurring after the reporting period	98

UNRECOGNISED ITEMS

29. Contingent liabilities

Bank guarantees

At 30 June 2023 bank guarantees totalling \$49,436,000 (2022 - \$39,373,000) had been provided to various state and local authorities supporting development and maintenance commitments. Some of these development commitments are recognised in inventory in the financial statements where the costs have been expended or provided for in part.

30. Commitments

Capital commitments

At 30 June 2023 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 \$36,763,000 (2022 - \$26,327,000), for building construction was \$133,510,000 (2022 - \$88,789,000) and for landscaping construction was \$2,803,000 (2022 - \$2,412,000). This work will be substantially completed in the next 12 months.

31. Events occurring after the reporting period

Refer to note 25(b) for details of the final dividend recommended by the directors, to be paid on 27 October 2023.

No other matters or circumstances have arisen since 30 June 2023 that have significantly affected or may significantly affect:

- the consolidated entity's operations in future financial years; or
- the results of those operations in future financial years; or
- the consolidated entity's state of affairs in future financial years.

SECTION E: FURTHER 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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32. Related Party Transactions

a) Key management personnel compensation

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

	Consolidated	
	2023 \$	2022 \$
Short-term employee benefits	2,681,086	2,829,837
Post-employment benefits	144,818	160,983
Long-term employee benefits	444,770	599,348
	3,270,674	3,590,168

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 26.

c) Parent entity

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

d) Transactions with other related parties

During the year, planning, architectural and consulting services were provided by Hames Sharley Architects of which Director, Mr W G Hames is a principal and Property settlement charges were paid to Westland Settlement Services Pty Ltd, a company associated with the family of Director, Mr R S Brown. For detailed disclosures please see the remuneration report on page 57.

33. Remuneration of Auditors

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

	2023 \$	2022 \$
PricewaterhouseCoopers – Australian firm & Related network firms		
Assurance services		
- Audit and review of the financial statements	309,817	308,612
- Agreed upon procedures	3,305	-
Total fees for assurance services	313,122	308,612
Non-audit services		
- Taxation compliance, legal and advisory services	52,020	87,210
Total fees for non-audit services	52,020	87,210
Total assurance and non-audit services	365,142	395,822

34. Employee Share Scheme

The current Long Term Incentive (LTI) plans effective from 1 July 2020 for FY2021, from 1 July 2021 for FY2022 and from 1 July 2022 for FY2023 will continue in FY2024.

The current LTI plan for the MD and executives 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.

Full details of the operation of the current LTI plan are set out in the remuneration report on pages 46 - 50 of this annual report.

The MD receives 65% of the STI in cash, with 35% deferred by way of a grant of zero-price options under the Deferred Short-Term Incentive (DSTI) Plan (FY2022 – 65% cash STI and 35% DSTI). The STI including the DSTI is awarded based on the Remuneration and Nominations Committee's assessment of the company's overall performance using the Balanced Scorecard. Full details of the operation of the current DSTI plan are set out in the remuneration report on page 45 of this annual financial report.

35. 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) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2022:

- *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 & AASB 141].*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the group.

These standards are not expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

(v) 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 2023 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.

(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.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 35(p).

c) 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. Refer note 36 for details.

d) 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.

e) Revenue and other income

(i) Sale of land and buildings

Revenue arising from the sale of land and buildings is recognised when control over the property has been transferred to the customer. In most of the group's contracts this is the point in time at which legal title passes to the customer.

The revenue is measured at the transaction price agreed under the contract, with revenue relating to customer rebates recognised separately where applicable.

(ii) Sale of land and buildings – customer rebates

Certain contracts for the sale of land and buildings include an obligation of the group to provide goods, services, or payments to the customer, subject to certain performance conditions. These contracts provide a right to customers that forms a separate performance obligation.

The transaction price is allocated to the performance obligations on a relative stand-alone selling basis. Management estimates the stand-alone selling prices at the point in time that legal title passes to the customer based on the contract value, and observable market prices of similar services.

The likelihood of redemption of each customer rebate is estimated at the time of transfer of legal title. If the performance conditions of the customer are not met within the terms of the contract, the obligation expires, and the group recognises the revenue attributable to the performance obligation without delivery of the goods, services or payment

(iii) **Development services**

Revenue from development services is recognised at a point in time where the group has satisfied contractual performance obligations and control over the output has passed to the customer. In most instances this coincides with the transfer of legal title of the developed land or building.

(iv) **Lease income**

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

(v) **Government grants**

Grants from the government are recognised as other income at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

f) **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 certain 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.

g) **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.

h) **Trade and other receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. 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.

For trade receivables, the group applies the simplified approach permitted by AASB9, which requires expected lifetime credit losses to be recognised from initial recognition of the receivables. To measure the lifetime expected credit loss for rental debtors, a provision is raised against each debtor based upon the payment profile over the last 12 months, adjusted for current and forward-looking information supporting the expected settlement of the receivable.

- i) Inventories
- (i) Property held for development and resale

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.

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.

j) 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.

k) 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.

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 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.

Intangible assets

Costs associated with maintaining software are recognised as an expense as incurred. Development costs that are directly attributable to the design, customisation, configuration and testing of identifiable and unique software products controlled by the group are recognised as intangible assets within property, plant and equipment, where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use it

- there is an ability to use the software and to restrict others from accessing it
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Costs incurred in configuring or customising SaaS arrangements can only be recognised as intangible assets if the implementation activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Those costs that do not result in intangible assets are expensed as incurred.

Directly attributable costs that are capitalised as part of the software include contractor and employee costs. The group does not apportion overheads to capitalised intangible assets.

Intangible assets are amortised from the point at which the asset is ready for use using the straight-line method over the expected useful lives as follows:

- IT development and software – 3 to 5 years

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 and other financial assets

(i) Classification

The group classifies its financial assets in the following categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

(ii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(iii) Impairment

The group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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) 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.

q) Trade and other payables

Trade payables 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 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

r) Leases

(i) Group as a lessee

The group leases corporate offices, IT equipment and land for sales centres or marketing signage. Rental contracts vary in periods and may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the group's incremental borrowing rate is used, being the rate that the group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. This reflects the group's weighted average interest rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options are included in a number of property and equipment leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Most extension options in offices and equipment leases have not been included in the lease liability, because the group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a

significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(ii) *Group as a lessor*

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) *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.

u) *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. Liabilities in this category are classified as current liabilities if they are expected to be settled within 12 months, otherwise they are classified as non-current.

v) *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.

w) *Development cost provisions*

Provision is made for development costs yet to be incurred for lots/units that have settled and revenue recognised at balance date and provisions for development obligations under agreements with various state and local authorities and land purchase contracts. Development cost provisions are classified as current liabilities if they are expected to be settled within 12 months, otherwise classified as non-current.

x) 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.

y) 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.

z) Share based payments

Share based compensation benefits are provided to employees via the Deferred STI and LTI plans. Information relating to these schemes is set out in the remuneration report on pages 45 to 46.

The value of Performance Rights granted under the Deferred STI and LTI plans is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the Performance Rights granted:

- Including any market performance conditions (e.g. the entity's share price); and
- Excluding the impact of any service and non-market performance vesting conditions (e.g. profitability and remaining an employee of the group over a specified time period)

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the group revises its estimates of the number of Performance Rights that are expected to vest based on the non-market vesting and service conditions. The impact of the revision to original estimates is recognised, if any, in profit or loss with a corresponding adjustment to equity.

aa) 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.

ab) 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.

ac) 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.

36. 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 development and investment 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 mainly sells products to the public and is not generally 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.

DECLARATION AND INDEPENDENT AUDITOR'S REPORT

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DIRECTORS' DECLARATION

In the directors' opinion:

- a) the financial statements and notes set out on pages 61 to 110 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 2023 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, and
- c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 26 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 27.

Note 35(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
22 August 2023

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 2023 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 2023
- 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 significant accounting policies and other explanatory information
- 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 & Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (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.



Materiality	Audit scope	Key audit matters
- For the purpose of our audit we used overall Group materiality of \$2.4 million, which represents approximately 5% of the Group's average profit before tax over the last three years - 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 used the average over the last three years due to volatility in the Group's profitability. - 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.	- Amongst other relevant topics, we communicated the following key audit matter to the Audit and Risk Committee: - Valuation of inventory - This is further described in the <i>Key audit matters</i> section of our report.



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.

Key audit matter	How our audit addressed the key audit matter
Valuation of inventory (Refer to note 7, 22(b)) As of 30 June 2023, the Group recognised total inventory of property held for sale of \$714m, split between current inventory of \$195m and non-current inventory of \$519m. Inventory is stated at the lower of cost and net realisable value for each development project, as assessed at each reporting date. The cost of the inventory is calculated as the sum of land acquisition costs, development costs and borrowing costs capitalised for eligible projects. The Group's estimate of net realisable value is calculated based on the estimated selling price of the inventory, less the estimated costs of completion and selling costs. Each of these factors is impacted by assumptions about future market and economic conditions which inherently are subject to the risk of change. These assumptions include future sales prices, future sales rates, forecast development costs for completion, and escalation rates of sales and costs and total project yield. This was a key audit matter given the relative size of the inventory balance in the Consolidated Balance Sheet and the inherent subjectivity and significant judgements involved in the key assumptions and estimates used to calculate net realisable value.	We performed the following procedures, amongst others: • Developed an understanding of how the Group identified the relevant methods, assumptions or sources of data, and the need for changes in them, that are appropriate for developing the inventory net realisable value in the context of the Australian Accounting Standards • We obtained an understanding and evaluated the design of relevant controls in relation to inventory valuation • We traced a sample of additions to the cost of projects (e.g. land acquisition, development costs and capitalised borrowing costs) to supporting documentation and assessed whether they were capitalised appropriately We applied a risk-based assessment to determine the development projects where there was a greater risk that the carrying value of the inventory may be in excess of net realisable value. Our risk-based selection criteria incorporated our knowledge of the lifecycle of each project from current and prior years and our understanding of current economic conditions relevant to individual project locations as informed by publicly available property market reports as well as our discussions with management.



Key audit matter	How our audit addressed the key audit matter
	For the selected projects, we performed a combination of one or more of the following audit procedures: • Obtained the net realisable value assessment and cash flow analysis and held discussions with the relevant development manager to understand the basis for key assumptions used in the assessment. • Assessed the appropriateness of key assumptions, including: ◦ comparing forecast sales value for each project to actual sales values known from the current period and comparable projects, ◦ comparing forecast costs of the project to the relevant construction contracts (if applicable) or the construction contract proposal, ◦ comparing management's forecast sales prices and cost escalation factors to internal and external data • Assessed whether the carrying value was the lower of cost and net realisable value We also evaluated the reasonableness of the disclosures against the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information 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.



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 the *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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 41 to 58 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Cedar Woods Properties Limited for the year ended 30 June 2023 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.

A handwritten signature in black ink, appearing to read 'Ian Campbell'.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Ian Campbell'.

Ian Campbell
Partner

Perth
22 August 2023

SHAREHOLDERS' INFORMATION

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

Investors' Summary	120
Shareholder Information	121
Five Year Financial Performance	123

INVESTORS' SUMMARY

Dividend and dividend policy

The final dividend for the 2023 financial year is 7.0 cents per share, fully franked. The dividend will be paid on 27 October 2023. The Company's dividend policy is to distribute approximately 50% of the full year net profit after tax. The total FY2023 dividends represent a payout ratio of 52%. This acknowledges both the result in FY2023 and the current outlook for FY2024.

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, apartments or strata commercial units at the group's developments. A summary of the main terms and conditions follows:

For residential lots, shareholders must hold a minimum number of 1,000 shares for at least 6 months before purchasing a lot to qualify for the discount;

For off the plan purchases of 'built-form' lots (such as townhouses, apartments or commercial units), shareholders must hold a minimum number of 1,000 shares at the time of purchasing a lot and hold the shares through to settlement of the lot to qualify for the discount;

The number of shareholder discounts available will be limited in any sales release to two discounts, although the Company may extend this for a particular release; 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.

Electronic payment of dividends

The group uses exclusively electronic funds transfer for the payment of dividends. Accordingly, shareholders must 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. New shareholders receiving dividends for the first time should contact the company's share registrar, Computershare Investor Services Pty Ltd, by visiting www.computershare.com.au.

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 will be in operation for the final dividend for the 2023 financial year.

Shareholders' timetable

Dividend announcement	23 August 2023
Share register closes for dividend (Record date)	28 September 2023
Final dividend payment date	27 October 2023
First quarter update	October 2023
Annual General Meeting	1 November 2023
Half-year result announcement	February 2024
Interim dividend payment date	April 2024
Third quarter update	May 2024
Full year result and dividend announcement	August 2024

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable at 17 August 2023.

a) Distribution of ordinary shares

	Number of holders	Number of shares
1 – 1,000	1,631	664,100
1,001 – 5,000	1,448	3,859,524
5,001 – 10,000	488	3,692,616
10,001 – 100,000	569	14,383,033
100,001 and over	49	59,610,664
	4,185	82,209,937

There were 320 holders of less than a marketable parcel of shares.

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

Name	Number of shares	Percentage of shares
J P Morgan Nominees Australia Pty Limited	15,344,054	18.66
Citicorp Nominees Pty Limited	7,352,744	8.94
Hamsha Nominees Pty Ltd <The Nowra Projects Unit Fund A/C>	5,040,216	6.13
HSBC Custody Nominees (Australia) Limited	4,833,199	5.88
Westland Group Holdings Pty Ltd	4,233,029	5.15
National Nominees Limited	3,921,339	4.77
Beach Corporation Pty Ltd	3,382,604	4.11
Joia Holdings Pty Ltd	2,321,758	2.82
Helen Kaye Poynton	1,677,095	2.04
Netwealth Investments Limited <Wrap Services A/C>	1,187,947	1.45
Mr Paul Stephen Sadleir	1,083,283	1.32
Dr Alan Gerraty & Mrs Patricia Gerraty <A & P Gerraty S/F A/C>	600,000	0.73
Leblon Holdings Pty Ltd <William Hames Super Fund A/C>	579,240	0.70
Mr John Henry Tucker & Mrs Kay Joylene Tucker <Tucker Family Superfund A/C>	485,000	0.59
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	474,735	0.58
Gold Plaza Pty Ltd	417,482	0.51
Gorn Super Pty Ltd <Gorn Pension Super Fund A/C>	397,379	0.48
Ramneg Pty Ltd <Lang Super Fund A/C>	372,977	0.45
Mrs Helen K Poynton + Mr David P Poynton <Station Road Super Fund A/C>	343,079	0.42
Leblon Holdings Pty Ltd <The Hames Retirement Fund A/C>	336,851	0.41
	54,384,011	66.15

c) Substantial shareholders of ordinary shares

As disclosed in substantial shareholder notices lodged with the ASX at 17 August 2023.

Name	Number of shares	Percentage of shares ¹
William George Hames and related entities	9,314,668	12.90
Robert Stanley Brown and related entities	7,818,633	9.75
AustralianSuper Pty Ltd	9,291,217	11.41

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.

Performance rights

No voting rights.

Options

No voting rights.

e) Unquoted equity securities

Issued under employee incentive schemes:	Number on issue	Number of holders
Performance rights issued under the FY2020 long term incentive plan	243,246	20
Performance rights issued under the FY2021 long term incentive plan	272,023	23
Performance rights issued under the FY2022 long term incentive plan	252,299	30
Zero price options issued under the FY2021 deferred short term incentive plan	32,182	1

FIVE YEAR FINANCIAL PERFORMANCE

All figures in \$'000 except where stated

Financial Year	2023	2022	2021	2020	2019
Financial Performance					
Revenue from operations	391,303	333,036	299,751	260,660	375,149
Earnings before interest and tax	49,787	54,060	50,552	31,729	72,014
Finance costs	4,401	444	3,049	2,245	3,072
Operating profit before tax	45,386	53,616	47,503	29,484	68,942
Income tax expense	13,751	16,228	14,669	9,097	20,298
Net profit after tax	31,635	37,388	32,834	20,387	48,644
Financial Position					
Total assets	783,398	796,387	651,800	644,055	571,711
Total liabilities	352,296	375,164	251,439	267,254	195,181
Shareholders' equity	431,102	421,223	400,361	376,801	376,530
Number of shares on issue – end of year ('000)	82,210	82,128	81,345	80,448	80,118
Basic earnings per share (cents)	38.0	45.7	40.7	25.4	60.9
Key Performance Measures					
Dividend per share, fully franked (cents)	20.0	27.5	26.5	19.0	31.5
EBIT Margin	12.7%	16.2%	16.9%	12.2%	19.2%
Interest cover (times)	3.7	9.1	12.1	5.9	8.6
Return on Equity	7.3%	9.1%	8.2%	5.4%	12.9%
Investment in inventory during year	293,529	329,296	198,972	208,952	245,814
Net tangible assets backing per share (\$)	5.21	5.11	4.92	4.68	4.67
Net bank debt	195,806	198,688	113,328	142,671	105,314
Net bank debt to equity	45.4%	47.2%	28.3%	37.9%	28.0%
Share price – end of year (\$)	5.03	3.68	6.71	5.24	5.70
Stock Market capitalisation at 30 June	413,516	302,230	545,824	421,547	456,671
Number of employees at 30 June	93	99	93	91	95

Returns to shareholders over 1, 3, & 5 years	1 Year	3 Year	5 Year
Earnings per share growth %	(15.7)	14.9	(6.5)
Share price growth % (annualised)	36.7	(1.4)	(2.8)
Dividend growth % (paid dividend)	3.8	1.9	(1.7)
Total shareholder return % (annualised)	46.1	3.5	2.6

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

Valerie Anne Davies

FAICD

Jane Mary Muirsmith

BCom (Hons), FCA, GAICD

Paul Say

FRICS, FAPI

Nathan John Blackburne

BB, AMP, GAID – Managing Director

COMPANY SECRETARY

Paul Samuel Freedman

BSc, CA, GAICD

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 4, 50 Colin Street
WEST PERTH WA 6005

Postal address

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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

Date Wednesday 1 November 2023

Time 10:00am AWST