

ASX Announcement and Media Release

24 August 2015

The logo for Cedar Woods, featuring the company name in a white sans-serif font with a stylized diamond-shaped icon containing a 'C' between the words.

**Cedar Woods
Properties Limited**

ASX Code: CWP

Cedar Woods Properties Limited has a long history of creating award winning communities in Australia.

Listed on the ASX, Cedar Woods was incorporated in 1987 and has won numerous awards for design and environmental excellence.

For further information:

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CWP ESTABLISHES LONG TERM INCENTIVE PLAN

Cedar Woods (ASX: CWP) is pleased to announce that it has established a long term incentive plan (**LTIP**) aimed at incentivising its senior management team to drive the next phase of CWP's growth.

Under the LTIP each executive as determined by the Board will be granted performance rights to receive fully paid ordinary shares in CWP. The rights will be converted into shares if CWP satisfies defined performance conditions, relating to the compound annual growth in earnings per share (EPS) and total shareholder return (TSR) tested at the end of three years from the date of grant, and provided the executive remains in the employment of the company (subject to certain exceptions) for the three year performance period.

The quantum of the rights that each executive will receive will be calculated by dividing the LTIP grant opportunity amount (a monetary amount) by the market value of Cedar Woods' shares, based on a 5 day volume weighted average price (VWAP), at the beginning of each three year performance period. Rights will convert to one share each upon vesting.

The grant opportunity amount (the maximum LTIP opportunity) will be based on the accountabilities of the role and impact on organisational performance, as determined by the Board, having regard to market remuneration data.

The LTIP will commence for the 2016 financial year. For the FY2016 LTIP, executives will need to remain in the employ of the company until 1 July 2018 for the rights to vest.

The grant of rights to the Managing Director for the FY2016 LTIP will be subject to the approval of shareholders at the forthcoming 2015 AGM.

Vesting of rights is subject to two equally weighted performance conditions which operate independently, so that awards can be made under either or both categories. These performance conditions are described below.



Relative TSR hurdle (50%)

TSR is a method of calculating the return shareholders would earn if they held a notional number of shares over a period of time. TSR measures the growth in CWP's share price together with the value of dividends during the period, assuming that all those dividends are re-invested into new shares. The percentage of rights out of this tranche that vest, if any, will be determined by reference to the relative TSR of CWP achieved over the applicable performance period compared to the TSR comparator group of companies in the ASX Small Industrials Index (ASX.XSIAI), as follows:

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

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

The percentage of rights in this tranche that vest, if any, will be determined by reference to the following vesting schedule:

EPS compound annual growth rate over 3 year performance period	Percentage of EPS-tested rights vesting
<5%	Nil
5%	50%
Between 5% - 10%	Pro-rata between 50% and 100%
> = 10%	100%

Rights are expected to be granted to the executives other than the Managing Director shortly. As noted above, rights will only be granted to the Managing Director under the FY2016 LTIP provided shareholder approval is granted at CWP's 2015 AGM on 9 November 2015.

The 5-day VWAP of the company's shares at the commencement of the FY2016 LTIP is \$5.33 per share.

Further details of the LTIP will be contained within the company's 2015 annual report which will be released on 26 August 2015.



The following information is provided in accordance with Listing Rule 3.10.3 of the ASX Listing Rules:

- Class of securities to be issued – performance rights;
- Number of securities to be issued (excluding Managing Director) - Based on a 5-day VWAP of \$5.33, the number to be issued (excluding to the Managing Director) will be 79,174 ;
- Number of securities to be issued to the Managing Director if shareholder approval is granted at CWP's 2015 AGM - Based on a 5-day VWAP of \$5.33, the number to be issued would be 18,762 ;
- Principal terms – the executives will be granted performance rights as set out above. Each performance right will entitle the holder, for nil cash consideration, to one fully paid ordinary share in CWP on vesting on satisfaction of the Performance Conditions and otherwise subject to the rules of the LTIP. Rights that do not vest will lapse. Performance rights will not carry the right to vote, receive dividends or any other rights of an ordinary shareholder. Whilst the intention is to settle vested rights with shares, the Board retains the discretion to elect to pay in cash the equivalent value in lieu of issuing shares to any executive whose rights under the LTIP vest;
- Issue price – the executives have been invited to participate in the LTIP on the basis of their roles at CWP. No consideration is payable by the executives at the time of grant of the performance rights or upon the issue of shares on vesting of the performance rights;
- Purpose of the issue – incentivise the executives to grow CWP on a long term basis;
- Will shareholder approval be sought – shareholder approval will not be sought for the grant of rights to the executives but, in accordance with the Listing Rules, shareholder approval will be sought for the grant of rights proposed to the Managing Director; and
- Will the issue be to a class of security holders – no.

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