

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the twenty-eighth annual general meeting of members of Cedar Woods Properties Limited will be held at 10.00am on 9<sup>th</sup> November 2015 at Kings Park Function Centre, Fraser Avenue, West Perth, Western Australia, 6005 to conduct the following business and to consider, and if thought fit, pass the following resolutions.

**AGENDA**

**1. Ordinary Business**

To receive and consider the financial statements for the year ended 30<sup>th</sup> June 2015 and the accompanying directors' report, directors' declaration and auditor's report.

**2. Ordinary Resolution**

To consider, and if thought fit, pass the following resolution:

**Re-election of retiring director**

Ordinary Resolution 1

That William George Hames, BArch (Hons), MCU (Harvard), LFRAIA, MPIA, FAPI (Econ), having retired in accordance with the company's constitution and, being eligible, offers himself for re-election, be re-elected as a director of the company.

**3. Ordinary Resolution**

To consider, and if thought fit, pass the following resolution:

**Re-election of retiring director**

Ordinary Resolution 2

That Valerie Anne Davies, FAICD, having retired in accordance with the company's constitution and, being eligible, offers herself for re-election, be re-elected as a director of the company.

**4. Ordinary Resolution**

To consider, and if thought fit, pass the following resolution:

**Remuneration report**

Ordinary Resolution 3

That the remuneration report that forms part of the directors' report for the financial year ended 30 June 2015, be adopted.

The remuneration report is set out in the directors' report on pages 24 – 40 of the 2015 annual report. Please note that the vote on this resolution is advisory only and does not bind the directors or the company.

## **5. Ordinary Resolution**

To consider, and if thought fit, to pass with or without amendment, the following resolution:

### **Approval for the issue of Performance Rights under the LTI Plan to Mr Paul Sadleir or his nominee**

#### Ordinary Resolution 4

That, for the purposes of Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, Shareholders authorise and approve the issue of Performance Rights under the LTI Plan by the Company to Mr Paul Sadleir or his nominee on the terms and conditions set out in the Explanatory Memorandum.

#### **VOTING EXCLUSION STATEMENTS:**

##### **Ordinary resolution 3**

In relation to voting on or after 1 August 2011, whether the resolution relates to a time before, on or after that date, Section 250BD of the Corporations Act will prevent key management personnel within the corporate group and their closely related parties from voting undirected proxies on a resolution connected with key management personnel remuneration.

Pursuant to Subsections 250R(4), (7), (8), (9) and (10) of the Corporations Act, subject to Subsection 250R(5), members of key management personnel (and their closely related parties) will be prohibited from voting – either personally or by undirected proxy - on Resolution 3 at the annual general meeting.

Subsection 250R(5) of the Corporations Act provides that a member of the key management personnel details of whose remuneration are included in the remuneration report (and their closely related parties) (“**the voter**”) may cast a vote on Resolution 3 at the annual general meeting as a proxy if the vote is not cast on behalf of such a member of the key management personnel (or their closely related party) and either:

- The voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- The voter is the chair of the meeting and the appointment of the chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the company, or, if the company is part of a consolidated entity, for the entity.

If you appoint the Chairman of the AGM as your proxy, and you do not direct your proxy how to vote on Resolution 3 on the proxy form, you will be expressly authorising the Chairman of the AGM to exercise your proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chairman of the AGM.

The Chairman of the AGM intends to vote undirected proxies in favour of Resolution 3.

##### **Ordinary resolution 4**

For the purposes of the Listing Rules, the Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the LTI Plan and any Associates of any such Director and, for the purposes of Section 224 of the Corporations Act the Company will disregard any votes cast by or on behalf of Mr Paul Sadleir or his Associates.

However, subject to the provisions hereunder, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with Section 250BD of the Corporations Act, a proxy vote on this Resolution must not be cast by or on behalf of a member of the Key Management Personnel, or a Closely Related Party of such a member.

A vote may be cast by such a person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) The person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) The person is the Chairman and appointment of the Chairman as proxy does not specify the way the proxy is to vote on the Resolution, but expressly authorises the Chairman to exercise the proxy even if the resolution is connected with the remuneration of a member of Key Management Personnel.

As permitted, the Chairman of the AGM intends to vote undirected proxies in favour of Resolution 4.

The attached Explanatory Memorandum forms part of the Notice of meeting. The memorandum is provided to assist shareholders in understanding the background to and the legal and other implications of the Notice and the reason for the resolutions proposed.

**By Order of the Board**



**P S Freedman**  
**Secretary**

25 September 2015

## VOTING BY PROXY

- (a) Each shareholder has the right to appoint a proxy to attend and vote for the shareholder at this meeting.
  - (b) To enable a shareholder to divide their voting rights, a shareholder may appoint two proxies. Where two proxies are appointed, the Proxy Form should specify the proportion, or the number of votes that each proxy may exercise, and if it does not do so each proxy may exercise half of the votes.
  - (c) A shareholder can appoint any other person to be their proxy. A proxy need not be a shareholder of the company. The proxy appointed can be described in the Proxy Form by an office held, for example “the Chair of the Meeting”.
  - (d) In the case of shareholders who are individuals, the Proxy Form must be signed or otherwise authenticated in a manner prescribed by the Corporations Regulations:-
    - i. if the shares are held by one individual, by that shareholder;
    - ii. if the shares are held in joint names, by any one of them.
  - (e) In the case of shareholders who are companies, the Proxy Form must be signed or authenticated:-
    - i. if it has a sole director who is also a sole company secretary, by that director (and stating that fact next to, or under, the signature on the Proxy Form);
    - ii. in the case of any other company, by either two directors or a director and company secretary.
- The use of the common seal of the company, in addition to those required signatures, is optional.
- (f) If the person signing or otherwise authenticating the Proxy Form is doing so under power of attorney, or is an officer of a company outside of (e) above but authorised to sign or authenticate the Proxy Form, the power of attorney or other authorisation (or a certified copy of it) as well as the Proxy Form, must be received by the company by the time and at the place in (i) below.
  - (g) Section 250BB of the Corporations Act restricts voting on a particular resolution at the meeting by the Chair or other holder of a directed proxy as follows:
    - (i) A proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote as directed;
    - (ii) If the proxy has two or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
    - (iii) If the proxy is the chair of the meeting, the proxy must vote on a poll and must vote as directed; and
    - (iv) If the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote as directed.

If a proxy is also a member the above provisions do not affect the way that the person can cast any votes they hold as a member.

(h) Section 250BC of the Corporations Act deems the Chair to have been appointed proxy in the following circumstances in respect of votes on a resolution at the meeting:

If:

- (i) An appointment of a proxy specifies the way the proxy is to vote on a particular resolution; and
- (ii) The appointed proxy is not the chair of the meeting; and
- (iii) At the meeting a poll is duly demanded on the resolution; and
- (iv) Either:
  - A. If a record of attendance is made for the meeting – the proxy is not recorded as attending;
  - B. The proxy does not vote on the resolution;

The chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution.

- (i) A Proxy Form accompanies this notice. To be effective Proxy Forms (duly completed and signed) may be lodged:

**By post to** – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001 or within the supplied reply paid envelope.

**By hand to** – Cedar Woods Properties Limited, Ground Floor, 50 Colin Street, West Perth WA 6005

**By Fax** – 1800 783 447 (Within Australia)  
+ 61 3 9473 2555 (Outside Australia)

**BY Email** – at the email address: [email@cedarwoods.com.au](mailto:email@cedarwoods.com.au). If you wish to lodge a proxy electronically, it will be necessary to scan an image of a signed proxy form and email that image of the proxy form with the signature(s) affixed.

**Online** – [www.investorvote.com.au](http://www.investorvote.com.au)

no later than 48 hours before the time of the holding of the meeting.

**Online Voting** – Shareholders may submit their proxy instructions electronically to the Company's Share Registrar, Computershare Investor Services Pty Ltd, by visiting [www.investorvote.com.au](http://www.investorvote.com.au) and following the instructions given there. You will be taken to have signed your proxy form if you lodge it in accordance with the instructions given on the website.

**For intermediary online subscribers only (custodians)** – [www.intermediaryonline.com](http://www.intermediaryonline.com)

## SHAREHOLDERS WHO ARE ENTITLED TO VOTE

In accordance with regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the directors have determined that a person's entitlement to vote at the meeting will be the entitlement of that person set out in the register of members as at 5.00pm Perth time (8.00pm Sydney time) on 7 November 2015.

The vote on the Resolutions will be by a show of hands, unless a poll is demanded. On a show of hands each shareholder present in person or by proxy has one vote. On a poll each shareholder present in person or by proxy has one vote for each share in Cedar Woods Properties Limited.

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice convening a meeting of members of the company to be held on 9 November 2015 commencing at 10.00 am. This memorandum is to assist shareholders in understanding the background to and the legal and other implications of the Notice and the reason for the resolutions proposed. Certain terms used in this Explanatory Memorandum are defined in Section 6.

### 1. ORDINARY BUSINESS ITEM 1

As required by section 317 of the Corporations Act 2001, the financial statements for the year ended 30<sup>th</sup> June 2015 and the accompanying directors' report, directors' declaration and auditor's report will be laid before the meeting. The financial statements and reports are contained in the Cedar Woods Properties Limited 2015 Annual Report. *Neither the Corporations Act nor the company's constitution requires a vote on the reports. However, shareholders will have an opportunity to ask questions about the report at the AGM.*

### 2. ORDINARY BUSINESS ITEM 2

#### (a) Ordinary Resolution 1 – Re-election of retiring director

William George Hames, BArch (Hons), MCU (Harvard), LFRAIA, MPIA, FAPI (Econ), having retired in accordance with the company's constitution and, being eligible, offers himself for re-election.

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

Mr Hames has a relevant interest in 9,952,636 ordinary shares in Cedar Woods Properties Limited, as defined by sections 608 and 609 of the Corporations Act, 2001.

#### (b) Directors' recommendation on Resolution 1

The other directors unanimously support the re-election of Mr William Hames under Resolution 1.

**3. ORDINARY BUSINESS ITEM 3**

**(a) Ordinary Resolution 2 – Re-election of retiring director**

Valerie Anne Davies, FAICD, was appointed by the Board during September 2015 and having retired in accordance with the company's constitution and, being eligible, offers herself for re-election.

Ms Davies is an experienced company director and leading communications advisor to numerous Tier 1 companies.

Via her own consultancy, One.2.One Communications Pty Ltd, she has worked for nearly two decades on issues management and presentation skills delivery with senior corporate leaders across the spectrum of business and industry, at all levels of government, as well as sport.

She is a previous winner of the Telstra Businesswoman of the Year (WA) Award.

Concurrently, Ms Davies has over the past 20 years established herself as one of Western Australia's leading non-executive directors. She serves on the boards of major entertainment, hospitality and leisure operator Amalgamated Holdings Ltd as well as the HBF Health Fund and Tourism Western Australia.

Previous non-executive director roles include global mineral sands resources company, Iluka Resources Limited and labour hire firm Integrated Group (now Programmed Maintenance Services). She has also held positions on the boards of government trading enterprises such as Tourism Australia, Gold Corporation and the TAB (WA), as well as Screenwest and Fremantle Hospital & Health Service.

Beyond Ms Davies' day to day work, she has contributed to peak business groups such as the Australian Institute of Company Directors (AICD), where she was a Councillor and co-Vice President of the WA branch.

Ms Davies is a non-executive, independent Director.

Ms Davies has no relevant interest in ordinary shares in Cedar Woods Properties Limited, as defined by sections 608 and 609 of the Corporations Act, 2001.

**(b) Directors' recommendation on Resolution 2**

The other directors unanimously support the re-election of Ms Valerie Anne Davies under Resolution 2.

#### 4. ORDINARY BUSINESS ITEM 4

##### (a) Ordinary Resolution 3 – Remuneration report

Shareholders are asked to adopt the company's remuneration report. The remuneration report is set out in the directors' report on pages 24 to 40 of the 2015 annual report. The remuneration report:

- Describes the policies behind, and structure of, the remuneration arrangements of the company and the link between the remuneration of directors and executives and the company's performance.
- Sets out the remuneration arrangements in place for each director and for the other key management personnel of the company.
- Explains the differences between the base remuneration for non-executive directors and executives, including the Managing Director.

A reasonable opportunity for discussion of the remuneration report will be provided at the annual general meeting. The vote on this resolution is advisory only, and does not bind the directors or the company.

Under the Corporations Act if:

- (a) At an Annual General Meeting ("**the later AGM**") at least 25% of the votes cast on a Resolution that the remuneration report be adopted are against the adoption of the Remuneration Report; and
- (b) At least 25% of the votes cast at the immediately preceding Annual General Meeting ("**the earlier AGM**") on a resolution that the remuneration report be adopted under Sub-section 250R(2) of the Corporations Act were against the adoption of the Report;
- (c) No "spill resolution" was put at the earlier AGM;

Then a "Board Spill" resolution must be put at the later AGM. The "Board Spill" resolution must be that:

- A specially convened general meeting ("**the Spill Meeting**") be held within 90 days; and
- All Directors who:
  - Were directors of the company when the resolution by the Directors to make the Directors' report considered at the later AGM was passed; and
  - Are not a managing director of the company who may continue to hold office indefinitely without being re-elected to the office in accordance with the ASX Listing Rules;

cease to hold office immediately before the end of the Spill Meeting; and



- Resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting must be put to the vote at the Spill Meeting.

At the company's AGM held on 10 November 2014, less than 25% of the votes cast in respect of the remuneration report were against the adoption of the remuneration report.

**(b) Board commentary in relation to Ordinary Resolution 3**

At last year's Annual General Meeting (November AGM), although less than 25% of votes cast in respect of the remuneration report were against the adoption of the remuneration report, the company did receive a significant vote against our remuneration report.

Following the November AGM, the company consulted with shareholders and proxy advisory groups regarding the concerns raised about Cedar Woods' remuneration program, noting the need for greater transparency and enhanced structures around the short and long term incentive arrangements for executives. The Board engaged Ernst & Young (EY) to provide advice on remuneration matters including considering these concerns and through a review process is implementing changes as outlined in the table below.

During FY2014 we introduced the more comprehensive "balanced scorecard" form of reporting and we have made a number of other changes, some of which were introduced during FY2015 and others which were introduced on 1 July 2015, as arrangements for FY2015 were already in place prior to the feedback received at the November AGM.

<b>Review of the executive remuneration framework</b>	The company engaged EY to provide advice on Cedar Woods' executive remuneration framework with the objective of improving the link between shareholder returns and executive remuneration as well as a closer alignment of remuneration with the Corporate strategy. Aspects of the new executive remuneration framework apply from 1 July 2015 including transitioning to a greater emphasis on variable pay with the introduction of a new long-term incentive program (as outlined in the remuneration report).
<b>Fixed remuneration</b>	The company identified where adjustments were appropriate, based on market benchmarking information. For FY2015 the Managing Director's (MD's) fixed remuneration remained unchanged and other executives' fixed remuneration increased by approximately 5%, reflecting sustained high performance of the individual, increased role responsibilities and alignment with market remuneration levels in both listed and non-listed property companies.
<b>Short-term incentives ("STIs")</b>	To ensure the STI's were appropriately aligned to the Corporate plan, the company continued with its balanced scorecard of measures for determining the STI awards for FY2015.

<b>Long-term incentives (“LTIs”)</b>	<p>Consistent with the intention stated in the FY2014 Remuneration Report, the former LTI plan has been reviewed and has been replaced by a new LTI plan effective from 1 July 2015.</p> <p>The new LTI plan has two vesting conditions a) a 3 year service condition and b) two performance conditions measured over a 3 year period: 50 percent of the LTI grant will be tested against a relative total shareholder return (“TSR”) hurdle (measured against the S&amp;P / ASX Small Industrials Index) and 50 per cent against earnings per share (“EPS”) growth compared with the Corporate plan targets.</p> <p>The relative TSR performance condition was chosen as it offers a relevant indicator of measuring changes in shareholder value by comparing the company’s return to shareholders against the returns of companies of a similar size and investment profile.</p> <p>The EPS performance condition was chosen as it is a primary determinant of shareholder value in a listed company context.</p>
<b>NED fees</b>	<p>The maximum aggregate NED remuneration for FY2015 was \$750,000, as approved by shareholders at the company’s FY2014 AGM. Chair and NED fees were increased by 2.5% effective 1 July 2014 to maintain market competitiveness. Total NED fees paid for FY2015 were \$469,450.</p>
<b>Clawback policy</b>	<p>The company implemented an incentive clawback policy for executives and other staff that applies for FY2015 onwards. Under the policy, the Board may at its absolute discretion claw back vested and unvested incentives in the case where an “inappropriate benefit” has arisen, as may be the case in a material mis-statement of financial results.</p>

Further details on the Director and executive remuneration arrangements and the remuneration outcomes for FY2015 are set out in the Remuneration Report.

The Board, consistent with best practice and its obligations under the Corporations Act, requires the Human Resources and Remuneration Committee to consider the appropriateness of the company’s remuneration structure. The Committee, having had regard to a number of factors including the size of the company, the nature of its operations and conditions in the executive employment market pertaining to its industry, and having obtained expert advice in previous years, has confirmed its view that the company’s remuneration structure is reasonable and appropriate.

Members of key management personnel (and their closely related parties) will be prohibited from voting – either personally or by undirected proxy - on Resolution 3 at the annual general meeting.

The Chairman of the AGM intends to vote undirected proxies in favour of Resolution 3.

## 5. ORDINARY BUSINESS ITEM 5

### (a) Ordinary Resolution 4 - Issue of Performance Rights to Mr Paul Sadleir or his nominee

#### BACKGROUND

Resolution 4 seeks Shareholder approval for the issue of 18,762 Performance Rights to the Managing Director of the Company under the LTI Plan for the 2016 financial year.

The establishment of the LTI Plan was announced to ASX on 24 August 2015.

The objective of the LTI Plan is to allow the Board to grant Performance Rights to executives of the Company to assist with:

- attracting, motivating and retaining executives
- delivering benefits that reward individual and Company performance
- aligning executives' interests with those of Shareholders.

#### The LTI PLAN

The Board is responsible for administering the LTI Plan in accordance with the Plan Rules and the terms and conditions of the specific grants to participants under the LTI Plan.

The Board is cognisant of general Shareholder concern that long-term equity based rewards for staff should be linked to the achievement by the Company of performance conditions.

The Performance Rights that the Board has offered to Mr Sadleir under the LTI Plan for the 2016 financial year are subject to the two performance conditions outlined below. These performance conditions must be satisfied in order for the Performance Rights to vest. In addition, it will be a requirement, in order for Mr Sadleir's 18,762 Performance Rights to vest, that his employment with the Company is not terminated by his resigning or by the Company terminating for cause or underperformance prior to 30 June 2018. Upon Performance Rights vesting, Shares are automatically issued.

Other material terms of the Performance Rights proposed to be issued to Mr Sadleir are that they are non-transferable, they carry no right to vote or receive dividends or any of the other rights of Shareholders, they will lapse if they do not vest and, although the intention is that Shares will be issued upon vesting, the Board retains the discretion to pay the cash equivalent in lieu of issuing Shares. Vested or unvested rights may be clawed back under the company's Clawback policy.

The two performance conditions are equally weighted and operate independently of each other so that Performance Rights can vest under either or both categories.

### 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 Performance 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 ( 1 July 2015 - 30 June 2018 ) 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%

Threshold vesting of this tranche of the award occurs where Cedar Woods' TSR equals the ASX Small Industrials Index TSR over the performance period. For the whole of the award to vest, Cedar Woods' TSR must exceed the TSR of the ASX Small Industrials Index by an average of 4.8 per cent per annum. This equates to exceeding average TSR over the three year performance period by 15 per cent.

### EPS compound annual growth rate hurdle (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 Performance 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%

Earnings per share is based on statutory profit, calculated in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act.

The Board believes the above targets and vesting schedule strike an appropriate balance between being achievable yet sufficiently challenging, given the anticipated performance of the company.

## **(b) REGULATORY REQUIREMENTS**

Shareholder approval is sought under Listing Rule 10.14 and under Chapter 2 E of the Corporations Act both regulating the provision of financial benefits including the issue of securities to related parties of the Company.

### **Listing Rule 10.11**

Listing Rule 10.11 provides that, subject to various exceptions, a Company must not issue equity securities to a related party without the approval of the holders of ordinary securities. One exception, Exception 4, is an issue of securities under an employee incentive scheme made with the approval of holders of ordinary securities under Listing Rule 10.14.

Shareholders should note that the issue of securities pursuant to Resolution 4 will not be included in the 15% calculation for the purposes of Listing Rule 7.1 as approval is being obtained under Listing Rule 10.11.

For the purposes of Listing Rule 10.14, the following information is provided in relation to the issue of 18,762 Performance Rights pursuant to Resolution 4:

#### ***The name of all persons referred to in Rule 10.14 entitled to participate in the scheme***

The recipient of the Performance Rights will be Mr Paul Sadleir or his nominee. No other Director is eligible.

#### ***The maximum number of securities that may be acquired by all persons for whom approval is required***

The maximum number of Securities that may be acquired by all persons for whom approval is required pursuant to Resolution 4 is 18,762 Performance Rights.

#### ***The date on which the entity will issue the securities, which must be no later than 12 months after the date of the Meeting***

The Performance Rights will be issued not later than 1 month after the date of the Meeting and it is anticipated that all the Performance Rights will be issued on the same date.

#### ***If the person is not a director, a statement of the relationship between the person and the director that requires approval to be obtained***

The recipient of the Performance Rights is a Director.

#### ***The price for each security to be acquired under the scheme***

No price will be paid for the Performance Rights upon their issue, or for the Shares upon vesting of the Performance Rights.

***The name of all persons referred to in Rule 10.14 who received securities under the scheme since the last approval, the number of securities received and acquisition price***

No such persons have received securities under the LTI Plan.

***The terms of any loan in relation to the acquisition***

There are no loans in relation to the acquisition of securities.

***A voting exclusion statement***

A voting exclusion statement with regards to Resolution 4 is included in the Notice.

**Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company from giving a financial benefit to a related party unless one of the exceptions to Section 208 applies or shareholders have approved the giving of that benefit to the related party.

A “financial benefit” is defined in the Corporations Act in broad terms and includes a public company, issuing securities, and buying an asset from a related party.

A Director is a “related party” for the purposes of the Corporations Act. Mr Sadleir is, accordingly, a “related party” of the Company.

The proposed issue of 18,762 Performance Rights pursuant to Resolution 4 involves the provision of a financial benefit to a related party of the Company.

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

- (a) obtain the approval of members in the way set out in Section 217 and 227; and
- (b) give the benefit within 15 months after the approval.

In accordance with Chapter 2E, and in particular Section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issue of Performance Rights as contemplated by Resolution 4.

***The related parties to whom the resolutions would permit the financial benefit to be given***

The related party is Mr Paul Sadleir

***The nature of the financial benefit***

The financial benefit proposed to be given is the granting of the Performance Rights (and ultimately the issue of Shares if the Performance Rights vest under the LTI Plan to the Related Party as detailed above for no issue price). The Board wishes to issue Performance Rights to Mr Sadleir, as Managing Director, in accordance with the objective of the LTI Plan outlined above.

***Directors' recommendation and basis of recommendation***

The Directors, other than Mr Sadleir, recommend that Shareholders vote in favour of Resolution 4. They consider that the terms and conditions of the Performance Rights that are proposed to be issued to Mr Sadleir reflect the objective of the LTI Plan as outlined above and that the number of Performance Rights proposed are commensurate with the role and responsibilities of the Managing Director of the Company, his potential impact on the Company's performance and having had regard to relevant market remuneration data. Mr Sadleir makes no recommendation in respect of Resolution 4 due to his personal interest in the outcome. The Directors are not aware of any information other than as is contained in this Notice that might be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 4.

***Directors' interest in the outcome***

Mr Sadleir's interest in the outcome of Resolution 4 is that he will be issued 18,762 Performance Rights for no payment. No other Director has any interest in the outcome of Resolution 4.

***Director's remuneration package***

In the last financial year Mr Sadleir received the following remuneration from the Company: \$1,228,920 as set out on page 37 of the 2015 Annual Report.

***Related party's existing interests***

Mr Sadleir has the following interests in securities of the Company as at the date of this Notice: 1,045,445 ordinary shares.

***Dilution***

An effect of the issue of the 18,762 Performance Rights to Mr Sadleir will, if all of the 18,762 Performance Rights were to vest resulting in the issue of 18,762 Shares, be to dilute the shareholding of existing Shareholders by approximately 0.02% assuming that there were no other changes to the issued capital of the Company prior to the date of issue of those 18,762 Shares.

***Trading history***

The last trading price of Shares on ASX prior to the date of this Notice was \$4.54 per Share.

***Valuation of financial benefit***

The financial benefit which is being provided by the Company to Mr Sadleir under Resolution 4 is the issue of 18,762 Performance Rights. The value of the 18,762 Shares that might be issued if the Performance Rights vest, with a nil issue price, based on the closing price of the Company's Shares on 24 September 2015 of \$4.54 per Share would be \$85,179.48. However, it should be noted that the relevant Shares will not be issued until some time after 30 June 2018 and the exact Share price at that time is very difficult to predict.

As permitted, the Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 4.

## 6. INTERPRETATION

In this Explanatory Memorandum:

“**Associates**” has the meaning given in Section 10 to 15 of the Corporations Act;

“**ASX**” means ASX Limited ACN 008 624 691;

“**Chairman**” means the chairman of the Meeting;

“**Closely Related Parties**” has the meaning ascribed to it in Section 9 of the Corporations Act;

“**Company**” and “**CWP**” means Cedar Woods Properties Limited;

“**Constitution**” means the constitution of the Company as amended from time to time;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a director of the Company;

“**Explanatory Memorandum**” means this explanatory memorandum;

“**Key Management Personnel**” has the meaning ascribed to it in Section 9 of the Corporations Act;

“**Listing Rules**” means the official listing rules of the ASX;

“**LTI Plan**” means the Long Term Incentive Plan established by the Company in relation to the potential offer of Performance Rights to executives of the Company as announced to ASX on 24 August 2015;

“**Meeting**” means the meeting of Shareholders convened by this Notice;

“**Notice**” and “**Notice of Meeting**” means the notice of meeting to which this Explanatory Memorandum is attached;

“**Performance Right**” means a right to be issued a Share granted under the LTI Plan on the terms and conditions that are set out in the relevant offer letter given to the recipient and that are contained in the LTI Plan ;

“**Plan Rules**” means the rules in relation to the LTI Plan;

“**Related Party**” has the meaning ascribed to it in Section 228 of the Corporations Act;

“**Resolution**” means a resolution set out in this Notice and “**Resolutions**” has a corresponding meaning;


“**Section**” means a section of this Explanatory Memorandum;

“**Securities**” has the meaning ascribed to it in the Listing Rules and includes Performance Rights;

“**Share**” means an ordinary fully paid share in the capital of the Company and “**Shareholder**” has a corresponding meaning.



## Lodge your vote:

 **Online:**  
www.investorvote.com.au

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

┌ 000001 000 CWP  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

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### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 10.00am (WST) Saturday, 7 November 2015**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Cedar Woods Properties Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Cedar Woods Properties Limited to be held at the Kings Park Function Centre, Fraser Avenue, West Perth, Western Australia on Monday, 9 November 2015 at 10.00am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 3 and 4 (except where I/we have indicated a different voting intention below) even though Resolutions 3 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 3 and 4 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Re-election of William George Hames as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Valerie Anne Davies as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for the issue of Performance Rights under the LTI Plan to Mr Paul Sadleir or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /