

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the thirtieth annual general meeting of members of Cedar Woods Properties Limited will be held at 10.00am on 9th November 2017 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 30th June 2017 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 G Hames B Arch (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 Jane M Muirsmith, FCA, GAICD, 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 2017, be adopted.

The remuneration report is set out in the directors' report on pages 30 - 46 of the 2017 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 36,434 Performance Rights under the Long Term Incentive (LTI) Plan to Mr Nathan Blackburne 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 Nathan Blackburne or his nominee on the terms and conditions set out in the Explanatory Memorandum.

6. Ordinary Resolution

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

Approval of retirement benefits for the retired Managing Director, Mr Paul Sadleir.

Ordinary Resolution 5

That, for the purposes of Section 200E of the Corporations Act and for all other purposes, Shareholders authorise and approve the giving of the following benefits to Mr Paul Sadleir in connection with his retirement from the office of managing director of the Company:

- (a) the waiver of the "service condition" under the LTI Plan in respect of the 18,762 performance rights granted to Mr. Sadleir in 2015 and the 28,965 performance rights granted to Mr Sadleir in 2016 and approved by Shareholders, respectively, at the 2015 AGM and the 2016 AGM; and
- (b) the exercise of discretion by the Human Resources & Remuneration Committee under the STI Plan, and the consequential payment to Mr Sadleir of the sum of \$74,523

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 Nathan Blackburne or any of 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.

Ordinary resolution 5

As required by subsection 200E(2A) of the Corporations Act, a vote on Resolution 5 may not be cast (in any capacity) by or on behalf of:

- Mr Paul Sadleir; or
- an associate of Mr Paul Sadleir.

However, subsection 200E(2A) does not prohibit the casting of a vote on Resolution 5 if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 5; and
- (b) it is not cast on behalf of Mr Paul Sadleir or an associate of his.

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 5.

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
Company Secretary

29 September 2017

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. 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

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 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

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 2017.

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 2017 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 reasons for the resolutions proposed. Certain terms used in this Explanatory Memorandum are defined in Section 7.

1. ORDINARY BUSINESS ITEM 1

As required by section 317 of the Corporations Act 2001, the financial statements for the year ended 30th June 2017 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 2017 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 G Hames B Arch (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 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-seven years.

Mr Hames has a relevant interest in 10,088,044 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

Jane M Muirsmith, FCA, GAICD was appointed on 17 August 2017, effective 2 October 2017. Having retired in accordance with the company's constitution and, being eligible, Mrs Muirsmith offers herself for re-election.

Mrs Muirsmith is an independent Non-executive director. She is also a member of the Audit and Risk Management Committee.

Mrs Muirsmith is an experienced company director and is one of Australia's leading digital strategists and advisors. She has a unique blend of skills with deep experience in digital technologies and transformation, marketing and communications together with her accounting and audit background.

Mrs Muirsmith currently serves on the board of Australian Finance Group (AFG), Healthdirect Australia and AIM UWA Business School Executive Education. She is a Fellow Chartered Accountant and is a Graduate of the Australian Institute of Company Directors. She has an Honours Degree in Commerce (Marketing major) together with her Bachelor of Commerce (Accounting major).

Over the last 25 years, Mrs Muirsmith has worked at the forefront of digital transformation, channel development and marketing in the USA, Asia Pacific and Australia. She has broad experience across many industries in B2B and B2C, including financial services, utilities, retail, health, professional services and manufacturing.

Mrs Muirsmith is a past President of the Women's Advisory Council to the State Government and Minister for Women's Interests and was a finalist in the Telstra Business Women's Award in 1995.

Mrs Muirsmith has a relevant interest in 10,000 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 Mrs Jane Muirsmith 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 30 - 46 of the 2017 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 2016, 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

The Chairman of the Human Resources & Remuneration Committee has provided a letter to Shareholders setting out the key highlights in relation to remuneration matters for FY2017. This is included on page 28 - 29 of the annual report.

Progress with the remuneration framework and further details on the Director and executive remuneration arrangements and the remuneration outcomes for FY2017 are set out in the Remuneration Report on pages 30 - 46 of the annual report.

At last year's Annual General Meeting (November AGM), less than 1% of votes cast in respect of the remuneration report were against the adoption of the remuneration report.

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 36,434 Performance Rights under the LTI Plan to Mr Nathan Blackburne or his nominee

BACKGROUND

Resolution 4 seeks Shareholder approval for the issue of 36,434 Performance Rights to the Managing Director of the Company under the LTI Plan for the 2018 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 staff
- 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 opinion 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 Blackburne under the LTI Plan for the 2018 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, subject to certain exemptions in the LTI plan, it will be a requirement, in order for Mr Blackburne's 36,434 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 2020. Upon Performance Rights vesting, Shares are automatically issued.

Other material terms of the Performance Rights proposed to be issued to Mr Blackburne 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 2017 - 30 June 2020) 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.

Further details of the LTI Plan are included in the remuneration report in the 2017 Annual Report.

(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 36,434 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 Nathan Blackburne 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 36,434 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

N/A

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 to a related party.

A Director is a "related party" for the purposes of the Corporations Act. Mr Blackburne is, accordingly, a "related party" of the Company.

The proposed issue of 36,434 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 Nathan Blackburne.

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 Blackburne, 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 Blackburne, 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 Blackburne 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 Blackburne 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 Blackburne's interest in the outcome of Resolution 4 is that he will be issued 36,434 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 Blackburne received the following remuneration from the Company: \$582,810 as set out on page 42 of the 2017 Annual Report.

Related party's existing interests

Mr Blackburne has the following interests in securities of the Company as at the date of this Notice: 25,639 ordinary shares.

Dilution

An effect of the issue of the 36,434 Performance Rights to Mr Blackburne will, if all of the 36,434 Performance Rights were to vest resulting in the issue of 36,434 Shares, be to dilute the shareholding of existing Shareholders by approximately 0.05% assuming that there were no other changes to the issued capital of the Company prior to the date of issue of those 36,434 Shares.

Trading history

The last trading price of Shares on ASX prior to the date of this Notice was \$5.66 per Share.

Valuation of financial benefit

The financial benefit which is being provided by the Company to Mr Blackburne under Resolution 4 is the issue of 36,434 Performance Rights. The value of the 36,434 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 29 September 2017 of \$5.66 per Share would be \$206,216.44. However, it should be noted that the relevant Shares will not be issued until some time after 30 June 2020 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. ORDINARY BUSINESS ITEM 6

Ordinary Resolution 5

That approval be given to certain benefits being given to Mr Sadleir in connection with his retirement from the office of Managing Director of the Company.

BACKGROUND

Mr Paul Sadleir was the Managing Director of the Company from 1 November 2003 until 18 September 2017. Mr Sadleir, in liaison and in cooperation with the Board, arranged the timing of his retirement to ensure, as much as possible, that the transition from him to his successor was the least disruptive and the most efficient process, and that certain tasks be completed.

In recognition of the above, the Board has resolved, subject to Shareholder approval, to provide certain retirement benefits to Mr Sadleir.

Performance rights - Paragraph (a) of Resolution 5

The commentary above in this Explanatory Memorandum in relation to Resolution 4 contains the background to the LTI Plan and its structure.

Paul Sadleir was awarded performance rights under the LTI Plans for the following years:

| LTI Plan | Performance rights awarded | Performance period |
|-----------------|-----------------------------------|----------------------------|
| 2015 | 18,762 | 1 July 2015 – 30 June 2018 |
| 2016 | 28,965 | 1 July 2016 – 30 June 2019 |

These rights were approved by Shareholders, respectively, at the 2015 AGM and the 2016 AGM.

The LTI Plan rules provide that if a Participant ceases to be an Employee of the Group for any reason prior to the Awards Vesting (i.e. does not fulfil the “service condition”), the Participant’s unvested performance rights are forfeited, subject to the following discretion of the Board. The Board may, in respect of any Awards which have not Vested at the date of cessation of the Participant’s employment, determine any treatment it considers to be appropriate in the circumstances. In making the determination, the Board may have regard to any matter the Board considers relevant, including the proportion of the Period that has elapsed at the time of cessation of employment and the degree to which the Conditions have been (or are estimated to have been) satisfied, and the Group’s obligations under the Corporations Act and Listing Rules, including any requirements for Shareholder approval.

In the absence of the Board exercising its discretion under the LTI Plan, the Waived Performance Rights would be forfeited and lapse. As noted above, in recognition of Mr. Sadler’s contribution to the Company over a long period and his efforts in facilitating a smooth transition to his successor, the Board has determined, subject to Shareholder approval, pursuant to its discretion under the LTI Plan, to waive the requirement for the fulfilment of the ‘service condition’ in respect of the Waived Performance Rights. This will allow the Waived Performance Rights to remain ‘on foot’ until the expiry of the relevant performance periods on 30 June 2018 and 2019, respectively.

The performance conditions that apply to the Waived Performance Rights, as disclosed, respectively, in the notices for the 2015 and 2016 annual general meetings of the Company, will still be required to be fulfilled for all of the Waived Performance Rights to vest at the relevant times in 2018 and 2019.

Short Term Incentive (STI) - Paragraph (b) of Resolution 5

Under the remuneration framework that applies to executives of the Company, including Mr Sadleir during his employment, executives participate in the annual STI Plan.

Under normal circumstances, therefore, Mr Sadleir would have been eligible to participate in the STI Plan in respect of the 2018 financial year subject, of course, to him having met the relevant performance criteria applicable to him thereunder.

Under the STI Plan, if an executive ceases to be employed by the Company that executive generally forfeits any entitlement under the STI Plan in respect of the financial year in which he or she ceased to be employed. This is subject to a discretion vested in the Human Resources & Remuneration Committee to determine otherwise. The Human Resources & Remuneration Committee has recommended to the Board and the Board, also in recognition of Mr Sadleir's contribution as referred to above, has determined, subject to Shareholder approval, to make a payment to Mr Sadleir of \$74,523. This sum is the pro-rata portion, based on the period 1 July 2017 to 18 September 2017, of the amount Mr Sadleir might have become entitled to under the STI Plan in respect of the entire 2018 financial year had he remained employed for the entire financial year, calculated on the basis of the STI payment he did earn for the 2017 financial year.

If approved, the payment will be made to Mr Sadleir shortly after the 2017 Annual General Meeting of the Company.

REGULATORY REQUIREMENTS

Corporations Act - Part 2D.2

Section 200B of the Corporations Act prohibits entities such as the Company from giving a person a benefit in connection with a person's retirement from a managerial or executive office unless there is member approval under section 200E of the Corporations Act for the giving of the benefit.

The Corporations Act and Regulations contain a number of exemptions from this prohibition which allow certain retirement benefits to be given (such as payment by way of lump sum or pension for past services rendered) provided the aggregate value of benefits does not exceed a threshold sum being, in essence, the average annual base salary of the relevant person.

Although the value of the benefits that are proposed to be given to Mr Sadleir pursuant to Resolution 5 fall well below that annual base salary threshold, the Company is advised that the nature of the benefits is such that they do not fall into any of the categories in the exemptions contained in the Corporations Act.

Section 200E of the Corporations Act sets out certain conditions that are required to be satisfied, for there to be member approval for the giving of a benefit for the purposes of section 200B of the Corporations Act.

The first relevant condition is that details of the benefit must be set out in, or accompany, the notice convening the meeting to consider the resolution. The details must include:

- (a) if the proposed benefit is a payment, the amount of the payment - the benefit to be given under paragraph (b) of Resolution 5 is a payment of \$74,523 gross; and
- (b) otherwise:
 - (i) the money value of the proposed benefit; or
 - (ii) if that value cannot be ascertained at the time of the disclosure - the manner in which that value is to be calculated and any matter, event or circumstance that will, or is likely to, affect the calculation of that value.

The benefit to be given to Mr Sadleir pursuant to paragraph (a) of Resolution 5 is the preservation of the potential for the Waived Performance Rights to vest in 2018 and 2019. To the extent that the Waived Performance Rights would have been forfeited upon Mr Sadleir's cessation of employment had the discretion to waive the 'service condition' not been exercised, Mr Sadleir has avoided the loss of the potential to be issued a total of 47,727 ordinary fully paid shares in the Company. Those Shares, if issued as at the date of this Explanatory Memorandum, based on the last price at which Shares in the Company traded on ASX, would have a market value of \$270,134.82. However, it must be noted that there is no certainty that the 47,727 shares will be issued. That will depend on whether and to what extent the relative TSR and EPS hurdles that apply to the Waived Performance Rights as disclosed in the notices for the 2015 and 2016 annual general meetings of the Company are achieved. It is possible that either or both the hurdles might be met for both the periods, for one and not the other of the performance periods, or for neither of the periods.

If Shares are issued pursuant to the Vesting of the Waived Performance Rights, they will be issued following the sign off of the Company's financial statements for the 2018 & 2019 financial years. It is very difficult to predict with certainty what the market price for Shares will be at those times. Factors affecting global and Australian economies and stock and other financial markets, as well as the performance of the Company will influence the market price of Shares at those times.

The fact that Shares may be issued at a future date also influences the present day value of the benefit being provided under paragraph (a) of Resolution 5.

The other relevant condition in Section 200E of the Corporations Act is that a vote on Resolution 5 must not be cast (in any capacity) on the resolution, Resolution 5 in this case, by or on behalf of Mr Sadleir or an associate of his.

Corporations Act - Chapter 2E

As noted above in relation to Resolution 4, section 208 of the Corporations Law prohibits a public company from giving a financial benefit to a related party unless one of the exemptions to section 208 applies or unless the shareholders of the public company approve of the giving of the financial benefit.

One of the exemptions to section 208 is in section 211 of the Corporations Act which provides that member approval is not required if the financial benefit is remuneration to a related party as an employee or officer of the company and to give the remuneration would be reasonable given the circumstances of the company giving the remuneration and the related party's circumstances (including the responsibilities involved in the office or employment).

Under subsection 211(3) of the Corporations Act, a financial benefit given to a person because of the person ceasing to hold an office or employment as an officer or employee of a body corporate is remuneration paid or provided to the person in a capacity as an officer of the body.

The Board considers that the exemption in Section 211 applies for reasons which include that in the absence of the STI payment contemplated by paragraph (b) of Resolution 5, Mr Sadleir would have worked in the period from 1 July 2017 to 18 September 2017 at a lower rate of remuneration than he did in the preceding financial year, that it was more advantageous for the Company that Mr Sadleir worked until September 18 to assist with the transition to his successor rather than that he ceased on say June 30, 2017, that the value of the combined benefits being given under Resolution 5 is significantly less than the one year base salary threshold that applies under certain exemptions to the prohibition on giving retirement benefits in section 200B of the Corporations Act, that Shareholder approval is required in any event because of section 200B, that the benefit under paragraph (a) of Resolution 5 is non cash and will only vest if the Company performs at an above satisfactory level and taking account of the length of Mr Sadleir's service and the Company's performance during his term as Managing Director.

Directors' recommendation on resolution 5

The Directors recommend that Shareholders vote in favour of Resolution 5.

As permitted, the Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 5.

7. 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;

“**STI Plan**” means the Short Term Incentive Plan that applies to executives of the Company;

“**Waived Performance Rights**” means the 18,762 performance rights held by Mr Sadleir under the LTI Plan in respect of the 2015 financial year and the 28,965 performance rights held by Mr Sadleir under the LTI Plan in respect of the 2016 financial year.

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

CWP

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

Proxy Form

XX



Vote and view the annual report online

- Go to 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 (AWST) Tuesday, 7 November 2017**

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 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

XX

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 Kings Park Function Centre, Fraser Avenue, West Perth, Western Australia on Thursday, 9 November 2017 at 10:00am (AWST) 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, 4 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 3, 4 and 5 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, 4 and 5 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 G Hames as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Re-election of Jane M Muirsmith as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Remuneration report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Approval for the issue of 36,434 Performance Rights under the Long Term Incentive (LTI) Plan to Mr Nathan Blackburne or his nominee | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Approval of retirement benefits for the retired Managing Director, Mr Paul Sadleir | <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 / /