



Building record growth under new management in a flat market

Company/ASX Code	Cedar Woods Properties Limited/CWP
AGM date	Tuesday 6 November 2019
Time and location	10am, Kings Park Function Centre, Fraser Avenue, West Perth
Registry	Computershare
Webcast	No
Poll or show of hands	Poll on all items
Monitor	Kevin Bowman, assisted by John Ferguson
Pre AGM Meeting?	Yes, with Non-Executive Director Valerie Davies, Managing Director Nathan Blackburne, Company Secretary Paul Freedman.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

In another challenging year, the company achieved a record net profit of \$48.60m, which was 14 % higher than the previous year and a 13% growth in earnings. Sales were up a record \$375.9m, an increase of 56%, and a full year dividend of 31.5 cents was paid. The share price reduced slightly from \$5.76 to \$5.70 but has subsequently increased. Total shareholder return was 5.3%. The net bank debt to equity was reduced to 28% (from 31%) with interest cover of 8.6 times (up from 8.5 times) for the year within the target range of 20-75%.

During the year the new managing director, Nathan Blackburne focused on streamlining the company's systems, including updating technology throughout the business and reinforcing a positive culture within the company.

There were no capital raisings or buy backs during the year.

The Company has projects in Perth, Adelaide, Melbourne and Brisbane.

Summary

(As at FYE)	2019	2018	2017	2016	2015
NPAT (\$m)	48.60	42.6	45.62	45.51	48.95
UPAT (\$m)	48.60m	42.6m	45.44	43.60	42.58
Share price (\$)	5.70	5.76	5.21	4.35	5.26
Dividend (cents)	31.5	30	30	28.5	28
TSR (%)	5.3	16.8	26.7	-11.9	-24.5
EPS (cents)	60.9	53.9	57.6	55.3	54.3
CEO total remuneration, actual (\$m)	0.997	0.802	1.18	1.16	1.23

N J Blackburne was promoted from Chief Operating Officer to Managing Director effective 18 September 2017.

For 2019, the CEO's total actual remuneration was **11.3 times** the Australian Full time Adult Average Weekly Total Earnings [based on May 2019] data from the Australian Bureau of Statistics).

Item 2	Re-election of Mr William George Hames as a Director
ASA Vote	For

Summary of ASA Position

Mr Hames is a co-founder of Cedar Woods.

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 nine years.

Mr Hames has a relevant interest, as defined by sections 608 and 609 of the Corporations Act, in 10,246,965 shares (12.9% of total shares as at 31 August 2019).

Under the ASA guidelines, the chair should be independent, however given Mr Hames is a founder of the Company and still a substantial shareholder as per ASA's minimum shareholding requirements for non-executive directors, the ASA supports his re-election.

Item 3	Re-election of Mr Robert Stanley Brown as a Director
ASA Vote	For

Summary of ASA Position

Mr Brown is the non-executive Deputy Chairman of the Board of directors. He is a member of the Human Resources and Remuneration Committee and a member of the Nominations Committee.

He is Executive Chairman of Westland group Holdings Pty Ltd with responsibilities in mining, agribusiness, biotechnology and venture capital. Mr Brown was a past president of the Federation of Building Societies of WA and has participated in and chaired various Western Australian government advisory committees related to the housing industry. He brings to the Board his diversified experience as a director of these companies and other listed entities and has served on the Cedar Woods Properties Limited for thirty years.

Mr Brown has a relevant interest in 7,818,633 ordinary shares in Cedar Woods Properties Limited as defined by sections 608 and 609 of the Corporations Act 200 or approximately 11% of the company shares.

Again under ASA guidelines, Mr Brown cannot be regarded as an Independent Director however given his substantial shareholding in the company and active involvement in the various company projects, the ASA supports the re-election of Mr Brown.

Item 4	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

CEO rem. framework	Target \$,000	% of Total	Max. Opportunity \$,000	% of Total
Fixed Remuneration	682	54.5	682	50.2
STI - Cash	285	22.7	392	28.8
LTI	285	22.7	285	21
Total	1,252	100.0%	1,359	100%

At the 2018 Annual General Meeting, 97.4% of the votes cast were in favour of the Remuneration Report

In the 2019 financial year (FY19), the Human Resources and Remuneration Committee commenced a review of executive remuneration levels and structures with the objective of furthering the transition towards a greater proportion of “at risk” pay for executives thereby improving alignment with shareholder returns, as well as ensuring that remuneration levels and structures are

competitive in an environment where the completion for talent is very high around the country. This process is being assisted by external consultants.

In relation to Fixed Remuneration, for FY19 the Managing Director fixed remuneration was limited to 54% of his total package and was increased based on market benchmarking information and in lieu of his successful transition to the role having been appointed in September 2017 at a lower base than the retiring MD.

Other executives in continuing roles had an average fixed remuneration in line with inflation, with remuneration packages aligned with market remuneration levels in both listed and unlisted property companies in WA who don't need to report their executive salaries.

For STIs (short term incentives), the company continued with its balanced scorecard of measures for determining the STI awards. There is no deferred payment of STIs and all STI bonus is awarded directly as cash. The target and maximum STI opportunities are clearly detailed on page 39 of the annual report for FY19.

The long-term incentive (LTI) plan was introduced in 2015 and has two performance conditions (a) measured over a three-year service period condition and (b) two performance conditions measured over a three-year period. From 1 July 2019 the target range in the earnings per share (EPS) vesting schedule will be reviewed on an annual basis.

For NED Director fees, the total maximum aggregate pool for 2019 was \$750,000. Chair and NED fees were increased by 2% effective 1 July 2018 and the total fees paid for 2019 were \$596,200.

Although the ASA would prefer LTI's to be measured over at least a four-year period, we supported the Remuneration Report in 2018. We would prefer that the target range in the vesting schedule was fixed however we understand that we are now in a sustained period where growth rates have been and will probably remain, flat for some time.

We will support the Remuneration Report.

Item 5	Approval of LTI grant to Managing Director Nathan Blackburne
ASA Vote	For

Summary of ASA Position

It is proposed that Mr Blackburne be offered 120,735 Performance Rights under the LTI Plan for the 2020 financial year, subject to two performance conditions as outlined in the Notice of Annual General Meeting.

The individuals (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

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