



Cedar Woods navigating it way through the Pandemic

Company/ASX Code	Cedar Woods Properties Limited (CWP)
AGM date	Wednesday, November 4, 2020
Time and location	It will be a Virtual Meeting commencing at 10am AWDT
Registry	Computershare
Webcast	Via on line Meeting platform, Lumi
Poll or show of hands	Poll on all items
Monitor	Kevin Bowman, assisted by John Ferguson
Pre AGM Meeting?	Yes, with Chairman William Hames, Independent Director Jane Muirsmith, MD Nathan Blackburne, CS Paul Freedman.

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

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

Summary of ASA Position

Since March 2020, as a consequence of the Covid-19 virus, the world has experienced a once in 100 year pandemic which has been incredibly challenging for everyone and in particular the entire business community. Needless to say, Cedar Wood has not been immune from this pandemic.

The company achieved a net profit of \$20.9m, down 57% from the record profit of \$48.60m in 2019 and a 30% fall in revenue. Although sales centres remained open in all States from March to May 2020, enquiries were by appointment only and construction sites were required to practice social distancing. The share price reduced from \$5.70 but has subsequently recovered. Total shareholder return for the year was -2.4%, which outperformed the All Ordinaries Index of -7.2%. The net bank debt to equity increased to 37.7%, from 31% with interest cover of 6.1 times (down from 8.6 times, but well above bank covenants of 2.0) for the year, within the target range of 20-75%.

Following the introduction of some Federal and State Government stimulus in June 2020, sales enquiries increased substantially and presale contracts are currently \$360m, up 30M on the same period last year. The presales are due to be settled in 2021 and 2022.

There were no capital raisings or buy backs during the year and Cedar Woods has franking credits available of \$94.25m down from \$96.26m in 2019.

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

Summary

(As at FYE)	2020	2019	2018
NPAT (\$m)	\$20.90m	\$48.60m	\$42.6m
UPAT (\$m)	\$20.90m	\$48.60m	\$42.6m
Share price (\$)	\$5.24	\$5.70	\$5.76
Dividend (cents)	19.0c	31.5c	30c
TSR (%)	-2.4%	5.3%	16.5%
EPS (cents)	26.0c	60.9c	53.9c
CEO total remuneration, actual (\$m)*	\$0.973m	\$0.997m	\$0.802m

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

For 2020, the CEO's total actual remuneration was **10.58 times** (11.73 times in 2019) the Australian Full time Adult Average Weekly Total Earnings [based on May 2020] data from the Australian Bureau of Statistics).

Item 2	Special Resolution: Adoption a new Constitution
ASA Vote	For

Summary of ASA Position

A summary of the main changes to the Constitution was provided with the Notice of Meeting.

The current Constitution was adopted by shareholders at the 2000 AGM.

The proposed changes seem to reflect current market practice and terminology and do not appear to lessen shareholders rights.

Accordingly the ASA intends to support the changes proposed.

item 3	Re-election of Ms Jane Muirsmith as a Director
ASA Vote	For

Summary of ASA Position

Ms Muirsmith is a non-executive Director of the Board of directors and chair of the Audit and Risk Management Committee.

Jane is Managing Director of Lennox Hill, a digital strategy and advisory firm and is a non executive director of Australian Finance Group Limited., the Telethon Kids Institute and chair of Healthdirect Australia.

She is a Graduate of the Australian Institute of Company Directors and a Fellow of Chartered Accountants in Australia and New Zealand with an audit and accounting background together with deep expertise in digital transformation. She has served the Board for three years.

Ms Muirsmith has relevant interest in 10,734 ordinary shares in Cedar Woods Properties Limited as defined by sections 608 and 609 of the Corporations Act 200.

The ASA supports the re-election of Ms Muirsmith.

Item 4	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

At the 2019 Annual General Meeting, 92.9% of the votes cast were in favour of the Remuneration Report

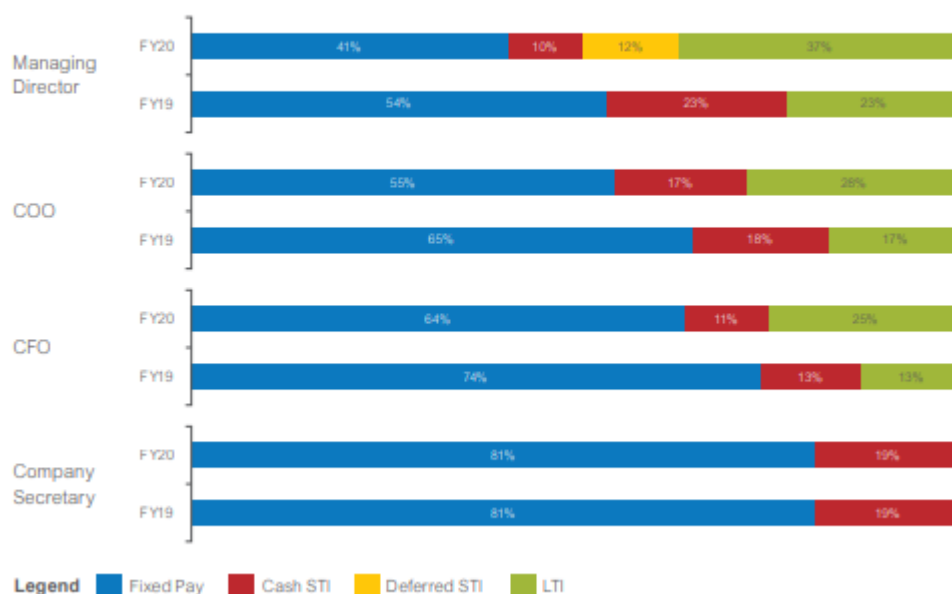
In FY2020 the Human Resources and Remuneration Committee reviewed executive remuneration levels and structures with the objective of furthering the transition towards a greater proportion of “at risk” pay for executives thereby improving alignment with shareholder returns, as well as ensuring that remuneration 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 (TFR), for 2020 the Managing Director fixed remuneration was limited to 41% of his total package, down from 54% in the previous year and was increased based on market benchmarking information.

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 non-listed property companies in WA who don't need to report their executive salaries.

The table below shows the proportions of TFR and variable remuneration.

The graphs below illustrate the remuneration mix for FY2020 compared to FY2019 and demonstrate the progress made this year in increasing the proportion of 'at risk' pay.



Source: Cedar Woods Property 2020 annual report p43

The ASA has a strong preference for more challenging performance ratings to access short term incentives, particularly when these incentives are cash only. Awarding 50%-80% of the incentive for “Nearly Met Expectations” dilutes the motivational power of the incentive. There also needs to be clearer information provided about incentive pay-outs at target and at maximum opportunity.

For STI’s the company continued with its balanced scorecard of measures for determining the STI awards.

The LTI plan continues has two performance conditions (a) measured over a three year service period condition and (b) two performance conditions measured over a three year period; 50% of the LTI grant will be tested against a relative total shareholder return and 50% against earnings per share growth targets.

For NED Director fees, the total maximum aggregate pool for 2020 was \$750,000. Chair and NED fees were increased by 2% effective 1 July 2019 and the total fees paid for 2019 were \$638,000. We would like to see the Independent non-executive Directors increase their equity in the company.

Although the ASA would prefer LTI’s to be measured over at least a four year period, we supported the Remuneration Report in 2019 and 2020. We would prefer that the target range in the vesting schedule was fixed however we understand that 2020 has been a difficult and very challenging year.

We will support the Remuneration Report.

Item 5	Approval of issue of Zero-Price Options under the F20 STI Plan to Managing Director Nathan Blackburne
ASA Vote	For

Summary of ASA Position

It is proposed that Mr Blackburne be offered 16,232 Zero-Price Options under the FY20 DSTI Plan by the Company.

The ASA will support the motion.

Item 6	Approval of issue of Performance Rights under FY 21 LTI Plan to Managing Director Nathan Blackburne
ASA Vote	For

Summary of ASA Position

It is proposed that Mr Blackburne be offered 127,666 Performance Rights under the FY21 LTI Plan by the Company.

The ASA will support the motion.

Summary of ASA Position

It is proposed that Mr Blackburne be offered 16,232 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.

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