

6 November 2009

Australian Securities Exchange
Exchange Centre,
Level 4,
20 Bridge Street,
Sydney NSW 2000.

Dear Sir / Madam,

FIRST QUARTER UPDATE

Please find attached our first quarter update for release to the market.

Yours faithfully,



**Paul Freedman,
Company Secretary**

FIRST QUARTER UPDATE - 6 NOVEMBER 2009

- **Forecasting full year net profit of approximately \$12.5m**
- **Melbourne projects continue to perform strongly**
- **Recommencement of interim dividend**
- **Ample bank funding in place**
- **Successful equity raising via the dividend reinvestment plan**

Cedar Woods Properties Limited (the company) is pleased to provide an update on activities and performance for the first quarter of FY2010.

The company has been pleased with the strength of its Melbourne residential projects during the first quarter and has already contracted all of the presales budgeted for FY2010 in its Melbourne estates, with delivery of titles for these stages expected progressively through the financial year.

In Western Australia, the market is improving generally, however the recovery is less pronounced in the south west metropolitan suburbs and Mandurah.

The company recently completed an equity raising by way of an underwritten dividend reinvestment plan, successfully raising \$4.0m and further strengthening its balance sheet. Together with its \$100m corporate bank facility (available until September 2011) the company has ample funding in place for all of its development projects.

In contrast to FY2009, the company is anticipating a strong first half with the majority of settlements and hence FY2010 earnings now expected in the first half.

The company recognizes the lack of housing stock in all metropolitan markets will underpin a recovery and it is well placed to take advantage of an upturn in market conditions with available stock and a good product range.

The company is anticipating a full year profit of approximately \$12.5m for FY2010 and in anticipation of the much improved first half, the Board intends to recommence the interim dividend in April 2010.

Victorian projects

The property market in Victoria continues to perform robustly, driven by strong inbound migration. Strong sales activity has continued at the company's Melbourne projects.

Releases at Williams Landing continue to be met with keen buyer demand with the project having already achieved its entire sales budget for FY2010, with the lots under construction for delivery in a number of stages over FY2010. Over 50 new homes are under construction in the initial stages of the project and the builders' display village is expected to open in March 2010, providing a further boost to the estate.

In FY2009 the company delivered the first two stages of a 600 lot residential estate known as 'Carlingford' at Lalor in the city's northern suburbs. The company has now sold lots in the third and fourth stages and has met the level of presales budgeted for FY2010. The new stages are already under construction and are expected to be delivered progressively throughout FY2010.

The company's Footscray development, 'Banbury Village', was launched late in FY2009. Just 6 kilometres from the Melbourne CBD, this project will become a 300 dwelling development, to include a range of townhouses, apartments and terrace housing. The first four stages, comprising 20 detached and semi detached four bedroom homes and 33 townhouses, are now fully pre-sold. The first of these homes is expected to be delivered in early FY2011.

Western Australian residential projects

During the first quarter the Western Australian property market showed further signs of recovery, although activity differs markedly from sector to sector.

Demand has been strong at the company's Kestrels estate in the northern corridor with recent releases been almost fully sold and price growth achieved. Strong demand has also been experienced at the company's 'Cambridge Waters' estate in Canning Vale, however the recovery is less pronounced in Baldivis and Mandurah, both in Perth's south west corridor.

Sales at Cedar Woods' first land syndicate in Wellard, a new town only 30 minutes by train and car from the Perth CBD have been improving. The first stage is now 50% sold and settlements are expected to commence shortly. The company will derive income from management fees over the duration of this 600 lot project, with these fees commencing in FY2010.

The company has significant undrawn banking facilities and during the first quarter it provided the balance of the stage 1 development funding to the syndicate of \$7.3m, which will be repaid from the syndicate's cash flows from future stages.

The company recently launched a new apartment project on the foreshore at 'Palm Beach', just south of the Rockingham beachfront, to be known as 'The Jetty'. Comprising 15 luxury ocean view apartments and a ground floor retail tenancy, the construction is expected to start in 2010 for completion in the 2012 financial year.

The company has a limited number of premium apartments and townhouses available for sale in Mandurah. Whilst this segment is expected to take some time to recover, as conditions improve the company is well positioned with an excellent product range to boost both sales and earnings.

Outlook

The national residential property market is showing further signs of recovery, driven by the lack of housing stock and continued population growth in the capital cities which is expected to see healthy sales levels and price growth in the sector.

The company is well placed to take advantage of improved market conditions, with a good product range and sufficient stock levels and a large bank of presales in place, particularly at its Melbourne projects.

The company has ample funding in place from its banks to undertake all of its scheduled developments.

In contrast to FY2009, the company is anticipating a strong first half with project contributions running ahead of budget, with the majority of FY2010 earnings now expected in the first half.

The company is anticipating a full year profit of approximately \$12.5m and in anticipation of the much improved first half, the Board intends to recommence the interim dividend in April 2010.

For further information please contact:

Paul Sadleir
Managing Director
CEDAR WOODS PROPERTIES LIMITED
08 9480 1500