

MEDIA RELEASE

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Cedar Woods
Properties Limited

ASX Code: CWP

Cedar Woods Properties Limited is pleased to provide an update on activities and performance for the first quarter of FY2011.

FIRST QUARTER UPDATE – OCTOBER 2010

- **Upgraded full year net profit forecast of \$24m**
- **Lots settled and presold of over \$115m**
- **Acquisition of additional land in Forrestdale, WA**
- **Market value adjusted NTA significantly above current share price**

Operational update

Strong sales at the company's projects have continued in the first quarter and the company has in place over \$115m in sales (net of GST) represented by lots that have already settled or are under contract for settlement in FY2011

A record first half is anticipated with several stages of projects already completed or expected to be completed by 31 December 2010 in both Perth and Melbourne. The first half result will significantly underpin the full year earnings for FY2011

Following the strong quarter's performance, the company is now anticipating a full year net profit after tax of \$24m for FY2011.

Victorian projects

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

Releases at Williams Landing continue to sell well, with the project having already achieved its entire sales budget for FY2011 and over 60% of required settlements. Several stages are under construction with progressive completion anticipated in the current year. The builders' display village is now open, providing a further boost to the estate. In total there are 180 homes complete at Williams Landing and a further 90 under construction.

Construction has now commenced on the State Government's infrastructure projects at Williams Landing including the train station, bus interchange, freeway interchange and 500 bay commuter carpark. This infrastructure has been designed to integrate directly with the project's town centre. Cedar Woods has received strong interest from retailers and other businesses wishing to be involved in stage 1 of the town centre.

Over 200 lots have been settled at the company's 600 lot residential estate known as 'Carlingford' at Lalor in the Melbourne's northern suburbs. For FY2011, over 70% of the budgeted sales for the project have been achieved and 50% of budgeted settlements are on track to occur next month.



Further stages are to be constructed with progressive completion anticipated in the current year and next financial year.

The company's Footscray development, 'Banbury Village', is proceeding well with the first settlements having occurred in the first quarter. Just 6 kilometres from the Melbourne CBD, this project will become a 350 dwelling development, to include a range of houses, apartments and terrace housing.

Strong sales continue, with the project having already achieved its entire sales budget for FY2011 and now pre-selling for FY2012. Several stages are under construction with a progressive program for completions throughout the remainder of FY2011. The central park has just been completed and is expected to have a positive impact on sales going forward.

The newly acquired Camberwell project has been designed and the development plan submitted for planning approval. The project comprises 78 high quality dwellings with a mixture of houses and town houses. Planning approval is expected by mid 2011 and the presales campaign will commence soon after this has occurred.

Western Australian projects

During the first quarter, the Western Australian property market remained relatively steady overall.

The company recently contracted to purchase a 10ha parcel for \$6.75m plus GST in Piara Waters (formerly Forrestdale) which complements the existing 15ha landholding owned by the company in this fast growing corridor south east of Perth. Planning approvals are well advanced for this latest parcel which should yield over 135 lots and there are management synergies to be obtained by increasing our presence in this area.

Nearby in Harrisdale, the first release of Harrisdale Green, a joint venture with the Department of Housing, was very well received by the market with 30 lots in the first stage sold within two weeks at prices around \$220,000 per lot.

Sales at the company's syndicated Emerald Park Private Estate in Wellard are progressing steadily and we expect demand to continue as the estate is well serviced by road and the display village has recently opened.

Further south in Mandurah the market has shown signs of improvement. We have a good range of product, including completed housing stock, to take advantage of improvements in the market.



Construction at The Jetty Apartments in Rockingham continues to progress on programme. Only 6 of the 16 apartments remain for sale with completion in early FY12.

The structure plan for the Carine TAFE redevelopment, with LandCorp and St Ives, was lodged in September. The development will ultimately comprise retirement housing, single and group residential housing, apartments and mixed use development on an 8ha, urban infill site.

Cedar Woods' has enjoyed considerable success with acquisitions in calendar 2010 and these new projects continue to be progressed through the approvals processes.

The Mangles Bay Marina Based Tourism Precinct, with LandCorp, is progressing well with environmental approvals the key focus of our activity. The aim of the project is to provide much needed marina and community facilities in the Rockingham area.

The company's purchase of the 273 ha former Bushmead Rifle range site in Hazelmere, which is expected to yield 600 – 900 lots, was settled in July and planning of this long term project has begun.

Cedar Woods was a successful bidder for 11ha of land in South Hedland and the terms of that acquisition from The Department of Regional Development and Lands are progressing as are the planning approvals with the Shire of Port Hedland. We are excited about the potential for the development of residential land in the Pilbara.

Corporate

As previously announced, on 31 August 2010, the company established a new \$110m corporate bank facility with ANZ Bank (available until August 2013) to fund the company's anticipated development programme.

As part of the refinancing process, independent valuations were prepared for the bank for a number of the company's properties. These valuations, coupled with management's assessment of the market value of the company's remaining properties, sales results achieved for the quarter and an assessment of recent acquisitions, reinforce the Board's previously expressed view that the company's share price significantly understates the underlying value of its portfolio.

On a market value basis, the company estimates that its NTA per share is approximately \$6. This figure does not take into account corporate tax payable upon the sale of the properties, the value of any other projects under consideration or the value of the company's available franking credits which are currently approximately \$30m.



The NTA calculated from the company's audited accounts is based on values of properties representing the lower of cost and net realisable value. The NTA on a market value basis assumes the orderly disposal of the properties, which is dependent on market conditions at the time.

The excess of the market value based NTA over reported NTA has been driven by the continued strong performance of a number of key projects, in particular Williams Landing, together with the fact that many of the company's properties were acquired some time ago at much lower values than those now prevailing.

Outlook

WA and Victoria, the states in which the company operates, are outperforming the rest of the nation and the company has a large bank of presales in place which will underpin earnings in FY2011 and on an increasing basis, FY2012.

Population growth rates remain robust in both states and a forecast reduction in housing starts will add to unsatisfied demand later in the cycle. The company has a good product range and sufficient stock levels to meet an increase in demand.

Following the strong quarter's performance, the company is now anticipating a full year net profit after tax of \$24m for FY2011 and with a strong portfolio, believes it is well placed, assuming reasonable market conditions, to comfortably exceed its 10% pa growth target in coming years.

For further information please contact:

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