

22 March 2011

Australian Securities Exchange Limited  
Exchange Centre  
Level 4  
20 Bridge St  
Sydney NSW 2000

Dear Sir / Madam,

**TAKEOVER APPROACH**

Please find attached our release regarding a takeover approach.

Yours faithfully,



Paul Freedman  
Company Secretary

**ASX RELEASE**

**22 March 2011**

## **TAKEOVER APPROACH**

Cedar Woods Properties Limited (ASX: CWP) announces that it has received a conditional and indicative approach under which a third party proposed the acquisition of all the issued ordinary shares in Cedar Woods ("Takeover Proposal").

Following confirmation with the third party of Cedar Woods' position as outlined below, the Takeover Proposal was withdrawn.

The Takeover Proposal entailed a cash offer of \$4.05 coupled with a fully franked special dividend from Cedar Woods of \$1.00 per Cedar Woods' share.

The Takeover Proposal was made on a confidential basis and was subject to a number of conditions, including due diligence and a majority Board recommendation. The Board felt it was in the interests of shareholders to engage confidentially with the third party, as is permissible under the Listing Rules, to see if a transaction that we were prepared to recommend could be developed.

The Board actively sought to negotiate modifications to the terms of these conditions, but ultimately, a number remained incapable of being satisfied as formulated.

The Board's consideration of the Takeover Proposal involved detailed engagement and exchange of information under a due diligence process over an extended period. The Board took into account financial advice from Gresham Advisory Partners and legal advice from Cochrane Lishman Carson Luscombe.

Among other things, the Board undertook detailed consideration of the following factors:

- ***The Takeover proposal was at a discount to Cedar Woods' assessed value***

The Cedar Woods' Board has consistently stated that it believes the current (market) value of the company's projects to be substantially above the value reflected in its share price. The Board took account of the fact that the Takeover Proposal was below its assessed NTA per share (based on recent acquisitions, sales results, and a combination of independent and management valuations of the company's properties). It also considered the pricing of the Takeover Proposal to be insufficient when assessed against other valuation metrics, including trading multiples relative to peers and discounted cash flow analysis, taking account of what the Board considered to be a fair and reasonable premium for control.

- ***Cedar Woods' expectation of strong profits in 2011 and 2012***

At its half yearly results, the company announced a record half year profit and that it expected a record full year NPAT result for 2011 of approximately \$27m (up 57% on 2010). The company also expects a strong first half for 2012, with \$100m of presales already in place.

- ***Cedar Woods' expectation of exceeding its 10% earnings growth target***

The Board believes the company is well placed, assuming reasonable market conditions, to comfortably exceed its 10% pa earnings growth target in coming years and in particular in FY2012, given the strong pre-sales already recorded. This growth is expected to provide a platform for continuing strong returns to shareholders.

- ***Cedar Woods' share price performance***

As Cedar Woods emerged from the Global Financial Crisis and its operating performance has strengthened, increased emphasis has been given to the company's shareholder and analyst communication program to give investors better visibility of the company's performance and achieve greater alignment between the share price and the true underlying value.

These efforts have already had an impact, with the price for Cedar Woods' shares increasing significantly over the last 6 months and additional broker research coverage, including higher consensus target prices for Cedar Woods' shares. The majority of analysts covering Cedar Woods have published 12 month price targets in excess of the price proposed under the Takeover Proposal.

- ***The Takeover proposal represented only a modest premium to the current Cedar Woods' trading price***

At a total of \$5.05 per Cedar Woods share, the Takeover Proposal represents only a 10% premium to the Cedar Woods' 10 day volume weighted average share price of \$4.57 (to close of business on 21 March 2011.)

The Board also took into account a number of potential benefits of the Takeover Proposal, were it to be made in a manner capable of acceptance, including the relatively modest liquidity of Cedar Woods' shares, currently muted sentiment towards the property sector, and various macro-economic uncertainties impacting markets in the short term. However the Board considered these factors were outweighed by those noted above.

The Board and management team remain very optimistic on the outlook for the company and its projects, particularly Williams Landing in Victoria, and look forward to continuing Cedar Woods' successful track record of generating consistent and attractive returns for shareholders.

*For further information please contact:*

*Investors*

Paul Sadleir  
Managing Director  
CEDAR WOODS PROPERTIES LIMITED  
08 9480 1500

*Media*

John Gardner  
MAGNUS Investor Relations + Corporate Communication  
02 8999 1001 / 0413 355 997