

## THIRD QUARTER UPDATE – APRIL 2011



Cedar Woods  
Properties Limited  
ASX Code: CWP

- Upgrade of forecast full year net profit to \$28m
- New projects commencing in Perth and Melbourne in FY2012
- Significant presales in place to underpin strong profit growth in FY2012
- New acquisition in Perth's southern growth corridor

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**Cedar Woods Properties Limited has a long history of creating award winning communities in Australia.**

Cedar Woods is pleased to announce an upgrade of its profit forecast for the year ending 30 June 2011 from \$27m to approximately \$28m, representing a 63% increase over the net profit reported for FY2010.

An interim dividend of 11 cents per share will be paid on 29 April 2011 and the final dividend will be announced with the annual result in August. The Board's policy is to pay approximately 50% of the full year profit as distributions to shareholders.

### Operational update

Strong sales at the company's projects have continued in the third quarter and the company has in place over \$120m in pre-sales (net of GST) under contract for settlement in FY2012.

As was the case in FY2011, a strong first half is anticipated in FY2012 with several stages of projects expected to settle before 31 December 2011 in both Perth and Melbourne, including The Jetty Apartments in Rockingham, WA and significant stages at Williams Landing and Banbury Village in Melbourne.

The first half result will significantly underpin the full year earnings for FY2012, with the company expecting to comfortably exceed its 10% pa growth target. Further details of the company's outlook for FY2012 will be provided in updates in coming months.

### Victorian projects

The company continued to build presales for FY2012 at Williams Landing, Carlingford and Banbury Village in the third quarter. Enquiry across the projects remains at a high level.

New releases at Williams Landing, Banbury Village and Carlingford have all performed well with many sales being achieved on release days.

An extensive delivery program is underway for these projects and stages are progressively settling with most settlements for FY2011 now complete.

Design work on the Realm Camberwell project has been completed and all necessary planning approvals are in place. Some early works have commenced on the site and the main civil contractor is expected to commence work in early FY2012. A registration of interest campaign has commenced with a strong level of enquiry having been received and sales will commence in June 2011.

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Planning for the Williams Landing Town Centre is progressing, with consultants now appointed for stage 1 of the town centre and bulky goods precinct. Civil works are expected to commence later in 2011. The Victorian Department of Transport has confirmed that it is soon to award the contract for the construction of the Williams Landing Train Station, bus port, commuter parking and freeway interchange. Completion of this infrastructure is expected in late 2012.

### **Western Australian projects**

During the third quarter, the Western Australian residential land market saw an increase in lot sales over the preceding quarter. Our land estates maintained prices and continued to sell steadily.

In Harrisdale, the second release of Harrisdale Green, a joint venture with the Department of Housing, was very well received by the market with 23 lots sold within three weeks.

Sales at the company's syndicated Emerald Park Private Estate in Wellard are progressing steadily and the display village of 11 builders is having the desired effect of increasing enquiry and generating sales.

The Rivergums in Baldivis is a strong and consistent performer in one of Perth's most competitive markets. Its positioning as a family friendly estate with abundant natural assets ensures it has lasting appeal. The commencement of construction of the local high school within the estate has further cemented its market position.

Further south in Mandurah, the land market continued to show signs of improvement. The "Indiano" release of a small number of narrow frontage canal lots at Mariners Cove was well received and added to the diversity of product on offer.

Construction at The Jetty Apartments in Rockingham continues to progress on programme. Only 5 of the 16 apartments remain for sale with construction completion and settlements anticipated in early FY2012. A display apartment will be completed in April to assist with selling the remaining stock which is competitively priced under \$1million to ensure broad market appeal.

The structure plan for the Carine TAFE redevelopment, being conducted in joint venture with LandCorp and St Ives, was advertised for public comment in February. The development will ultimately comprise much needed retirement housing, single and group residential housing, apartments and mixed use development in a low and medium rise format consistent with State Government objectives for meeting urban infill targets under the Directions 2031 planning policy.

The Mangles Bay Marina Based Tourism Precinct, also with LandCorp, is progressing well with environmental approvals the key focus of activity. The Environmental Scoping Document was advertised in February and submissions are being reviewed prior to lodging the Public Environmental review midyear.

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The introduction in this quarter of the inaugural Neighbourhood Grants Program at both Harrisdale Green and The Rivergums has been received positively within the local communities. Each project has offered grants totalling \$10,000 benefiting grass-roots community groups, with participation from local councils in the judging and presentation ceremonies. Cedar Woods is committed to building vibrant communities in the areas in which it operates.

The company has recently added to its land portfolio in Perth's southern growth corridor through the purchase of 29ha in Baldivis for \$9.1M plus GST. The site is prominently located adjacent to the Mundijong Road exit on the Kwinana Freeway, with development anticipated to commence in about five years time. This strategic acquisition should deliver over 300 residential lots and complements the existing estates of Rivergums (Baldivis) and Emerald Park (Wellard) Projects as they move to completion. Settlement is scheduled for mid July 2011.

### **Corporate**

On 22 March 2011 the company reported that it had received a takeover approach from a third party. The takeover proposal was conditional and the Board actively sought to negotiate modifications to the terms of these conditions, but ultimately a number remained incapable of being satisfied as formulated, leading to the withdrawal of the proposal by the third party.

The Board is very optimistic regarding the outlook for the company and its projects, particularly Williams Landing in Victoria, and looks forward to continuing Cedar Woods' successful track record of generating consistent and attractive returns for shareholders

Expansion of the company's property portfolio remains a key objective and the company continues to evaluate suitable acquisition opportunities where these complement the existing portfolio.

### **Profit forecast and outlook**

The company has a well located portfolio with a diversity of product and its estates have continued to perform well in the current market. A large bank of presales is in place which will continue to deliver earnings for the balance of FY2011 and into FY2012.

Cedar Woods has ample funding in place to undertake all of its scheduled developments and is anticipating a full year net profit of approximately \$28m, representing an increase of 63% over FY2010.

In the medium term, new projects at Camberwell, Piara Waters and Carine will contribute to earnings, positioning the company, assuming reasonable market conditions, to comfortably exceed its 10% pa growth target.

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