

11 June 2009

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

Dear Sir / Madam,

MARKET UPDATE

Please find attached our update for release to the market.

Yours faithfully,



**Paul Freedman,
Company Secretary**

**11 JUNE 2009
Media Release**

Cedar Woods on track for a strong second half

- **Forecast full year net profit of \$7.5m**
- **Several stages completed and settlements continuing**
- **Significant reduction in gearing**
- **Strong presales in place for FY2010**
- **New projects to be commenced in Perth and Melbourne in FY2010**

This report provides an update on the company's activities and performance since the release of the half-year report.

The company anticipates an after-tax profit for FY2009 of approximately \$7.5m (FY2008 - \$20.6m), in line with previous earnings guidance.

Western Australia

The company has had a busy second half with a number of significant projects and stages completed. These include:

- Stage 1 of 'The Landings' at Mariners Cove, Mandurah
- The latest release at Helena Valley
- New stages at the company's major residential projects at 'The Rivergums' at Baldivis and 'The Kestrels' at Tapping.

Development at each of the above projects has progressed well during the second half and all are substantially completed and settlements are continuing.

For FY2010, the company will release the first stage of the Harrisdale project which is a joint venture for the development and sale of land owned by the Department of Housing.

In addition, the first lots from Emerald Park, the syndicated project at Wellard, south of Perth, are expected to be titled in early FY2010. These projects will contribute to FY2010 earnings.

Victoria

The company is reaching an exciting phase in Melbourne as the initial stages of development have been completed at both Williams Landing and Carlingford.

More than 350 presales have now been recorded at Williams Landing, with around half of these in the first two completed residential stages and the majority of settlements to be completed prior to 30 June. The balance of presales achieved are mainly in stages that will be delivered in FY2010.

These are the initial stages of a development that incorporates over 2,000 dwellings and a town centre development that includes retail and commercial buildings, the focus being a railway station and transit interchange, just 20 minutes from Melbourne.

Settlements have been completed in the first two stages of the company's Carlingford project in Lalor in the city's northern suburbs. The first two stages, comprising 125 lots, were sold out and completed in May.

The third and fourth stages have already been released and 75 presales have been recorded for those stages that are scheduled for delivery in FY2010.

The first two stages of the company's Footscray development, 'Banbury Village' were released in April 2009. Comprising 10 detached and semi detached four bedroom homes and 18 townhouses, these stages are now 90% pre-sold. The first of these homes is expected to be delivered in the last quarter of FY2010.

Financing

The company has a \$107m corporate facility in place until September 2011 and since November 2008 has put in place new finance facilities with National Australia Bank as it seeks to widen its funding base. These facilities provide ample funding for the company's development activities.

As a result of the strong settlement program, the company will achieve a significant reduction in debt by 30 June.

Profit Forecast and Outlook

During the second half of the year the company has experienced strong demand from first homebuyers for its WA projects and has been pleased with the ongoing public response to new releases at its Melbourne projects.

The company's revenue and profit is determined on the basis of the timing of settlements. The profit recorded for FY2009 will be dependent upon the actual number of settlements achieved in the month of June and with the settlements currently anticipated, the company expects a net profit of approximately \$7.5m.

Looking beyond FY2009, the increased contribution from Melbourne projects, new projects entering the development phase and syndicate earnings will underpin future earnings.

For further information please contact:

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