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29 October 2004

Company Announcements Office
Australian Stock Exchange Limited
20 Bond St
Sydney NSW 2000
VIA ASX Online.

Dear Sir / Madam,

FIRST QUARTER UPDATE

Please find attached our first quarter update and earnings guidance for FY2005.

Yours faithfully,

Paul Freedman,
Company Secretary.

CEDAR WOODS PROPERTIES LIMITED

FIRST QUARTER UPDATE AND EARNINGS GUIDANCE

29 OCTOBER 2004

This report provides an update on the Company's activities and performance for the first quarter of FY2005 and details progress on a number of developments within the Company's portfolio.

The Company continued to experience firm demand during the September quarter and the forecast net profit for the year ending 30 June 2005 remains at $11m to $12m.

Residential Projects

Sales at the Rivergums, Baldivis have continued strongly into the new financial year. After completion of 180 lots in the first two stages in FY2004, construction of the third stage of 81 lots is well advanced, and the Company expects this stage to be complete by the end of the first half. Already more than 70% of the lots have been pre-sold during construction and the Company is bringing forward plans to develop Stage 4 early in the second half. An 8-home builders' display village is under way and is expected to contribute to ongoing demand for lots.

At Mariners Cove, Mandurah, around 60% of the 75 lots in Stage 8 are now sold, with this stage also under construction and due for completion prior to the end of the first half. Due to demand, plans are under way to commence stage 9.

Demand for canal lots at Mariners Cove has remained firm during the first quarter. After completing construction of the first island in FY2004, the Company commenced the second island and this is also due for completion by the end of the first half of FY2005. The Company recently released the premium lots in this stage which provide views over the entry canal and the conservation reserve. About 40% of the lots released in this stage are now sold.

Sales at The Kestrels at Tapping have exceeded the Company's expectations and at the end of the first quarter all but one of the available lots in stage 1 and over 50% of the lots in stage 2 have been sold. A display village will shortly be introduced with 10 well-known builders expected to participate. Construction of the first two stages including the central park are due for completion at the end of the first half. The Company will soon commence the sale of house and land packages on cottage lots adjacent the central park, and these are already eagerly anticipated by the market.

Built Form

At Rockingham, the development of the Aria Apartments is nearing completion with the building at full height and settlements expected April 2005. The 32 apartments in this project are 100% pre-sold. The Company is about to commence marketing of the retail space on the ground floor.
The Company has completed plans for its second apartment project in Rockingham, known as 'Nautilus Apartments', which is planned to comprise 62 apartments and ground floor retail. Unanticipated building delays and increases in construction costs across the sector over the last 6 months have resulted in a longer timeframe and a construction cost appreciably higher than the original estimate. The Company has approached all existing purchasers to negotiate an extended timeframe and an increase in their contract price and the majority have indicated they wish to proceed.

The Company expects construction to commence in November 2004.

At Port Mandurah, the company has advanced plans for a waterfront townhouse development at the Sutton Heritage Precinct which will be similar in nature to the highly successful 'Promontory' development which the Company undertook in the 2003 financial year. Marketing of this development is expected to commence during the second half of the financial year.

Mixed Use / Mixed Density

Development has commenced at the Company's mixed density estate at Canning Vale, WA. The estate will comprise a range of compact standard lots, cottage lots, terrace housing and apartments. The company is scheduling pre-release of the first apartments prior to the end of the first half. A sales office is to be opened at the adjacent Livingstone shopping centre.

Marketing of the Company's 6-hectare commercial site at Balcatta, known as 'The Axis' due to its excellent location adjacent the junction of the Mitchell Freeway and Reid Highway, has been highly successful during the first quarter. This site will be subdivided into 16 lots suitable for individual sale or development. As a result of the pre-selling campaign a number of offers have been received for lots within the development and the Company is presently negotiating with purchasers. Development is expected to commence early in 2005.

The company is advancing the planning for its Laverton land holding which is 275 ha in area and strategically placed adjacent to major road and rail infrastructure and just 18 kilometers west of Melbourne.

Significant progress has been made in planning the proposed transport interchange which will see the integration of the railway station, freeway interchange and the land uses proposed in that area of the project. Further, the Department of Infrastructure has commenced detailed design work for the new station.

Development continues around the site with major residential estates directly to the north and south moving rapidly towards completion. Due to the relative proximity to the Melbourne CBD, Melbourne's west is now accommodating a greater share of new dwellings in Melbourne and this trend is set to continue.

Financial Results and Outlook

The company continues to experience firm demand at its projects and will enjoy earnings from its new projects at Balcatta and Canning Vale.

Sales at the company's traditional residential estates continue on a steady basis, and demand at the Company's newest estates at The Rivergums and The Kestrels has increased with the release of new stages.

Based on current sales activity, the Company maintains its forecast net profit for FY2005 of between $11 and $12 million, representing an increase in line with its earnings growth target of 10%. In addition, approximately $0.5m in realised reserves is also expected.

The Company continues to evaluate proposals for further acquisitions which will augment the property portfolio and boost earnings growth for FY2006 and beyond.

For further information please contact:

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