CEDAR WOODS
PROPERTIES LIMITED
ABN 47 009 259 081

Level 4, Zurich House,
66 Kings Park Road, West Perth
Western Australia 6005

P. O. Box 788 West Perth 6872

Telephone: (08) 9480 1500
Facsimile: (08) 9480 1599

www.cedarwoods.com.au
email@cedarwoods.com.au

October 28, 2005

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

Dear Sir / Madam,

FY2006 FIRST QUARTER UPDATE

Please find attached our first quarter update for release to the market.

Yours faithfully,

Paul Freedman,
Company Secretary

CEDAR WOODS PROPERTIES LIMITED

FIRST QUARTER UPDATE & PROFIT UPGRADE

28 OCTOBER 2005

This report provides an update on the Company's activities and performance for the first quarter of FY2006 and details progress on a number of developments within the Company's portfolio.

The Company experienced good demand during the September quarter and the forecast net profit for the year ending 30 June 2006 has been upgraded to approximately $14.5m.

Residential Projects

The Company has 3 major residential projects located in Perth's growth corridors. These are located at Baldivis, at the end of the Kwinana freeway some 40 kilometres from Perth, at Mandurah approximately 70 kilometres to the south west of Perth, and at Tapping, 5 minutes from the Joondalup town centre some 25 kilometres north of Perth.

Strong demand continues at "The Rivergums" in Baldivis. With Stage 4 close to being fully sold, Stage 5A has recently been released off the plans, with construction under way, due for completion in early FY2006. The Company has sold over 350 lots in the estate, which is now expected to yield more than 850 lots in total.

At "Mariners Cove", Mandurah, regular lots in Stage 9 are now sold out, with construction of this stage completed. Stage 9 includes a boutique park surrounded by a cottage lot precinct, which the company is now marketing as house and land packages in two phases. All released lots have now been sold in the first phase and the remaining lots are expected to be sold quickly upon their release.

Demand for canal lots at Mariners Cove has remained firm during the first quarter. Premium lots providing views over the entry canal and the conservation reserve have sold well and continue to establish record prices for the estate. Stage 4CA, the second island stage, is now sold out and the company has made a limited release of lots in stage 5CA, which are more than 50% sold. Construction of stage 5CA is well advanced and expected to be completed in the second half of FY2006.

At "The Kestrels" in Tapping, the Company has sold most of the available lots in Stages 1 - 3 and has now commenced construction of stages 4 and 5A. Already over 150 lots have been sold at The Kestrels, the builders' display village is complete and with many new homes having been built a community is now developing.

In July 2005 the Company settled on a parcel of land adjacent to the existing 400 lot Helena Valley Private Estate that the Company developed in the 1990's. Plans to commence a 75 lot new stage of this estate are progressing and marketing is expected to commence in 2006.

Built Form

At Rockingham, following completion of the "Aria Apartments", development of the Company's second Rockingham project, the 62 apartment "Nautilus Apartments", is well underway, with completion scheduled for late 2006. Over 80% of the apartments are now pre-sold with the balance to be sold over the construction term of the development.

The Company has progressed plans for a waterfront townhouse development in the second island stage (Stage 4CA) at "Mariners Cove." This is expected to comprise a 20-unit development similar in nature to the highly successful "Promontory" development which the company undertook in the 2003 financial year at "Port Mandurah." Designs are expected to be completed early in 2006 to enable marketing to commence in the second half.

Towards the end of FY2005 the company acquired additional waterfront sites at Palm Beach, Rockingham and Halls Head, Mandurah and planning for two boutique apartment developments has been progressed during the first quarter with marketing expected to commence for both sites in 2006.

Mixed Use / Mixed Density

Development of the Company's mixed density "Cambridge Waters" estate at Canning Vale, WA has advanced during the first quarter. The estate will comprise a range of compact standard lots, cottage lots, terrace housing and apartments. Civil construction of the roads and services is complete and the landscaping, which will include two lakes and a central waterway, is due for completion in the first half.

The Company is soon to commence marketing of the cottage lots which are to be sold as house and land packages in conjunction with Webb & Brown-Neaves. Marketing of these lots and the first apartment complex to be known as St Andrew's Apartments has been aided by the opening of a sales office at the adjacent Livingston Marketplace Shopping Centre.

The Company has now sold all of the commercial lots at 'The Axis' located adjacent the junction of the Mitchell Freeway and Reid Highway in Balcatta, approximately 12 km north of Perth.

The Company continues to advance 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 kilometres west of Melbourne.

The Company has lodged applications requesting a rezoning of the property to permit a mixed use development incorporating commercial, retail and residential uses.

The Victorian office continues to review opportunities for new medium to large-scale broad acre development opportunities and infill sites in Melbourne.

Financial Results and Outlook

The Company continues to experience good demand at its projects and will enjoy earnings from its new project at Canning Vale in the second half.

The Company has upgraded its net profit forecast for FY2006 to approximately $14.5m, representing an increase of approximately 17% over the result achieved in FY2005, providing a similar growth in earnings per share.

The Company continues to evaluate proposals for further acquisitions which will allow the company to add value through the approval process consistent with the Company's stated objective of acquiring prospects that provide the potential to supplement earnings growth in the longer term.

For further information please contact:

Paul Sadleir
Managing Director
CEDAR WOODS PROPERTIES LIMITED
08 9480 1500