

10 February 2012

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

Dear Sir / Madam

MODIFICATION TO DIVIDEND REINVESTMENT PLAN

Please find attached at Annexure 1 modified rules for the company's Dividend Reinvestment Plan (the Plan)

The Plan has been modified to provide for the following:

Introduction of an 'election date'

Under the previous Plan shareholders were required to decide whether to participate in the Plan before the price under the Plan was determined for a forthcoming dividend. Under the modified Plan, shareholders will have the opportunity to consider their participation for a forthcoming dividend after the issue price has been determined. An 'election date' has been introduced, this being the last date that election notices must be received in order to determine participation under the Plan for the forthcoming dividend. The election date will be after the date when the issue price is determined under the Plan and will be announced to ASX in advance of each dividend, along with other key dates.

Enhanced Board powers

The new Plan provides the Board additional powers in relation to setting the issue price under the Plan. The Board may now vary the issue price at any time before the dividend payment date by giving notice to ASX. This rule has been introduced so that the Board may ensure that the issue price is fair given the prevailing market conditions.

In addition, the Plan may be modified, extended, suspended, terminated or recommenced by the Board, in its absolute discretion, at any time by giving notice to ASX Limited.

The Board believes that the new Plan is more relevant to the current market environment and will better serve the interests of shareholders.

The company confirms the following key dates in relation to the interim dividend for the year ended 30 June 2012:

- Closing date for Bonus Share Plan election form 20 February 2012
- Date shares will trade ex-dividend 29 March 2012
- Record date for determining dividend entitlement 4 April 2012
- Closing date for Dividend Reinvestment Plan election form (Election date) 20 April 2012
- Dividend payment date 30 April 2012

The amount of the interim dividend will be announced with the half year results on 21 February 2012.

Queries in relation to this announcement should be directed to the Company Secretary.

Yours sincerely



Paul Freedman
COMPANY SECRETARY

Annexure 1: Dividend Reinvestment Plan rules.

ANNEXURE 1

DIVIDEND REINVESTMENT PLAN

for

**Cedar Woods Properties Limited
ABN 47 009 259 081**

Ground Floor, 50 Colin Street
WEST PERTH WA 6005

Tel: 61 8 9480 1500
Email: email@cedarwoods.com.au

PO Box 788
WEST PERTH WA 6872

Fax: 61 8 9480 1599

A SUMMARY OF THE DIVIDEND REINVESTMENT PLAN

The key features of the Plan are:

1. At each dividend payment date, dividends on participating shares are automatically invested in new ordinary fully paid shares in the Company.
2. Shares will be allotted under the Plan at a price determined by the Board from time to time in its absolute discretion, such price to be a percentage of VWAP calculated at the end of the Determination Period and to be announced to ASX Limited prior to the dividend payment date.
3. Participants pay no brokerage or other costs. Upon allotment the shares rank equally with the then existing fully paid ordinary shares.
4. Shares allotted under the Plan are credited directly to the participant's holding.
5. A statement is sent to participants as at each dividend payment date.
6. Eligible participants (being shareholders registered on the record date for any dividend) may join, vary their participation, or withdraw from the Plan at any time prior to the Election Date for any dividend.

1. PARTICIPATION IN THE PLAN

Each holder of ordinary fully paid shares is eligible and may apply to participate in the Plan. The Directors may determine that participation is not available to a Shareholder with a particular registered address.

Participation in the Plan is not transferable. An overseas Shareholder must obtain any necessary governmental approvals required in order for it to participate.

2. APPLICATION TO PARTICIPATE

An Eligible Shareholder who wants to participate in the Plan must validly complete and lodge an Election Notice at the Company's Share Registry. All joint holders of Shares must sign an Election Notice.

Alternatively an Eligible Shareholder may complete an Election Notice by completing the on-line forms available on the Share Registry website.

An Election Notice will not be effective in respect of any dividend if it is received after the Election Date for that dividend. The Company must provide a Notice of Election to each Shareholder upon their initial purchase of shares in the Company, unless the plan is suspended.

3. LEVEL OF PARTICIPATION

A Shareholder must specify on the Election Notice the degree to which the Shareholder wants to participate in the Plan in respect of its holding.

Participation may be:

- a) full participation for all the Participant's Shares from time to time however acquired (including Shares allotted under the Plan); or
- b) partial participation for a specific number of Shares nominated by the Participant together with the Shares allotted under the Plan in respect of the Shares and any other Shares subsequently nominated for participation under clause 6. However, if at the record date for a dividend, the number of Shares held by the Participant is fewer than the nominated number, then the Plan will apply only to that lesser number for that Dividend. An Election Notice which does not indicate the degree of participation in the Plan will, without liability to the Company, be deemed to be an application for full participation in the Plan for all Shares of the Shareholder concerned.

4. OPERATION OF THE PLAN

Dividends payable in respect of Plan Shares will be applied by the Directors on each Participant's behalf in subscribing for ordinary fully paid shares in the Company. Any dividend (or part thereof) which the Company is entitled to retain under its Constitution or otherwise or on which the Company is or would be entitled to a charge will not be available for subscription.

The Directors will establish and maintain a Plan account for each Participant. At the time of each dividend payment the Directors will, for each Participant:

- a) determine the dividend payable in respect of the Plan Shares less any applicable Australian withholding tax;
- b) credit the amount in (a) above to the Participant's Plan account;
- c) determine the maximum whole number of Shares which can be acquired under these Rules by using the amount in the Participant's Plan account;

- d) subscribe for the number of Shares determined pursuant to (c) above in the name of the Participant and debit the subscription amount against the balance in the Participant's Plan account;
- e) allot the resultant Shares accordingly;
- f) retain without interest any balance remaining in the Shareholder's Plan account.

The number of Shares to be issued to each Participant will be determined by reference to a participation price (as determined by the Directors, in their absolute discretion, from time to time, which will be a percentage of VWAP and will be announced to ASX Limited).

The Board may in its discretion by announcement to ASX Limited vary the participation price on one or more occasions.

5. SHARES ALLOTTED UNDER THE PLAN / STATEMENT TO PARTICIPANTS

Shares will be allotted and statements despatched in accordance with the Listing Rules and CHESS. After each dividend payment the Company will send to each Participant a statement setting out:

- a) the number of the Participant's Plan Shares immediately before and after the record date for the relevant dividend;
- b) the dividend amount and the basis on which it has been applied towards subscribing for additional Shares;
- c) the number of Shares (including Plan Shares) in respect of which that Participant is the registered holder after the allotment;
- d) the balance, if any, in the Participant's Plan account.

All ordinary Shares allotted under the Plan will from the date of allotment rank equally in all respects with existing ordinary fully paid shares in the Company. In accordance with the Listing Rules, the Company will make application promptly after each allotment of Shares under the Plan for quotation of those Shares on ASX.

6. VARIATION OR TERMINATION OF PARTICIPATION

An Eligible Participant may, by lodging with the Share Registry an Election Notice, or by updating the details on-line on the Share Registry's website, increase or decrease the number of its Plan Shares or terminate participation in the Plan. To be effective for a forthcoming Dividend, the Election Notice must be received by the Share Registry before the Election Date for that Dividend.

If a Participant disposes of all of its Plan Shares without giving the Share Registry an Election Notice the Participant will be deemed to have terminated participation on the last date when the Company registered a transfer of the Participant's Plan Shares.

When a Participant who participates in respect of part of its holding of Shares disposes of part of its holding of Shares, and does not notify the Share Registry otherwise, the Shares disposed of will, to the extent possible, be taken to be:

- a) first, Shares which are not Plan Shares; and
- b) secondly, Plan Shares.

A Participant may vary the above order by written notice to the Share Registry.

If a Participant dies, participation by that Participant and any joint holder of the relevant Shares will be terminated upon receipt by the Share Registry of notice of the Participant's death.

Upon termination of participation in the Plan the Share Registry will forward the former participant a statement with all applicable details in respect of the Plan account up to termination together with any amount standing to the credit of that account.

7. MODIFICATION, SUSPENSION AND TERMINATION OF THE PLAN

The Plan may be modified, extended, suspended, terminated or recommenced by the Directors, in their absolute discretion, at any time by giving notice to ASX Limited. The non-receipt of any notice by any Participant will not invalidate the modification, suspension, termination or extension of the Plan. Existing Participants will be deemed to continue under any modified Plan. In the case of recommencement the Board may direct that a Participant's previous participation takes effect as from recommencement.

8. ADMINISTRATION OF THE PLAN

This Plan will be administered by the Directors who have the power to:

- a) determine procedures for administration of the Plan consistent with the Rules including for the establishment and administration of Plan accounts;
- b) settle in such manner as they think expedient any difficulties, anomalies or disputes which may arise in connection with, or by reason of, the operations of the Plan, whether generally or in relation to any Participant or any Shares and the determination of the Directors is to be conclusive and binding on all Participants and any other persons to whom the determination relates;

- c) delegate to any one or more persons, for such period and on such conditions as they may determine, the administrative functions arising under the Plan; and
- d) resolve conclusively all questions of fact or interpretation in connection with the Plan.

The Company reserves the right to waive strict compliance with any provision of these Rules.

9. COST TO PARTICIPANTS

No brokerage, commission, stamp duty or other transaction costs will be payable by Participants in respect of allotment of Shares under the Plan.

10. TAXATION

Neither the Company nor any of its officers take responsibility for the taxation liabilities of Participants. Each Shareholder considering participation in the Plan is responsible for obtaining advice in relation to that Shareholder's position and the application of taxation legislation to that Shareholder.

11. GENERAL

The Plan and its operation are governed by the laws of Western Australia and the Commonwealth of Australia.

12. INTERPRETATION

"Business Day" means a day on which ASX Limited is open for the trading of securities.

"Determination Period" means the period comprising five business days prior to and including the record date and five business days after the record date in respect of any dividend payable by the Company.

"VWAP" means the daily volume weighted average sale price of the ordinary shares in the Company quoted on the ASX but does not include:

- (a) special crossings;
- (b) crossings prior to the commencement of normal trading;
- (c) crossings during the after hours adjust phase; or
- (d) the exercise of options,

as described in the ASX Market Rules.