CEDAR WOODS
PROPERTIES LIMITED
ABN 47 009 259 081

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1 March, 2006

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

Dear Sir / Madam,

Dividend Reinvestment Plan and Share Purchase Plan

Cedar Woods recently announced the following capital management initiatives:

- Reintroduction of the dividend reinvestment plan (DRP) for the forthcoming interim dividend payable on 21 April 2006.
- Implementation of a share purchase plan (SPP), enabling shareholders to subscribe for shares in the company up to a value of $2,000.

These initiatives entitle eligible shareholders to receive ordinary shares at a 2.5% discount to the weighted average market price of the company's shares traded on the ASX between 21 March and 3 April 2006.

The terms and conditions for the DRP and SPP are attached. Copies will be mailed to shareholders in the next few days, together with the election and application forms.

Election and application forms must be received by the company by 27 March 2006 in order to be valid.

Shares are expected to be issued under the DRP and SPP on 21 April 2006.

Yours faithfully,

Paul Freedman,
Company Secretary

SHARE PURCHASE PLAN

for

Cedar Woods Properties Limited
ABN 47 009 259 081

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27 February 2006

Dear Shareholder,

OFFER OF NEW CEDAR WOODS SHARES
UNDER A SHARE PURCHASE PLAN

The Directors of Cedar Woods Properties Limited (**"Company"** or **"Cedar Woods"**) are pleased to extend an invitation to each Cedar Woods shareholder registered as at 5pm WST on 27 February 2006 (**"Record Date"**) with a registered address in Australia or New Zealand (**"Eligible Shareholder"**) to subscribe for additional fully paid ordinary shares in Cedar Woods (**"Shares"**) under the terms and the conditions of Cedar Woods' Share Purchase Plan (**"Share Purchase Plan"**) (a copy of which is attached to this letter as Annexure "A").

The Share Purchase Plan has been designed to allow Eligible Shareholders to subscribe for Shares at a discount to the market price as described on page 2. It also allows Eligible Shareholders to acquire the Shares without brokerage or costs that would otherwise apply to a purchase of Shares.

If you currently hold an unmarketable parcel of shares (being less than $500 worth of Shares) this is a good means by which you can top up your shareholding to a marketable parcel.

Participation in this offer is optional

The offer under the Share Purchase Plan is non-renounceable. This means that you cannot transfer your right to subscribe for Shares under the offer to anyone else.

You are eligible to participate in the Share Purchase Plan as you are a registered holder of Shares with a registered address in either Australia or New Zealand.

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How Much Can You Invest?

As an Eligible Shareholder, you are entitled to subscribe for Shares up to a maximum value of $2,000. **You may select only 1 of the following alternatives to subscribe for Shares under the Share Purchase Plan:**

	Dollar Value of Shares
Offer A	**$1,000**
Offer B	**$2,000**

Subscription Price and Closing Date

The subscription price will be 97.5% of the weighted average market price (as defined in the Listing Rules of Australian Stock Exchange Limited (**"ASX"**)) of Shares in Cedar Woods quoted on ASX during the five trading days immediately preceding and inclusive of 27 March 2006 (the Dividend Record Date) and the five trading days immediately following the Dividend Record Date, the last day being 3 April 2006 (**"Subscription Price"**). The Company anticipates that the Issue Date will be on or about 21 April 2006.

To participate in the Share Purchase Plan, Eligible Shareholders will need to complete and return their entitlement and acceptance form to the Company by 5pm WST on 27 March 2006.

How Many Shares Will You Receive?

The number of Shares that will be issued to you will depend on:

(a) the amount you invest ($1,000 or $2,000); and

(b) the Subscription Price for each Share.

Once the Subscription Price is determined, the number of shares that you will be issued will be calculated by dividing the amount you have elected to invest by the Subscription Price. The number of Shares that you will receive will be determined on or about 6 April 2006.

On the trading day immediately prior to the date of this letter, the last closing price of the Shares traded on ASX was $3.35. The market price of Shares may rise or fall between now and 3 April 2006. Accordingly, the number of Shares that you will be issued under the Share Purchase Plan may be less (if the market price of Shares rises) or more (if the market price of Shares falls) than the number of Shares you could have acquired on market for the same investment amount at the date of this letter.

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As stated above, the last closing price of the Shares traded on ASX prior to the date of this letter was $3.35. Based on this price and a subscription of $2,000 you would expect to receive 612 Shares (612 x $3.35 x 97.5% = $2,000). The table below illustrates the effect of changes in the market price of the Shares between the date of the letter and 3 April 2006 on the number of Shares issued to you:

Example of Average Market Price (21 March – 3 April 2006)	Subscription Price (97.5%)	Subscription Amount	Shares to be Issued
$3.70	$3.61	$2,000	554
$3.00	$2.93	$2,000	685

The number of Shares issued to you will be rounded to the nearest whole number.

While fluctuations in Cedar Woods' Share price between the date of this letter and 3 April 2006 may affect the number of Shares that you receive, determining the Subscription Price based on the average market price for Cedar Woods' Shares in the 10 days up to and including the 3 April 2006 will minimise the potential fluctuations in the Subscription Price and the number of shares that you will receive setting the Subscription Price at a 2.5% discount to this average market price will also help to protect the value of your investment.

The Board recommends that you obtain your own financial advice in relation to the offer and consider price movements of Shares in the Company prior to accepting the offer.

How Do You Apply For Shares Under This Offer?

To subscribe for Shares under this offer, you must:

- Carefully read the terms and conditions of the Share Purchase Plan (refer to Annexure "A").
- Complete the attached Entitlement and Acceptance Form specifying the dollar value of Shares you wish to apply for (being either $1,000 or $2,000).
- Enclose a cheque made payable to **Cedar Woods Properties Limited** and crossed **Not Negotiable** for the total subscription price for the Shares specified in the Entitlement and Acceptance Form ($1,000 or $2,000).

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- Return the Entitlement and Acceptance Form together with payment to:

In Person:	By Mail:
Computershare Investor Services Pty Ltd Level 2, 45 St George's Terrace PERTH WA 6000	Computershare Investor Services Pty Ltd GPO Box D182 PERTH WA 6840

by 5.00pm WST on Monday, 27 March 2006.

Please contact the Company Secretary, Mr Paul Freedman on (08) 9480 1500 or by email at email@cedarwoods.com.au if you have any queries in relation to this offer or how to accept it.

Yours sincerely

William G Hames.

WILLIAM G HAMES
Chairman

CEDAR WOODS
PROPERTIES LIMITED

Annexure "A"

Terms and Conditions of the Share Purchase Plan of Cedar Woods Properties Limited

Purpose

The purpose of the Cedar Woods Properties Limited Share Purchase Plan (the **"Plan"**) is to offer shareholders of Cedar Woods Properties Limited (**"Cedar Woods"**) the opportunity to acquire additional fully paid ordinary shares in Cedar Woods (**"Shares"**) at a discount to the market price of Shares in Cedar Woods on the financial market operated by Australian Stock Exchange Limited (**"ASX"**) without the need to pay brokerage costs and without the need for Cedar Woods to issue a prospectus or other disclosure document. Shares may be issued to a maximum of $5,000 in any 12 month period, however for the purpose of this raising the maximum will be $2,000 per registered shareholder.

Shareholders eligible to participate

All persons registered as holders of Shares in Cedar Woods' register of members at the relevant record date may participate in the Plan except those shareholders whose address in Cedar Woods' register of members is not in Australia or New Zealand. The Directors of Cedar Woods have determined it is not lawful or practicable for shareholders in other jurisdictions to participate in the Plan.

Participation in the Plan is optional and is subject to these terms and conditions. Offers made under the Plan are not renounceable (ie eligible shareholders may not transfer their rights to any Shares offered under the Plan).

It is the responsibility of each Shareholder to obtain any necessary approvals to enable that Shareholder to participate in the Plan.

The Directors are entitled (not obliged) to refuse a Shareholder participation in the Plan where that Shareholder has, in the opinion of the Directors, split a shareholding, or acquired shares as part of such a split, in order to attempt to increase the number of shares that may be allotted under the Plan to that Shareholder or another person.

The Directors of Cedar Woods may also determine in their discretion the specified amounts for participation, the multiple of Shares to be offered under the Plan and the period the offer is available to eligible shareholders.

Price of Shares

The price of Shares to be issued under the Plan will be determined by calculating a discount to the weighted average market price of existing Shares in Cedar Woods quoted on ASX during the 5 trading days immediately preceding and inclusive of a dividend record date and the five trading days immediately following that dividend record date, or at another price determined by the Directors.

Issue of Shares

Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors of Cedar Woods in the relevant offer.

Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in Cedar Woods from the date of issue.

Shareholding statements will be issued in respect of all Shares issued under the Plan. Cedar Woods will, promptly after issue of Shares under the Plan, make application for those Shares to be admitted to quotation on ASX.

Costs of Participation

No brokerage, commission, or other transaction costs will be payable by participants in respect of the application for, and issue of, Shares under the Plan.

Applications and Notices

At the discretion of the Directors, Cedar Woods will send eligible shareholders an offer, accompanied by an entitlement and acceptance form, inviting them to subscribe for Shares under the Plan.

Notices and statements to participants may be given by Cedar Woods in any manner prescribed by its Constitution.

Applications and notices for the purposes of the Plan shall be in writing in such form and lodged at such place as Cedar Woods and the Share Registrar may from time to time require. The Company has discretion to accept and treat as valid an Application Form which does not satisfy this provision.

Applications and notices (other than notices of death, bankruptcy or liquidation) in respect of Shares registered in joint names shall be completed by all registered holders of those Shares who wish to subscribe for share.

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Applications and notices will take effect on and from the date on which they are received by the Share Registrar provided that an application to participate in the Plan is not effective until it has been accepted by the Directors.

The Company has an absolute discretion to reject and treat as invalid an application form where the Directors have determined acceptance of the application form would or might prejudice the effective operation of the Plan or would or might otherwise be contrary to the laws of any country.

The Company will be under no obligation to correct or amend defective application forms on behalf of Shareholders.

Participants may apply and subscribe in cash for Shares using the application form within the time limit and in accordance with the instructions noted thereon.

Any application made shall specify the value of Shares applied for (being either $1,000 or $2,000 in value) and be accompanied by the appropriate remittance.

Modification and Termination of the Plan

Cedar Woods may modify, suspend or terminate the Plan at any time.

Cedar Woods will notify the ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, Cedar Woods may issue to any person fewer Shares than the person applied for under the Plan if the issue of the Shares applied for would contravene any applicable law or the Listing Rules of ASX.

Dispute resolution

Cedar Woods may settle in any manner it thinks fit any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan whether generally or in relation to any participant, application or Shares and the decision of Cedar Woods will be conclusive and binding on all shareholders and other persons to whom that determination relates.

Cedar Woods reserves the right to waive strict compliance with any provision of these terms and conditions. The power of Cedar Woods under these conditions may be exercised by the Directors of Cedar Woods or any authorised delegate of the Directors of Cedar Woods.

Cedar Woods and its officers and employees will not be held responsible or liable for any error or omission which occurs in the administration of the Plan.

Taxation and Duties

Cedar Woods makes no representations or warranties in respect of, and accepts no responsibility for, the liability of Participants to the payment of income tax in respect of any issue of shares, payment or other transaction pursuant to this Plan.

In the event of a change in legislation so that at the date of any allotment or issue stamp duty or any other tax or duty is payable in respect thereof, the amount of such stamp duty or other tax or duty shall be paid by the Participant to whom the Shares are issued and, in respect of each such Share, included in the calculation of the Issue Price.

DIVIDEND REINVESTMENT PLAN

for

Cedar Woods Properties Limited
ABN 47 009 259 081

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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 discount of between 2.5% and 10% based on a ten day average market price.

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. Participants may join, vary their participation, or withdraw from the Plan at any time prior to the record date for any dividend.

7. To join the Plan, participants should complete the Election Notice form accompanying this booklet and return it to the Company's share registrar at the address shown on the form.

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

A Shareholder who wants to participate in the Plan must validly complete and lodge with the Company an Election Notice. All joint holders of Shares must sign an Election Notice. An Election Notice given by a transferee or transmitee of Shares may be treated by the Company as effective provided that the Plan will not apply to any dividend until the relevant transferee or transmitee is registered as the holder of the Shares.

An Election Notice will not be effective in respect of any dividend if it is received after the record date for that dividend. The Company must provide a Notice of Election with each dividend notice sent to each non-participating Shareholder.

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 price which is between 90% and 97.5% (as determined by the Directors from time to time) of the weighted average market price of all shares traded on ASX during the five trading days immediately preceding and inclusive of the record date and the 5 trading days immediately following the record date (rounded, if necessary to the nearest whole cent (0.5 of one cent to be rounded down)).

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

A Participant may, by lodging with the Company an Election Notice, 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 Company before the record date for that Dividend.

If a Participant disposes of all of its Plan Shares without giving the Company 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 Company 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 Company.

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

Upon termination of participation in the Plan the Company 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 at any time after giving 14 days' notice to the Australian Stock Exchange Limited provided that any such notice will be given not less than 14 days before a record date for determining participation in a dividend. 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;

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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

The Company takes no 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.

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