



16 February 2017

Dear Shareholder

Renounceable Entitlement Offer

Buderim Group Limited (**BUG** or **Company**) today announced that it is undertaking a renounceable pro-rata entitlement offer (**Entitlement Offer**) to raise approximately \$9 million, before offer costs and expenses.

The Entitlement Offer is fully underwritten by Asia Mark Development Limited (**Underwriter**). The Underwriter currently holds a relevant interest of 13.04% in BUG.

Details of the Entitlement Offer

The Entitlement Offer will be open to each shareholder of the Company as at 7pm (Brisbane time) on 21 February 2017 (**Record Date**) who:

- has a registered address on the BUG share register in Australia or New Zealand or Hong Kong if that registered shareholder is a “professional investor” as defined under the relevant laws of Hong Kong;
- is not in the United States and is not a person (including nominee or custodian) acting for the account or benefit of a person in the United States; and
- is eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered,

(**Eligible Shareholder**).

Under the Entitlement Offer, shareholders that are entitled to participate can subscribe for 1 new share (**New Share**) for every 2 shares held on the Record Date at an issue price of \$0.36 per New Share.

Eligibility to participate

You have been sent this letter because BUG believes you are an Eligible Shareholder. If you are not an Eligible Shareholder you cannot participate in the Entitlement Offer. BUG will notify those shareholders who are not Eligible Shareholders.

Entitlements

Entitlements in respect of New Shares will be rounded up to the nearest whole number and holdings on different registers or sub-registers will not be aggregated to calculate entitlements.

Entitlements are renounceable, meaning that Eligible Shareholders may sell their entitlements to third parties if they do not wish to take them up. They are expected to be quoted and tradeable on market from 20 February 2017 to 28 February 2017 (**Entitlement Trading Period**).

There is no guarantee that there will be a liquid market in traded entitlements. A lack of liquidity may impact on the ability to sell entitlements on market and the price able to be achieved.

Prices obtained for entitlements may rise and fall over the Entitlement Trading Period and will depend on many factors including the demand for and supply of entitlements and the value of BUG's shares relative to the issue price. If you sell your entitlements, you may receive a higher or lower amount than a shareholder who sells their entitlements at a different time during the Entitlement Trading Period.

If you sell your entitlements, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up the entitlements. Your percentage shareholding in BUG will also be diluted.

Shortfall facility

In the event that Eligible Shareholders do not take up all of their entitlements in full, a shortfall facility will be available to provide an opportunity for those Eligible Shareholders that have taken up their full entitlements to apply for additional New Shares (**Additional Shares**). The allocation of any Additional Shares under the shortfall facility will be at the discretion of the Directors, in consultation with the Underwriter.

Any remaining New Shares not taken up in the shortfall facility will be issued to the Underwriter on the terms of the Underwriting Agreement.

Company's capital structure pro forma

BUG currently has 49,867,553 ordinary shares on issue.

The table below provides a pro-forma capital structure of BUG after completion of the Entitlement Offer. The actual outcome of the Entitlement Offer may differ.

Shares on issue as at 16 February 2017	49,867,553 ordinary shares
New Shares to be issued under the Entitlement Offer	24,933,777
Total Shares on issue following completion of the Entitlement Offer	74,801,330

Information Booklet

The Entitlement Offer will be made under section 708AA of the *Corporations Act 2001* (Cth) as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84. Accordingly, the Company will not prepare a prospectus or other disclosure document. The Company will release a copy of the Entitlement Offer information booklet (**Information Booklet**) to ASX on 16 February 2017 and send a copy (along with a personalised Entitlement and Acceptance Form) to all Eligible Shareholders on 24 February 2017.

Further details of the Entitlement Offer will be included in the Information Booklet.

Important dates

Activity	Date
Announcement of the Entitlement Offer	16 February 2017
Ex date and start of Entitlements trading	20 February 2017
Record Date for Entitlement Offer (7.00pm Brisbane time)	21 February 2017
Information Booklet and Entitlement and Acceptance Form despatched	24 February 2017
Entitlement Offer opens	24 February 2017

Entitlements trading ends	28 February 2017
Closing date for acceptances under Entitlement Offer (5.00pm Brisbane time)	7 March 2017
BUG notifies ASX of under subscriptions	10 March 2017
Allotment of New Shares	14 March 2017
Normal ASX trading for New Shares	15 March 2017
Despatch of holding statements for New Shares	16 March 2017

All dates are indicative and subject to change. Subject to the requirements of the ASX Listing Rules, BUG and the Underwriter reserve the right to vary or withdraw the timetable without notice.

Further information

Shareholders can contact BUG's share registry on 1300 850 505 (within Australia) or +61 (03) 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm AEDT Monday to Friday during the offer period or, alternatively, consult your professional adviser.

On behalf of the Directors, I thank you for your ongoing support of BUG.

Your sincerely,



Steve Morrow
Chairman