

ARVIDA GROUP LIMITED

RENOUNCEABLE RIGHTS OFFER

27 September 2016

This is an important document. You should read the whole document before deciding whether to subscribe for shares. If you have any doubts about what to do, please consult your broker, financial, investment or other professional advisor.

IMPORTANT INFORMATION

General Information

This Offer Document has been prepared by Arvida Group Limited (Arvida) in connection with a pro rata 1 for 7 renounceable rights offer of ordinary shares (Offer). The Offer is made under the exclusion in clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013 (FMCA). This Offer Document is not a product disclosure statement for the purposes of the FMCA and does not contain all of the information that an investor would find in such a document or which may be required in order to make an informed investment decision about the Offer or Arvida.

Additional information available under continuous disclosure obligations

Arvida is subject to continuous disclosure obligations under the Listing Rules. Market releases by Arvida and the Investor Presentation, are available at www.nzx.com under the code ARV.

Offering Restrictions

No action has been taken to permit a public offering of the New Shares in any jurisdiction outside New Zealand, Australia or Fiji. The distribution of this document in a jurisdiction outside New Zealand, Australia or Fiji may be restricted by law and persons who come into possession of it (including nominees, trustees or custodians) should seek advice on and observe any such restrictions.

No person may subscribe for, purchase, offer, sell, distribute or deliver New Shares, or be in possession of, or distribute to any other person, any offering material or any documents in connection with the New Shares, in any jurisdiction other than in compliance with all applicable laws and regulations. Without limitation, this document may not be sent into or distributed in the United States.

No Guarantee

No person named in this document (nor any other person) guarantees the New Shares to be issued pursuant to the Offer or warrants the future performance of Arvida or any return on any investment made pursuant to this document.

Decision to participate in the Offer

The information in this Offer Document does not constitute a recommendation to acquire New Shares nor does it amount to financial product advice. This Offer Document has been prepared without taking into account the particular needs or circumstances of any Applicant or investor, including their investment objectives, financial and/or tax position.

Privacy

Any personal information provided by Eligible Shareholders online or on the Acceptance Form will be held by Arvida and/or the Registrar at the addresses set out in the Directory. This information will be used for the purposes of administering your investment in Arvida. This information will only be disclosed to third parties with your consent or if otherwise required by law. Under the Privacy Act 1993 (New Zealand), you have the right to access and correct any personal information held about you.

Enquiries

Enquiries about the Offer can be directed to an NZX Primary Market Participant, or your solicitor, accountant or other professional adviser. If you have any questions about the number of New Shares shown on the Acceptance Form that accompanies this document, or how to apply online or to complete the Acceptance Form, please contact the Registrar.

CHAIRMAN'S LETTER

27 September 2016

Dear Arvida shareholder

Acquisition and pro rata renounceable rights offer

On behalf of the directors of Arvida Group Limited (Arvida), I am pleased to present you with the opportunity to participate in this offer of new shares to assist in funding Arvida's acquisition of three high quality retirement and care facilities.

On 20 September 2016, Arvida announced that it had entered into agreements to purchase Bethlehem Views, Copper Crest Village Estate and Lauriston Park retirement villages (the "Villages"), subject to customary approvals. These Villages are separately owned and operated, however Arvida has scheduled all three transactions to settle on 3 October 2016.

Bethlehem Views

Bethlehem Views is a dedicated care facility situated on 0.8ha of suburban land on the fringe of Tauranga with 17 rest home beds, 20 dementia beds and 51 hospital beds. The facility has an outlook north to Tauranga harbour and south to the Kaimai ranges and is in proximity to Bethlehem town centre, Grace and Tauranga hospitals. It was renovated in 2011 and extended in 2013.

The facility lends itself towards care suite conversion and Bethlehem Views' care facilities are generally regarded to be of a quality unrivalled in the local market with an occupancy rate of greater than 98% for the last 12 months.

Copper Crest Village Estate

Copper Crest is a retirement living facility situated on 10.5ha in the suburb of Pyes Pa, which is 9km south of Tauranga. The facility currently includes 98 retirement units and development land for a further 100 additional units. Community and recreational facilities include an indoor heated swimming pool, all weather bowling green, spa, gym, hairdresser, bloke's shed, activities room and chapel.

The average age of Copper Crest's residents is 76 years. Copper Crest currently has a waiting list and compares extremely well to other villages in the area, occupying a strong position with a wide range of product and price differentiation.

Lauriston Park

Lauriston Park is a low density retirement living facility situated on 9.5ha in the southern outskirts of Cambridge. The facility includes 149 retirement units and 1.3ha of development land. Community facilities are at a very high standard and feature an indoor heated swimming pool, spa, gym, hairdresser, blokes shed, outdoor chess and putting green.

The average age of Lauriston Park's residents is 78 years. It is a well-presented high quality village located in an attractive rural township that has one of the highest population growth rates in New Zealand. Lauriston Park has no new villas currently available and a waiting list for villas as and when they become available.

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The Villages provide a mix of quality retirement living and care facilities and are located in prime growth locations where Arvida is yet to have a presence, being Tauranga and Cambridge. Collectively, the villages add 88 care beds and 247 retirement units to Arvida's portfolio. Additionally, the villages have an estimated 210 unit / bed brownfield development opportunity providing future growth opportunities for Arvida.

Since Arvida's IPO of 18 villages we have acquired four villages across two separate transactions, consistent with our strategy of consolidating the aged care sector in New Zealand. The three additional Villages are complementary to our existing portfolio, providing further geographic diversity and brownfield development opportunities and enable us to further leverage our scalable operating model.

Furthermore, as with our previous acquisitions we expect that this transaction will be immediately earnings per share accretive by approximately 6%.

The total purchase price for the acquisition is \$66 million which compares to CBRE valuation of \$68 million. The acquisition will be funded by a combination of Arvida ordinary shares and cash. Arvida is raising approximately \$42 million of new capital to partially fund the cash component of the purchase price. The balance will be sourced from issuing \$18.5 million of shares to the vendors of the Villages and from drawing on Arvida's bank debt facilities.

The capital raising is in the form of an underwritten pro rata renounceable rights offer to existing shareholders. Under the Offer, Eligible shareholders may subscribe for 1 New share for every 7 existing shares held as at 5.00 pm on 28 September 2016, at a price of \$1.05 per share.

Your Rights to subscribe for shares under the Offer are renounceable. This means that if you are an eligible shareholder you may take the following actions:

- take up all or some of your Rights; OR
- sell all or some of your Rights; OR
- take up some of your Rights and sell all or some of the balance; OR
- do nothing with all or some of your Rights.

If you do nothing with your Rights, Forsyth Barr Group, the underwriter, will attempt to sell your rights, along with the rights of any other shareholder who did nothing with their rights. Any proceeds received for rights in this process by the underwriter will be distributed to you and the other shareholders who did nothing with their rights on a pro rata basis. The process is known as a shortfall bookbuild. Shareholders who choose not to take up their Rights, or who sell Rights, will have their percentage shareholding diluted.

I am able to confirm that Arvida directors and senior executives intend to take up their full entitlements under the Offer.

This document sets out important information about the Offer. Before making your investment decision, I encourage you to read this document in full and also to consider the information disclosed by Arvida to NZX (in particular the Investor Presentation) and other information available at **www.nzx.com** under the ticker code "ARV". If you are in doubt as to what you should do, you should consult your financial/professional adviser or an NZX Broker.

Thank you for your continued support.

Yours sincerely



PETER WILSON
CHAIRMAN

IMPORTANT ELEMENTS OF THE OFFER

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|---|--|
| Issuer | Arvida Group Limited |
| The Offer | <p>An underwritten pro rata renounceable rights issue of 1 New Share for every 7 Existing Shares held on the Record Date (with fractional entitlements being rounded down to the nearest share).</p> <p>New Shares:</p> <ul style="list-style-type: none">• not taken up by Eligible Shareholders; or• which are attributable to the rights of Ineligible Shareholders and which are not sold by a nominee on their behalf, <p>will be offered to Eligible Bookbuild Investors through a Bookbuild run by the Underwriter. Any Premium achieved above the Issue Price for New Shares in the Bookbuild will be paid (with no brokerage costs deducted) on a pro rata basis to those Shareholders who do not take up their Entitlements or who are ineligible to do so and whose Rights are not sold.</p> |
| Eligible Shareholder | A Shareholder, as at 5.00 pm (NZ time) on the Record Date, with a registered address in New Zealand, Australia or Fiji, who is not in the United States and not acting for the account or benefit of a person in the United States. |
| Rights | <p>The right to subscribe for New Shares under the Offer. Eligible Shareholders have an entitlement to subscribe for 1 New Share for every 7 Existing Shares held on the Record Date (5.00 pm, 28 September 2016).</p> <p>Eligible Shareholders may take up some or all or none of their Rights. Alternatively, Eligible Shareholders may sell some or all of their Rights on the NZX Main Board between 27 September and 12 October 2016.</p> |
| Issue Price | \$1.05 per New Share. |
| Offer size | The amount to be raised under the Offer is approximately \$42 million. |
| No Oversubscriptions | There is no oversubscription facility for this Offer. |
| New Shares | Shares of the same class as, and that rank equally with, Existing Shares on the Issue Date. The Shares will not have an entitlement to dividends prior to the Issue Date. |
| Existing Shares currently on issue | 278,639,124 Existing Shares quoted on the NZX Main Board. |
| Maximum number of New Shares being offered | 39,805,589 New Shares (subject to rounding). In addition, a maximum of 15,817,380 shares will be issued to sellers of the Villages. |
| How to apply | Applications must be made online at www.arvidashareoffer.co.nz or by completing the enclosed Acceptance Form and returning it to the Registrar together with payment in New Zealand dollars. If a postal application is made please allow plenty of time for it to be received by us. |
| Offer underwritten | The Offer is fully underwritten by Forsyth Barr Group Limited. |

IMPORTANT DATES

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| Announcement of the Offer | 20 September 2016 |
| Rights trading commences on the NZX Main Board | 27 September 2016 |
| Record Date for determining Entitlements | 5.00 pm, 28 September 2016 |
| Offer Document, Acceptance Forms sent to Eligible Shareholders | 29 September 2016 |
| Rights trading ends on the NZX Main Board | 5.00 pm, 12 October 2016 |
| Closing Date for the Offer (last day for online applications, or for receipt of the Acceptance Form with payment) | 18 October 2016 |
| Shortfall Bookbuild | 21 October 2016 |
| Allotment of New Shares under the Offer (Issue Date) | 26 October 2016 |
| Expected date for quotation of New Shares issued under the Offer | 26 October 2016 |
| Mailing of holding statements | by 31 October 2016 |
| Payment of any Premium achieved in the Bookbuild | by no later than 31 October 2016 |

These dates are subject to change and are indicative only. Arvida reserves the right to amend this timetable (including by extending the Closing Date of the Offer) subject to applicable laws and the Listing Rules. Arvida reserves the right to withdraw the Offer and the issue of New Shares at any time before the Issue Date at its absolute discretion.

DETAILS OF THE OFFER

The Offer

The Offer is for New Shares in Arvida in a pro rata renounceable rights issue. Eligible Shareholders can subscribe for 1 New Share per 7 Existing Shares held on the Record Date. Any fractional Entitlements will be rounded down to the nearest whole number.

The New Shares will be of the same class as, and will rank equally with, the Existing Shares quoted on the NZX Main Board. It is a term of the Offer that Arvida will take any necessary steps to ensure that the New Shares are, immediately after the issue, quoted.

The maximum number of New Shares under the Offer is 39,805,589. The Rights will be listed on the NZX Main Board and can be traded.

Entitlements which are not taken up (and those attributable to Ineligible Shareholders which are not sold by a nominee on their behalf) will be offered to Eligible Bookbuild Investors (which may include Eligible Shareholders, whether or not they took up their full Entitlement under the Offer).

Applications once made cannot be withdrawn.

Eligible Shareholders who do not take up, renounce or sell their full Entitlement and Ineligible Shareholders whose Entitlements are not sold by a nominee on their behalf, may receive some value in respect of those New Shares if a Premium is achieved under the Bookbuild. There is no guarantee that any premium will be achieved. Further details are set out under “The Bookbuild” below.

Issue Price

The Issue Price is \$1.05 per New Share and must be paid in full on application online or with a completed Acceptance Form, which must be delivered to the Registrar in accordance with the instructions set out in the Acceptance Form.

Arvida may choose to accept late applications and application payments but has no obligation to do so. Arvida may accept or reject any Acceptance Form which it considers is not completed correctly, and may correct any errors or omissions on any online application or Acceptance Form.

Application monies will be held in a trust account with the Registrar until the New Shares are allotted or the application monies are refunded. Interest earned on the application monies will be retained by Arvida whether or not the issue and allotment of New Shares takes place.

Any refunds of application monies will be made within five Business Days of allotment or of any decision not to proceed with the Offer.

Eligibility

The Offer is only open to Eligible Shareholders and persons that Arvida is satisfied can otherwise participate in compliance with all applicable laws.

The Offer will be made only in New Zealand, Australia and Fiji. Arvida considers that offering it wider would be too onerous given the costs of complying with the legal requirements in other jurisdictions and the small number of Shareholders the Offer would likely attract.

This Offer Document is restricted to Eligible Shareholders with a registered address in New Zealand, Australia or Fiji, as at 5.00 pm (NZ time) on the Record Date, who are not in the United States and are not acting for the account or benefit of a person in the United States.

The distribution of this Offer Document (including an electronic copy) outside New Zealand may be restricted by law. Any failure to comply with such restrictions may contravene applicable securities law. Arvida disclaims all liability to such persons.

The Rights of all Ineligible Shareholders will be transferred to a nominee who will endeavour to sell those Rights. Any proceeds (less transaction costs of 0.5%) will be paid to those Ineligible Shareholders on a pro rata basis.

Opening and Closing Dates

The Offer will open on 27 September 2016 and close (for both applications made online or by the Acceptance Form) at 5.00pm on 18 October 2016, subject to Arvida varying those dates in accordance with the Listing Rules.

Oversubscription Facility

There is no oversubscription facility. Shareholders who wish to acquire more New Shares than their Entitlement may do so by acquiring Rights from Shareholders who have renounced such Rights.

The Bookbuild

New Shares attributable to Entitlements which are not taken up by Eligible Shareholders (together with those attributable to Rights of Ineligible Shareholders which are not sold by a nominee on their behalf) will be offered to Eligible Bookbuild Investors (which may include Eligible Shareholders, whether or not they took up their full Entitlement under the Offer). The Bookbuild is expected to take place on 21 October 2016.

The Clearing Price under the Bookbuild will be equal to or above the Issue Price.

If the Clearing Price in respect of the Bookbuild is equal to the Issue Price:

- Arvida will receive the Issue Price for all New Shares issued to Eligible Bookbuild Investors under the Bookbuild; and
- no cash will be payable to any Eligible Shareholder or Ineligible Shareholder.

If the Clearing Price in respect of the Bookbuild is above the Issue Price:

- Arvida will receive the Issue Price for all New Shares issued to Eligible Bookbuild Investors under the Bookbuild; and
- the extent to which the Clearing Price exceeds the Issue Price (the Premium) will be paid by the Lead Manager to the Registrar, who will remit the Premium pro rata to:
 - each Eligible Shareholder who did not take up their Entitlement in full (with respect to only the part of the Entitlement they did not take up); and
 - each Ineligible Shareholder.

If the Bookbuild does not clear all remaining New Shares, the Underwriter will subscribe for any New Shares remaining after the Bookbuild.

There is no guarantee that any value will be received from the Bookbuild by Eligible Shareholders who did not take up their full Entitlement or Ineligible Shareholders. None of Arvida, the Lead Manager, the Underwriter or any of their respective directors, officers, employees, agents or advisers will be liable for a failure to achieve a price in the Bookbuild that is greater than the Issue Price.

Any Premium achieved under the Bookbuild will be announced by Arvida on the NZX Main Board.

Underwriting Agreement

The Underwriter has fully underwritten the Offer. This means that the Underwriter will subscribe at the Issue Price for those New Shares which are not taken up either by Eligible Shareholders or under the Bookbuild in accordance with the terms of the Underwriting Agreement on customary terms. The principal terms of the Underwriting Agreement are as follows:

- The Underwriter will be paid an underwriting fee of 2.00% of the underwritten amount.
- The Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of a number of events which are usual for an offer of renounceable rights.
- Arvida has agreed to indemnify the Underwriter in connection with the underwrite against certain losses.
- Arvida is restricted from offering further Shares or securities (subject to usual exclusions) for three months after the Allotment Date, or otherwise enter into any agreement whereby any person may be entitled to the allotment and issue of any Shares or other equity securities by Arvida, or make any announcement of an intention to do any of the foregoing, other than pursuant to the Offer.

Allotment and Issue of New Shares

New Shares issued pursuant to the exercise of Rights are expected to be allotted and issued by 26 October 2016. Holding statements confirming the allotment of your New Shares will be issued and mailed in accordance with the Listing Rules.

Terms and Ranking of New Shares

New Shares will be the same class as, and rank equally in all respects with, Existing Shares on the NZX Main Board on the Issue Date. They will give the holder the right to one vote on a resolution at a meeting of Shareholders (subject to any restrictions in Arvida's constitution or the Listing Rules), the rights to dividends authorised by the Board and the right to a proportionate share in any distribution of surplus assets of Arvida on any liquidation.

Arvida’s current dividend policy is to distribute between 60% and 80% of underlying profit per annum. Dividends are intended to be paid on a quarterly basis.

Rights

If you are an Eligible Shareholder you may subscribe for all or some of your New Shares, sell your Entitlement or allow your Entitlement to lapse.

Stamping Fee

A broker stamping fee of 0.5% subject to a maximum of \$250 will be paid on successful applications. The fee will be paid by the Underwriter. The Underwriter reserves the right to decline payment of broker stamping fees where it considers that holdings have been split or otherwise structured to take advantage of the stamping fee arrangements. In the event that the total broker stamping fees payable exceed \$30,000, the payment will be scaled back on a pro rata basis. No broker stamping fee will be payable in respect of applications for New Shares under the Bookbuild.

Minimum Amount to be Raised

There is no minimum amount that must be raised for the Offer to proceed. While the Offer is intended to partially fund the acquisitions described earlier in this document, you should note that the Offer may proceed even if one or more of the acquisitions does not complete,

NZX Main Board Quotation

Application has been made for permission to quote the Rights on the NZX Main Board and all NZX requirements have been duly complied with. However, NZX accepts no responsibility for any statement in this Offer Document. The New Shares have been accepted for quotation by NZX and will be quoted upon completion of allotment procedures. NZX Main Board is a financial product market operated by NZX, a licensed market operator, under the FMCA.

GLOSSARY

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| Arvida | means Arvida Group Limited. |
| Bookbuild | means the bookbuild process conducted by the Underwriter under which New Shares attributable to Entitlements that are not taken up by Eligible Shareholders, together with New Shares attributable to Entitlements of Ineligible Shareholders which are not sold by a nominee on their behalf, are offered to Eligible Bookbuild Investors (which may include Eligible Shareholders, whether or not they took up their full Entitlement under the Offer). |
| Business Day | has the meaning given to that term in the Listing Rules. |
| Clearing Price | means the price determined by the Board in consultation with the Lead Manager through the Bookbuild process for New Shares offered in the Bookbuild, and is expected to be set at the highest price at or above the Issue Price that will clear the book of New Shares available under the Bookbuild. |
| Closing Date of the Offer | means 18 October 2016. |
| Eligible Shareholder | means a Shareholder, as at 5.00pm (NZ time) on the Record Date, with a registered address in New Zealand or Australia, who is not in the United States and not acting for the account or benefit of a person in the United States. |
| Entitlement | means the number of Rights to which Eligible Shareholders are entitled. |
| Existing Shares | means Shares on issue on the Record Date. |
| FMCA | means the Financial Markets Conduct Act 2013. |
| Ineligible Shareholders | means Shareholders of Arvida who are not Eligible Shareholders. |
| Investor Presentation | means the investor presentation released to NZX on 20 September 2016. |
| Issue Date | means the date of allotment of the New Shares expected to be 26 October 2016. |
| Issue Price | means \$1.05 per New Share. |
| Lead Manager | Forsyth Barr Limited. |
| Listing Rules | means the listing rules of the NZX Main Board, as amended from time to time and for so long as Arvida is listed by NZX. |
| New Share | means one Share in Arvida offered under the Offer of the same class as, and ranking equally in all respects with, Arvida’s quoted Existing Shares at the Issue Date. |
| NZX | means NZX Limited. |
| NZX Main Board | means the main board equity security market operated by NZX. |
| NZX Primary Market Participant | means any company, firm, organisation, or corporation designated or approved as a primary market participant from time to time by NZX. |

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| Offer | means the offer to subscribe for New Shares to Eligible Shareholders as at the Record Date, under the renounceable rights offer set out in this Offer Document. |
| Offer Document | means this document. |
| Opening Date | means 27 September 2016. |
| Premium | means the excess (if any) of the Clearing Price in the Bookbuild over the Issue Price. |
| Record Date | means 5.00 pm on 28 September 2016. |
| Registrar | means Computershare Investor Services Limited. |
| Right | means the renounceable right to subscribe for 1 New Share for every 7 Existing Shares held on the Record Date at the Issue Price, issued pursuant to the Offer. |
| Share | means one ordinary fully paid share in Arvida. |
| Shareholder | means a registered holder of Shares on Record Date. |
| Underwriter | means Forsyth Barr Group Limited. |
| Underwriting Agreement | means the agreement entered into between Arvida and the Underwriter dated 19 September 2016. |

NOTE:

- All references to time are to New Zealand time.
- All references to currency are to New Zealand dollars.
- All references to legislation are references to New Zealand legislation unless stated or defined otherwise.

DIRECTORY

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| DIRECTORS OF ARVIDA GROUP LIMITED | Peter Wilson (Chair) Anthony Beverley Susan Paterson Paul Ridley-Smith Michael Ambrose |
| ISSUER | Arvida Group Limited 39 Market Place Viaduct Basin Auckland 1010 Phone +64 9 972 1180 <i>www.arvida.co.nz</i> |
| LEGAL ADVISORS | Chapman Tripp Level 35, ANZ Centre 23 Albert Street Auckland 1010 Phone +64 9 357 9000 |
| LEAD MANAGER AND UNDERWRITER | Forsyth Barr Limited (Lead Manager) Forsyth Barr Group Limited (Underwriter) Level 23 Lumley Centre 88 Shortland Street Auckland 1010 Phone +64 9 368 0000 |

If you have any questions about the number of Rights shown on the Acceptance Form, or how to complete the Acceptance Form, please contact the Registrar at:

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| SHARE REGISTRAR | Computershare Investor Services Limited Level 2, 159 Hurstmere Road Takapuna Auckland 0622 Private Bag 92119 Victoria Street West Auckland 1142 Phone +64 9 488 8777 arvida@computershare.co.nz <i>www.investorcentre.com/nz</i> |
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The attitude of living well.

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