

DISCLOSURE DOCUMENT OUTLINING TERMS OF THE BUY BACK OFFER

Introduction

The following summary provides the terms on which LPL is offering to buy back up to 8,200,000 of the partly paid ordinary shares of Life for \$0.32 per share on a pro rata basis from all holders of those shares (the Offer). The Acceptance and Transfer Form contained with this letter indicates the number of shares you hold to which the Offer relates (being approximately 28 percent of the partly paid shares you hold). If you have any questions regarding the Offer, you should consult your tax, legal, or financial adviser, or alternatively contact LPL directly.

Details of the Offer

The Offer is to be made to all holders of partly paid ordinary shares in LPL on the Company's share register at 5.00 pm on 12 August 2009 (the Entitlement Date), on the basis of the shareholdings held by them on the Entitlement Date. Partly paid ordinary shareholders have from 31 August until 5.00 pm on 4 September 2009 (unless extended by LPL) to complete the Acceptance and Transfer Form contained with this letter, and to return it to the Company's share registrar (see the section headed "procedure for acceptance" below). Entitlements in respect of the Offer are not transferable.

Each accepting shareholder must accept the Offer in respect of all shares indicated on that shareholder's Acceptance and Transfer Form. The Offer is an offer by LPL to acquire full legal and beneficial title to those shares. Holders of partly paid ordinary shares who accept the Offer are deemed to warrant that they own, and are delivering clear and unencumbered title to, shares tendered under the Offer.

Shares acquired under the Offer will be cancelled upon acquisition, along with all amounts payable in respect of such shares. There is no intention for LPL to hold any shares acquired as treasury stock.

Procedure for acceptance

To accept the Offer, partly paid ordinary shareholders must complete, sign and return the completed Acceptance and Transfer Form to the Company's share registrar. The Acceptance and Transfer Form sets out detailed instructions on how to complete it.

Completed Acceptance and Transfer Forms must be returned to:

Life Pharmacy Limited
c/- Computershare Investor Services Limited
Private Bag 92119
Auckland 1142

A completed Acceptance and Transfer Form constitutes an irrevocable acceptance of the Offer, on the terms and conditions contained in this Offer. This Offer is open for acceptance from 31 August until 5.00pm on 4 September 2009 (unless extended by further notice from LPL). Provided the Offer becomes unconditional, LPL will send each applicant a cheque for the total consideration for their partly paid ordinary shares as soon as practical.

Conditions of the Offer

This Offer is conditional firstly on the shareholder approvals to be sought at a meeting of shareholders to be held at LPL's central office, Level 1, Building B, 600 Great South Road, Greenlane, Auckland on Monday 31 August 2009 at 3.00 pm, and secondly upon the takeover offer by LPL for all of the shares in PBL being declared unconditional.

Partly paid shares held by directors

The following directors of LPL directly or through associated entities hold partly paid ordinary shares in the Company and, accordingly, have a relevant interest in such shares:

- Mr Andrew Bagnall 27,068,975 partly paid ordinary shares
- Mr Andrew Davidson 156,000 partly paid ordinary shares
- Mr Mark Vuksich 10,000 partly paid ordinary shares

Statutory requirements

This Offer is made in accordance with the provisions of clause 5.1 of LPL's constitution, NZX Listing Rule 7.6.5 and section 60(1)(b)(ii), together with section 61, of the Companies Act 1993. The directors have resolved that: (i) the acquisition of partly paid ordinary shares under the Offer is of benefit to the remaining shareholders; and (ii) the terms of the Offer and the consideration offered for the partly paid ordinary shares are fair and reasonable to the remaining shareholders. The resolutions state that the reasons for these conclusions by the directors are:

- (a) That the Offer is made on a pro rata basis to all partly paid ordinary shareholders;
- (b) That the consideration payable under the Offer reflects the fair value of the partly paid ordinary shares, taking into account the Board's valuation of LPL, the value of LPL implied by the merger transaction, and the expected synergies expected from the merger; and
- (c) That the Buy Back will result in a reduction in the percentage shareholding of LPL Trustee Limited, which currently holds 93.3 percent of the partly paid shares, of LPL meaning that following the merger, the two largest shareholders (LPL Trustee Limited and Cape Healthcare Limited) will hold similar shareholdings.

The directors are not aware of any information that has not been disclosed to the shareholders of LPL which is material to an assessment of the value of the shares which are the subject of the Offer and, as a result of which, the terms of the Offer and consideration offered for the shares are unfair to shareholders accepting the Offer.

Timetable of key dates

Entitlement Date	5.00 pm, 12 August 2009
Shareholders' meeting	3.00 pm, 31 August 2009
Offer opens	31 August 2009
Offer closes (unless extended)	5.00 pm, 4 September 2009