



22 August 2008

<<DATE>>

<<NAME>>

<<ADDRESS1>>

<<ADDRESS2>>

<<ADDRESS3>>

Dear Shareholder

## **NOTICE TO INCREASE MINIMUM HOLDINGS**

Life Pharmacy Limited (*Life*) has a large number of shareholders with holdings of less than 500 shares, which falls below the minimum holding specified in the NZSX Listing Rules. While the support of all shareholders is welcomed by Life, there are significant administrative costs associated with each shareholding, irrespective of size.

In conjunction with the proposed 3 for 2 renounceable rights issue to be undertaken by Life, the directors of Life have resolved to implement a small shareholder plan to ensure that each shareholder of Life holds a minimum of 500 shares. Under this plan, Life intends to exercise its power of sale under clause 9.6 of Life's constitution in respect of any shareholder who continues to hold less than 500 shares at the expiration of three months after the date of this notice.

Your current Life shareholding is << >> shares, and accordingly you are hereby given notice that if you continue to hold less than 500 shares in Life at the expiration of three months after the date of this letter, Life may exercise its power of sale over your shareholding under clause 9.6 of Life's constitution. If that power of sale becomes exercisable, then pursuant to clause 9.6:

- the Board may arrange for the sale of those shares through NZX or in some other manner approved by NZX;
- the shareholder shall be deemed to have authorised Life to act on the shareholders behalf and to execute all necessary documents for the purposes of that sale;
- Life shall account to the shareholder for the net proceeds of sale of the shares (after deduction of reasonable sale expenses), which shall be held on trust for the shareholder by Life and paid to the shareholder on surrender of any certificates for the shares sold; and
- the title of a purchaser of any shares sold pursuant to this clause 9.6 shall not be affected by any irregularity or invalidity in the exercise of the power of sale or the sale itself.

The NZX has approved Life exercising its power of sale by compulsorily buying back the relevant shareholdings at \$0.40 per share – being the same price as the shares to be issued under the rights issue. Life will then hold such shares as treasury stock. If the power of sale is exercised, you will not be required to sign any documentation; and you will receive a non-transferable cheque from Life reflecting the price payable for acquiring your shareholding.

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The board wishes to thank you for your continued support of Life and encourage you to increase your shareholding above 500 shares. If you do not hold a minimum of 500 shares as at the date of this notice, you can acquire further shares by:

- acquiring new shares from other shareholders in Life; or
- subscribing for an adequate number of shares under the upcoming rights issue based on your entitlement and the oversubscription facility.

Yours faithfully

Liz Coutts  
Chairman, Life Pharmacy Limited