
Investment Statement for the Issue of A Class, B Class and Redeemable Preference Shares in Interflora Pacific Unit Limited

NOTE: Every applicant for shares who did not receive a copy of this investment statement before applying for shares may, within 10 working days of the date on which the investment statement is sent to the applicant, withdraw their application by written notice to Interflora Pacific Unit Limited.

Company may issue an A class share to the Member in lieu of the B class share. A class shares have all the rights set out in Section 36 of the Companies Act 1993 (being the right to vote, to receive a share of dividends, and to receive a share of any distribution of surplus assets) but the right to vote may only be exercised in person at a meeting, except where the vote is in respect of the election of a Director, in which case the Member may vote by proxy.

The Company operates a floral clearing facility which is not available to non-members.

RPSs may only be issued to existing Members of the Company (i.e. to persons who hold an A class share or a B class share) and the Board will be entitled to offer RPSs in such quantities and in such proportions as the Board in its discretion considers equitable.

The Board may from time to time declare a dividend payable on the RPSs which may or may not be imputed for taxation purposes, and which will be determined by the Board after declaring any rebates to be paid to Members, and considering the cash flow required for the Company. It may be a condition of the payment of any rebate that some or all of the rebate to a Member is utilised to subscribe for RPSs.

The RPSs are redeemable only at the option of the Company on or at any time prior to the liquidation of the Company in its discretion at a redemption value of \$1.00 per share (*the Redemption Amount*). Redemption will be effected in accordance with the Companies Act 1993 and by the Company paying the Redemption Amount to the holder of the RPS. The Board may in its discretion elect to redeem all or any RPSs held by a particular holder or holders, and redemptions need not be pro-rata between holders. For the avoidance of doubt, a holder holding RPSs has no right to require the Company to redeem the RPSs, irrespective of whether that holder remains or ceases to be the holder of an A class share or B class share.

The RPSs carry no voting rights except in relation to a resolution required under section 117 of the Companies Act 1993 where the position of the holders of the RPSs may be altered to their detriment, provided that the issue of further shares ranking equally with, or in priority to, the RPSs will not constitute an action deemed to be affecting the rights attaching to the existing RPSs.

The RPSs have no right to participate in any cash issues, bonus issues or other issues for shares declared or made by the Company, except as expressly permitted by the Company.

On a liquidation of the Company the holder of any RPSs is entitled to receive the Redemption Amount in priority to the A class shares and B class shares, but has no other right to participate in any distribution of profits or assets of the Company.

Members are required to comply with the bylaws of the Company and to enter an agreement with the Company for the use of clearing house facilities and the Company's logo.

Who is involved in providing it for me?

The issuer is Interflora Pacific Unit Limited ("the Company") and its registered office is at 80 Chester Street, Christchurch.

The principal activities of the Company are the operation of a clearing house for its members to facilitate the delivery and fulfilment of orders for flowers and floral services. The Company has been carrying on these activities since 1952.

How much do I pay?

Each member of the Company is required to hold one A class share or B class share. The payment required per A class share and B class share is \$1.00. A member may hold such quantity of RPSs as the Board in its discretion considers to be appropriate. The payment required per RPS is \$1.00. All sums are paid to the Company at 80 Chester Street, Christchurch.

What are the charges?

Applicants for A class shares and B class shares in the Company are required to pay an application and investigation fee of \$300.00 (plus GST). In addition, Members pay a fidelity bond deposit to the Company of \$200.00. Every Member will deposit with the Company an initial deposit of \$200.00 or an amount set at the discretion of the Board to be placed to the Member's credit in a Fidelity Bond Deposit account in respect of each membership and additional place of business registered in the name of that Member. At the end of every financial year, each deposit for every Member will be adjusted up or down to equal 1.5% of the total net value of that Member's incoming and outgoing orders for the preceding financial year. In no case would the Fidelity Bond Deposit fall below the amount of the initial deposit. All Fidelity Bond deposits are returnable to the Member not later than 180 days after the expiration of Membership, from whatever cause subject to all debts and costs having been discharged. In the event of a Member resigning within one year of joining, the initial deposit will be forfeited. When a business at which Interflora membership was held previously changes hands, the deposit will commence at the amount last maintained by the former Member in those premises once the new owner has been accepted as a new Member. This amount less the initial deposit will be payable within 30 days of membership approval. The minimum deposit to be maintained by such change of ownership for the first periodical adjustment of deposit is to be that which was set at the commencement of membership.

Members also pay an annual subscription of such sum that the Board may set from time to time and may also be required to pay further sums or payments to the Company during the course of the Member's trading relationship with the Company.

These charges and the amounts required to be paid by a Member to the Company during the course of the Member's trading relationship with the Company may be altered from time to time by the Company.

What returns will I get?

The Company may make rebate payments to Members from Member-derived income, based on the Company's trading results for the relevant period. The amount of rebate paid (if any) to each Member is based on the number of orders placed by that Member for the period. It may be a condition of the payment of any rebate that some or all of the rebate to a Member is utilised to subscribe for RPSs. The Board may from time to time declare a dividend payable on the RPSs which may or may not be imputed for taxation purposes, and which will be determined by the Board after declaring any rebates to be paid to Members, and considering the cash flow required for the Company.

The Company has a practice of not paying dividends on the A class shares and cannot pay dividends on the B class shares.

In addition, Members are entitled to share in any surplus assets on the winding up of the Company (though only in respect of A class shares held, and not in respect of B class shares and RPSs). The Company has power to distribute dividends to shareholders from after-tax profits but as a matter of policy would make distributions as rebates from available Member-derived income first.

What are my risks?

Payment of rebates

Payment of rebates to Members is dependent on the Board being satisfied that the Company has sufficient funds from Member-derived net income and after setting aside any reserves and also that the Company will meet the solvency test in accordance with Section 52 of the Companies Act 1993.

Repayment of initial capital

As shareholders of the Company, Members will only be entitled to receive repayment of their payment of:

- the nominal value of \$1.00 per A class share and B class share; and
- the Redemption Amount of \$1.00 per RPS;

if the Company is wound up and there are surplus funds remaining to repay share capital after all creditors of the Company have been paid.

Liability to pay money

Members will not be liable to pay money to any person as a result of insolvency of the Company (other than payment of any unpaid charges, subscriptions, or payments due to the Company pursuant to the Member's trading relationship with the Company).

Redemption of RPSs

A holder holding RPSs has no right to require the Company to redeem the RPSs, irrespective of whether that holder remains or ceases to be the holder of an A class share or B class share, and no right to demand a dividend (which will be declared at the option of the Company).

Share of distribution of surplus assets of the Company

On a liquidation of the Company the holder of any RPSs is entitled to receive the Redemption Amount in priority to the A class shares and B class shares, but will have no other right to participate in any distribution of profits or assets of the Company. If there are insufficient funds to repay the RPSs then the holders of the RPSs will not receive back the amount of their investment.

Full Members (being the holders of A class shares) are entitled to share in any surplus assets on the winding up of the Company (though only in respect of A class shares held, and not in respect of RPSs). Provisional Members (being the holders of B class shares) are not entitled to share in any surplus assets on the winding up of the Company.

Can the investment be altered?

The rights attaching to the Shares are set out under the heading "*What sort of investment is this?*". These rights may be altered by an amendment to the Company's constitution by the holders of all classes of shares or in certain circumstances by court order. Any amendment to the constitution requires the authorisation by special resolution of Members. An amendment which proposed to affect the rights of some Members, as opposed to all Members, would require approval by special resolution of those Members whose rights are affected by the action. A special resolution must be approved by a majority of 75% of Members entitled to vote and voting on that resolution.

How do I cash in my investments?

Shares in the Company may not be transferred. However, A class shares and B class shares can be surrendered in certain circumstances. Subject to the Company being able to satisfy the solvency test, A class shares and B class shares may be surrendered at the option of the Member where the Member has not transacted business with the Company during the immediately preceding five-year period, or, with the Board's consent may be surrendered at any time.

A class shares and B class shares may be surrendered at the option of the Company where:

- the Member has ceased to transact business with the Company;
- the Member has failed to comply in a material respect with contractual requirements relating to the transactions between the Company and the member; or
- any of certain events set out in clause 11.2(c) of the constitution of the Company occur (which relate to the standard of floristry and behaviour of members).

A holder holding RPSs has no right to require the Company to redeem the RPSs, irrespective of whether that holder remains or ceases to be the holder of an A class share or B class share. Therefore, any investment in RPSs will only be redeemed at the option of the Company, not the shareholder.

Who do I contact with enquiries about my investment?

If you have any enquiries about the shares you should contact DJ Hargreaves at Interflora Pacific Unit Limited, 80 Chester Street, PO Box 1048, Christchurch, telephone 366 5882, facsimile 365 5076.

Is there anyone to whom I can complain if I have problems with the investment?

Complaints about the shares should also be referred to Mr Hargreaves at Interflora Pacific Unit Limited, 80 Chester Street, PO Box 1048, Christchurch, telephone 366 5882, facsimile 365 5076.

There is no ombudsman to whom complaints about the shares can be made.

What other information can I obtain about this investment?

Further information about the shares in the Company is contained in the latest prospectus and financial statements of the Company. A copy of the prospectus and the most recent financial statements of the Company can be obtained free of charge from the Company at 80 Chester Street, Christchurch. In addition, the prospectus and financial statements can be viewed on the Companies Office website at www.companies.govt.nz.

A copy of the Company's prospectus, annual report and annual financial statements will be sent to Members each year.

Copies of the prospectus, annual report and financial statements are available, free of charge, on written request to the Company at Interflora Pacific Unit Limited, 80 Chester Street, PO Box 1048, Christchurch, or on the Company's website at www.interflora.co.nz.