

**THE COMPANIES ACT 1985**

**COMPANY LIMITED BY SHARES**

**SPECIAL RESOLUTION**

**OF**

**BLOOMS OF BRESSINGHAM LIMITED**

**SPECIAL RESOLUTION**

The following Resolution was passed as a Special Resolution of the Company on 13th October 1999:

**1 THAT -**

- (a) the directors be generally and unconditionally authorised for the purpose of section 80 of the Companies Act 1985 to allot, and to grant rights to subscribe for or to convert securities into, unissued shares of the Company up to a maximum of 500,000 ordinary shares of £1 each at £2.20 per share in accordance with the attached letter dated 12th October 1999 at any time on or before <sup>30</sup>~~31~~<sup>st</sup> November, 1999. SR
- (b) the Company be allowed to make any offer or agreement which will or might require any such shares to be allotted or any such rights to be granted after the expiry of this authority and the directors may, notwithstanding such expiry, allot shares and grant such rights in pursuance of any such offer of agreement made by the Company before the expiry of this authority;
- (c) this authority be in addition to any existing authority given by the Company on for the purpose of section 80 of the Companies Act 1985;
- (d) the directors be empowered to allot any shares or grant any rights pursuant to the authority conferred on them by resolution (a) above as if section 89(1) and section 90(1) to (6) of the Companies Act 1985 did not apply; and



- (e) the Company be enabled to make an offer or agreement which will or might require shares to be allotted or any such rights to be granted after the expiry of this resolution and the directors may, notwithstanding such expiry, allot shares and grant such rights in pursuance of any such offer or agreement previously made by the Company.

.....  
Chairman

**Blooms of Bressingham Ltd**  
**Bressingham, Diss, Norfolk IP22 2AB**  
**Tel: 01379 687464 Fax: 01379 688034**

All shareholders of Blooms of Bressingham Ltd.

12<sup>th</sup> October, 1999

Dear Shareholder,

The company is poised at an exciting stage of its development. The directors have put together a comprehensive plan for growing Blooms, the key elements of which are as follows:-

- Redevelopment of Bressingham, Elton and Clandon.
- Improvements to Dorney Court and Borde Hill.
- The acquisition new sites at Rugby, Reigate and Battersea.
- The deployment of an IT infrastructure to provide a platform for the introduction of EPOS and the establishment of e-commerce trading in 2000.

Total additional funding, including working capital, of approximately £15.6m is required and the current proposals are to raise additional equity of c.£4.8m, mezzanine finance of c.£2.2m and bank finance of c.£8.3m. The directors propose that a private placing to venture capital trusts coupled with an introduction of the company's shares on AIM should be effected at the end of November 1999 when the bulk of the required finance will be raised and/or committed.

However, a key issue for us is timing. The directors all believe that the highest priority should be given to the redevelopment of Bressingham in time to allow an opening for 1<sup>st</sup> March 2000. To enable this to take place, construction has to start during week commencing 18<sup>th</sup> October and the prospective contractors, French Kier, require evidence from Blooms ahead of the start of the contract that it has the funds in place to complete it.

It is proposed therefore to raise for this purpose between £1m and £1.1m immediately, primarily by way of a rights issue to existing shareholders. Following discussions, the principal shareholders have confirmed the amounts which they are prepared to subscribe and the total of such commitments amounts to approximately £800k. Accordingly, it is proposed to raise an additional £300k from third party investors known to the principal shareholders to raise a total of about £1.1m.

In order to raise £1.1m, it is proposed to issue a total of 500k shares at £2.20 per share. It is obviously intended that the further capital to be raised at the end of November will be at a premium to this price, although, of course, no assurance can be given as to the price which will be subject to negotiation.

Set out below is a list of the present shareholders together with details of their entitlement to a rights issue of £1.1m and, where appropriate, the amount to which they have committed. It also shows the commitment of the third party investors. However, it should be stressed that the third party investors are only being brought in at this stage because it is understood that it is not possible to raise the whole amount required from existing shareholders. Thus, if any shareholder wishes to take up more shares than their rights entitlement then they may do so up to the total amount available (pro rata in the event of competition) so that the total number of shares issued to shareholders is increased and those proposed to be issued to the third party investors will be reduced accordingly.

A notice of an extraordinary general meeting of the Company setting out the proposed resolution is enclosed. Subject to the consent of shareholders it is proposed to pass this resolution at short notice. Also enclosed is a form of consent to short notice and subscription for shares. All shareholders are requested to sign and return the enclosed consent and subscription form to confirm their consent to the capital raising and the passing of the resolution and their respective commitment (if any) so that the

appropriate resolution to issue the shares can be passed and the subscriptions completed by 14<sup>th</sup> October. If you do not wish to subscribe for additional shares but consent to the resolution then simply insert "nil" in the section relating to the shares to be subscribed for but otherwise complete and sign the form.

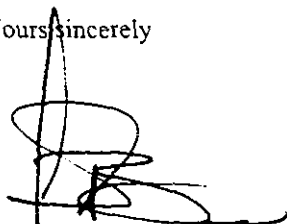
It is confirmed that the proposed subscriptions are expected to qualify as investments under EIS.

<u>Shareholder</u>	<u>£ Entitlement</u>	<u>£ Commitment</u>
R C Bertram and L Mclauchlan	299,310	75,000
ZOE	184,250	300,000
Chopstick Holdings	85,030	150,000
C and A Good	170,060	[150,000]
N and D Morant	170,060	[65,000]
A Biggs	95,590	[60,000]
W Proby	28,380	
T Franklin	14,190	Nil
R Bigland	14,190	
G Stanford	23,230	Nil
G and S Gunning	8,470	Nil
M and G Green	7,040	
G Blott	Nil	200,000
J Hudleston	Nil	100,000

The subscription monies should be sent by direct transfer to the account of Blooms of Bressingham with Barclays Bank Plc, Bath Branch, 37 Milsom Street, Bath BA1 1DW, Sort Code 20-05-06, Account No 90834149.

If you have any queries on any of the above, please do not hesitate to contact Chris, Nick or myself.

Yours sincerely



Andrew Biggs  
For and on behalf of the Board of Directors