

THE WAREHOUSE GROUP LIMITED

Minutes of the Annual Meeting of The Warehouse Group Limited held on Friday 26 November 2004 at 10.00am in the Great Northern Room, Ellerslie Convention Centre, Ellerslie, Auckland.

Directors in attendance

K R Smith (Chairman)	I Morrice
J R Avery	P G Inger
S R Tindall	G Evans
J Withers	J C Dahlsen
R L Challinor	I Tsicalas

The meeting opened with a welcome and introduction from Keith Smith, chairman of The Warehouse Group Limited ("the Company")

Notice of Meeting

Moved: K R Smith

That the Notice of Meeting which was circulated within the statutory period to all shareholders be taken as read:

Seconded: Mr O Saint

Carried on a show of hands.

Apologies

There were no apologies

Minutes of the previous Annual Meeting held on 28 November 2003

Mr Smith advised that the minutes had been approved as a true and correct record by the Directors at the first board meeting following the last annual meeting.

Agenda Item 1 – Annual report

Before moving the receipt of the financial statements, Mr Smith addressed the shareholders providing an overview of the 2003/04 financial year, management changes, governance, strategy and outlook. The Chairman also gave a trading update for the three months ended 31 October 2004. *(Copies of the presentation were issued to the NZX and ASX and were on the company's website).*

Mr Smith introduced Ian Morrice to shareholders. Mr Morrice presented (using a Powerpoint presentation) his initial observations and road-map for each of the three operating units. *(Copies of the presentation were issued to the NZX and ASX and were on the company's website).*

Moved: KR Smith

That the financial statements, together with the Annual Report and Auditors Report for the year ended 1 August 2004 be received by the meeting.

Seconded: Mr A J Harwood

Mr Brian Pippen commented on the poor condition of the TWL Balmoral store and staff attitudes at that store. He also said that the ten-year review in The Warehouse 2004 annual report has no mention on the impact of inflation on the numbers. Mr Pippen was critical of some aspects of the media's reporting on The Warehouse. Finally Mr Pippen suggested better signage in the Blue Sheds store and asked how much of the goodwill at balance date related to The Warehouse Australia.

Mr Smith said at least 95% of the goodwill at balance date was in relation to The Warehouse Australia. Mr PG Inger (TWL CEO) reported that the Balmoral store was the oldest in the chain and the company was seeking to develop a new store on the existing site. In the interim the company had purchased land at Pah Road for future store development. The operational observations would be passed onto store management.

Jenny Merrylees made observations on The Warehouse Maroochydore store in Queensland. Mr I Tsicalas (TVAL CEO) said that over time TVAL will develop an outstanding portfolio of stores from the Gold Coast to the Sunshine Coast. However he noted that town planning laws meant it took time to find suitable new store sites.

Mr Julian Brook was critical of the venue of this meeting and suggested a larger venue be considered for future meetings. In a second question Mr Brooks sought information on the current performance of the jewellery division. PG Inger said there have been changes in the jewellery department over the last three months with better targeting of what the department should and should not sell. Jewellery sales in the last two months performance have improved; jewellery does have a future in the Red Shed stores, and Mr Inger said there is no reason why Red Sheds will not be successful.

Graham Bulling spoke on the leadership of the company given the poor performance of the company. Mr Bulling criticised the number of directorships held by TWG's non-executive directors. In response Mr Smith said the directors were very committed and dedicated to the governance of The Warehouse. There were also processes to review board performance. Mr Smith counselled against taking a fixed view on the number of directorships a director should have, citing that the level of commitment required varied widely between companies.

Stephen Tindall also commented that every director has supported the company 100%. Directors are spending much more time on The Warehouse than they were a few years ago.

Tony Arthur complimented the company on the new Whangarei Red and Blue Sheds in Whangarei and asked whether Red Sheds would extend their food offer to increase customer frequency. Ian Morrice (Group CEO) replied that food is a category that Red Sheds was undertaking a trial of in the form of a limited dry grocery offer. Mr Morrice observed that food is not an easy category to develop compared to general merchandise. Over time food and general merchandise format will converge and it was an opportunity the company was looking to pursue.

Lucas Remmers asked about the performance of four South Australian ("**SA**") stores. Ian Morrice and Ian Tsicalas said the stores were new and would take time to become profitable. Yellow Sheds has 4 stores, they were well displayed stores but the company needed more foot-print to develop scale in SA.

Carried on a show of hands.

Agenda Item 2 – Rotation of Directors

Rotation of Directors

Mr Smith reported that in accordance with the constitution of the Company, G F Evans, J Withers and R L Challinor retire by rotation and all being eligible offered themselves for re-election. I Morrice and I Tsicalas who were appointed during the year also offered themselves for re-election.

G F Evans, J Withers and R L Challinor each gave a brief outline of their background and why they were seeking re-election to the Board.

Resolution 1

Moved: KR Smith:

That Mr G F Evans, a Director retiring by rotation, be, and is hereby elected a Director of the company.

Seconded: Mr Oliver Saint

Oliver Saint, representative of the NZ Shareholders Association congratulated Mr Evans on his speech.

Carried on a show of hands

Resolution 2

Moved: KR Smith:

That Joan Withers, a Director retiring by rotation, be, and is hereby elected a Director of the company.

Seconded: Mrs Jenny Merrylees

Carried on a show of hands

Resolution 3

Moved: KR Smith

That Mr R L Challinor, a Director retiring by rotation, be, and is hereby elected a Director of the company.

Seconded: Mr Brian Phippen

Carried on a show of hands

Resolution 4

Moved: KR Smith:

That Mr I Tsicalas, a Director retiring by rotation, be, and is hereby elected a Director of the company.

Seconded: Mr Tony Arthur

Carried on a show of hands

Resolution 5

Moved: KR Smith

That Mr I R Morrice, a Director retiring by rotation, be, and is hereby elected a Director of the company.

Seconded: Mrs Jenny Merrylees

Carried on a show of hands

Agenda Item 3 - Auditors

Keith Smith outlined that Ernst & Young had advised The Warehouse Group Limited that as a result off a policy change by Ernst & Young it could no longer offer internal and external audit to The Warehouse. The Warehouse determined it was in the best interests of the company that Ernst & Young be retained as the internal auditor while the external audit should be put to tender. Mr Smith outlined the auditor selection process followed by the company. Mr Smith thanked Ernst & Young for their audit services over the last fourteen years. Mr Jon Freeman, the current audit partner from Ernst & Young responded and thanked the company for its support.

Resolution 6

Moved: K R Smith.

To appoint PricewaterhouseCoopers as Auditors.

Seconded: Mrs Tindall

Carried on a show of hands

Resolution 7

Moved: KR Smith:

To authorise the Directors' to fix the remuneration of the Auditors.

Seconded: Mr Oliver Saint

Carried on a show of hands

SPECIAL BUSINESS

Agenda Item 4 – Establishment of The Warehouse Group Limited Executive Share Scheme

Mr Keith Smith outlined the rationale of the Executive Share Scheme. Hamish McKenzie, General Manager People and Luke Bunt, Group CFO detailed the operation of the scheme and illustrated the scheme using a series of example.

Mr Bulling questioned the market price used in the notice of meeting (\$4.50). Mr Smith said the price used in the example was the market price at the time the notice of meeting was being drafted. Mr Bulling suggested that given the recent share price fall, that the Market Price be \$4.50 and not the current Market price.

Mr John Wilson spoke in support of the Scheme saying its design was superior to many he had seen. Mr Michael Bennett also supported the Scheme because it does not dilute existing shareholders.

a) Ordinary resolution relating to approval for the Company to give financial assistance for the purpose of The Warehouse Group Limited Executive Share Scheme:

Resolution 8

Moved: KR Smith

To approve the provision of financial assistance by the Company to The Warehouse Management Trustee Company No. 2 Limited as Trustee of the Scheme, by way of a loan up to a maximum value of \$5,100,000 in 2005 (as set out in the Explanatory Notes accompanying the Notice of Meeting), be approved.

Seconded: Mr John Wilson

Carried on a show of hands

(b) Ordinary Resolutions relating to approval of Scheme and the acquisition of securities by certain Directors:

To consider and, if thought fit, pass the following ordinary resolutions in accordance with ASX Listing Rule 10.14:

Resolution 9

Moved: KR Smith

To approve the terms of the Scheme (as summarised in the Explanatory Notes accompanying the Notice of Meeting) be approved;

Seconded: Mr Stephen Tindall

Carried on a show of hands

Resolution 10

Moved: K R Smith:

To approve the acquisition of securities (as summarised in the Explanatory Notes accompanying the Notice of Meeting) under the Scheme by Peter Glen Inger, a Director of the Company.

Seconded: Mr Stephen Tindall

Mr Bulling moved an amendment to resolution 10 that the Market Price be the greater of \$4.50 or the Market Price when the strike price was calculated.

The amended resolution failed to receive a majority of votes.

The original resolution was put to shareholders again:

Moved: KR Smith

To approve the acquisition of securities (as summarised in the Explanatory Notes accompanying the Notice of Meeting) under the Scheme by Peter Glen Inger, a Director of the Company.

Seconded: Mr Stephen Tindall

Carried on a show of hands

Resolution 11

Moved: KR Smith:

To approve the acquisition of securities (as summarised in the Explanatory Notes accompanying the Notice of Meeting) under the Scheme by Ian Rognvald Morrice, a Director of the Company.

Seconded: Mr Stephen Tindall

Carried on a show of hands

Resolution 12

Moved: KR Smith:

To approve the acquisition of securities (as summarised in the Explanatory Notes accompanying the Notice of Meeting) under the Scheme by Ian Tsicalas, a Director of the Company.

Seconded: Mr Stephen Tindall

Carried on a show of hands

(c) Ordinary Resolutions for approval of the issue of equity securities:

- (i) To consider and, if thought fit, pass the following resolution as an ordinary resolution in accordance with clause 4.2(a) of the Company's constitution and NZX Listing Rule 7.3.1(a):

Resolution 13

Moved: KR Smith

To approve the issue by the Company to selected executives and executive Directors of rights to acquire up to a maximum of 2,000,000 Shares under the Scheme in 2005 (as set out in the Explanatory Notes accompanying the Notice of Meeting).

Seconded: Mr Stephen Tindall

Carried on a show of hands

- (ii) To consider and, if thought fit, pass the following resolution in accordance with ASX Listing Rule 7.2 (exception 9):

Resolution 14

Moved: KR Smith:

To approve that the issue of securities under the Scheme by the Company (as summarised in the Explanatory Notes accompanying the Notice of Meeting) as an exception to ASX Listing Rule 7.1

Seconded: Mr John Wilson

Carried on a show of hands

Agenda Item 5 – Constitution Change

K Smith noted that on 1 May 2004, significant changes to the listing rules of New Zealand Exchange Limited ("NZX") came into force. These change substantially what is required to be included in the constitutions of listed companies. Before the changes, a number of listing rules were required to be set out in full in the constitutions of listed companies. NZX now permits constitutions to incorporate those listing rules by reference, that is by referring to them and stating that they are to be treated as if set out in full in the constitution. The Company has recommended the adoption of incorporating listing rules by reference.

To consider and, if thought fit, to pass the following special resolution in accordance with section 32 of the Companies Act 1993:

Resolution 15

Moved: KR Smith

To approve revoking the existing constitution of the Company, and the adoption by the Company of a replacement constitution in the form tabled at the meeting and signed by the Chairman for the purpose of identification.

Seconded: Mr John Wilson

Speaking against the resolution, Mr Oliver Saint expressed disappointment in the company for adopting NZX listing rule by reference. The NZ Shareholder Association issue in this matter was against NZX rather than the Company.

Mr Saint asked for support from the Company in its endeavours to take the control of listing rule changes from NZX to an independent body. Mr Smith said that the company was willing to enter into dialogue with the NZ Shareholders Association on the area of listing rule development. The Company considered all NZX listing rule changes and would seek an exemption if it determined that a listing rule was not in the best interest of shareholders.

Mr John Wilson said he would abstain on the proposed resolution and asked that the abstention be recorded as such. Jenny Merrylees suggested that a poll be taken on the resolution. Keith Smith noted that this special resolution required a 75% majority and proxies at the meeting favoured the resolution.

Carried on a show of hands. Eleven shareholders voted against the resolution and there were eight abstentions.

General Business

Mr Phippen asked if directors were comfortable with the carrying value of goodwill on the balance sheet. Keith Smith said there was an annual impairment review of goodwill by the Company which was also reviewed by the Company's auditors. Mr Phippen also asked about security and shrinkage of the Company's inventory noting that 2004 the annual report was silent on this subject.

Glen Inger said that there were robust systems for loss prevention and shrinkage including the use of electronic systems and covert loss prevention officers. Ian Morrice said that lowering stock levels in stores would also reduce shrinkage.

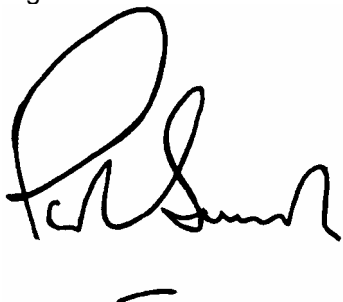
Mr Bulling suggested that the Company increase its dividend. Keith Smith indicated that the company would consider the suggestion.

Mr Peter Moosberger asked if the Company was looking at internet shopping. Ian Morrice said that Warehouse Stationery was a multi-channel business that offered internet sales through its business to business channel. In Red Sheds, internet channel development was not a priority at this stage however it remains on the agenda for development sometime in the future.

Stephen Tindall closed the meeting and said that the company mission statement penned over a decade ago remains as valid today as it was when the company started.

Mr Smith thanked the shareholders for their attendance and declared the meeting closed at 12.22pm.

Signed a true and correct record



Keith Smith, Chairman

The Warehouse Group Limited

Dated: 4 February 2005