
Market Information Services Section
New Zealand Exchange Limited

Company Announcements Office
ASX Limited

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THE WAREHOUSE GROUP LIMITED

The Warehouse discontinues Warehouse Cellars

In October 2008, The Warehouse Group Limited advised the market that it was reviewing its strategy in respect of the liquor business currently ranged in six of The Warehouse Limited's 85 stores.

Following the Liquor Licensing Authority's recent decision to refuse a liquor licence to The Warehouse for its Albany store, the company has taken the decision to withdraw from the sale of liquor at the six existing locations.

Managing Director, Mr Ian Morrice says "Whilst the Liquor Licensing Authority's decision is very disappointing, it was not the only determining factor. We have operated very responsibly in six stores for almost three years and applied for a licence in Albany which has already been granted to other Department stores in New Zealand. This could have enabled a responsible national chain to offer an alternative for consumers but that opportunity has been denied."

Mr Morrice added: "The Warehouse Cellars concept has higher operating costs due to being a supervised area in-store and was developed in association with the improved customer offer of The Warehouse Extra. Subsequent to the exit from Extra, we have reviewed The Warehouse Cellars operations under a number of structures and have determined that a stand alone liquor offer is no longer compatible with our future growth plans."

The Warehouse Cellars store-within-store exit cost is expected to be less than \$1 million. The withdrawal programme will commence after the Christmas period.

The Company will continue to deliver on its core value proposition and productivity improvements across the business.

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