

AUSTRALIAN UNITED RETAILERS LIMITED

ACN 077 879 782

("the Company")

Incorporated in Victoria

Registered office:

Level 1, 1601 Malvern Road, Glen Iris, Vic, 3146

NOTICE OF 2008 ANNUAL GENERAL MEETING

(Incorporating Notice of General Meeting of Class "B" Redeemable Preference Shareholders and Class "C" Redeemable Preference Shareholders)

Notice is hereby given that:

1. The 2008 Annual General Meeting of members of Australian United Retailers Limited ACN 077 879 782 (**Company**) will be held at the offices of FoodWorks, Level 1, 1601 Malvern Road, Glen Iris, Victoria, on Monday, 29 September 2008 at 10.00 am (**AGM**);
2. Immediately upon the conclusion of the AGM, a General Meeting of the Company's Class "B" Redeemable Preference Shareholders will be convened and held at the same venue (**Class B GM**); and
3. Immediately upon the conclusion of the Class B GM, a General Meeting of the Company's Class "C" Redeemable Preference Shareholders will be convened and held at the same venue (**Class C GM**).

BUSINESS - AGM

Accounts and Reports

Item 1 - To consider financial statements

To receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2008 and the related Directors' Report, Directors' Declaration and Auditors' Report.

Item 2 - To adopt the Company's Remuneration Report

To consider and, if thought fit, pass the following non-binding resolution under section 250R(2) of the Corporations Act:

"That the Remuneration Report (which forms part of the Directors' Report) for the year ended 30 June 2008 be adopted."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

Election of Directors

Item 3 - Re-election of Janette Kendall as a Director

To consider and, if thought fit, pass the following resolution:

"That Janette Kendall, who retires in accordance with Rule 17.2 (g) of the Company's Constitution, be re-elected as a Director of the Company."

Item 4 - Re-election of Michael Reddrop as a Director

To consider and, if thought fit, pass the following resolution:

"That Michael Reddrop, who retires in accordance with Rule 17.2 (g) of the Company's Constitution, be re-elected as a Director of the Company."

Item 5 - Re-election of Don Howell as a Director

To consider and, if thought fit, pass the following resolution:

"That Don Howell, who retires in accordance with Rule 17.2 (g) of the Company's Constitution, be re-elected as a Director of the Company."

Item 6 - Election of Paul Cowland as a Director

To consider and, if thought fit, pass the following resolution:

"That Paul Cowland be elected as a Director of the Company."

Item 7 - Re-election of Wayne Pattison as a Director

To consider and, if thought fit, pass the following resolution:

"That Wayne Pattison, who retires in accordance with Rule 17.2 (g) of the Company's Constitution, be re-elected as a Director of the Company."

Item 8 - To approve amendments to the Company's Constitution

To consider and, if thought fit, pass the following resolution as a special resolution:

"Subject to the passing of the special resolution in Item 1 of both the General Meeting of Class B Redeemable Preference Shareholders and the General Meeting of Class C Redeemable Preference Shareholders, that the Company's Constitution be amended with immediate effect by incorporating each of the amendments set out in the proposed Constitution which is tabled at the meeting."

BUSINESS - Class B GM

Item 1 - To approve amendments to the Company's Constitution

Class "B" Redeemable Preference Shareholders to consider and, if thought fit, pass the following resolution as a special resolution:

"Subject to the passing of the special resolution in Item 8 of the AGM and Item 1 of the General Meeting of Class C Redeemable Preference Shareholders, that the Company's Constitution be amended with immediate effect by incorporating each of the amendments set out in the proposed Constitution which is tabled at the meeting."

BUSINESS - Class C GM

Item 1 - To approve amendments to the Company's Constitution

Class "C" Redeemable Preference Shareholders to consider and, if thought fit, pass the following resolution as a special resolution:

"Subject to the passing of the special resolution in Item 8 of the AGM and Item 1 of the General Meeting of Class B Redeemable Preference Shareholders, that the Company's Constitution be amended with immediate effect by incorporating each of the amendments set out in the proposed Constitution which is tabled at the meeting."

By Order of the Board

Ken Sleep
Company Secretary

Dated 6 August 2008

SEE IMPORTANT NOTES OVERLEAF

AUSTRALIAN UNITED RETAILERS LIMITED ACN 077 879 782

Persons Precluded from Voting

Only Class "A" Redeemable Preference Shareholders are entitled to vote at the AGM.

Class "B" Redeemable Preference Shareholders and Class "C" Redeemable Preference Shareholders are entitled to attend but may not vote at the AGM.

Only Class "B" Redeemable Preference Shareholders are entitled to vote at the Class B GM.

Only Class "C" Redeemable Preference Shareholders are entitled to vote at the Class C GM.

Voting entitlements

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that the shareholding of each shareholder for the purposes of ascertaining voting entitlements for each of the AGM, the Class B GM and the Class C GM will be as it appears in the Share Register as at 12 noon, 27 September 2008.

Proxies

A member who is entitled to attend and vote at the AGM is entitled to appoint a proxy for each Class "A" Redeemable Preference Share held by the member.

A member who is entitled to attend and vote at the Class B GM is entitled to appoint a proxy for each Class "B" Redeemable Preference Share held by the member.

A member who is entitled to attend and vote at the Class C GM is entitled to appoint a proxy to attend and vote for the member at the meeting. A Class C shareholder who is entitled to cast 2 or more votes at the Class C GM, may appoint 2 or more proxies. When a Member appoints 2 or more proxies, the appointment must specify the proportion of the Member's voting rights which each proxy is entitled to represent.

For the purposes of each meeting, the proxy may be an individual or a body corporate and need not be a member of the Company. The proxy must be appointed to represent the whole of the member's voting rights in respect of each eligible voting share held by the member for which the proxy is given.

For the appointment of a proxy to be effective, the Proxy Form, together with any authority under which the Proxy Form was executed or a certified copy of that authority, must be:

- deposited at the Company's Registered Office, Level 1, 1601 Malvern Road, Glen Iris, Victoria 3146; or
- returned in the enclosed reply paid envelope to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Vic 3067; or
- faxed to the following number: +61 3 9415 2555,

at least 48 hours before the meeting.

Corporate representative

If a representative of a corporate member is to attend the meeting pursuant to section 250D of the Corporations Act 2001 (**Corporations Act**), a certificate of appointment of the representative must be produced prior to admission to the meeting.

Explanatory Memorandum for Shareholders

Introduction

This Explanatory Memorandum provides information for shareholders in respect of:

- Items 1 to 8 to be considered at the AGM;
- Item 1 to be considered at the Class B GM; and
- Item 1 to be considered at the Class C GM.

AGM

Items 1 & 2 - Tabling of Accounts and adoption of Remuneration Report

As the Company is a 'listed company' for the purposes of the Corporations Act, the annual Directors' Report must contain a report on director and key management personnel remuneration (**Remuneration Report**). The Remuneration Report is contained within the Director's Report of the 2008 Annual Report, which is available on the Company's website at www.foodworks.com.au. In particular, the Remuneration Report includes an explanation of the Company's remuneration policy and the remuneration arrangements in place for Directors and senior executives.

In addition to having a reasonable opportunity at the meeting to ask questions and make comments on the annual financial report, the Directors Report and the auditor's report and on the business, operations and management of the Company, members will vote on a resolution that the Remuneration Report be adopted. This is required under s250R(2) of the Corporations Act.

Members should note that under s250R(3), the vote on the resolution is advisory only and does not bind the Directors or the Company.

The Directors recommend that you vote in favour of this resolution.

Items 3 - 7 - To elect 4 Directors

Background

Rule 17.2 (g) in the Company's Constitution requires half of the Directors (or the number nearest one-half) to retire at the Annual General Meeting held in respect of the Company's financial year-end dated 30 June 2008. The Directors who are to retire are those Directors who did not retire at the Annual General Meeting of the Company held in respect of the Company's financial year-end dated 30 June 2007.

It is noted that:

- as an executive director appointed as Chief Executive Officer of the Company, Peter Noble is exempt from the requirement to retire; and
- a retiring Director is eligible for re-election.

The Directors of the Company to retire under Rule 17.2 in the Company's Constitution are Don Howell, Michael Reddrop, Janette Kendall and Wayne Pattison, each of whom has nominated to be re-elected as a director of the Company.

In addition, Paul Cowland, a member of the Company, has given written notice to the Company that he is a candidate for election to the office of Director.

The order of the resolutions regarding the election of Directors was determined by a blind ballot supervised by the Company Secretary.

Members should note that under Rule 17.1(a) in the Company's Constitution, the number of Directors must not be more than 10. Consequently, 5 candidates are standing for 4 Board positions. Only 4 candidates may be elected.

In the circumstances, the Board does not support the appointment of Paul Cowland as a Director. Rather, it considers that the interests of the Company are best served by the re-election of Don Howell, Michael Reddrop, Janette Kendall and Wayne Pattison as Directors, each of whom has:

- previously been appointed to the Board based on their experience and diverse skills; and
- made a valuable contribution to the Company's progress to date.

To be elected, a candidate needs to receive more "for" votes than "against" votes. If all 5 candidates satisfy this condition, the candidates elected will be those 4 with the highest number of "for" votes.

Item 3 - Re-election of Janette Kendall



Ms. Janette Kendall
B. Business, Marketing

Janette Kendall joined the Board in August 2007 and is a member of the Board's Supply Chain and the Company's Marketing Committee.

Janette is Executive General Manager – Marketing of Crown Limited. She has a strong background in brand marketing, advertising, promotions and customer relationship management. Prior to her current executive role, Janette was a divisional General Manager of Pacific Brands where she was responsible for the development, sales and marketing of key brands such as Holeproof, Rio, Kenneth Cole and Sachi.

Prior to her corporate career Janette worked in senior positions with Clemenger BBDO, a leading international advertising agency, and was the first woman appointed to its Board. Significant projects included work for Sorbent, Libra, Campbell's Soup, Yellow Pages and Just Jeans.

Janette brings excellent general management, brand management and marketing skills to the Board table. In Janette's view:

"FoodWorks is a brand and retailing business with significant potential. Backed by passionate and professional retailers who are focused on their customers and community the Company has many of the ingredients critical to success. As a director I am keen to continue to harness the strengths of FoodWorks by bringing to the Board table my independent expertise in brand, marketing and business management".

The Directors recommend that you vote in favour of this resolution.

Item 4 - Re-election of Michael Reddrop



Mr. Michael Reddrop
B. Business (Accounting), Member AICD
CPA (USA), Associate – ICA
Chartered Financial Analyst (Level II)

Michael was appointed as a director of FoodWorks Supermarket Group Ltd in December 2000 and has been a director of the Company since the merger in 2004. He is a member of the Supply Chain and Property Committees of the Board and formerly was a member of the Audit and Risk Committee.

Michael is the CEO of Reddrop Management Group and operates a group of FoodWorks supermarkets and other retail businesses located in North East Victoria. He is also a director of the Superate Group, a private equity company that operates three FoodWorks supermarkets throughout Victoria.

In the past year, Michael has acted as the Chief Financial Officer for GlobalMart, a Shanghai, China based private equity group that operates more than 250 Hypermarkets, Supermarkets and Convenience Stores in several Chinese provinces. Prior to that role, he was the Group Project Director - Integration.

Before he entered supermarket retailing Michael spent more than ten years as a Chartered Accountant and Business Consultant with KPMG in Australia, Eastern Europe and the USA performing audit, financial, and consulting services.

Michael has grown up in the supermarket industry and is a second generation food retailer. In Michael's view:

"The future will be more challenging and competitive as consumer spending softens and economic pressures increase. I have spent 8 years on the Board and seen the Company transform itself through strong leadership and governance. We have worked hard as a team and I wish to continue my role as a director to ensure a successful future for FoodWorks".

The Directors recommend that you vote in favour of this resolution.

Item 5 - Re-election of Don Howell



Mr. Don Howell
CPA, Member AICD

Don Howell was appointed as an independent non-executive director of FoodWorks Supermarket Group Ltd in July 1997 and has been a non-executive director of the Company since the merger in 2004.

Don is Chairman of the Audit and Risk Committee of the Board which is responsible for reviewing the integrity of the Company's financial reporting, assessing business risks, determining the adequacy of risk mitigation measures and overseeing the independence of the external auditors. Don is also a member of the Board's Remuneration & Nomination Committee.

Don brings to the Company over 23 years experience in senior positions with leading companies including Senior Vice President of Mattel Inc Far East Operations and CEO of Mattel Fischer Price of Australia. Don is also well versed in corporate governance as a director of a number of unlisted companies and is a Certified Practicing Accountant.

Don is highly committed to the Company and seeks re-election to ensure the financial viability and security of the business. In Don's view:

"In the current economic conditions it is essential that we are diligent and prudent in the management of risk, our costs and our financial position. With 30 years of financial and commercial experience I bring to the Board a keen and objective eye for these critical areas of business which are the foundation blocks of wealth creation and sustainability."

The Directors recommend that you vote in favour of this resolution.

Item 6 - Election of Paul Cowland

Mr Paul Cowland offers himself for election as a Director of the Company and has provided the following information.

"Paul Cowland Employment and Business history.

- *Began employment with Coles Supermarkets full time 1979 at Reservoir.*
While with Coles Supermarkets I continued to work through all areas of the business and was appointed as a Coles Supermarket Manager in 1990 at Broadmeadows.
- *Left Coles in 1993 and started with Composite Buyers Ltd in their Retail Monitoring Dept. This involved running all of there Corporate Store and with the intention to then on sell the stores once they were in shape to do so.*
- *1995 I then joined the Rite way Group if Independent Supermarkets as the groups Retail field Counselor.*
- *The Rite way Group then became the Foodway Group of Supermarkets and my position was the Groups Business Development Manager.*
- *Foodway merged with the AUR group of Supermarkets and I continued on in my position with the new merged group for a number of years.*
- *I left the AUR Foodrite group to take up a position with the Kahla Group of Independent Supermarkets as the Groups Operational Manager. This group operated four large supermarkets with weekly turnover of approx One million Dollars per week.*
- *Year 2003 I purchased Foodworks Creswick and have been operating since.*
- *Year 2004 I purchased Foodworks Roxburgh Park and operated to December 2007.*

As the above shows I have had many years in retail working out of independent offices for owner operators and also have been owning and operating my own supermarkets for some time now."

The Directors recommend that you vote against or abstain from voting on this resolution.

Item 7 - Re-election of Wayne Pattison



Mr Wayne Pattison
Member AICD

Wayne brings 25 years experience in the retail industry and has been a director of the Company since October 2003. He is a member of the Audit & Risk and Remuneration & Nomination Committees of the Board.

Wayne is part owner of two medium sized metropolitan FoodWorks supermarkets located in Victoria.

Previously, he had a banking career spanning 20 years, including eight years as a Business Development Officer where he was responsible for sales growth, new customer acquisition and client relationship management.

Since entering the retail industry, Wayne has held positions on many industry committees and was a member of CHEEERS Liquor Group committee for 18 years, including ten years as Chairman. Prior to the merger in 2004 he was Chairman of AUR's Marketing Committee which included sub committees in Standards and Training, Fresh Foods, Liquor and Banners.

Wayne brings to the Board a solid focus on the challenges of supermarket retailing. Having been a board member and seen the instigation of a successful merger, the launch of our brand throughout Australia and a corporate capital raise, Wayne is keen to continue as a director in order to:

"See that the future we have been creating at FoodWorks is fully realised. Uppermost is my responsibility to represent the interests of the retailers, be their voice in decision-making and ensure that we all work in unity to secure the future of Foodworks as a truly independent supermarket company".

The Directors recommend that you vote in favour of this resolution.

Item 8 - To approve amendments to the Company's Constitution

Amendments are proposed to the Company's Constitution. A copy of the proposed Constitution, incorporating all the proposed amendments, will be available for consideration on the "Members Only" section of the Company's website prior to the Annual General Meeting. Further, a copy of the proposed Constitution incorporating all proposed amendments will be tabled at the Annual General Meeting and will be available for inspection by shareholders prior to that meeting.

The proposed amendments include the following:

- Amendments to broaden the class of 'Eligible Members' to include independent contractors, non-executive directors and other such persons who contribute to the success of the Company but who do not fall within the strict legal definition of "employee" (but who are engaged by the Company on some other legal basis). As such, amendments are proposed to the definitions in the Constitution of 'Eligible Member', 'Default Event', 'Redemption Event', and 'Related Party'. A consequential change will also be made to the voting restrictions under Rule 4.5. The Board considers that these amendments are appropriate as, in the future, the Board may determine that such persons should be eligible to participate in any incentive scheme adopted by the Board (if deemed appropriate), though noting that the Board will still have a discretion to approve the issue or transfer of shares to any such person.
- Amendments to clarify the scope of the Directors' discretion in determining whether a discount should apply to the redemption amount to be paid where a share is redeemed by the Company. As such, amendments are proposed to the Constitution including changes to the definition of 'Redemption Amount' as well as to Rule 4.9(b). The Board considers that the proposed amendments to the Constitution, which give the Directors a discretion to apply a discount to the Redemption Amount (i.e. the amount payable by the Company upon redemption of a share), are appropriate to ensure that the Directors can take into account a range of factors in relation to share redemption pricing. The proposed discretion is limited in that before applying a discount, the Directors must form a view that:
 - the acquisition of the relevant shares by the holder was made contrary to the Company's best interests and the acquirer of the shares either knew or should have known that; or
 - the holder of the shares did not fall within the definition of "Eligible Member" under the Constitution at the time of purchasing or receiving the shares and the relevant holder should have known of that fact.

The amendments are intended to ensure, amongst other things, that the Company is not potentially exposed to exploitation by a rival of the Company. For example, given that there are restrictions under the Corporations Act on the way in which a share redemption can be funded, the purchase of shares at an inflated price by a rival would require the Company to undertake a capital raising in order to fund the redemption. The proposed amendment seeks to address this risk.

- Deletion of Rule 17.2 (g) (Appointment and removal of Directors), which requires that half of the Directors retire at the 2008 AGM. Given that the relevant Rule in the Constitution only applied to the AGM held in respect of the 2008 financial year, the relevant provision will cease to be applicable following this year's Annual General Meeting. As such, the Board considers that this particular Rule should be deleted. Some consequential cross-referencing changes will also need to be made.

The Directors recommend that you vote in favour of this resolution.

Class B GM

Item 1 - To approve amendments to the Company's Constitution

Amendments are being proposed to the Company's Constitution, details of which are set out in Item 8 of the explanatory material relating to the AGM. Some of those constitutional amendments may be characterised as a variation of rights for Class B shareholders. Under the Corporations Act and Rule 4.10 of the Constitution, class rights attaching to a class of shares may only be varied by special resolution passed at a meeting of a class of members holding shares in the class.

Accordingly, for the purposes of the Corporations Act, Rule 4.10 of the Constitution and all other purposes, Class B shareholder approval is sought for the constitutional amendments some of which may constitute a variation of the rights of Class B shareholders. Class B shareholders should refer to the Explanatory Memorandum for Item 8 in the notice of AGM for further details.

A copy of the proposed Constitution, incorporating all the proposed amendments, will be available for consideration on the "Members Only" section of the Company's website prior to the Annual General Meeting. Further, a copy of the proposed Constitution incorporating all proposed amendments will be tabled at the Annual General Meeting and will be available for inspection by shareholders prior to that meeting.

The Directors recommend that you vote in favour of this resolution.

Class C GM

Item 1 - To approve amendments to the Company's Constitution

Amendments to the Company's Constitution are being proposed, details of which are set out in Item 8 of the explanatory material relating to the AGM. Some of those constitutional amendments may be characterised as a variation of class rights for Class C shareholders. Under the Corporations Act and Rule 4.10 of the Constitution, class rights attaching to a class of shares may only be varied by special resolution passed at a meeting of a class of members holding shares in the class.

Accordingly, for the purposes of the Corporations Act, Rule 4.10 of the Constitution and all other purposes, Class C shareholder approval is sought for the following constitutional amendments some of which may constitute a variation of the rights of Class C shareholders. Class C shareholders should refer to the Explanatory Memorandum for Item 8 in the notice of AGM for further details.

A copy of the proposed Constitution, incorporating all the proposed amendments, will be available for consideration on the "Members Only" section of the Company's website prior to the Annual General Meeting. Further, a copy of the proposed Constitution incorporating all proposed amendments will be tabled at the Annual General Meeting and will be available for inspection by shareholders prior to that meeting.

The Directors recommend that you vote in favour of this resolution.