

Coast Wholesale Appliances Income Fund Annual General Meeting

May 17, 2007



COAST Wholesale
APPLIANCES

"Innovative Products for Builders, Designers & Home Owners"

C. Kenneth Crump

Chairman of the Board of Trustees



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R. Blain Lawson

President and CEO



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Forward-Looking Statements



This presentation may contain forward-looking statements relating to expected future events, and financial and operating results of Coast that involve risks and uncertainties. The actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons. These include market and general economic conditions, and the risks and uncertainties detailed from time to time in Coast's continuous disclosure materials filed with Canadian securities regulatory authorities, including the year-end Management's Discussion and Analysis filed at SEDAR (www.sedar.com)

These forward-looking statements are based on assumptions that management considered reasonable at the time they were prepared. Due to the potential impact of these factors, Coast disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

2006 – A Good Year for Coast



- Healthy sales growth across Western Canada
- Good progress with Alberta expansion
- Strong and steady cash flow generation



Today's Presentation



- Growth strategy
- The business environment
- Fiscal 2006 and Q1 2007 performance highlights
- Financial review
- Business outlook and plans

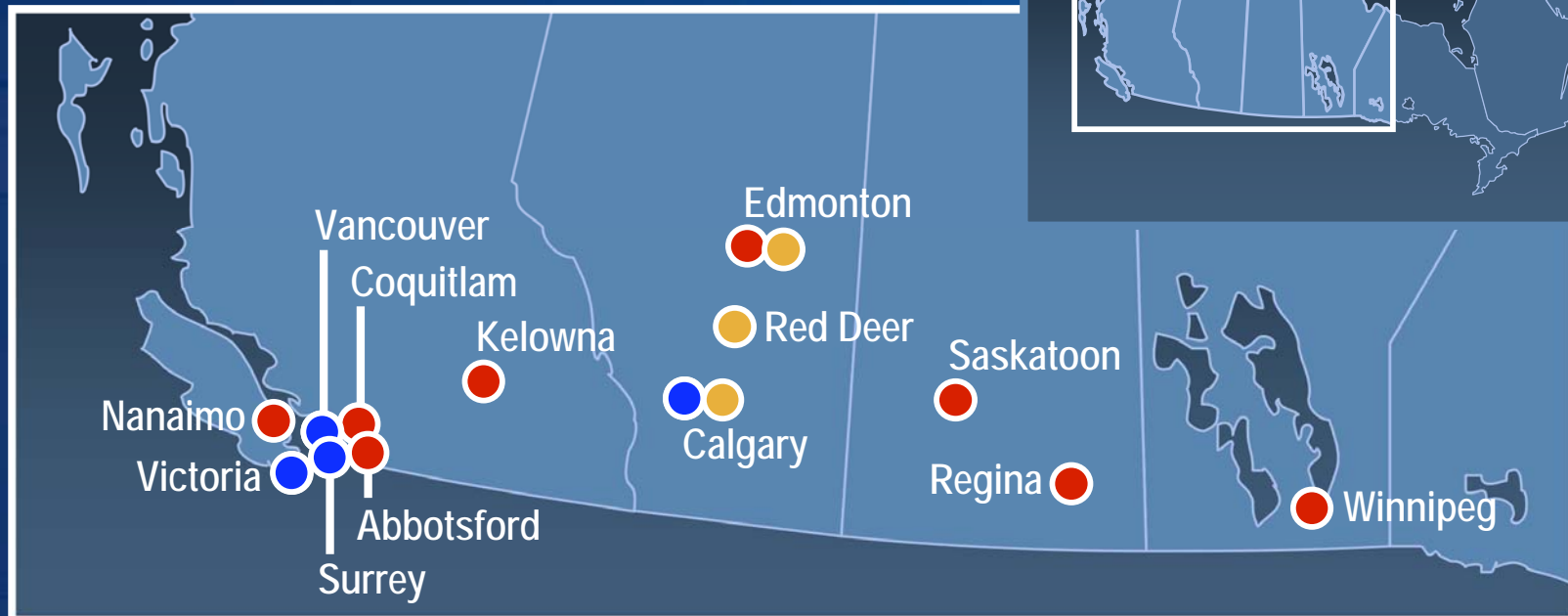
Growth Strategy 1



Expand Geographic Coverage

- Increase coverage of Western Canadian market

● Retail Store ● New Stores ● Retail Store and Warehouse



- Possible Eastern Canadian market entry via acquisition

Growth Strategy 2



Increase Sales From Existing Branches

- Enhance appeal of showrooms as a retail destination
- Capitalize on Coast's growing brand recognition
- Expand product offerings
- Build on strength of sales force
- Tailor product offerings to regional preferences



Growth Strategy 3



Enhance Profitability

- Sharpen focus on higher-margin products
- Work with suppliers to drive value for customers
- Achieve additional operating efficiencies



Positive Economic Growth Fundamentals



- Continued strong demand for major home appliances driven by favourable demographics and population growth
- Sales spurred by robust housing activity and increasing home renovation
- Sales growth also supported by new product innovations and increasing focus on home décor



Balanced Revenue Stream



- Initially a wholesale supplier to the single-family and multi-family builder markets
- Gradually began to deal more directly with the end consumer at the retail level
- Sales now approximately evenly split between contract sales to developers, builders and designers, and direct sales to retail customers
- Widely recognized as a leader in both market segments



Strong Sales Performance



- Annual sales up 8.1% over 2005*
- Comparable-store sales up 7.3%*
- Prairie region up 16.9% with 14.9% comparable-store sales growth*
- Sales in BC up 2.5%*
 - Impacted by project delays due to labour shortages in construction trades
- Sales and gross margin benefited from higher-margin products added in early 2006



* Based on combined 2005 results for Coast LP and Coast Ltd., the predecessor business

First Quarter 2007 Performance Highlights



- Sales up by 12.4% over Q1 2006
- Comparable-store sales up 9.1% year-over-year
- Gross margin improved by 0.8% from Q1 2006



Financial Review

Jack G. Peck

Vice President and CFO



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Fiscal 2006 Results



- Sales of \$126.0 million, up \$9.5 million from \$116.5 million in 2005
 - Strongest growth in the Prairie provinces
 - Sales evenly split between wholesale and retail business
- Cost of sales 74.9% resulting in gross margin of 25.1%
 - Gross margin down slightly year-over-year due to enhanced positive impact of annual supplier rebates in short 2005 fiscal year
- EBITA of \$14.2 million and EBITA margin of 11.3%
 - EBITA margin consistent with combined first half 2006 and last half 2005
- Net income of \$10.4 million or 8.2% of sales

Fiscal 2006 Cash Distributions



- Generated \$12.8 million (\$1.27 per unit) in distributable cash*
- Distributed and accrued for payment \$12.0 million (\$1.20 per unit) to unitholders and non-controlling interest
- Payout ratio of 94.2%
 - 92.9% when adjusted for impact of new stores
- 69% income / 31% return of capital

* Before non-controlling interest

First Quarter 2007 Results



- Sales of \$31.2 million, up \$3.5 million from \$27.7 million in 2006
 - Comparable-store sales up \$2.5 over 2006
- Cost of sales 75.2% compared to 76% in 2006
- Achieved gross margin of 24.8%, up from 24% in 2006
- EBITA margin of 9.0%, down from 9.9% due to new store start-up costs
- Net income* of 6.5% of sales compared to 6.7% in 2006
 - 7.3% of sales when adjusted for impact of new stores

* Before non-controlling interest

First Quarter 2007 Cash Distributions



- Monthly distributions continued at \$0.10 per unit
- Generated \$2.6 million (\$0.26 per unit) in distributable cash*, up from \$2.5 million (\$0.24 per unit) in Q1 2006
- Distributed and accrued for payment \$3.0 million (\$0.30 per unit) to unitholders and non-controlling interest in both years
 - Less profitable first half of year is historically offset by higher earnings in second half
- Payout ratio improved to 117.4% from 122.8% in 2006
 - Trailing 12-month payout ratio of 93.4% compares favourably to fiscal 2006 payout ratio
- Estimate 88% income / 12% return of capital in 2007

* Before non-controlling interest

R. Blain Lawson

President and CEO



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Positive Business Outlook



- Continued strong demand for major appliances fueled by healthy economic growth in Western Canada
- Steady sales growth from existing stores with incremental gains from new Alberta locations
- New stores expected to be profitable within six months of opening



Growth Plans



- Actively seeking additional BC and Alberta locations
- Proceeding with initiatives to increase sales and enhance profitability
 - Three stores scheduled to be relocated to higher-traffic areas over next 12 months
 - Calgary warehouse to be relocated to newer, larger facility in Q3 2007
 - Inventory systems upgrade expected to be substantially complete by year-end



Proposed Taxation Changes



- Fund continues to evaluate federal government's proposed new taxation of income trusts
- Coast has unused tax shield of approximately \$47 million
 - Can be used to reduce taxable income by approximately \$4 million per year



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