



ASX Release

20 September 2019

COLES GROUP LIMITED TO IMPLEMENT DIVIDEND REINVESTMENT PLAN

Coles Group Limited (ASX:COL) (“Coles”) today announced it would implement a Dividend Reinvestment Plan (DRP) for its shareholders. It is anticipated that the DRP will operate for eligible shareholders for dividends paid subsequent to the dividend to be paid on 26 September 2019.

Participation in the DRP is optional and currently available to shareholders of fully paid Coles ordinary shares with a registered address in Australia or New Zealand as at the relevant dividend record date.

If a shareholder elects to participate in the DRP, they will be able to reinvest either all or part of their dividend payments into additional fully paid Coles shares. No brokerage, commission or other transaction costs will be payable by the shareholder on shares acquired under the DRP.

The full terms and conditions of the DRP are detailed in the rules of the DRP and a set of frequently asked questions about participation in the DRP, which are attached to this announcement and are available at www.colesgroup.com.au/investors. Also attached is a copy of the communication to be dispatched to eligible Coles shareholders in respect of the DRP. Shareholders who wish to participate must elect to do so, and Coles encourages eligible shareholders who wish to participate in the DRP to make their election online at www.computershare.com.au/easyupdate/col.

Shareholders are strongly encouraged to read the full terms and conditions set out in the rules of the DRP and seek financial advice before electing to participate. The rules of the DRP are found at www.colesgroup.com.au/investors.

For each dividend, Coles will publish on its website relevant information in relation to the DRP, including the DRP election date and information on the allocation price when available.

Those shareholders who became Coles shareholders via the demerger from Wesfarmers did not have their DRP elections carried across, therefore those shareholders will need to make a new DRP election for their Coles shares, in order to participate in the Coles DRP.

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20 September 2019

Dear Shareholder

DIVIDEND REINVESTMENT PLAN

Coles Group Limited (ASX: COL) ("Coles") is pleased to confirm that it has introduced a Dividend Reinvestment Plan ("DRP"). It is anticipated that the DRP will operate for dividends paid subsequent to the dividend to be paid on 26 September 2019.

If you elect to participate in the DRP, you will be able to reinvest either all or part of your dividend payments into additional fully paid Coles shares in an easy and cost-effective way. No brokerage, commission or other transaction costs will be payable by you on shares acquired under the DRP.

Those shareholders who became Coles shareholders via the demerger from Wesfarmers did not have their DRP elections carried across, and will, therefore, need to make a new DRP election for their Coles shares.

You can read the full terms and conditions set out in the rules of the DRP and a set of frequently asked questions about participation in the DRP at www.colesgroup.com.au/investors. If you wish to participate you must elect to do so, and we encourage eligible shareholders who wish to participate in the DRP to make their election online at www.computershare.com.au/investor.

Some features of the DRP include:

- **Increase your shareholding** – DRP participation is a simple and cost effective way to increase your shareholding.
- **No additional costs** – Shares allocated under the DRP are free of brokerage, commission, or other transaction costs.
- **Optional and flexible participation** – Participation in the DRP, which may be on a full or partial basis, is optional and available to shareholders with registered addresses in Australia and New Zealand. Participation may be varied or terminated at any time in accordance with the rules of the DRP.
- **Dividend statement** – If you participate in the DRP, for each dividend you will be provided with a statement setting out the details of any shares allocated to you under the DRP relevant to that particular dividend.

Those interested shareholders are strongly encouraged to read the full terms and conditions set out in the rules of the DRP and seek financial advice before electing to participate. The rules of the DRP are found at www.colesgroup.com.au/investors.

For each dividend, Coles will publish on its website relevant information in relation to the DRP, including the DRP election date and information on the allocation price when available.

If you have any questions, please contact Computershare Investor Services on 1300 171 785 (within Australia) or +61 3 9415 4078 (outside Australia) or at www.investorcentre.com/col.

Yours sincerely

Daniella Pereira
Company Secretary
Coles Group Limited

Dividend Reinvestment Plan Rules

Coles Group Limited (Company)

ACN 004 089 936

September 2019

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1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in these Rules are set out below.

| Term | Meaning |
|--------------------------------|--|
| Allocated Shares | the Shares allocated to the Participant under the DRP. |
| Allocated or Allocation | <ol style="list-style-type: none">1 the issue of new Shares to; or2 the acquisition of Shares for; or3 any combination of the issue of new Shares to or the acquisition of Shares for, a Participant under the DRP, as the case may be. |
| Allocation Price | in respect of an Allocation, the price at which those Shares are Allocated, calculated in accordance with rule 10. |
| ASX | ASX Limited (ACN 008 624 691) or the stock market operated by ASX Limited (as the case may be). |
| Average Market Price | the arithmetic average of the daily volume weighted average price for Shares traded on ASX 'On-market' (as that term is defined in the ASX Operating Rules) during the relevant period, excluding: <ol style="list-style-type: none">1 special crossings, overseas trades, trades pursuant to the exercise of options, overnight trades and any other trades that are excluded from an ASX volume weighted average price calculation; and2 any trades that the Company determines to exclude on the basis that the trades are not fairly reflective of natural supply and demand. |
| Board | the board of directors of the Company. |
| Business Day | a day which is a business day within the meaning of the Listing Rules. |

| Term | Meaning |
|------------------------------|--|
| Company | Coles Group Limited (ACN 004 089 936). |
| Constitution | the constitution of the Company as varied from time to time. |
| Discount | the percentage discount (if any) determined by the Company from time to time to be applied in calculating the Allocation Price per Share under rule 10. |
| Dividend | any dividend per Share announced and payable by the Company. |
| Dividend Payment | for a Shareholder, the relevant Dividend multiplied by the number of Shares held by that Shareholder as at the relevant Dividend Record Date, subject to rule 20(d) and less any resident and/or non-resident withholding tax or any other amounts the Company is entitled or required to deduct from the payment. |
| Dividend Payment Date | the date on which the Dividend is payable, as announced by the Company. |
| Dividend Record Date | the date and time, as determined by the Board, at which a person holds or is taken to hold Shares for the purpose of determining the entitlement of Shareholders to Dividends. |
| DRP | the Company's dividend reinvestment plan to which these Rules apply, as varied from time to time. |
| DRP account | the account established and maintained by the Company for each Participant under the DRP. |
| Election Date | has the meaning given in rule 19(c). |
| Eligible Shareholder | has the meaning given in rule 3. |
| Full Participation | has the meaning given in rule 7(b). |

| Term | Meaning |
|--------------------------------------|--|
| Listing Rules | the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, except to the extent of any waiver by ASX. |
| Maximum Participating Holding | the number of Shares (if any) determined by the Company from time to time under rule 8(c). |
| Minimum Participating Holding | the number of Shares (if any) determined by the Company from time to time under rule 8(a). |
| Partial Participation | has the meaning given in rule 7(c). |
| Participating Shares | Shares which a Shareholder has validly elected for participation in the DRP or which are otherwise taken under these Rules to participate in the DRP. |
| Participant | a Shareholder some or all of whose Shares are Participating Shares. |
| Participation Notice | a form, whether written or electronic, used to apply for, vary or terminate participation in the DRP, as approved by the Company from time to time. |
| Pricing Period | in respect of a Dividend, the period determined by the Board, being a period of not less than 5 Trading Days (commencing after the relevant Election Date, as determined by the Company). |
| Related Body Corporate | in relation to a body corporate, another body corporate that is related to the first-mentioned body by virtue of section 50 of the <i>Corporations Act 2001</i> (Cth). |
| Requirements | the <i>Corporations Act 2001</i> (Cth), the Listing Rules and the operating rules of ASX, including the ASX Operating Rules, the ASX Clear Operating Rules and the ASX Settlement Operating Rules. |
| Rules | these rules of the DRP as varied from time to time. |

| Term | Meaning |
|----------------------------|---|
| Share | a fully paid ordinary share in the capital of the Company. |
| ShareGift Australia | The Trustee for ShareGift Australia (ABN 27 086 590 485), a not-for-profit organisation. |
| Shareholder | a registered holder of Shares at a relevant Dividend Record Date. |
| Share Registry | the share registry which maintains the Company's share register. |
| Trading Day | a full day on which Shares are quoted, and not suspended from quotation or made subject to a trading halt on ASX, provided that it is not a day on which ASX is closed or on which trading on ASX is suspended generally. |

1.2 Interpretation

In these Rules headings are for convenience only and do not affect interpretation and unless the context requires otherwise:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;
- (c) other parts of speech and grammatical forms of a word or phrase defined have a corresponding meaning;
- (d) any reference in these Rules to any enactment, part of an enactment, the Listing Rules, the ASX Operating Rules, the ASX Clear Operating Rules or the ASX Settlement Operating Rules includes a reference to that enactment, part of that enactment, those Listing Rules, ASX Operating Rules, ASX Clear Operating Rules or ASX Settlement Operating Rules as from time to time amended, consolidated, re-enacted or replaced and, in the case of an enactment, all regulations and statutory instruments issued under it;
- (e) a reference to a body, whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,
 is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (f) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (g) a reference to dollars or \$ is to Australian currency;
- (h) unless otherwise determined by the Company or specified below, a reference to a price is to the relevant dollar amount rounded to 4 decimal places; and

- (i) all references to time are to Melbourne time.

2 Commencement of the DRP

The DRP and these Rules will commence operation on such date as the Board in its sole discretion determines.

3 Eligibility to participate

- (a) The Company may from time to time invite Shareholders to participate in the DRP.
- (b) Participation in the DRP is subject to these Rules.
- (c) Participation in the DRP by Eligible Shareholders:
 - (1) is optional and voluntary;
 - (2) is not transferable; and
 - (3) may be varied or terminated at any time in accordance with rule 14.
- (d) Subject to rules 3(e) and 3(f), an **Eligible Shareholder** is, in respect of a particular Dividend Record Date, a person who, at that Dividend Record Date, was recorded in the Company's share register as a registered holder of at least the Minimum Participating Holding (if any) and whose address in the Company's share register at the relevant Dividend Record Date:
 - (1) is in Australia or New Zealand; or
 - (2) is in a jurisdiction in which the Company is satisfied that the offer and issue or transfer of Shares under the DRP is lawful and practicable, provided that the Board may determine that:
 - (3) a Shareholder, or a class of Shareholders, are not Eligible Shareholders if they are, or hold Shares on behalf of other persons who are, resident outside the jurisdictions mentioned in paragraphs (1) and (2) above; and
 - (4) a Shareholder, or a class of Shareholders, are Eligible Shareholders notwithstanding that they are resident outside the jurisdictions mentioned in paragraphs (1) and (2) above.
- (e) The Board is entitled to make a final determination as to whether or not any particular Shareholder is an Eligible Shareholder for the purposes of these Rules, and to change any such determination, as and when it sees fit. In making this determination, the Board may consider, among other things, whether such participation would or may be impracticable, impossible or illegal and any actual or anticipated inconvenience or expense in allowing, or investigating the possibility of allowing, such participation.

- (f) The Board has the discretion to refuse to accept any person's Shares for participation in the DRP and to suspend or withdraw any person's Shares from participation (including declining to issue or transfer or reducing the issue or transfer of Shares under the DRP to a Participant) if the Company considers that the participation of those Shares might:
- (1) breach any law of Australia including the *Foreign Acquisitions and Takeovers Act 1975* (Cth), the Listing Rules or the Constitution; or
 - (2) prejudice the effective operation of the DRP; or
 - (3) be undesirable or impractical.
- (g) It is the responsibility of each Shareholder to obtain any necessary approvals to enable that Shareholder to participate in the DRP.

4 Multiple holdings

- (a) Where an Eligible Shareholder has more than one holding of Shares:
- (1) each holding will be treated as separate for the purposes of the DRP, such that a separate Participation Notice must be lodged with respect to each separate holding that is to participate; and
 - (2) these Rules will apply as if each such holding were held by a separate Participant,
- unless the Board determines otherwise.
- (b) Unless the Board determines otherwise, if Shares are jointly held by two or more Eligible Shareholders, all joint holders of such Shares must sign a single Participation Notice for it to be valid. If one or more of the joint holders of the Shares is not an Eligible Shareholder, none of the joint holders can apply to participate in the DRP with respect to the Shares jointly held.

5 Broker, trustee or nominee accounts

If:

- (a) a shareholding account appearing in the Company's share register relates to a:
- (1) broker's clearing account;
 - (2) trustee; or
 - (3) nominee; and
- (b) the broker, trustee or nominee notifies the Company:
- (1) that the relevant Shares are held for a number of different persons; and
 - (2) specifies the number of Shares held for each of such persons as at a particular Dividend Record Date (although the names of such persons need not be specified),

then the Board may determine that each such holding shall, as at that Dividend Record Date, be taken to represent a separate Shareholder for the purpose of the Minimum Participating Holding (if any) and the Maximum Participating Holding (if any), and these Rules will be read and interpreted accordingly.

6 Application to participate

- (a) Subject to the discretion of the Company, an application to participate in the DRP must be made by submitting a Participation Notice in accordance with rule 19. An Eligible Shareholder's participation in the DRP will take effect in accordance with rule 19(b).
- (b) A Participation Notice validly submitted or otherwise accepted by the Company remains in effect until:
 - (1) the Participant varies or terminates participation in the DRP under these Rules;
 - (2) the Company terminates the DRP under rule 16; or
 - (3) the Participant ceases to be an Eligible Shareholder under rule 3, in which case the Participation Notice will become effective again if and at such time as the Shareholder recommences to be an Eligible Shareholder.

7 Extent of participation

- (a) Participation may be either full or partial. A Participation Notice must specify whether the Shareholder has elected Full Participation or Partial Participation, and if Partial Participation is elected, the Participation Notice must clearly specify the number of Shares that are to be Participating Shares.
- (b) **Full Participation** means that all Shares registered in the Participant's name from time to time (subject to the Maximum Participating Holding (if any)) are Participating Shares. Where a Shareholder has elected Full Participation, all Shares subsequently acquired and held by that Participant (whether under the DRP or otherwise) will be Participating Shares, subject to:
 - (1) the Requirements;
 - (2) any later Participation Notice submitted by that Participant; and
 - (3) the Maximum Participating Holding (if any).
- (c) **Partial Participation** means that only the number of Shares specified as participating in the Participation Notice by the Shareholder are Participating Shares (subject to the Maximum Participating Holding (if any)). However, if at the relevant Dividend Record Date the number of Shares held by the Participant is less than the specified number of Shares, the DRP applies to the lesser number of Shares (and the Participant is deemed to have lodged a Participation Notice to this effect for the relevant Dividend). This means that, where a Shareholder has elected Partial Participation, Shares in excess of the number specified as participating that are subsequently acquired by that Shareholder (whether under the DRP or otherwise), will not participate in the DRP unless

that Shareholder submits a further Participation Notice in accordance with rule 14.

- (d) If a Participation Notice does not, in the opinion of the Company, clearly indicate the level of participation in the DRP, it will be deemed to be an application for Full Participation.
- (e) The Company shall not be liable to any Eligible Shareholder for any loss, damage or claim in respect of that Eligible Shareholder's participation as a result of the operation of rules 7(b), (c) or (d).

8 Minimum Participating Holding and Maximum Participating Holding

- (a) The Company may determine a minimum permitted number of Participating Shares per Participant (whether in respect of a particular Dividend or Dividends generally) from time to time by notification on the Company's website and by notice to ASX.
- (b) To the extent that a Participation Notice has specified a number of Participating Shares less than a prevailing Minimum Participating Holding (including an election of Full Participation where the number of Participating Shares would otherwise be less than that limit), for so long as the Minimum Participating Holding applies:
 - (1) the number of Participating Shares for that Participant for the purposes of these Rules is deemed to be zero; and
 - (2) any Shares specified in the Participation Notice as Participating Shares are deemed not to be Participating Shares, and any Dividend payable in respect of them will be paid by the Company in accordance with its usual arrangements for the payment of Dividends.
- (c) The Company may determine a maximum permitted number of Participating Shares per Participant (whether in respect of a particular Dividend or Dividends generally) from time to time by notification on the Company's website and by notice to ASX.
- (d) To the extent that a Participation Notice has specified a number of Participating Shares in excess of the prevailing Maximum Participating Holding (including an election of Full Participation where the number of Participating Shares would otherwise exceed that limit), for so long as the Maximum Participating Holding applies:
 - (1) the number of Participating Shares for that Participant for the purposes of these Rules is deemed to be the Maximum Participating Holding; and
 - (2) any Shares specified in the Participation Notice as Participating Shares in excess of the Maximum Participating Holding are deemed not to be Participating Shares, and any Dividend payable in respect of them will be paid by the Company in accordance with its usual arrangements for the payment of Dividends.

9 Reinvestment of Dividends and residual balances

- (a) Each Dividend Payment payable to a Participant in respect of Participating Shares will be applied by the Company on the Participant's behalf in acquiring additional Shares by issue or transfer in accordance with these Rules.
- (b) A Dividend payable in respect of Participating Shares is not available for reinvestment under the DRP to the extent that the Company is entitled to and does retain or otherwise deals with the Dividend in accordance with its Constitution or any legal requirements (including withholding tax).
- (c) The Company will establish and maintain a DRP account for each Participant. In respect of each Dividend payable to a Participant, the Company will:
 - (1) determine the Dividend Payment in respect of that Participant's Participating Shares;
 - (2) credit the amount in rule 9(c)(1) to the Participant's DRP account, and that payment constitutes payment of the Dividend on the Participant's Participating Shares;
 - (3) determine the maximum whole number of additional Shares which may be acquired under the DRP at the Allocation Price by dividing the amount in the Participant's DRP account by the Allocation Price and rounding that number down to the nearest whole number;
 - (4) on behalf of and in the name of the Participant, subscribe for or purchase the number of Shares determined under rule 9(c)(3) and debit the Participant's DRP account with the total of the price for the Allocated Shares; and
 - (5) retain in the Participant's DRP account, without interest and on the terms set out in these Rules, any cash balance remaining (rounded down to the nearest cent) unless and until the cash balance is applied in accordance with these Rules.
- (d) Subject to rule 9(e), any residual balance in a Participant's DRP account will be aggregated with any further Dividend Payment credited to the Participant's DRP account.
- (e) Where:
 - (1) the DRP is suspended or terminated by the Company pursuant to these Rules; or
 - (2) the Participant ceases to participate in the DRP for whatever reason, any positive residual balance in the Participant's DRP account at that time will be paid:
 - (i) if it is in excess of \$10, to the Participant; or
 - (ii) if it is \$10 or less, to ShareGift Australia (or an equivalent charitable organisation with deductible gift recipient status as determined by the Board).

ShareGift Australia will arrange for funds received pursuant to rule 9(e)(2) to be distributed to selected charitable organisations with deductible gift recipient status.

10 Price of Shares

- (a) Shares are Allocated under the DRP at the Allocation Price, which is the Average Market Price of Shares during the Pricing Period, less the Discount (if any) determined by the Company. The determination by the Company of the Allocation Price is binding on all Participants.
- (b) The Average Market Price must be calculated by the Company or another suitable person nominated by the Company, by reference to information the Company approves for that purpose from time to time.
- (c) A Discount (if any) or Pricing Period may be different from one Dividend to the next, and either may be determined or varied by announcement on the Company's website and to ASX at any time.

11 Allocation of Shares

- (a) The Company may, in its discretion, either:
 - (1) issue new Shares; or
 - (2) cause existing Shares to be acquired for transfer to Participants; or
 - (3) undertake any combination of the options above,to satisfy the Company's obligations under these Rules.
- (b) If the Company decides to cause the transfer of Shares to Participants, those Shares may be acquired in such manner as the Company considers appropriate.
- (c) All Shares newly issued under the DRP will, from the date of Allocation, rank equally in all respects with existing Shares unless the Company determines that they are not to participate in either or both of:
 - (1) the next Dividend paid; and
 - (2) any offer of Shares open when the Shares are issued under the DRP.
- (d) Shares will be Allocated within the time required by ASX.
- (e) Shares Allocated pursuant to the DRP will be registered on the share register on which the Participant already holds Shares or if the Participant holds Shares on more than one share register, on the share register which the Company determines.
- (f) Where the Shares Allocated pursuant to the DRP are not quoted on ASX at the time the Allocation is effected, the Company will, at its own cost, apply (or procure the application) for quotation of those Shares on ASX within the time required by the Listing Rules.

12 DRP statements

On, or as soon as practicable after, each Dividend Payment Date, the Company must forward to each Participant a statement in a form determined by the Board detailing:

- (a) the number of the Participant's Participating Shares as at the relevant Dividend Record Date;
- (b) the amount of the relevant Dividend Payment in respect of the Participant's Participating Shares (including any amounts deducted from the Dividend payable);
- (c) the amount (if any) in the Participant's DRP account immediately prior to the payment of the relevant Dividend;
- (d) the number of Shares Allocated to the Participant under these Rules and the date of Allocation of those Shares;
- (e) the cash balance (if any) retained in the Participant's DRP account after deduction of the amount payable on Allocation of the additional Shares;
- (f) the Participant's total holding of Shares after Allocation;
- (g) the Allocation Price of each Share Allocated to the Participant;
- (h) the franked amount (if any) of the Dividend Payment and the franking credit (if any) attached to the Dividend; and
- (i) any other matters required by law to be included in the statement.

13 The effect of applying for participation

By applying to participate in the DRP, the Shareholder:

- (a) warrants to the Company that it is an Eligible Shareholder;
- (b) acknowledges that Dividends reinvested under the DRP will be assessable for applicable income tax in the same way as cash Dividends;
- (c) authorises the Company (and its officers or agents) to correct any error in, or omission from, any other notice or application contemplated by rule 19 (including, but not limited to, a Participation Notice);
- (d) acknowledges that the Company may at any time irrevocably determine that the Shareholder's Participation Notice is valid, in accordance with these Rules, even if the Participation Notice is incomplete, contains errors or is otherwise defective;
- (e) acknowledges that the Company may reject any Participation Notice;
- (f) consents to the establishment of a DRP account on its behalf;
- (g) consents to any entitlement to a fraction of a Share produced by the calculation in rule 9(c) being dealt with in accordance with rule 9;
- (h) agrees to the appointment of the Company, or a nominee (including a broker or the Share Registry) appointed by the Company, as the Participant's agent to acquire Shares on ASX where the Company decides to Allocate Shares to Participants by acquiring existing Shares in accordance with rule 11 (and for the avoidance of doubt, the Shareholder agrees to the Company or its nominee taking all steps necessary to register the Shares in the Shareholder's name, including the execution of any share transfers required);
- (i) acknowledges that the Company may, in its absolute discretion, arrange for the DRP to be fully or partially underwritten in respect of any one or more Dividends with one or more underwriters;

- (j) acknowledges that neither the Company nor the Share Registry has provided the Shareholder with investment advice, financial product advice or any securities recommendation concerning its decision to apply to participate in the DRP and that neither has any obligation to provide any such advice or recommendation;
 - (k) acknowledges that neither the Company nor the Share Registry (nor any officer of the Company or the Share Registry) will be liable or responsible to the Shareholder for any loss or disadvantage suffered or incurred by the Shareholder as a result, directly or indirectly, of the establishment or operation of the DRP or participation in the DRP or in relation to any advice given with respect to participation in the DRP; and
 - (l) unconditionally agrees to the Rules and agrees not to do any act or thing which would be contrary to the spirit, intention or purpose of the DRP or the Rules,
- in each case, at all times until termination of the DRP or the cessation of the Participant's participation in the DRP.

14 Variation or termination of participation

- (a) A Participant may at any time give notice to the Company (via the Share Registry using the Participation Notice) of the Participant's decision to:
 - (1) increase or decrease the number of Shares participating in the DRP; or
 - (2) terminate the Participant's participation in the DRP.The alteration or termination takes effect in accordance with rule 19.
- (b) If a Participant increases its level of participation to Full Participation, rule 7(b) applies.
- (c) If a Participant decreases its level of participation or increases its level of participation to a level below Full Participation, rule 7(c) applies.
- (d) If a Participant dies, participation in the DRP terminates upon receipt by the Company of written notice of the death. If a Participant is declared bankrupt or is wound-up, participation in the DRP terminates upon receipt by the Company of a notification of bankruptcy or winding-up from the Participant or the Participant's trustee in bankruptcy or liquidator, as the case may be. The death, bankruptcy or winding-up of one or more joint holders does not automatically terminate participation provided the remaining holder or all remaining joint holders are Eligible Shareholders.
- (e) Upon termination of participation for whatever reason (including termination of the DRP under rule 16), the Company must forward, unless otherwise directed, to the Participant a statement of the Participant's DRP account made out to the date of termination.

15 Reduction or termination of participation where no notice is given

- (a) Where all of a Participant's Shares are Participating Shares and the Participant disposes of some (but not all) of those Shares, then subject to rule 14(a), the remaining Shares held by the Participant continue to be Participating Shares.
- (b) Where only some of a Participant's Shares are Participating Shares and the Participant disposes of part of the Participant's total holding, then the Shares disposed of are deemed not to be Participating Shares. If the number of Shares disposed of is more than the number of the Participant's Shares not participating in the DRP, the disposal is deemed to include all the Participant's holding not participating in the DRP, and the balance (if any) will be attributed to Participating Shares.
- (c) Where a Participant disposes of all its Shares, the Participant is deemed to have terminated participation in the DRP with respect to the holding on the date the Company registered a transfer or instrument of disposal of the Participant's holding.

16 Variation, suspension and termination of the DRP or these Rules

- (a) The DRP or these Rules may be varied, suspended or terminated by the Company at any time by notification on the Company's website and by notice to ASX. For the avoidance of doubt, where the Company has announced that the DRP will operate in respect of a Dividend, the Company retains the discretion to suspend the DRP in respect of that Dividend at any time prior to the Dividend Payment Date.
- (b) The variation, suspension or termination takes effect upon the date specified by the Company and the variation, suspension or termination does not give rise to any liability on the part of, or right of action against, the Company or its officers, employees or agents.
- (c) If the DRP or these Rules are varied, a Participant continues to participate under the DRP and these Rules in their varied form unless the Participant varies or terminates its participation in the DRP by submitting a Participation Notice in accordance with these Rules.
- (d) If the DRP is suspended, an election as to participation in the DRP will also be suspended and all Shares are deemed to be non-Participating Shares for the purpose of any Dividend paid while the DRP is suspended.
- (e) Any suspension under rule 16(d) will continue until such time as the Board resolves to recommence or terminate the DRP.
- (f) The DRP may be reinstated following a suspension in accordance with this rule 16 by notification on the Company's website and by notice to ASX. Upon reinstatement of the DRP, all prior elections will be reinstated and will continue to apply until a new valid Participation Notice is lodged, unless the Company determines otherwise.

17 Costs to Participants

No brokerage, commission, or other transaction costs are payable by Participants in respect of Shares Allocated under the DRP and no stamp or other duties are payable, under present law, by Participants in respect of Shares Allocated under the DRP. The Company may, to the extent permitted by law, apply its funds in the payment of brokerage, commission, or other transaction costs in respect of Shares Allocated under the DRP.

18 Taxation

Neither the Company nor any of its officers, employees, representatives or agents:

- (a) take any responsibility or assume any liability for, or as a consequence of, the tax liabilities of any person in connection with the DRP; or
- (b) represent or warrant that any person will gain any taxation advantage or will not incur a taxation liability or disadvantage as a result of participation in the DRP.

19 Applications and other notices

- (a) Applications and notices to the Company must be in the form prescribed by the Company from time to time. The Company may determine that applications and notices to the Company may be lodged electronically either through the Company's website or that of an authorised third party (including the Share Registry). Any application or notice lodged electronically must comply with the applicable terms and conditions of the electronic lodgement facility.
- (b) Subject to rules 19(c) and (d), applications and notices are effective upon receipt by the Company or the Share Registry (as appropriate).
- (c) Unless the Board determines otherwise, applications or notices received more than one Business Day after a Dividend Record Date (the **Election Date**) are not effective in respect of that Dividend but are effective in respect of subsequent Dividends.
- (d) Without limiting rule 13(c), the Company has absolute discretion to:
 - (1) accept or reject an application or notice which is not properly completed or signed; and
 - (2) prior to acceptance, clarify with an Eligible Shareholder any instruction with respect to an application/notice in order for the application/notice to be properly completed.
- (e) The accidental omission by the Company to give any notice under these Rules to any Shareholder, ASX or any other person will not invalidate any act, matter or thing.
- (f) For the purposes of this rule 19, an application or notice includes, but is not limited to, a Participation Notice.

20 General

- (a) The Company will record, with respect to each Participant:
 - (1) the name and address of the Participant (being the name and address in the Company's share register from time to time); and
 - (2) the number of Participating Shares held by the Participant from time to time.
- (b) The Company's records are conclusive evidence of the matters recorded in them.
- (c) Any power, discretion or function of the Company under these Rules may be exercised or undertaken by the Board, and the Board may delegate any such power, discretion or function to any person.
- (d) Any Dividend payable on Participating Shares which the Company is entitled to retain as a result of a charge or lien in favour of the Company in accordance with the Constitution, or other requirement of law, is not available for the purpose of participating in the DRP.
- (e) Subject to the Constitution, the Company may:
 - (1) implement the DRP in the manner the Company thinks fit; and
 - (2) settle any difficulty, anomaly or dispute which may arise either generally or in a particular case in connection with, or by reason of, the operation of the DRP or these Rules as the Company thinks fit, whether generally or in relation to any Shareholder or DRP account or any Shares, and the determination of the Company is conclusive and binding on all relevant Shareholders and other persons to whom the determination relates.
- (f) Neither the Company nor any officer, employee, agent or adviser of it is liable or responsible to any Shareholder or Participant for any loss or alleged loss or disadvantage suffered or incurred by them as a result, directly or indirectly, of any one or more of:
 - (1) the establishment or operation of the DRP;
 - (2) participation or non-participation in the DRP; or
 - (3) any advice given with respect to participation in the DRP by any person.
- (g) The DRP, its operation and these Rules are governed by the laws of the State of Victoria and each Shareholder submits to the jurisdiction of the Courts of that State and the Courts which may hear appeals from those Courts.
- (h) Despite anything else in these Rules, the Listing Rules prevail to the extent of any inconsistency with these Rules.

DRP INFORMATION

Features of the DRP include:

- **Increase your holding** – DRP participation is a simple and cost effective way to increase your shareholding.
- **No additional costs** – Shares allocated under the DRP are free of brokerage, commission, or other transaction costs.
- **Optional and flexible participation** – Participation in the DRP, which may be on a full or partial basis, is optional and may be varied or terminated at any time in accordance with the rules of the DRP (**Rules**).
- **Dividend statement** – If you participate in the DRP, for each dividend you will be provided with a statement setting out the details of any shares allocated to you under the DRP relevant to that particular dividend.

DRP FREQUENTLY ASKED QUESTIONS

What is the DRP?

The DRP enables eligible shareholders to reinvest dividends paid on their Coles shares into additional Coles shares, rather than receiving those dividends in cash.

Is participation in the DRP entirely optional?

Yes. Participation in the DRP is entirely optional – participation is dependent on the submission of a valid instruction. If no (valid) instruction is received from a Coles shareholder, then that shareholder will not participate in the DRP.

Who can participate?

Subject to the DRP Rules, you may participate in the DRP if, as at the dividend record date, you hold fully paid Coles ordinary shares and your address recorded in Coles' share register:

- (i) is in Australia or New Zealand; or
- (ii) is in a jurisdiction in which Coles is satisfied that the offer and issue or transfer of shares under the DRP is lawful and practicable

Coles' Board has determined that participation is currently only available to shareholders of fully paid Coles ordinary shares with a registered address in Australia or New Zealand as at the relevant dividend record date.

How do I participate in the DRP?

If you wish to participate in the DRP, we encourage you to make your election online at

www.computershare.com.au/easyupdate/COL

Alternatively, please complete and sign the DRP participation notice and return it to Computershare at the address below.

Computershare Investor Services Pty Ltd
GPO Box 2975
Melbourne VIC 3001

DRP participation notices must be received, or online elections made, by 5.00pm Melbourne time on the first business day following the record date for a dividend, in order to be effective in respect of that dividend. When announcing each dividend, Coles will publish a timetable of relevant dates in relation to the DRP.

Do I have to participate in the DRP for all of my shares?

No, you have a choice of nominating either full participation in respect of all of your shares or partial participation in respect of a specific number of your shares.

Full participation: If you elect full participation, dividends on all your shares will be reinvested in acquiring additional shares. Dividends on any shares you may acquire in the future will also be reinvested in this way.

Partial participation: If you elect partial participation, you nominate the number of your shares that will participate in the DRP. Only the dividends paid on those shares will be reinvested. For shares not participating in the DRP, dividends will be paid in the usual way.

If your DRP participation notice or online election does not clearly indicate the level of participation in the DRP, it will be deemed to be an application for full participation.

Is there a minimum or maximum participation level?

No, however Coles has the discretion under the DRP Rules to introduce a minimum or maximum participation level.

When will my participation begin?

Your participation in the DRP will begin with the first dividend payment after receipt of your online election or participation notice. Your election must be received by 5.00pm Melbourne time on the first business day following the record date for a dividend (**DRP election date**), in order to be effective in respect of that dividend. When announcing each dividend, Coles will publish a timetable of relevant dates in relation to the DRP including the relevant DRP election date.

If your election is received after the DRP election date for a particular dividend, you will not participate in the DRP for that dividend and your participation will begin from the next dividend.

What happens if I have more than one shareholding?

Where you have more than one shareholding of shares, each shareholding will be treated as separate for the purposes of the DRP such that a separate application must be lodged either making an online election or submitting a separate participation notice for each shareholding.

Can I withdraw or change my participation at any time?

Yes. Simply notify Computershare, either online or in writing.

The change will be effective from the next dividend payment, provided that the election is received by the DRP election date for that dividend. If your change is received after the DRP election date, the change will not be effective until the next dividend.

The dividend record date and DRP election date will be announced to ASX and posted on Coles' website at the time Coles announces its dividend timetable.

What type of shares will I get under the DRP?

You will be allocated fully paid ordinary shares in Coles Group Limited, which will rank equally in all respects with existing shares.

What will be the price of shares allocated under the DRP?

Shares will be allocated under the DRP at the allocation price as outlined in the Rules.

In summary, the allocation price is an average market price of shares (based on, the average of the daily volume weighted average price of shares traded on the ASX during the relevant pricing period, excluding certain types of trades such as special crossings and any other trades which Coles determines are not fairly reflective of natural supply and demand). Under the Rules, the pricing period will be determined by Coles' Board, but it will be a period of not less than five trading days, commencing after the election date for the relevant dividend. Under the Rules, Coles may choose to provide a discount in relation to shares allocated under the DRP (which will be announced to ASX along with the details of the relevant dividend).

The announcement by Coles of the allocation price is binding on all participants in the DRP pursuant to the Rules.

The final allocation price for a dividend will be announced to ASX and posted on Coles' website after the allocation price is determined.

How is my entitlement calculated?

Following the payment of a dividend by Coles, the dividend payable on your participating shares (less any withholding tax or any other amounts Coles is entitled or required to deduct from the payment) will be paid into a "DRP account" that will be established for you.

Computershare will then determine the number of shares to be allocated to you by dividing the amount in your DRP account by the allocation price for shares under the DRP and rounding that number down to the nearest whole number.

What happens to any residual value after each dividend?

The application of the dividend reinvestment formula normally results in a residual amount. This is because your dividend amount will be used to acquire a whole number of shares, usually leaving a residual amount which is less than the price of one Coles share.

For each dividend, if there is a residual amount, then the residual amount on each dividend will be carried forward in your DRP account, without interest, and added to your next dividend.

See question below on what happens if you leave the DRP or if the DRP is suspended or terminated by Coles.

How will my DRP shares be treated for subsequent dividend payments?

Full participation: If you elect full participation, all shares held by you at each dividend record date will be treated as participating in the DRP, including any new shares you acquire (including any new shares you acquire under the DRP).

Partial participation: If you elect partial participation, only the number of shares you have specified will be treated as participating in the DRP. If you hold less shares than the number of shares you have specified in the participation notice/election, then the dividends on the shares that you actually hold will be reinvested.

The number of shares that will be treated as participating in the DRP may be limited if Coles elects to introduce a minimum or maximum participation limit.

What will it cost me to participate?

No brokerage fees, commission or other transaction costs will be payable for any shares allocated under the DRP.

Can I sell my shares when I choose?

Yes. You can sell any or all of your shares at any time. However, if you sell all of your shares, your participation in the DRP will cease with effect from the date Coles registers a transfer or instrument of disposal of your holding.

If you elect full participation and then sell some of your shares, the dividends on your remaining shares will continue to be reinvested under the DRP. If you elect partial participation and then sell some of your shares, the number of shares sold will be deemed to the full extent possible to be non-participating shares and the balance, if any, will be deemed to be participating shares under the DRP.

What are the tax implications of participating?

Australian shareholders:

For Australian tax purposes, an Australian resident shareholder participating in the DRP should be treated as having received the dividends which have been reinvested in acquiring additional Coles shares. The tax treatment of dividends received on participating shares should be the same as dividends received on non-participating shares. That is, the grossed up dividend (i.e. including franking credits) should be assessable to the shareholder at their marginal tax rate and the shareholder may be entitled to claim a tax offset equal to the franking credits.

The Australian tax implications of a future sale of additional shares acquired under the DRP will depend on the particular circumstances of the shareholder. For capital gains tax purposes, the cost base of the additional shares includes the amount of the dividend reinvested to acquire those additional shares. Shareholders should retain records supporting the calculation of their cost base in those additional shares.

New Zealand shareholders:

For New Zealand tax purposes, a New Zealand resident shareholder participating in the DRP should be treated as having received the dividends which have been reinvested in acquiring additional Coles shares. The tax treatment of dividends received on participating shares should be the same as dividends received on non-participating shares. That is, the dividend should be assessable to the shareholder at their marginal tax rate and the shareholder may be entitled to claim a tax credit for any Australian withholding tax deducted from the dividend.

The New Zealand tax implications of a future sale of additional shares acquired under the DRP will depend on the particular circumstances of the shareholder. Provided that ordinary shares in Coles continue to be exempt from New Zealand's foreign investment fund rules as a result of being listed on the ASX and meeting certain other criteria, a New Zealand resident shareholder should be subject to New Zealand tax on the proceeds of sale of any shares acquired under the DRP only if the shareholder is in the business of dealing in shares, acquired the shares for the purpose of resale, or the shares were acquired by the shareholder as part of a profit making undertaking or scheme. The cost base of the additional shares includes the amount of the dividend reinvested to acquire those additional shares.

Coles takes no responsibility for the taxation consequences of shareholders participating in the DRP, and recommends you obtain professional taxation advice.

Will I receive a dividend statement?

After each allocation of shares under the DRP, a dividend statement will be provided to you in accordance with the manner you ordinarily receive notices from Coles, showing full details of shares allocated to you under the DRP. This statement should be kept for your taxation purposes.

Can the DRP be modified, suspended or cancelled?

Coles may vary the terms and conditions, alter, suspend or terminate the DRP at any time by notification on the Company's website and by notifying the ASX.

What happens if Coles suspends or terminates the DRP or if I leave the DRP?

If Coles suspends or terminates the DRP or if you cease to participate in the DRP for any reason and there is a positive residual balance in your DRP account of \$10 or more, the balance will be paid to you in full. This will also be the case if the DRP is suspended for an extended period or terminated by Coles.

If the residual balance in your DRP account is less than \$10 in any of the above circumstances, it will be paid to ShareGift Australia to be distributed to selected charitable organisations with deductible gift recipient status (or, where determined by the Board, it will be paid to an equivalent charitable organisation with deductible gift recipient status, instead of ShareGift Australia).

Please note that Computershare, who administers the DRP for Coles, currently performs two checks on an annual basis of the residual balance in your DRP account and will distribute the residual balance to ShareGift Australia or an equivalent charitable organisation as determined by the Board (as applicable) if the residual balance in your DRP account is less than \$10 in the circumstances described above.

Need more information?

If you have further questions about how the DRP operates and how you can participate, please contact Computershare on 1300 171 785 (within Australia) or +61 3 9415 4078 (outside Australia) or www.investorcentre.com/col.