

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?

All shareholders of fully paid Coles ordinary shares who are resident in, and whose address on the register of shareholders at the relevant dividend record date is in, Australia or New Zealand may participate in the DRP, subject to the DRP Rules.

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, but it will be a period of not less than ten 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 \$10 or less in any of the above circumstances, it will be paid on your behalf 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, intends to perform two checks on an annual basis of the residual balance in your DRP account and will distribute the residual balance on your behalf to ShareGift Australia or an equivalent charitable organisation as determined by the Board (as applicable) if the residual balance in your DRP account is \$10 or less 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.