Wesfarmers Limited Shareholder Tax Information Guide

Return of Capital to occur during the income year ended 30 June 2022

The purpose of this tax information guide is to assist Wesfarmers shareholders understand the tax implications of the return of capital undertaken by Wesfarmers during the income year ended 30 June 2022.

Please be aware that the information contained within this tax information guide is general in nature and should not be relied upon as advice. The tax implications for each shareholder will depend on the circumstances of the particular shareholder. Accordingly, all shareholders are encouraged to seek their own professional advice in relation to their tax position. Neither Wesfarmers nor any of its officers, employees or advisors assumes any liability or responsibility for advising shareholders about the tax consequences of the return of capital.

The tax implications of the return of capital may vary for Wesfarmers employee shareholders who hold their shares within a Wesfarmers employee share plan trust. Where the tax implications vary, Wesfarmers will write to affected employees providing guidance on the tax implications arising as a consequence of the return of capital. If an employee shareholder is not provided with a separate communication from Wesfarmers in relation to the tax implications, the below information will apply.

Australian Taxation Office (ATO) Class Ruling

Wesfarmers has obtained a Class Ruling CR 2021/87 from the ATO which governs the Australian tax treatment of the return of capital to Wesfarmers shareholders who hold their shares on capital account. A copy of the Class Ruling is available from the Wesfarmers website (**www.wesfarmers.com.au**). The Class Ruling does not apply to Wesfarmers shareholders who hold their shares on revenue account or as trading stock, or for shareholders who have elected for the Taxation of Financial Arrangement provisions to apply in respect of their shares.

Return of Capital

Wesfarmers made a cash payment to shareholders of 200 cents per share as a return of capital on Thursday 2 December 2021. The return of capital represents a total payment to shareholders of approximately $2,268 million.

Wesfarmers shares purchased on or before Wednesday, 17 November 2021 were eligible to receive the return of capital. Wesfarmers shares purchased on or after Thursday, 18 November 2021 were not eligible for the return of capital.

Tax implications of the return of capital for Wesfarmers shareholders

Resident shareholders

For those shareholders who are tax residents of Australia and hold their shares on capital account at the time the return of capital is paid, the Class Ruling confirms that no part of the return of capital should be treated as a dividend for income tax purposes. Also:

- the cost base for each share acquired after 19 September 1985 should be reduced by the return of capital amount (on a cents per share basis) for the purpose of calculating any capital gain or capital loss on the ultimate disposal of that share; and
- if the cost base (after any adjustment, as may be relevant, for any indexation or any previous return of capital or as a result of the Coles demerger) of a share acquired after 19 September 1985 is less

than the return of capital amount (on a cents per share basis), then an immediate capital gain will arise for the difference. The capital gain will be a discount capital gain for shareholders that are an individual, trust or complying superannuation fund and acquired their shares at least 12 months before the payment date of Thursday 2 December 2021. The discount factor for resident individuals and trusts is one-half and for complying superannuation funds is one-third.

No capital gain or capital loss should arise in respect to a share acquired on or before 19 September 1985.

Non-resident shareholders

For those shareholders who are not tax residents of Australia and hold their shares on capital account, no Australian income tax implications should arise as a consequence of the return of capital. Non-resident shareholders should seek specific advice in relation to the tax consequences arising from the return of capital under the laws of their country of residence.

Illustrative Examples: Adjustment to cost base for return of capital

Set out below, are two illustrative examples of how a Wesfarmers shareholder would adjust the cost base of their shares for the return of capital. All information quoted below is in Australian dollars.

* Assume initial cost base and initial number of shares are already adjusted for prior returns of capital, Coles demerger and share consolidations, where relevant.

Example 1: A Wesfarmers shareholder with one tranche of purchases in holdings

Initial cost base			
Purchase date	Initial total cost base* **A**	Initial number of shares* **B**	Initial cost base per share **C = A / B**
March 2007	$2,500	100	$25.00
Capital Return			
200 cents per share paid (100 shares x $2.00 per share = $200.00)			
Calculation of reduced cost base			
Purchase date	Reduced total cost base (Initial cost base less capital return) **D = A - (B x $2.00)**	Number of shares **E**	Reduced cost base per share **F = D / E**
March 2007	$2,300	100	$23.00

Example 2: A Wesfarmers shareholder with multiple tranches of purchases in holdings

Initial cost base			
Purchase date	Initial total cost base* **A**	Initial number of shares* **B**	Initial cost base per share **C = A / B**
June 2000	$1,350	150	$9.00
March 2004	$4,000	200	$20.00
March 2007	$2,500	100	$25.00
Total	$7,850	450	
Capital Return			
200 cents per share paid (450 shares x $2.00 per share = $900.00)			

Calculation of reduced cost base			
Purchase date	Reduced total costbase (Initial cost base less capital return) **D = A - (B x $2.00)**	Number of shares **E**	Reduced cost base per share **F = D / E**
June 2000	$1,050	150	$7.00
March 2004	$3,600	200	$18.00
March 2007	$2,300	100	$23.00
Total	$6,950	450	