

Offer to acquire UK retailer Homebase for £340 million

14 January 2016

Wesfarmers Limited (ASX: WES) (Wesfarmers) confirms it has made a conditional offer to acquire Homebase from Home Retail Group plc (LSE: HOME) for cash consideration of £340 million (A\$699 million)¹. Wesfarmers and Home Retail Group began discussions in September 2015 and due diligence work commenced under a confidentiality agreement in October 2015. An exclusivity agreement was signed in early December 2015 and confirmatory due diligence has now been completed. Transaction documentation is advanced and in the process of being finalised. There is no certainty the offer will lead to an agreed transaction.

Homebase is the second largest home improvement and garden retailer in the United Kingdom (UK) and Ireland, with 265 stores and reported revenue of £1,461.2 million for the 12 months ended 29 August 2015.

The strategic rationale for the acquisition is as follows:

- The UK home improvement and garden market is an attractive and growing market
- Homebase delivers an established and scalable platform with stores that are the right size for the UK market and support warehouse merchandising and a low cost operating model
- The acquisition would be the first step in a program which would invest in the Homebase team and reinvigorate core Homebase assets to build an exciting new Bunnings-branded business over three to five years
- The existing Homebase performance will be enhanced in the short-term through operational improvement

The transaction will be subject, inter alia, to approval by Home Retail Group shareholders.

Lazard is acting as Wesfarmers' financial advisor.

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¹ £:A\$ of 0.4862 at 13 January 2016 (Reserve Bank of Australia)

About Homebase

Homebase is the second largest home improvement and garden retailer in the UK with 265 stores across the UK and Ireland. Homebase is 100 per cent owned by Home Retail Group which is listed on the London Stock Exchange. For the 12 months to 29 August 2015, Homebase reported sales of £1,461.2 million and operating profit of £26.3 million. Homebase employs 17,000 people.

About Bunnings

Bunnings is a leading home improvement and outdoor living retailer in Australia and New Zealand, with revenue of A\$9.5 billion and earnings before interest and tax (EBIT) of A\$1.1 billion in the year to 30 June 2015. Over the past 20 years, it has achieved compound sales growth of 16.1 per cent per annum and compound EBIT growth of 20.3 per cent per annum. It has 338 stores in a variety of formats in Australia and New Zealand and employs 40,000 team members.

About Wesfarmers

Wesfarmers is a diversified conglomerate listed on the Australian Securities Exchange (ASX) with a market capitalisation of approximately \$45 billion. Headquartered in Western Australia, its business operations cover: supermarkets, liquor, hotels and convenience; home improvement and office supplies; department stores; and an industrials division which has businesses in chemicals, energy and fertilisers, coal, and industrial and safety products. It is Australia's largest private sector employer with approximately 210,000 employees.