

News Release

Tuesday, December 12, 2006

COLES GROUP ACQUIRES TALBOT HOTEL GROUP

Coles Group Limited today announced the acquisition of the Queensland-based Talbot Hotel Group.

TW Hedley Pty Ltd acquired the Talbot Hotel business in October this year with a view to finding an operator for the business. Coles Group has acquired the six hotel leaseholds, six liquor barns and 11 detached bottle shops.

Coles has paid approximately \$53 million cash (including merchandise and transaction costs) to Talbot Group Holdings Pty Ltd.

Three of the hotels are located in Brisbane – Bonny View Tavern at Bald Hills, Cleveland Sands Hotel (Cleveland) and Everton Park Hotel (Everton Park). The other three hotels are Barga Beach Hotel near Bundaberg, Mi Hi Creek Tavern in Brassall at Ipswich and Coomera Lodge Hotel on the Gold Coast.

Coles Group CEO, John Fletcher, welcomed the acquisition, saying the Talbot Hotel Group provided another portfolio of strategic assets to support the rollout of large format liquor stores across Queensland.

"We have also finalised the purchase of Mr Corks Liquor Group today. These two businesses, combined with our existing business and the Hedley hotels acquired earlier this year, help provide the coverage we have been looking for in QLD," Mr Fletcher said.

Upon settlement, Coles Liquor will have 74 hotels and over 200 liquor stores and bottle shops in Queensland.

Coles Liquor Managing Director, Mick McMahon, said: "We are pleased with the progress we are making to build our business in QLD. The Talbot hotels are high quality assets and give us good coverage in northwest Brisbane.

"Through acquisition, we have been able to bring to life our number one business priority and accelerate the rollout of large format liquor retailing in QLD via our 1st Choice brand," Mr McMahon said.

Coles Group now has 24 1st Choice stores, nationally. Thirteen are located in QLD.

Further information:

Media Inquiries: Scott Whiffin (03) 9829 5548

Analyst Inquiries: Rebecca King (03) 9829 4521